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INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the “Board”) of Yuexiu REIT Asset Management Limited (the “Manager”) is pleased to announce the unaudited interim results of Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) for the six months ended 30 June 2020 (the “Interim Period”) as follows:

FINANCIAL HIGHLIGHTS

The following is a summary of Yuexiu REIT’s financial results during the 2020 Interim Period and the 2019 Interim Period:

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

	Six months ended 30 June		Change
	2020	2019	(Decrease) %
Gross income	831,135,000	999,658,000	(16.9)%
Net property income	653,818,000	728,846,000	(10.3)%
Net (loss)/profit after tax before transactions			
with Unitholders	(212,079,000)	730,669,000	(129.0)%
Interim distribution (Note a)	318,771,000	424,360,000	(24.9)%
(Losses)/Earnings per unit	(0.0659)	0.2225	(129.6)%
Distribution per unit	0.0990	0.1360	(27.2)%
Equivalent to HK\$	0.1098	0.1546	(29.0)%

	30 June 2020	31 December 2019	Change (Decrease) %
Portfolio valuation	34,599,000,000	34,961,000,000	(1.04)%
Net assets attributable to Unitholders	14,096,931,000	14,599,360,000	(3.4)%
Net assets attributable to Unitholders per unit	4.38	4.55	(3.7)%

Note a: The distribution by Yuexiu REIT for the six months from 1 July to 31 December 2019 was RMB336,948,000.

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 has intended to distribute to the Unitholders an amount equal to 100% of Yuexiu REIT's Total Distributable Income and Additional Item (as defined in the Offering Circular issued to Unitholders dated 30 June 2012) for the financial year ending for 2020.

The Manager also has the discretion under Yuexiu REIT's trust deed, where there are surplus funds, to distribute additional amounts. 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 strategies, operating and capital requirements, compliance with relevant laws, regulations and covenants (including existing limitations on borrowings as prescribed in the REIT Code), other capital management considerations, the overall stability of distributions and prevailing industry practice.

In light of the above, the Manager has determined that an interim distribution to Unitholders for the 2020 Interim Period will be approximately RMB0.0990 which is equivalent to HK\$0.1098 (June 2019: approximately RMB0.1360 which was equivalent to HK\$0.1546) per unit. Such interim distribution per unit, however, is subject to adjustment once new units are issued to the Manager (in satisfaction of the Manager's fee) prior to the record date for the 2020 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the six months ended 30 June 2020.

The total 2020 interim distribution amounted to approximately RMB318,771,000 which is equivalent to HK\$353,540,000 (June 2019: approximately RMB424,360,000 which was equivalent to HK\$482,172,000), includes an amount of approximately RMB104,271,000 (June 2019: RMB73,000,000), that is capital in nature. The total distribution amount for the Interim Period comprises the distributable amount calculated pursuant to the formula set out in the Trust Deed plus a further distribution of approximately RMB303,924,000 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.

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

Distribution Per Unit

Distribution to Unitholders for the 2020 Interim Period is HK\$0.1098 (June 2019: HK\$0.1546) per unit, representing a yield of approximately 3.11% (June 2019: 2.90%) based on the closing price of HK\$3.53 per unit as at 30 June 2020 (30 June 2019: HK\$5.34). This represents an annualized distribution yield of 6.22%.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 15 September 2020. The register of Unitholders will be closed from 15 September 2020 to 16 September 2020, during which period no transfer of units will be effected. In order to qualify for the distribution, all Unit certificates with the completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 54/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 14 September 2020. The 2020 interim distribution will be paid on 23 October 2020 to the Unitholders whose names appear on the register of Unitholders on 15 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OPERATING RESULTS WITHSTOOD TEST

In the first half of 2020, the global economy was severely disrupted by the outbreak of COVID-19 pandemic. The future path of the pandemic remains uncertain, with outbreaks entering into new phases in many countries and recurring in places that had once appeared to have a flattened curve. Recovery of the global economy is dependent on the uplifting of prevention and control measures rolled out by various countries in the second half of 2020, which timing is presently uncertain. This grim outlook is exacerbated by social unrests and intensifying geopolitical conflicts. According to the World Economic Outlook from the IMF on June 24 2020, global growth in 2020 is projected at negative 4.9 percent, and future recovery is projected to be more gradual than previously forecast.

At present, the COVID-19 pandemic appears to be effectually controlled in China, with life, work and production gradually returning to normal. This in turn has gradually propelled domestic economic activities towards pre-pandemic levels. The latest series of economic data also shows that the Chinese economy has been resilient against the COVID-19 pandemic. In view of continuing economic and pandemic-control challenges, it is expected that China will focus on its vast domestic markets in seeking economic progress, while balancing the maintenance of stability, and its continuous COVID-19 prevention efforts, in order to promote both economic and social developments.

In response to the above factors and situation, Yuexiu REIT has formulated more reasonable and targeted leasing policies to effectively address business risks. Yuexiu REIT looks for the industrial momentum of the office building business formats in each city, and implement customers positioning with the “Four Icons” focusing on industries, types of business, products and services. Retail malls look for the consumption momentum of various projects, and empower tenants with the “Ten Major Operating Systems”, denoting: 1. Business flow and asset value management, 2. Leasing contracts management WALE, 3. Management on the efficacy of leased area of tenants, 4. Tenants rent-to-sale ratio management, 5. Tenants format structure and value contribution management, 6. Primary and premium tenants as well as turnover rent tenants management, 7. Tenants operating costs-to-lease management, 8. Management on warning mechanism for different business risk levels of tenants, 9. Full-process precision marketing management, and 10. Members value management. Professional

markets implement online and offline integration to create a new stylish fashionable brand of “Heart of Fashion”. The hotel and serviced apartments focus on the drive for the PRC internal consumption to create new business and leisure experiences. As a result, Yuexiu REIT’s operational indicators have gradually stabilised and recovered in line with the China economy’s overall gradual recovery.

After the outbreak of the pandemic, the Manager decisively activated the pandemic prevention and emergency control in each of the properties, and made every effort to protect the safety of employees and customers by strengthening the coordination of anti-pandemic supplies, inspection and patrolling of ventilation facilities, as well as the monitoring of incoming and outgoing personnel to adhere to the anti-pandemic control measure to ensure zero confirmed cases in all properties.

PROPERTY PORTFOLIO

As at 30 June 2020, Yuexiu REIT’s portfolio of properties consisted of eight properties, namely, 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; as well as Hangzhou Victory Business Center Units and certain Carpark Spaces (“Hangzhou Victory”), located in Hangzhou. The 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 carpark spaces area of Fortune Plaza; 2,104.3 sq.m. of carpark spaces area 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 carpark spaces and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of carpark spaces and 2,610.4 sq.m. of specific purpose area of Yue Xiu Tower; 62,785.8 sq.m. of carpark spaces and 12,415.1 sq.m. of common facilities area of Wuhan Properties; and 17,663.6 sq.m. of carpark spaces area of Hangzhou Victory, and the following statistics of both aggregate rented area and occupancy rate 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%.

PROPERTY VALUATION

According to a revaluation performed by Savills Valuation and Professional Services Limited (“Savills”), an independent professional valuer, on the portfolio of properties of Yuexiu REIT, the revalued market valuation was approximately RMB34,599,000,000 as at 30 June 2020, representing a decrease of RMB362,000,000 or 1.04% over the valuation as at 31 December 2019.

The following table summarizes the valuation of each of the properties as at 30 June 2020 and 31 December 2019:

Name of Property	Valuation as at	Valuation as at	(Decrease) percentage
	30 June 2020 <i>RMB million</i>	31 December 2019 <i>RMB million</i>	
White Horse Building	5,098	5,165	(1.30)%
Fortune Plaza	1,252	1,266	(1.11)%
City Development Plaza	1,033	1,049	(1.53)%
Victory Plaza	947	961	(1.46)%
GZIFC	18,831	18,940	(0.58)%
Yue Xiu Tower	3,156	3,210	(1.68)%
Wuhan Properties	3,674	3,761	(2.31)%
Hangzhou Victory	608	609	(0.16)%
Total	<u>34,599</u>	<u>34,961</u>	(1.04)%

Particulars of the properties are as follows:

Name of Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total	Property	Number of Lease ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m./month)
					Rentable Area (sq.m.)	Occupancy Rate ⁽¹⁾		
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	97.3%	893	624.7
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 ⁽²⁾	97.1%	73	155.0
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 ⁽³⁾	96.2%	96	140.1
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	94.1%	24	207.6
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	94.5%	276	220.3
Including:	Grade A office			267,804.4	183,539.6 ⁽⁴⁾	94.0%	224	239.4
	Retail shopping mall			46,989.2	46,727.3	96.7%	52	147.3
	Hotel			91,460.9 ⁽⁵⁾	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Yue Xiu Tower	Commercial complex	Pudong New District, Shanghai	2010	62,139.4	46,026.3 ⁽⁶⁾	88.1%	107	259.8
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	85.2%	236	85.7
Including:	Grade A office		2016	139,937.1	129,446.7 ⁽⁷⁾	82.9%	143	96.6
	Retail shopping mall		2015	45,471.4	43,546.6 ⁽⁸⁾	92.2%	93	56.4
	Commercial parking spaces		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking spaces		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory	Grade A office	Jianggan District, Hangzhou	2017	40,148.4	22,484.8 ⁽⁹⁾	97.8%	26	117.0
Total				<u>973,001.4</u>	<u>632,915.1</u>	92.1%	<u>1,731</u>	208.3

Notes:

- (1) As at 30 June 2020;
- (2) Excluding 1,408.3 sq.m. of carpark spaces area ;
- (3) Excluding 2,104.3 sq.m. of carpark spaces area ;
- (4) Excluding 76,512.3 sq.m. of carpark spaces and 7,752.5 sq.m. of other ancillary facilities area;
- (5) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor;
- (6) Excluding 13,502.6 sq.m. of carpark spaces 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;
- (8) Excluding 1,924.8 sq.m. of common facilities area;
- (9) Excluding 17,663.6 sq.m. of carpark spaces area.

OCCUPANCY RATE REMAINED AT RELATIVELY HIGH LEVEL

As at 30 June 2020, the overall occupancy rate of the properties was approximately 92.1%, whereas the occupancy rate of the matured properties was 94.5% and that of the growth properties was 86.7%.

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

Name of property	Occupancy	Occupancy	Percentage
	rate as at 30 June 2020	rate as at 30 June 2019	Increase/ (decrease) as compared to 30 June 2019
White Horse Building	97.3%	100.0%	(2.7)%
Fortune Plaza	97.1%	99.6%	(2.5)%
City Development Plaza	96.2%	95.9%	0.3%
Victory Plaza	94.1%	99.4%	(5.3)%
GZIFC Office	94.0%	94.6%	(0.6)%
GZIFC Shopping Mall	96.7%	98.0%	(1.3)%
Subtotal of GZIFC	94.5%	95.3%	(0.8)%
Yue Xiu Tower	88.1%	95.0%	(6.9)%
Subtotal of maturity properties	94.5%	96.5%	(2.0)%
Wuhan Properties Office	82.9%	65.8%	17.1%
Wuhan Properties Shopping Mall	92.2%	99.6%	(7.4)%
Subtotal of Wuhan Properties	85.3%	74.3%	11.0%
Hangzhou Victory	97.8%	96.7%	1.1%
Subtotal of growth properties	86.7%	76.9%	9.8%
Total	92.1%	90.5%	1.6%

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average	Average
					Occupancy Rate ⁽¹⁾	Rent ⁽¹⁾ (VAT inclusive) (RMB/room/ day)
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	34.2%	1,684
Ascott Serviced Apartments GZIFC ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	77.5%	1,001

Notes:

- (1) From 1 January 2020 to 30 June 2020. The occupancy rates in June 2020 of the Four Seasons Hotel and Ascott Serviced Apartments GZIFC were 62.4% and 77.6% respectively;
- (2) Both hotel and serviced apartments are entrusted operators.

REVENUE REMAINED BASICALLY FLAT

During the Interim Period of 2020, the properties of Yuexiu REIT recorded total revenue of approximately RMB831,135,000, representing a decrease of approximately RMB168,523,000 as compared to the corresponding period of the previous year. White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Yue Xiu Tower, Wuhan Properties and Hangzhou Victory accounted for approximately 19.5%, 4.5%, 4.1%, 3.7%, 48.5%, 7.1%, 10.7% and 1.9% respectively of the total revenue.

The following table sets out a comparison of revenue from the properties between the reporting period and the corresponding period of the previous year:

Name of Property	Revenue for the interim period of 2020 <i>RMB million</i>	Revenue for the interim period of 2019 <i>RMB million</i>	Increase/ (Decrease) as compared to interim period of 2019	Increase/ (Decrease) in revenue from properties
			<i>RMB million</i>	percentage
White Horse Building	161.9	185.2	(23.3)	(12.6)%
Fortune Plaza	37.3	37.5	(0.2)	(0.5)%
City Development Plaza	34.3	32.9	1.4	4.3%
Victory Plaza	30.9	38.8	(7.9)	(20.4)%
GZIFC				
Office	245.0	242.0	3.0	1.2%
Retails	37.6	41.9	(4.3)	(10.3)%
Hotel	74.8	209.5	(134.7)	(64.3)%
Serviced apartments	45.3	58.1	(12.8)	(22.0)%
Yue Xiu Tower	59.3	67.1	(7.8)	(11.6)%
Subtotal of maturity properties	726.4	913.0	(186.6)	(20.4)%
Wuhan Properties	89.0	71.1	17.9	25.2%
Hangzhou Victory	15.7	15.6	0.1	0.6%
Subtotal of growth properties	104.7	86.7	18.0	20.8%
Total	831.1	999.7	(168.6)	(16.9)%

GZIFC - OFFICE BUILDING WITHSTOOD MOUNTING PRESSURE TO STABILISE OPERATION, PREMIUM BRANDS IN SHOPPING MALL RAISED PRICES AMID DETERIORATING MARKET CONDITIONS, HOTEL’S SPEEDY RECOVERY TO STRENGTHEN ITS LEADING POSITION

While under siege by the pandemic, GZIFC received high accolade and recognition from the government in terms of its pandemic containment by applying the Building Owners and Managers Association International (“BOMA”) system’s emergency management guidelines to prevent and control the pandemic, established a paradigm for local resumption of work and production, acquired a good reputation and solidified its leading place in the market.

In the first half of the year, leasing demand for grade-A offices in Guangzhou was weak, and sales of new units and inventory were both low. The Manager flexibly adjusted business solicitation policies by enhancing expansion channels, gaining a good reputation in property management, and managing property agents aimed at making pre-emptive moves in the market, with newly contracted leasing areas amounting to approximately 15,000 square meters with the occupancy rate of the offices increasing to 94.0% by the end of the first half of the year from 91.6% in January, which successfully relieved any unfavorable impacts originated from early lease terminations. Acknowledging the fact that only few high-quality tenants were actively shopping around and the declining affordability in rent, the Manager bolstered cooperation with government agencies and renowned services institutions, successfully brought in seven premium tenants with rental transactions going in line with market trends. Although rental prices for office buildings in Guangzhou decreased to some extent, due to the unrelenting efforts of our managers, the average rent for GZIFC offices recorded a premium of 17% when compared with projects in similar areas.

Due to COVID-19 sweeping the globe, brand merchants slowed down in pursuing their expansion plans, and the Manager overcame an adverse market environment, smoothly soliciting business for the GZIFC Shopping Mall and brand adjustments. The culmination of these efforts are manifested by the successful completion of Basement Level 1 majoring in light-catering brands, as well as popular catering brands at Level Four to Five, introducing Chang Lai (常來), Jiang Pin (匠品), Sweet Dynasty, and SAKURAJIMA and the unit rent increased by 10-30% when compared with previous tenants. The shopping mall continued optimization of tenant structures, leading to satisfactory growth in rents. In terms of operating merchants in the thawing period coping with pressure and challenges, the Manager provided necessary operating relief measures to stabilise operations and promote sales. A smooth transition for the shopping mall's comprehensive operations was achieved through wide-ranging promotion and assistance coupled with digital online marketing in the early and mid-to-late stages of the pandemic. As of June 2020, the turnover per square metre of the GZIFC Shopping Mall returned to 85% of previous year's level.

The hotel industry was particularly hardest hit by the pandemic. In the first half of the year, Four Seasons Hotel appropriately adjusted downward the room rate in response to the pandemic, managed cost control and improved overall income through a combination of multi-channel promotions, focusing on a steady improvement in occupancy rates as its core goals, which resulted in revenue recovering from almost a stagnant 2.4% in February to 62.4% at the end of the first half of the year. In addition, the occupancy rate was 10 percentage points higher than that of the competing brands at the end of the period. Customers were slowly convinced to return during the later stage of the pandemic by integrating an innovative banquet product. In terms of cost control, employees are encouraged to take breaks during the pandemic to save labor costs, hotel areas are opened up accordingly based on guests occupancy to reduce energy consumption. The multi-channel marketing deployed by Ascott Serviced Apartments steadily attracted and increased long-term tenancy, and the number of short-term tenants gradually picked up due to the strengthening of online travel agency (OTA) channel promotions. Ascott Serviced Apartments at GZIFC ranked first both in operating revenue and GOP % for Ascott China. As of June 2020, when compared with direct competitors, the average occupancy rate for the Four Seasons Hotel was higher by 3.3 percentage points, average daily rent was higher by 34.4%, and RevPAR was higher by 48.6%, which further consolidated its benchmark position in the market. Compared with direct competitors, the average occupancy rate of Ascott Serviced Apartments was higher by 14.2 percentage points, average daily rent was higher by 44.7%, and RevPAR was higher by 77.3%, it is continuously in a leading position in the market.

WUHAN PROPERTIES - OVERCAME ADVERSITY WITH BOLD BREAKTHROUGHS, AVERTED RISKS, AND STABILISED OPERATIONS

Wuhan was at the center of the pandemic. In the first half of the year, business activities were basically stagnant, there was no new supply in property. With a dearth of visitors during the pandemic, the management team at Yuexiu Fortune Centre focused on solicitation of business throughout the industrial chain. It actively increased customer reserves by identifying leading enterprises and exploring their development demands in Wuhan; promoted hierarchical management and customer categorization; and prevented risks related to termination of tenancy and increasing tenants' viscosity. It also implemented three-tier price controls and precisely controlled transaction prices and step by step selection of premium customers, therefore, new contracts for approximately 29,000 square meters were signed in the first half of the year, which contributed to the expansion in leased area for existing high-quality customers. In terms of contract renewal, it adopted flexible and pragmatic leasing policies and transformed from passivity to taking initiative, which successfully secured lease renewal intention from 75% of tenants with expiring leases throughout the year, effectively guaranteeing stability among customers with expiring tenancy. With the successive promulgation of various macro policies, the recovering environment in Wuhan after the pandemic has been unceasingly ameliorated, and enterprises have quickened resuming both work and production, and the demand for industries in Internet technology, healthcare, and environmental sanitation has increased, indicating that long-term stable and favorable development has basically unchanged. Recently, Wuhan Yuexiu Fortune Centre was shortlisted for the Royal Institution of Chartered Surveyors (RICS) China Summit 2020 Business Project of the Year, and won the Certificate of Outstanding Contribution in the Fight Against Pandemic in 2020.

The recovery in outbound consumption among local customers in Wuhan was sluggish. Consumer preferences and consumption habits have changed, and the integration of online and offline has accelerated, with society-wide total retail sales of consumer products fell by 34% year-on-year in the first half of the year. Wuhan Properties were among the first commercial real estates to resume operation. Even during the pandemic period, the Starry Victoria Shopping Centre continued operation. The Manager took the initiative to seek changes and establish an online shopping mall to realise online and offline operations, and adopted well-planned countermeasures to assist and stabilise operations in stages and across multiple levels. The turnovers per square metre of the shopping mall returned to 85% of the previous year's level. They also created shopping festivals and improved the abundance in membership bonus point redemption, increased collection outlets and catering merchants, attracted customers to purchase on site, and enhanced the operating ambience in the shopping mall.

WHITE HORSE BUILDING - STRENGTHENED CUSTOMER RESERVE, ASSISTED MERCHANTS TO MAINTAIN STABILITY IN OPERATION

In view of the adverse impact of the pandemic on wholesale markets was far beyond expectation, and recovery of overall operation in shopping mall was lacklustre. Following the government's instructions in fighting against COVID-19, White Horse postponed the opening after the Spring Festival. After the opening, White Horse provided tenants with anti-pandemic supplies, arranged disease detection measures like temperature measurement and track record report to prevent the spread of the pandemic. Through these responsive actions, White Horse set an example in being the first to recover in the business district, and at the end of the first half of the year, its customer flow recovered to 60% of the same period in the previous year. Then in June, customers increased by 23% month-on-month; and the opening rate was about 90%, higher than the standard in the business district. The Manager flexibly adjusted strategies for solicitation of business, reserved 384 target customers and maintained customers reserve through multiple channels, such as self-media promotion, customer reserve transformation, and acquisition of product information in competitive market. They also introduced timely supportive operation measures to stabilise existing high-quality core customers in the field, so as to further prepare for lease renewals on all four floors to be due in the second half of the year and actively formulated plans to optimise and adjust the first floor operating positioning. The Manager also focused on building the atrium operating area with a goal to build a Fashion Center (時尚之心) and improved varieties of brands on the floor, established online and offline marketing modes to boost clothing sales, drove consumption, and helped merchants resume normal operations.

YUE XIU TOWER - UPGRADED PRODUCT SERVICES TO STIMULATE LEASE TRANSACTIONS

In the first half of the year, Shanghai's economy suffered a blow from the pandemic, however, relevant industries that rely on the Internet, digitalisation, and scientific and technological innovations developed rapidly, forming a powerful foundation, and the new kinetic energy from "Made in Shanghai" remained a favorable dynamic for development against the pandemic, and economic operations sped up in an orderly recovery. With the changes in market supplies and increased leasing uncertainties, the Manager took charge in implementing flexible and effective leasing policies, and created the core competitiveness of Yue Xiu Tower by upgrading its products and services. In the first half of the year, newly-signed tenant volume for the building increased with a renewal rate amounted to 70%, and the overall occupancy rate was higher than the market level; it successfully introduced five high-quality targeted customers, which effectively ensured the tenant structure and operating revenue for the building.

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA - STRENGTHENED RENEWALS FOR STABILISATION, ENHANCED SOLICITATION OF BUSINESS FOR TRANSFORMATION

Fortune Plaza adopted planning beforehand to renew expiring leases due this year, completed concluding contracts with key customer in advance, and offered contract restructuring proposals to tenants hardest hit by the pandemic, it held fast to take the initiative in maintaining solicitation of business and leasing to stabilise operation. City Development Plaza shouldered the pressure in the first half of the year, actively resolved operating risks, strictly controlled tenant quality, seized market opportunities in March and April to realise a rapid transformation of tenants, introduced a number of renowned enterprises to fill up the vacated units. Ultimately newly contracted leasing areas of 5,582 square meters (contracted leasing areas from March to April accounted for 50%), and project average rent in the first half of the year increased by 0.9% year-on-year, and the rent at the end of the period increased by 0.7% year-on-year.

VICTORY PLAZA - INTRODUCED PREMIUM TENANTS, REMOVED INFERIOR TENANTS, STABILISED OPERATION, MULTIPLE CHANNELS TO INCREASE CUSTOMER FLOW AND BOOST BUSINESS RECOVERY

The Manager focused on launching key support and assistance measures to enhance customer flow after the pandemic through online marketing and “Weekend Markets”, helping the primary shops return to normal sales levels as soon as possible. Currently, their sales volumes are recovering. The overall efficiency of the shopping mall returned to over 65% of the previous year’s level and the turnover per square metre of the catering industry has rebounded to 97%. In the first half of the year, activities for solicitation of business were held in spite of the prevailing market slump, integrated project positioning successfully eliminated risky tenants and introduced numerous leading brands in the industry. These measures not only enriched customer consumption experiences, but also effectively curbed any operating risks from increasing vacant areas, laid a foundation for the overall upgrading and refurbishment of some floors, and renewals with quality customers for leases due in the second half of the year.

HANGZHOU VICTORY - PROJECT OPERATIONS REMAINED STABLE, AND OCCUPANCY RATE RECORDED A NEW HIGH

Strongly driven by “the main engine” of Hangzhou’s digital economy, digital transformation and upgrading of its manufacturing industry has accelerated, and the pace at which work and production were resumed in Hangzhou after the pandemic was at the forefront when compared to other domestic cities. The Manager seized each and every opportunity to solidly solicit business and leasing renewals; therefore, the number of visitors and project occupancy rates reached all new highs. The Manager was also successful in renewing more than 3,000 square meters for major customers, which brought a strong guarantee in terms of overall project stability, ultimately succeeded in bringing in a World’s Top 500 enterprise to further optimise its tenant structure.

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

In the first half of the year, the Manager continued to invest in a number of asset upgrading and refurbishment projects that were undergoing construction, which included the Green Image Improvement Project and phase II of the video surveillance upgrade project for the southern square of the Four Seasons Hotel, image improvement project for Ascott Serviced Apartments, video surveillance upgrading, replacement of air conditioning fan coil units at the City Development Plaza, renovation of external walls of the White Horse Building, video surveillance upgrading and replacement of sanitary fittings in public washrooms at the Shanghai Yue Xiu Tower, renovation of units on the 65th and 66th floors at the Wuhan Yuexiu Fortune Center, power supply and installation of a surveillance and management system for energy consumption, as well as the installation of power-off interlayer devices in the elevators at Wuhan Properties. In total, they all amounted to an estimated investment of approximately RMB 20 million, aiming at continuously improving equipment safety and business environments across all projects.

In the second half of the year, the Manager is upholding plans to invest primarily in asset renovation projects for GZIFC, White Horse Building, and Wuhan Properties to achieve value preservation and property appreciation.

PROACTIVE MANAGEMENT OF MATURING DEBTS TO ALLEVIATE IMPACTS OF MARKET FLUCTUATIONS

The Manager proactively managed the maturing debt, and withdrew a HK\$2.1 billion 5-year loan under a syndicated loan of HK\$5.2 billion in the first half of the year to replace maturing bank loan and meet Yuexiu REIT's operational needs. At the same time, it maintained reasonable financing structures and exchange rate and interest rate exposures to alleviate any impacts from market fluctuations on fund performances. Due to the decline in market interest rates in later part of the second quarter, the overall financing costs dropped from 4.20% at the end of 2019 to 3.13% at the end of mid-2020.

FINANCIAL REVIEW

Financial Results

During the Interim Period of 2020, net property income was lower than the Interim Period of 2019. The following is a summary of Yuexiu REIT's financial results during the 2020 Interim Period:

	Six months ended 30 June		Increase/ (decrease) %
	2020 Unaudited RMB'000	2019 Unaudited RMB'000	
Gross income	831,135	999,658	(16.9)%
Hotel and serviced apartments direct expenses	(97,142)	(151,675)	(36.0)%
Leasing agents' fee	(22,348)	(22,984)	(2.8)%
Property related taxes (Note 1)	(55,806)	(94,629)	(41.0)%
Other property expenses (Note 2)	(2,021)	(1,524)	32.6%
Total property operating expenses	(177,317)	(270,812)	(34.5)%
Net property income	653,818	728,846	(10.3)%
Withholding tax	(26,468)	(29,477)	(10.2)%
Depreciation and amortization	(65,784)	(64,626)	1.8%
Manager's fees	(73,887)	(72,027)	2.6%
Trustee's fees	(5,229)	(5,149)	1.6%
Other trust expenses (Note 3)	(9,818)	(18,093)	(45.7)%
Total non-property operating expenses	(181,186)	(189,372)	(4.3)%
Profit before finance costs, finance income and tax	472,632	539,474	(12.4)%
Finance income	15,930	17,612	(9.6)%
Fair value (loss)/gain on support arrangement asset	(1,760)	16,646	(110.6)%
Finance expenses	(471,633)	(294,658)	60.1%
Profit before tax	15,169	279,074	(94.6)%
Income tax expenses	(108,421)	(266,595)	(59.3)%
Net (loss)/profit after tax before fair value (loss)/gains on investment properties, fair value loss on derivative financial instruments & gain on construction payables reversal	(93,252)	12,479	(847.3)%
Fair value (loss)/gains on investment properties	(256,858)	719,916	(135.7)%
Fair value loss on derivative financial instruments	(36,851)	(1,726)	2,035.1%
Gain on construction payables reversal	174,882	—	N/A
Net (loss)/profit after tax before transactions with Unitholders	(212,079)	730,669	(129.0)%

Note 1 Property related taxes include 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 include valuation fee, insurance premium, trade receivable loss allowance and other expenses incurred at the level of the properties.

Note 3 Other trust expenses include audit fees, printing charges, unit registrar 's fees, listing fees, legal advisory fees, exchange differences and miscellaneous expenses.

Gross income comes from office, wholesales, retails, hotel and serviced apartments. The following table shows an analysis of gross income:

<i>(RMB'000)</i>	Six months ended 30 June	
	2020	2019
Office (<i>Note 1</i>)	468,356	452,438
Wholesales (<i>Note 1</i>)	161,913	185,222
Retails (<i>Note 1</i>)	80,752	94,372
Hotel and serviced apartments (<i>Note 2</i>)	120,114	267,626
Total	<u>831,135</u>	<u>999,658</u>

Note 1 Due to the outbreak of the new coronavirus disease 2019 (“COVID-19”), Yuexiu REIT offered temporary rental concession to certain tenants of offices, wholesale 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.

Net property income amounted to approximately RMB653,818,000 (2019: RMB728,846,000), being the income after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agents' fees and other property operating expenses, representing approximately 78.7% (2019: 72.9%) of total gross income. The table below sets out an analysis of net property income:

<i>(RMB'000)</i>	Six months ended 30 June	
	2020	2019
Office	418,181	385,605
Wholesales	144,517	155,974
Retails	72,347	79,501
Hotel and serviced apartments	18,773	107,766
Total	<u>653,818</u>	<u>728,846</u>

Hotel and serviced apartments direct expenses were RMB97,142,000 (including depreciation expense of RMB4,987,000 incurred in connection with right of use asset and interest expense of RMB649,000 incurred in connection with lease liability), a decrease of 36.0% as compared with the 2019 Interim Period. The decrease was mainly due to the Manager had implemented more stringent cost control measures in order to optimise cost savings.

Leasing agents' fee decreased by approximately 2.8%, mainly due to the decrease of gross income as compared with the 2019 Interim Period.

Property related taxes decreased by approximately 41.0%, it was mainly due to the PRC Government had provided tax relief after the rent concession provided by Yuexiu REIT to its tenants, as compared with the 2019 Interim Period.

As the hotel and serviced apartments were booked as fixed assets, they incurred the depreciation and amortization charge.

As Renminbi depreciated against Hong Kong Dollar and United States Dollar in the Interim Period, the bank borrowings denominated in Hong Kong Dollar and secured note loans denominated in United States Dollar and Hong Kong Dollar resulted in an exchange loss of approximately RMB235,073,000 (2019: an exchange loss of approximately RMB41,199,000). The finance expenses incurred for the Interim Period amounted to approximately RMB265,451,000 (2019: RMB253,459,000).

Loss after tax before transactions with Unitholders amounted to approximately RMB212,079,000 (2019: Profit: RMB730,669,000), which represented a decrease of approximately 129.0%, mainly due to fair value loss from investment properties.

Financial performance of Wuhan Properties and the support arrangement

In the Interim Period of 2020, the Wuhan Properties recorded actual adjusted net profit of approximately RMB41,839,000 and contributed net distribution of RMB15,223,000 after deduction of offshore financing expenses, trustee fees, manager's fee (approximately RMB26,616,000), etc to the REIT.

Moreover, based on the agreements set forth in the Circular in relation to the Acquisition of Wuhan Properties, the amounts under the support arrangement for the first half of the year calculated according to the actual adjusted net profit is approximately RMB13,161,000. Yuexiu Property shall pay the said amount within 7 business days after the announcement of Yuexiu REIT's interim results for the 2020 Interim Period. Please refer to the Circular dated 15 November 2017 for details of the amounts under the support arrangement.

New Units Issued and Unit Activity

In respect of the partial settlement of Manager's fee during the relevant period, Yuexiu REIT issued 14,000,000 new units at HK\$3.77 per unit on 3 April 2020. The rest of the units will be deferred to be settled at the applicable market price at such later date which the REIT Manager considers is in the interests of the independent Unitholders, and the number of units is no more than 3,565,412, which is prescribed in the Announcement dated 3 April 2020. Please refer to the aforementioned Announcement for details. As at 30 June 2020, a total of 3,219,856,551 units were issued by Yuexiu REIT.

The unit price of the Yuexiu REIT reached a high of HK\$5.35 and a low of HK\$3.20 during the 2020 Interim Period. The average trading volume amounted to approximately 4,839,000 Units per day (2019: 5,073,000 Units) during the 2020 Interim Period.

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

On 31 December 2019, Yuexiu REIT issued 74,000,000 Units to a wholly-owned subsidiary of Yuexiu Property Company Ltd, and the remaining balance of deferred units were approximately 461,401,000 units.

Net Asset Value

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2020 was approximately RMB4.38 (31 December 2019: RMB4.55).

CAPITAL AND FINANCIAL STRUCTURE

Group's borrowings are as follows:

	As at 30 June 2020 <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
Bank borrowings and notes		
Denominated in RMB	1,552,840	1,821,280
Denominated in HKD	10,354,818	9,649,445
Denominated in USD	2,826,215	2,781,674
Total bank borrowings and notes	<u>14,733,873</u>	<u>14,252,399</u>
Maturity analysis		
Within one year	4,419,846	3,217,958
Two to five years	9,834,947	10,555,361
Beyond five years	479,080	479,080
The effective interest rate (per annum) of the borrowings and notes at the balance sheet		
RMB	4.31%	4.31%
HKD	2.45%	3.95%
USD	4.99%	4.99%

The overall effective interest rate (per annum) of the borrowings and notes at the balance sheet is 3.13%.

The Manager adopted a series of liquidity management measures. It managed the annual interest rate at a reasonable level and be alert for the foreign exchange risk.

As at 30 June 2020, capped forward hedging was applied to certain foreign bank loans and bonds to fix the RMB exchange rate. The total hedged loan and bonds amount is approximately RMB4,145,814,000.

As at 30 June 2020, Yuexiu REIT held certain hedging financial derivatives with fair value assets of RMB65,526,000 and liabilities of RMB80,775,000.

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 and for general corporate working capital requirement. The HK\$2.1Billion Loan Facility was drawn down for repayment of certain matured HK\$ bank loan facility and for general corporate working capital requirement on 29 April 2020.

As at 30 June 2020, total borrowings of Yuexiu REIT amounted to approximately RMB14,733,873,000 which represented approximately 40.6% of total assets of Yuexiu REIT.

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

As at 30 June 2020, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB20,973,685,000, representing approximately 57.8% of total assets of Yuexiu REIT.

Cash Position

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2020 amounted to approximately RMB1,444,195,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

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

REVIEW OF FINANCIAL RESULTS

The results of Yuexiu REIT for the 2020 Interim Period have been reviewed by the Disclosures Committee and Audit Committee of the Manager and by Yuexiu REIT's auditor in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

ISSUANCE OF 2020 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2020 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2020.

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 2020 Interim Period, there was no repurchase, sale or redemption of units of Yuexiu REIT by Yuexiu REIT or any of its subsidiaries.

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

Yuexiu REIT or any of its subsidiaries did not enter into any real estate sale and purchase during the 2020 Interim Period.

EMPLOYEES

As at 30 June 2020, Yuexiu REIT employed 493 and 131 employees in China for hotel operation and for serviced apartments operation through its subsidiaries respectively, mainly to fulfill its operating functions and provision of service for hotel and serviced apartments.

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

CORPORATE GOVERNANCE

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 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.

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

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

During the 2020 Interim Period, the Manager has complied with the provisions of the Compliance Manual for its management of Yuexiu REIT.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	831,135	999,658
Operating expenses	7	(357,854)	(460,184)
Fair value (losses)/gains on investment properties	14	(256,858)	719,916
Change in fair value of			
– support arrangement asset	17	(1,760)	16,646
– derivative financial instruments	18	(36,851)	(1,726)
Write back of construction payable	24	174,882	—
Finance income	9	15,930	17,612
Finance expenses, net	10	(472,282)	(294,658)
(Loss)/profit before income tax and transactions with unitholders		(103,658)	997,264
Income tax expense	11	(108,421)	(266,595)
(Loss)/profit after income tax before transactions with unitholders		(212,079)	730,669
Transactions with unitholders	26	213,759	(697,617)
Profit after income tax after transactions with unitholders		1,680	33,052
Other comprehensive (loss)/income for the period			
<u>Items that will not be reclassified to profit or loss:</u>			
Change in fair value of property, plant and equipment			
– Gross		(2,893)	6,419
– Tax		813	(1,798)
Other comprehensive (loss)/income for the period, net of tax		(2,080)	4,621
Total comprehensive (loss)/income for the period		(400)	37,673

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Attributable to				Total
	Unitholders before transactions with unitholders	Transactions with unitholders (Note 26)	Unitholders after transactions with unitholders	Non - controlling interests	
Unaudited	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the period ended					
30 June 2019	693,044	(697,617)	(4,573)	37,625	33,052
Other comprehensive income:					
<u>Items that will not be reclassified</u>					
<u>to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	4,573	—	4,573	48	4,621
Total comprehensive income/(loss) for the period ended 30 June 2019	697,617	(697,617)	—	37,673	37,673
(Loss)/profit for the period ended					
30 June 2020	(211,698)	213,759	2,061	(381)	1,680
Other comprehensive loss:					
<u>Items that will not be reclassified</u>					
<u>to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	(2,061)	—	(2,061)	(19)	(2,080)
Total comprehensive (loss)/income for the period ended 30 June 2020	(213,759)	213,759	—	(400)	(400)

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 on 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 period. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash dividends and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders’ proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders’ funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32, Financial Instruments: Disclosure and Presentation. Consistent with unitholders’ funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to the unitholders. It only affects how unitholders’ funds are disclosed in the consolidated balance sheet and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement.
- (ii) (Losses)/earnings per unit, based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders and the average number of units in issue, are presented in Note 27.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2020

		Unaudited 30 June 2020 <i>RMB'000</i>	Audited 31 December 2019 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	12	2,230,821	2,270,852
Right-of-use assets	13	1,330,155	1,359,784
Investment properties	14	29,728,000	29,982,000
Deferred assets	15	247,052	205,430
Derivative financial instruments	18	—	6,166
Goodwill	16	859,868	859,868
		34,395,896	34,684,100
Current assets			
Inventories		3,398	4,071
Trade receivables	19	44,342	15,887
Amounts due from related parties	28	227,958	228,082
Prepayments, deposits and other receivables	20	69,662	85,112
Derivative financial instruments	18	65,526	37,209
Tax recoverable		4,072	4,072
Support arrangement asset	17	20,562	25,163
Short-term bank deposits	21	69,005	22,750
Cash and cash equivalents	21	1,375,190	1,319,010
		1,879,715	1,741,356
Total assets		36,275,611	36,425,456
Equity			
Revaluation reserve		417,594	419,655
Retained earnings		(417,594)	(419,655)
		—	—
Non-controlling interests		1,204,995	1,205,395
Total equity		1,204,995	1,205,395

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2020

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2020	2019
		RMB'000	RMB'000
Current liabilities			
Trade payables	23	13,424	14,205
Rental deposits, current portion	24	142,382	186,707
Receipts in advance	24	90,900	80,827
Accruals and other payables	24	454,973	735,140
Amounts due to related parties	28	137,667	98,262
Borrowings	25	4,419,846	3,217,958
Lease liabilities	13	9,593	9,164
Tax payables		108,379	117,750
		<hr/> 5,377,164 <hr/>	<hr/> 4,460,013 <hr/>
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	24	209,628	198,816
Borrowings	25	10,314,027	11,034,441
Deferred tax liabilities	22	4,977,005	4,906,156
Derivative financial instruments	18	80,775	1,249
Lease liabilities	13	15,086	20,026
		<hr/> 15,596,521 <hr/>	<hr/> 16,160,688 <hr/>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2020

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2020	2019
		RMB'000	RMB'000
Total liabilities, other than net assets attributable to unitholders		20,973,685	20,620,701
Net assets attributable to unitholders	26	14,096,931	14,599,360
Total equity and liabilities		36,275,611	36,425,456
Net current liabilities		(3,497,449)	(2,718,657)
Units in issue ('000)	26	3,219,856	3,205,856
Net assets attributable to unitholders per unit (RMB)		4.38	4.55

DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders		(211,698)	693,044
Adjustments for the total distributable income (i)			
– Fair value losses/(gains) on investment properties		227,717	(692,535)
– Deferred taxation in respect of fair value losses/(gains) on investment properties (credited)/charged to profit or loss		(36,977)	153,816
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards ("CAS")		(189,024)	(177,719)
– Fair value loss/(gain) on support arrangement asset		1,760	(16,646)
– Write back of construction payables, net of tax		(124,631)	—
Total distributable loss		(332,853)	(40,040)
Additional items (ii)			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		189,024	177,719
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards ("HKFRS")		65,109	63,962

DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		50,036	51,569
– Manager’s fee paid and payable in units in lieu of cash		59,110	57,621
– Fair value losses on derivative financial instruments		36,851	1,726
– Gains on settlement of derivative financial instruments		(28,891)	—
– Foreign exchange losses on financing activities		235,073	41,199
– Support arrangement asset receivable		13,161	14,630
– Surplus cash from disposal of subsidiaries		—	55,900
– Surplus cash from write back of construction payables		32,000	—
Distributable income after additional items		318,620	424,286
Distributable amount at 1 January		336,948	425,902
Distribution paid during the period (iii)	26	(336,797)	(425,828)
Interim distribution declared (iv)		318,771	424,360
Distribution per unit, declared (iv)		RMB0.0990	RMB0.1360

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant period.
- (ii) Pursuant to the circular dated 30 June 2012, Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the “Manager”) intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) A distribution of RMB0.1046 per unit, totaling RMB336,797,000 (equivalent to HK\$ 375,757,000), was paid to unitholders on 26 May 2020.
- (iv) A final distribution in respect of the six months ended 30 June 2020 of RMB0.0990 (equivalent to HK\$0.1098) per unit, totaling RMB318,771,000 equivalent to HK\$353,540,000) was declared by the Board of the Manager on 6 August 2020.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2020 as disclosed in Note 26.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Equity				Total <i>RMB'000</i>
	Net assets attributable to unitholders <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Revaluation reserve <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	
At 1 January 2019	14,454,122	(420,174)	420,174	1,141,812	15,595,934
Issuance of units (Note 26)	61,510	—	—	—	61,510
Profit for the period attributable to:					
– Unitholders	697,617	—	—	—	697,617
– Equity holders	—	(4,573)	—	37,625	33,052
Distributions paid to unitholders	(425,828)	—	—	—	(425,828)
Change in fair value of property, plant and equipment, net of tax	—	—	4,573	48	4,621
At 30 June 2019	<u>14,787,421</u>	<u>(424,747)</u>	<u>424,747</u>	<u>1,179,485</u>	<u>15,966,906</u>
At 1 January 2020	14,599,360	(419,655)	419,655	1,205,395	15,804,755
Issuance of units (Note 26)	48,127	—	—	—	48,127
(Loss)/profit for the period attributable to:					
– Unitholders	(213,759)	—	—	—	(213,759)
– Equity holders	—	2,061	—	(381)	1,680
Distributions paid to unitholders	(336,797)	—	—	—	(336,797)
Change in fair value of property, plant and equipment, net of tax	—	—	(2,061)	(19)	(2,080)
At 30 June 2020	<u>14,096,931</u>	<u>(417,594)</u>	<u>417,594</u>	<u>1,204,995</u>	<u>15,301,926</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Cash generated from operations	400,149	621,533
Interest paid	(250,553)	(238,947)
Corporate income tax paid	(46,133)	(64,413)
Support arrangement asset received (Note 17)	2,841	4,170
	<hr/>	<hr/>
Net cash generated from operating activities	106,304	322,343
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities		
Additions of investment properties (Note 14)	(2,858)	(2,084)
Additions of property, plant and equipment (Note 12)	(4,032)	(3,522)
Interest received (Note 9)	15,930	17,612
Increase in short-term bank deposits with original maturity of more than three months	(46,255)	(59)
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(37,215)	11,947
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities		
Distribution paid (Note 26)	(336,797)	(425,828)
Proceeds from borrowings, net of transaction costs	2,187,107	1,245,871
Repayment of borrowings	(1,956,047)	(1,367,229)
Issuance of units (Note 26)	48,127	61,510
Settlement of derivative financial instruments	49,861	—
Principal elements of lease payments	(5,160)	—
	<hr/>	<hr/>
Net cash used in financing activities	(12,909)	(485,676)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase/(decrease) in cash and cash equivalents	56,180	(151,386)
Cash and cash equivalents at beginning of the period	1,319,010	1,458,755
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	1,375,190	1,307,369
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the “Manager”), and HSBC Institutional Trust Services (Asia) Limited, as the Trustee of Yuexiu REIT (the “Trustee”) on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010, 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 (“SFO”) subject to the applicable conditions imposed by Securities and Futures Commission (“SFC”) from time to time. The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

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

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Manager on 6 August 2020.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019 which have been prepared in accordance with HKFRS.

As at 30 June 2020, the Group's current liabilities exceeded its current assets by RMB3,497,449,000 (31 December 2019: RMB2,718,657,000) mainly as the bank and other borrowings of RMB4,419,846,000 (31 December 2019: RMB3,217,958,000) fall due within twelve months from the balance sheet date. The Manager is in the process of discussing with the Group's principal bankers and believes the Group will be able to refinance the bank and other borrowings based on the Group's past experience, its asset base and low gearing ratio. Taking into account the refinancing of bank borrowings and other financial resources available including internally generated funds, 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 this condensed consolidated interim financial information.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019.

(a) New and amended standards and interpretations adopted by the Group

The following new and amended standards and interpretation are mandatory for the first time for the financial year beginning 1 January 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

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

- (b) The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2020 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	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 and interpretation 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 and interpretation when they become effective.

4 Significant judgements and accounting estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

There have been no changes in the risk management policies since the last year end.

6 Revenue and segment information

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

The executive directors consider the business by nature of business activities and assess the performance of hotel and serviced apartments, office rental and wholesale and retail 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 is measured in a manner consistent with that in the condensed consolidated financial information.

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

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

	Hotel and serviced apartments	Office rental	Wholesale and shopping mall	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Period ended 30 June 2020				
Revenue from external customers	<u>120,114</u>	<u>468,356</u>	<u>242,665</u>	<u>831,135</u>
Segment results	<u>(46,979)</u>	<u>250,601</u>	<u>127,554</u>	<u>331,176</u>
Depreciation	<u>70,740</u>	<u>31</u>	<u>—</u>	<u>70,771</u>
Fair value losses on investment properties	<u>—</u>	<u>(167,548)</u>	<u>(89,310)</u>	<u>(256,858)</u>
Period ended 30 June 2019				
Revenue from external customers	<u>267,626</u>	<u>452,438</u>	<u>279,594</u>	<u>999,658</u>
Segment results	<u>43,183</u>	<u>902,863</u>	<u>438,089</u>	<u>1,384,135</u>
Depreciation	<u>64,583</u>	<u>43</u>	<u>—</u>	<u>64,626</u>
Fair value gains on investment properties	<u>—</u>	<u>517,302</u>	<u>202,614</u>	<u>719,916</u>
As at 30 June 2020				
Total reportable segments' assets	<u>4,177,089</u>	<u>20,791,179</u>	<u>10,320,866</u>	<u>35,289,134</u>
As at 31 December 2019				
Total reportable segments' assets	<u>4,230,914</u>	<u>20,758,404</u>	<u>10,541,698</u>	<u>35,531,016</u>

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Segment results	331,176	1,384,135
Fair value losses on derivative financial instruments	(36,851)	(1,726)
Unallocated operating costs (Note)	(114,753)	(124,745)
Operating profit	179,572	1,257,664
Write back of construction payable	174,882	—
Finance income	15,930	17,612
Finance expenses, net	(472,282)	(294,658)
Change in fair value of support arrangement asset	(1,760)	16,646
(Loss)/profit before income tax and transactions with unitholders	(103,658)	997,264

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

A reconciliation of reportable segments' assets to total assets is provided as follows:

	Unaudited	Audited
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Total reportable segments' assets	35,289,134	35,531,016
Corporate assets	986,477	894,440
Total assets	36,275,611	36,425,456

	Revenue		Total assets	
	Unaudited		Unaudited	Audited
	Six months ended 30 June		30 June	31 December
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
China	<u>831,135</u>	<u>999,658</u>	<u>35,289,134</u>	35,531,016
Unallocated assets			<u>986,477</u>	<u>894,440</u>
			<u>36,275,611</u>	<u>36,425,456</u>

The Group's revenue by nature is as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Hotel and serviced apartments operations		
Room rentals	80,390	162,362
Food and beverages	34,537	95,307
Property rentals	711,021	732,032
Others	<u>5,187</u>	<u>9,957</u>
	<u>831,135</u>	<u>999,658</u>

The following is an analysis of the Group's revenue by timing of satisfaction of performance obligations:

	Unaudited	Unaudited
	30 June	30 June
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised at a point in time	37,987	103,743
Revenue recognised overtime	80,390	162,362
Other sources	<u>712,758</u>	<u>733,553</u>
	<u>831,135</u>	<u>999,658</u>

7 Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Property management fee (i)	22,348	22,984
Employee benefit expense	43,367	60,301
Real estate tax	49,501	87,513
Flood prevention fee, urban construction and maintenance tax, educational surcharge and local educational surcharge	4,812	6,418
Withholding tax (ii)	26,468	29,477
Depreciation of property, plant and equipment (Note 12)	41,142	39,984
Depreciation of right-of-use assets (Note 13)	29,629	24,642
Cost of inventories sold or consumed in operation	23,445	35,576
Other direct expenses on hotel and serviced apartments	24,694	55,798
Manager's fee (Note 8)	73,887	72,027
Trustee's fee	5,229	5,149
Valuation fee	498	429
Legal and professional fee	3,510	3,847
Auditor's remuneration	2,024	1,850
Bank charges	134	367
Exchange losses from operating activities	1,223	9,836
Others	5,943	3,986
	<hr/>	<hr/>
Total operating expenses	<u>357,854</u>	<u>460,184</u>

Note:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Ltd., Guangzhou Baima Business Operation Management Co., Ltd. and Guangzhou Yuexiu Asset Management Company Limited (Note 28).
- (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%.

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 and a service fee of 3% per annum of net property income, as defined in the Trust Deed.

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Manager's fee:		
In the form of units	59,110	57,621
In the form of cash	14,777	14,406
	<u>73,887</u>	<u>72,027</u>

Note:

- (i) 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.

9 Finance income

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	6,575	8,232
Interest income from a related company (Note 28)	9,355	9,380
	<u>15,930</u>	<u>17,612</u>

10 Finance expenses, net

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense for bank borrowings	165,570	171,818
Interest expense for other borrowings	84,983	67,129
Interest and finance charges paid/payable for lease liabilities (Note 13)	649	—
Amortisation of transaction costs for borrowings	15,344	14,512
Foreign exchange losses on financing activities	235,073	41,199
Gain on settlement of derivative financial instruments	(29,337)	—
	<u>472,282</u>	<u>294,658</u>

11 Income tax expenses

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 7(ii).

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– China corporate income tax	36,759	20,372
Deferred income tax (Note 22)	71,662	246,223
	<u>108,421</u>	<u>266,595</u>

12 Property, plant and equipment

	Hotel and serviced apartments	Office supplies	Motor vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2019				
Opening net book amount				
as at 1 January 2019	2,340,000	366	568	2,340,934
Additions	3,522	—	—	3,522
Depreciation	(39,941)	(43)	—	(39,984)
Fair value gain on revaluation	6,419	—	—	6,419
	<u>2,310,000</u>	<u>323</u>	<u>568</u>	<u>2,310,891</u>
Closing net book amount				
as at 30 June 2019	<u>2,310,000</u>	<u>323</u>	<u>568</u>	<u>2,310,891</u>
At 30 June 2019				
At fair value	2,310,000	—	—	2,310,000
At cost	—	323	568	891
	<u>2,310,000</u>	<u>323</u>	<u>568</u>	<u>2,310,891</u>
Six months ended 30 June 2020				
Opening net book amount				
as at 1 January 2020	2,270,000	367	485	2,270,852
Additions	4,032	—	—	4,032
Disposal	(28)	—	—	(28)
Depreciation	(41,111)	(31)	—	(41,142)
Fair value loss on revaluation	(2,893)	—	—	(2,893)
	<u>2,230,000</u>	<u>336</u>	<u>485</u>	<u>2,230,821</u>
Closing net book amount				
as at 30 June 2020	<u>2,230,000</u>	<u>336</u>	<u>485</u>	<u>2,230,821</u>
At 30 June 2020				
At fair value	2,230,000	—	—	2,230,000
At cost	—	336	485	821
	<u>2,230,000</u>	<u>336</u>	<u>485</u>	<u>2,230,821</u>

If hotel and serviced apartments had not been revalued, it would have been included in the condensed consolidated interim financial information at historical cost less accumulated depreciation of RMB1,643,838,000 (31 December 2019: RMB1,680,945,000).

As at 30 June 2020, property, plant and equipment with an aggregate carrying amount of RMB1,983 million (31 December 2019: RMB2,017 million) were pledged as collateral for the Group's bank borrowings (Note 25).

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Opening balance	2,270,000	2,340,000
Additions	4,032	3,522
Disposal	(28)	—
Depreciation	(41,111)	(39,941)
Unrealised (losses)/gains recognised in reserve	(2,893)	6,419
	<u>2,230,000</u>	<u>2,310,000</u>
Changes in unrealised (losses)/gains for the period included in other comprehensive income at the end of the period	<u>(2,893)</u>	<u>6,419</u>

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments was revalued by Savills Valuation and Professional Services Limited, being independent qualified valuer not related to the Group at 30 June 2020 and 31 December 2019.

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

Fair value of the building element of hotel and serviced apartments of Guangzhou International Financial Center (“GZIFC”) is derived using the 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 13, is therefore calculated as the difference between the fair value under discounted cash flow analysis and the fair value under depreciated replacement cost method.

In the course of discounted cash flow analysis, both income and expenses over the coming five 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 five-year period is discounted at an appropriate rate of return.

The net cash flow from sixth 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 period.

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.

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

As at 30 June 2020

	Depreciated replacement cost method		
	Building cost (RMB/m²)	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 2019

	Depreciated replacement cost method		
	Building cost (RMB/m²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	18,500	4.75	6
Serviced apartments	15,300	4.75	6

13 Lease

	Land use rights	Staff quarter	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets			
At 1 January 2019	—	—	—
Change in accounting policies	1,379,969	—	1,379,969
Depreciation	(24,642)	—	(24,642)
At 30 June 2019	<u>1,355,327</u>	<u>—</u>	<u>1,355,327</u>
At 1 January 2020	1,330,684	29,100	1,359,784
Depreciation	(24,642)	(4,987)	(29,629)
At 30 June 2020	<u>1,306,042</u>	<u>24,113</u>	<u>1,330,155</u>
Lease liabilities			
		Unaudited	Audited
		30 June	31 December
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Current portion		9,593	9,164
Non-current portion		15,086	20,026
		<u>24,679</u>	<u>29,190</u>

As at 30 June 2020, the fair value of land-use-rights is approximately RMB2,641 million (31 December 2019: RMB2,709 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2020, rights-of-use assets were pledged with an aggregate net book amount of approximately RMB1,217 million (31 December 2019: RMB1,240 million) as collateral for the Group's bank borrowings (Note 25).

As at 30 June 2020, all of the lease liabilities are due to a subsidiary of Yuexiu Property Company Limited ("YXP").

The interim condensed consolidated statement of comprehensive income shows the following amount relating to leases:

Depreciation charge of right-of-use assets

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Land-use-rights	24,642	24,642
Staff quarter	4,987	—
	<u>29,629</u>	<u>24,642</u>
Interest and finance charge paid/payable for lease liabilities (Note 10)	<u>649</u>	—

14 Investment properties

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	29,982,000	29,115,000
Additions during the period	2,858	2,084
Fair value (losses)/gains during the period, included in profit or loss under 'Fair value (losses)/gains on investment properties'	<u>(256,858)</u>	<u>719,916</u>
End of the period	<u>29,728,000</u>	<u>29,837,000</u>

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

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB4,914,000 (2019: RMB5,895,000) relating to investment properties that were vacant.

As at 30 June 2020, investment properties with an aggregate carrying value of approximately RMB3,697 million (31 December 2019: RMB3,708 million) were pledged as collateral for the Group's bank borrowings (Note 25).

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Savills Valuation and Professional Services Limited, being independent qualified valuer not related to the Group at 30 June 2020 and 31 December 2019.

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

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

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

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

The net cash flows from eleventh year onwards to the expiry date of the land use rights from the government under which each of the properties is held are 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 period.

Significant inputs used to determine fair value

Capitalisation rate and discount rates are estimated by Savills Valuation and Professional Services Limited for 30 June 2020 and 31 December 2019 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 used in the income capitalisation method are summarised as follows:

As at 30 June 2020

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	98 to 333	4.00% to 7.25%
Wholesale and shopping mall	42 to 1,464	4.00% to 7.75%

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%

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

As at 30 June 2020

	Monthly Market		Stabilised
	Unit Rent	Discount Rate	Occupancy Rate
	(RMB per sq.m.)		
Office	98 to 333	6.50% to 8.50%	95.00% to 99.00%
Wholesale and shopping mall	42 to 1,464	6.75% to 8.75%	98.00% to 99.50%

As at 31 December 2019

	Monthly Market		Stabilised
	Unit Rent	Discount Rate	Occupancy Rate
	(RMB per sq.m.)		
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%

15 Deferred assets

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

16 Goodwill

	Unaudited	Audited
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Net book amount	<u>859,868</u>	<u>859,868</u>
Cost	859,868	859,868
Accumulated impairment	<u>—</u>	<u>—</u>
	<u>859,868</u>	<u>859,868</u>

17 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 (loss)/gain in the condensed consolidated statement of comprehensive income.

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	25,163	11,645
Fair value (loss)/gain during the period	(1,760)	16,646
Support arrangement asset received	(2,841)	(4,170)
	20,562	24,121
Less: current portion of support arrangement asset	(20,562)	(14,874)
Non-current portion of support arrangement	—	9,247

18 Derivative financial instruments

	Unaudited	Audited
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Interest rate swap contracts	—	6,166
Current assets		
Capped foreign exchange forward contracts	65,526	37,209
Non-current liability		
Interest rate swap contracts	80,775	—
Capped forward foreign exchange contracts	—	1,249

The derivative financial instruments are classified as non-current assets or liabilities if the settlement date is beyond 12 months after balance sheet date.

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 30 June 2020 were HK\$1,444,648,000 and USD400,000,000 (31 December 2019: HK\$3,294,648,000 and USD50,000,000).

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2020 were HK\$400,000,000, HK\$1,000,000,000 and HK\$1,400,000,000 (31 December 2019: HK\$400,000,000 and HK\$1,000,000,000).

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.

19 Trade receivables

	Unaudited	Audited
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	44,551	15,887
Loss allowance	(209)	—
	<u>44,342</u>	<u>15,887</u>

The fair values of trade receivables approximate their carrying amounts.

The credit terms of the Group are generally within three months. The ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited	Audited
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	27,501	14,001
31 - 90 days	14,619	1,278
91 - 180 days	1,021	264
181 - 365 days	1,410	344
	<u>44,551</u>	<u>15,887</u>

20 Prepayments, deposits and other receivables

The balance of prepayments, deposits and other receivables mainly represents prepaid business tax and deposits for utilities. The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

All prepayments, deposits and other receivables are denominated in RMB.

21 Short-term bank deposits and cash and cash equivalents

	Unaudited	Audited
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand	1,265,511	1,280,590
Short-term bank deposits with original maturity of less than three months	109,679	38,420
Cash and cash equivalents	1,375,190	1,319,010
Short-term bank deposits with original maturity of more than three months	69,005	22,750
Total	<u>1,444,195</u>	<u>1,341,760</u>
Maximum exposure to credit risk	<u>1,443,698</u>	<u>1,341,264</u>

As at 30 June 2020, included in the cash and cash equivalents of the Group are bank deposits in China of approximately RMB1,155,734,000 (31 December 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. The existing counterparties do not have defaults in the past.

The carrying amounts of short-term bank deposits and cash and cash equivalents approximate their fair values.

Short-term bank deposits and cash and cash equivalents are denominated in the following currencies:

	Unaudited	Audited
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
HK\$	285,274	140,804
RMB	1,156,230	1,186,555
USD	2,691	14,401
	<u>1,444,195</u>	<u>1,341,760</u>

22 Deferred tax liabilities

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	4,906,156	4,536,795
Deferred taxation charged to profit or loss (Note 11)	71,662	246,223
Deferred taxation (credited)/charged to reserve	<u>(813)</u>	<u>1,798</u>
End of the period	<u>4,977,005</u>	<u>4,784,816</u>

23 Trade payables

The fair values of trade payables approximate their carrying amounts. The ageing analysis of the trade payables is as follows:

	Unaudited	Audited
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	7,200	9,311
31 - 90 days	4,223	3,923
91 - 180 days	1,663	971
180-360 days	338	—
	<hr/> 13,424 <hr/>	<hr/> 14,205 <hr/>

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

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

	Unaudited 30 June 2020 <i>RMB'000</i>	Audited 31 December 2019 <i>RMB'000</i>
Rental deposits		
Current portion	142,382	186,707
Non-current portion	<u>209,628</u>	<u>198,816</u>
	<u>352,010</u>	<u>385,523</u>
Receipts in advance		
Current portion	<u>90,900</u>	<u>80,827</u>
Provision for urban real estate tax	13,689	13,445
Provision for withholding tax payable	5,354	8,436
Provision for urban land use tax, value-added tax, urban construction and maintenance tax, education surcharge, local education surcharge	11,197	11,927
Construction fee payable (Note)	292,117	571,795
Accruals for operating expenses	<u>132,616</u>	<u>129,537</u>
Accruals and other payables	<u>454,973</u>	<u>735,140</u>
	<u>897,883</u>	<u>1,201,490</u>

Note:

During the six months ended 30 June 2020, the Group has written back the construction fee payable totalling of RMB174,882,000 (31 December 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 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.

25 Borrowings

	Unaudited 30 June 2020 <i>RMB'000</i>	Audited 31 December 2019 <i>RMB'000</i>
Current		
Short-term borrowings		
Bank borrowings		
Unsecured	<u>274,032</u>	<u>—</u>
Current portion of long-term borrowings		
Bank borrowings		
Secured	—	268,440
Unsecured	1,319,599	2,949,518
Other borrowings, unsecured (Note)	<u>2,826,215</u>	<u>—</u>
	<u>4,145,814</u>	<u>3,217,958</u>
	<u>4,419,846</u>	<u>3,217,958</u>
Non-current		
Long-term borrowings		
Bank borrowings		
Secured	1,552,840	1,821,280
Unsecured	9,059,307	8,647,912
Other borrowings, unsecured (Note)	<u>3,847,694</u>	<u>3,783,207</u>
	<u>14,459,841</u>	<u>14,252,399</u>
Less: current portion of long-term borrowings	<u>(4,145,814)</u>	<u>(3,217,958)</u>
Total long-term borrowings	<u>10,314,027</u>	<u>11,034,441</u>
Total borrowings	<u>14,733,873</u>	<u>14,252,399</u>
Analysed into:		
Unsecured	13,181,033	12,431,119
Secured	<u>1,552,840</u>	<u>1,821,280</u>
	<u>14,733,873</u>	<u>14,252,399</u>

As at 30 June 2020, syndicated and entrustment loans totalling RMB1,552,840,000 (31 December 2019: RMB1,821,280,000) are secured by certain parts of Guangzhou IFC with carrying value of RMB6,897 million (31 December 2019: RMB6,965 million).

Note:

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 April 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 (“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.

26 Net assets attributable to unitholders

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	14,599,360	14,454,122
Issuance of units	48,127	61,510
Transfer from the statement of comprehensive income	(213,759)	697,617
Distribution paid during the period	(336,797)	(425,828)
End of the period	<u>14,096,931</u>	<u>14,787,421</u>

The movement of numbers of existing units is as below:

	Unaudited	
	Six months ended 30 June	
Units in issue ('000)	2020	2019
Beginning of the period	3,205,856	3,106,450
Units issued during the period	14,000	13,168
End of the period	<u>3,219,856</u>	<u>3,119,618</u>

Note:

During the period, 14,000,000 units were issued for the payment of manager's fee (2019: 13,168,000 units). Pursuant to the announcement of Yuexiu REIT dated 3 April 2020, RMB12,257,000 (equivalent to approximately HK\$13,442,000) of the manager's fee for the period from 1 July 2019 to 31 December 2019 to be settled in the form of units would be deferred and settled after the manager fee units reference date.

In 2019, a total of 25,406,000 units were issued for the payment of manager's fee. At 31 December 2019, the Group also issued 74,000,000 units from deferred units to YXP. Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP certain number of units starting from 31 December 2016. The number of units to be issued each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units that may be issued to YXP which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeover Code for all units owned or agreed to be acquired by YXP at the relevant time. After the issuance of 74,000,000 units at 31 December 2019, the outstanding deferred units were approximately 461,401,000 units.

27 (Losses)/earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders

(a) Basic

Basic (losses)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the (loss)/profit after income tax before transactions with unitholders attributable to unitholders by the weighted average number of units in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2020	2019
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>(211,698)</u>	<u>693,044</u>
Weighted average number of units in issue ('000)	<u>3,212,626</u>	<u>3,114,380</u>
Basic (losses)/earnings per unit (RMB)	<u>(0.07)</u>	<u>0.22</u>

(b) Diluted

Diluted (losses)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. The number of units calculated for manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 30 June 2020.

	Unaudited	
	Six months ended 30 June	
	2020	2019
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>(211,698)</u>	<u>693,044</u>
Weighted average number of units in issue ('000)	3,212,626	3,114,380
Adjustments for deferred units ('000)	461,401	535,401
Adjustments for manager's fee in form of units ('000)	<u>21,898</u>	<u>12,267</u>
Weighted average number of units for diluted (losses)/earnings per unit ('000)	<u>3,695,925</u>	<u>3,662,048</u>
Diluted (losses)/earnings per unit (RMB)	<u>(0.06)</u>	<u>0.19</u>

28 Connected party transactions and significant related party transactions and balances

As at 30 June 2020, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 38.4% (31 December 2019: 38.1%) of Yuexiu REIT's units. The remaining 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 30 June 2020:

Connected/related companies	Relationship with Yuexiu REIT
YXP ¹	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the "Manager") ¹	An associate of YXP
Guangzhou Yuexiu Asset Management Company Limited ("GZ AM") ¹	An associate of YXP
Guangzhou Yuexiu Yicheng Property Management Ltd. ("Yicheng") ¹	A subsidiary of YXP
Guangzhou Baima Business Operation Management Co. Ltd. ("Baima BM") ¹	A subsidiary of YXP
Guangzhou City Construction & Development Xingye Property Agent Ltd. ("Xingye") ¹	A subsidiary of YXP
Guangzhou City Construction and Development Co. Ltd. ("GCCD") ¹	A subsidiary of YXP
Guangzhou Yuexiu Business Operation Management Co., Ltd. ¹	A subsidiary of YXP
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)") ¹	A subsidiary of YXP
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") ¹	A major shareholder of YXP
Guangzhou Yuexiu Holdings Limited ("GZYX") ¹	Immediate holding company of Yue Xiu
Guangzhou Yue Xiu Enterprises (Holdings) Ltd. ("YXE") ¹	A subsidiary of GZYX
Guangzhou Yue Xiu Enterprises Development Ltd. ¹	A subsidiary of YXE
Guangzhou City Construction and Development Group Co., Ltd. ¹	A subsidiary of YXE
Guangzhou Grandcity Development Ltd. ¹	A subsidiary of YXP

Connected/related companies	Relationship with Yuexiu REIT
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. (“GZ JLL”) ¹	A subsidiary of YXP
廣州市祥港房地產開發有限公司 ¹	A subsidiary of YXP
廣州市宏錦房地產開發有限公司 ¹	A subsidiary of YXP
廣州東耀房地產開發有限公司 ¹	A subsidiary of YXP
Guangzhou Suiqiao Development Co., Ltd. (“Suiqiao”) ¹	A subsidiary of Yue Xiu
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (“GZYFHG”) ¹	A subsidiary of GZYY
Guangzhou Yuexiu Financial Holdings Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Guang Zheng Hang Seng Research Co., Ltd. (“Guang Zheng”) ^{1,2}	A subsidiary of GZYFHG
Guangzhou Securities Company Limited (renamed as “中信証券華南股份有限公司”) ^{1,2}	A subsidiary of GZYFHG
Guangzhou Futures Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Leasing Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yue Tong Expressway Operations and Management Company Limited (“Yue Tong”) ¹	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. (“Yue Peng”) ¹	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited (“Chong Hing”) ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Tianhe Sub-Branch (“Chong Hing Tianhe”) ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Sub-Branch (“Chong Hing Guangzhou”) ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch (“Chong Hing Shanghai”) ¹	A subsidiary of Yue Xiu
Guangzhou Paper Group Ltd. ¹	A subsidiary of YXE
Guang Zhou Titanium Dioxide Factory ¹	A subsidiary of YXE

Connected/related companies	Relationship with Yuexiu REIT
廣州市城建開發集團名特網絡發展有限公司 ¹	A subsidiary of YXE
廣州悅停網絡科技有限公司 ¹	An associate of YXP
廣州鵬燁貿易有限公司 ¹	A subsidiary of YXP
廣州友誼集團有限公司 ^{1,3}	A subsidiary of GZYFHG
廣州越秀資本投資管理有限公司 ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Financial Technology Co., Ltd. ¹	A subsidiary of GZYFHG
Shanghai Yuexiu Finance Leasing Co., Ltd. ¹	A subsidiary of GZYFHG
武漢越秀商業管理有限公司 ¹	A subsidiary of YXP
武漢康景實業投資有限公司 ¹	A subsidiary of YXP
廣州城建開發設計院有限公司 ¹	A subsidiary of YXE
廣州越秀地產工程管理有限公司 ¹	A subsidiary of YXP
廣州越秀商業地產投資管理有限公司 ¹	A subsidiary of YXP
廣州越秀星寓公寓管理有限公司 ¹	A subsidiary of YXP
Yue Xiu Consultants (Shenzhen) Co., Ltd. ¹	A subsidiary of Yue Xiu
杭州越秀房地產開發有限公司 ¹	A subsidiary of YXP
杭州越榮房地產開發有限公司 ¹	A subsidiary of YXP
杭州盛寅房地產開發有限公司 ¹	A subsidiary of YXP
杭州豐勝房地產開發有限公司 ¹	A subsidiary of YXP
廣州悅秀智訊科技信息諮詢有限公司 ¹	A subsidiary of YXP
廣州越秀興業地產代理有限公司 ¹	A subsidiary of YXP
廣州白馬電子商務股份有限公司 ¹	A subsidiary of YXE
HSBC Institutional Trust Services (Asia) Limited (the “Trustee”)	The Trustee of Yuexiu REIT
Savills Valuation and Professional Services 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

¹ These connected companies are also considered as related companies of the Group, transactions and balances carried out with these related companies are disclosed in notes (a) and (b) below.

² The companies ceased to be connected companies of the Group since 10 January 2020.

³ The company ceased to be connected company of the Group since 28 March 2019.

(a) Transactions with connected/related companies

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Manager's fee paid/payable to the Manager (ii)	(73,887)	(72,027)
Management fee paid/payable to Yicheng	(8,143)	(7,805)
Management fee paid/payable to Baima BM	(4,857)	(5,557)
Management fee paid/payable to GZ AM	(9,348)	(9,622)
Rental income received/receivable from Xingye	4,271	3,549
Rental income received/receivable from Yicheng	11,986	8,976
Rental income received/receivable from GCCD	13,538	7,134
Rental income received/receivable from YXE	19,796	18,315
Rental income received/receivable from Guang Zheng	60	1,148
Rental income received/receivable from Suiqiao	296	295
Rental income received/receivable from Guangzhou Securities Company Limited	788	15,676
Rental income received/receivable from Guangzhou Futures Co., Ltd.	2,241	1,895
Rental income received/receivable from Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	152	643
Rental income received/receivable from GZ JLL	8,324	8,124
Rental income received/receivable from Guangzhou Yuexiu Financial Leasing Co., Ltd.	700	687
Rental income received/receivable from GZ AM	4,864	5,171
Rental income received/receivable from 廣州市祥港房地產開發有限公司	4,682	4,657
Rental income received/receivable from 廣州市東耀房地產開發有限公司	6,921	6,831
Rental income received/receivable from GZYFHG	8,446	8,416
Rental income received/receivable from Yue Tong	385	383
Rental income received/receivable from Yue Peng	394	391
Rental income received/receivable from Yuexiu (China) Transport Infrastructure Investment Company Limited	4,298	4,460

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	<i>RMB'000</i>
Rental income received/receivable from		
Guangzhou Paper Group Ltd.	142	136
Rental income received/receivable from		
Guang Zhou Titanium Dioxide Factory	—	23
Rental income received/receivable from Chong Hing Tianhe	—	25
Rental income received/receivable from Chong Hing Guangzhou	—	128
Rental income received/receivable from Chong Hing Shanghai	2,383	257
Rental income received/receivable from		
廣州市城建開發集團名特網絡發展有限公司	148	57
Rental income received/receivable from		
廣州悅停網絡科技有限公司	—	47
Rental income received/receivable from		
廣州鵬燁貿易有限公司	558	547
Rental income received/receivable from		
廣州友誼集團有限公司	—	7,663
Rental income received/receivable from		
Guangzhou Yuexiu Financial Technology Co., Ltd.	156	462
Rental income received/receivable from		
Shanghai Yuexiu Finance Leasing Co., Ltd.	1,879	1,868
Rental income received/receivable from		
武漢越秀商業管理有限公司	7,493	3,608
Rental income received/receivable from		
武漢康景實業投資有限公司	15,672	14,582
Rental income received/receivable from		
廣州城建開發設計院有限公司	193	192
Rental income received/receivable from		
廣州越秀地產工程管理有限公司	2,371	2,365
Rental income received/receivable from		
廣州越秀商業地產投資管理有限公司	331	278
Rental income received/receivable from		
越秀諮詢深圳有限公司	—	442

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Rental income received/receivable from 廣州越秀資本投資管理有限公司	2,026	1,093
Rental income received/receivable from 廣州越秀星寓公寓管理有限公司	972	162
Rental income received/receivable from Guangzhou Yue Xiu Enterprises Development Ltd.	142	113
Rental income received/receivable from Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd.	330	316
Rental income received/receivable from Chong Hing	—	52
Rental income received/receivable from 杭州越秀房地產開發有限公司	2,168	2,046
Rental income received/receivable from 杭州越榮房地產開發有限公司	312	311
Rental income received/receivable from 杭州盛寅房地產開發有限公司	249	245
Rental income received/receivable from 杭州豐勝房地產開發有限公司	538	535
Rental income received/receivable from Guangzhou Yuexiu Business Operation Management Co.,Ltd.	13	8
Rental income received/receivable from 廣州悅秀智訊科技信息諮詢有限公司	1,021	—
Rental income received/receivable from 廣州白馬電子商務股份有限公司	268	—
Rental income received/receivable from 廣州越秀興業地產代理有限公司	170	—
Interest income received/receivable from GCCD	9,355	9,380
Naming right income received/receivable from GCCD	6,857	1,143
Principal element of lease payments paid to 廣州越秀星寓公寓管理有限公司	(5,160)	—
Trustee's fee paid/payable to the Trustee	(5,229)	(5,149)
Valuation fee paid/payable to the Valuer	(498)	(429)

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense paid/payable to the HSBC Group	(13,512)	(12,178)
Interest income received/receivable from the HSBC Group	—	6
Interest expense paid/payable to Chong Hing Tianhe	(3,793)	(5,979)
Interest income received/receivable from Chong Hing Tianhe	423	481

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, as defined in the Trust Deed and a service fee of 3% per annum of net property income, as defined in the Trust Deed (Note 8).

(b) Balances with related companies

	Unaudited	Audited
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Amount due from GCCD (i)	227,958	228,082
Amount due to Yicheng	(11,278)	(5,004)
Amount due to Baima BM	(23,415)	(950)
Amount due to the Manager	(83,886)	(79,198)
Amount due to GZ AM	(7,858)	(1,749)
Amount due to GCD (China)	(1,362)	(1,361)
Amount due to Guangzhou City Construction and Development Group Co., Ltd.	(10,000)	(10,000)
Bank borrowing from the HSBC Group	(758,155)	(933,129)
Bank borrowing from Chong Hing Tianhe	(153,146)	(185,146)
Trade receivables from related companies	2,480	13
Rental deposits from related companies (ii)	(60,483)	(65,632)

Except for an amount due from GCCD of approximately RMB218 million (31 December 2019: RMB218 million) which is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable, all other balances with related companies are unsecured, interest-free, repayable on demand and 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 Yuexiu REIT, GCCD would be responsible for settling the outstanding construction cost related to the construction of Guangzhou IFC. On 7 May 2012, an initial amount of RMB1,293 million was transferred to GCCD by Yuexiu REIT. The receivable balance of RMB228 million (31 December 2019: RMB228 million) as at period end represents the initial amount transferred to GCCD less the settlement of construction payable. The remaining amount will be paid to GCCD when the receivable balance is less than or equal to RMB100 million.
- (ii) Rental deposits from related companies are included as rental deposits in the condensed consolidated balance sheet.
- (c) Key management compensation

There was no key management compensation for the period ended 30 June 2020 (2019: Nil).

29 Capital commitments

	Unaudited	Audited
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	33,121	23,238

30 Future minimum rental receivables

At 30 June 2020 and 31 December 2019, the Group had future minimum rental receivables under non-cancellable leases as follows:

	Unaudited	Audited
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Within one year	1,173,459	1,102,973
Between one year and five years	1,757,644	1,540,848
Over five years	76,441	102,305
	<u>3,007,544</u>	<u>2,746,126</u>

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

Hong Kong, 6 August 2020

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

Executive Directors:	Mr. LIN Deliang (Chairman) and Mr. CHENG Jiuzhou
Non-executive Directors:	Mr. LI Feng and Mr. LIANG Danqing
Independent Non-executive Directors:	Mr. CHAN Chi On Derek, Mr. CHAN Chi Fai Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaou