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 **越秀房地產投資信託基金**
YUEXIU REAL ESTATE INVESTMENT TRUST

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

(Stock code: 00405)

Managed by

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

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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 2021 (the “Interim Period”) as follows:

FINANCIAL HIGHLIGHTS

The following is a summary of Yuexiu REIT’s financial results during the 2021 Interim Period and the 2020 Interim Period:

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

	Six months ended 30 June		Change
	2021	2020	Increase/ (decrease) %
Gross income	881,684,000	831,135,000	6.1%
Net property income	638,506,000	653,818,000	(2.3)%
Net profit/(loss) after tax before transactions with Unitholders	285,599,000	(212,079,000)	234.7%
Interim distribution	340,274,000	318,771,000	6.7%
Earnings/(Losses) per unit	0.0801	(0.0659)	221.5%
Distribution per unit	0.1025	0.0990	3.5%
Equivalent to HK\$	0.1233	0.1098	12.3%

	30 June 2021	31 December 2020	Change (Decrease) %
Portfolio valuation	34,488,000,000	34,488,000,000	0.0%
Net assets attributable to Unitholders	14,564,303,000	14,584,563,000	(0.1)%
Net assets attributable to Unitholders per unit	4.39	4.42	(0.7)%

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 2021.

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 2021 Interim Period will be approximately RMB0.1025 which is equivalent to HK\$0.1233 (June 2020: approximately RMB0.0990 which was equivalent to HK\$0.1098) 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 2021 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the six months ended 30 June 2021.

The total 2021 interim distribution amounted to approximately RMB340,274,000 which is equivalent to HK\$409,269,000 (June 2020: approximately RMB318,771,000 which was equivalent to HK\$353,540,000), includes an amount of approximately RMB117,285,000 (June 2020: RMB104,271,000), 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 RMB60,422,000 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 2021 Interim Period is HK\$0.1233 (June 2020: HK\$0.1098) per unit, representing a yield of approximately 3.08% (June 2020: 3.11%) based on the closing price of HK\$4.00 per unit as at 30 June 2021 (30 June 2020: HK\$3.53). This represents an annualized distribution yield of 6.17%.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 15 September 2021. The register of Unitholders will be closed from 15 September 2021 to 16 September 2021, 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 2021. The 2021 interim distribution will be paid on 22 October 2021 to the Unitholders whose names appear on the register of Unitholders on 15 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OPERATING RESULTS STABILISED DESPITE REPEATED CHALLENGES FROM THE PANDEMIC

Since the beginning of this year, benefiting from the relatively high vaccination rate and the sustained normality in prevention and control mechanism in China, China's macro economy has been steadily improving, however, some cities are still undergoing an occasional relapse of the pandemic. The outbreak of the pandemic in Guangzhou in May and June of this year had a certain impact on the local projects of Yuexiu REIT, particularly in the catering and hotel segments. The Manager adopted countermeasures swiftly and proactively, which effectively alleviated the short-term risks of the pandemic and various operating indicators gradually became stabilised.

PROPERTY PORTFOLIO

As at 30 June 2021, 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

On 30 June 2021, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Colliers International (Hong Kong) Limited (“Colliers”), an independent professional valuer, and the revalued market value was approximately RMB34.488 billion.

The following table summarizes the valuation of each of the properties as at 30 June 2021 and 31 December 2020:

Name of Property	Valuation as at	Valuation as at	Increase/ (decrease) percentage
	30 June 2021	31 December 2020	
	<i>RMB million</i>	<i>RMB million</i>	
White Horse Building	5,089	5,089	0.0%
Fortune Plaza	1,254	1,251	0.2%
City Development Plaza	1,054	1,051	0.3%
Victory Plaza	953	951	0.2%
GZIFC	18,783	18,774	0.0%
Yue Xiu Tower	3,069	3,086	(0.6)%
Wuhan Properties	3,673	3,674	0.0%
Hangzhou Victory	613	612	0.2%
Total	<u>34,488</u>	<u>34,488</u>	0.0%

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	90.1%	814	558.7
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 ⁽²⁾	99.1%	79	152.3
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 ⁽³⁾	94.7%	74	140.9
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	98.7%	28	182.1
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	93.6%	282	223.1
Including:	Grade A office			267,804.4	183,539.6 ⁽⁴⁾	92.9%	228	240.4
	Retail shopping mall			46,989.2	46,727.3	96.5%	54	157.7
	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⁾	92.2%	118	252.6
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	90.9%	275	85.3
Including:	Grade A office		2016	139,937.1	129,446.7 ⁽⁷⁾	88.1%	171	95.1
	Retail shopping mall		2015	45,471.4	43,546.6 ⁽⁸⁾	99.2%	104	59.4
	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⁾	95.9%	29	120.5
Total				<u>973,001.4</u>	<u>632,915.1</u>	93.2%	<u>1,699</u>	198.1

Notes:

- (1) As at 30 June 2021;
- (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 2021, the overall occupancy rate of the properties was approximately 93.2%, whereas the occupancy rate of the matured properties was 94.0% and that of the growth properties was 91.5%.

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 2021	rate as at 30 June 2020	Increase/ (decrease) as compared to 30 June 2020
White Horse Building	90.1%	97.3%	(7.2)%
Fortune Plaza	99.1%	97.1%	2.0%
City Development Plaza	94.7%	96.2%	(1.5)%
Victory Plaza	98.7%	94.1%	4.6%
GZIFC Office	92.9%	94.0%	(1.1)%
GZIFC Shopping Mall	96.5%	96.7%	(0.2)%
Yue Xiu Tower	92.2%	88.1%	4.1%
Subtotal of maturity properties	94.0%	94.5%	(0.5)%
Wuhan Properties Office	88.1%	82.9%	5.2%
Wuhan Properties Shopping Mall	99.2%	92.2%	7.0%
Hangzhou Victory	95.9%	97.8%	(1.9)%
Subtotal of growth properties	91.5%	86.7%	4.8%
Total	93.2%	92.1%	1.1%

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average	Average	RevPAR ⁽¹⁾ (RMB)
					Occupancy rate ⁽¹⁾	room rate ⁽¹⁾	
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	61.2%	1,974	1,209
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	86.9%	990	861

Notes:

- (1) From 1 January 2021 to 30 June 2021;
- (2) Both hotel and serviced apartments are entrusted operators.

REVENUE GREW SLIGHTLY

During the Interim Period of 2021, the properties of Yuexiu REIT recorded total revenue of approximately RMB881.7 million representing an increase of approximately RMB50,549,000 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 15.9%, 4.1%, 4.0%, 3.9%, 53.1%, 6.9%, 10.2% 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	Revenue for	Increase/ (Decrease)	Increase/ (Decrease) in
	the Interim Period of 2021 <i>RMB million</i>	the Interim Period of 2020 <i>RMB million</i>	as compared to Interim Period of 2020 <i>RMB million</i>	revenue from properties <i>percentage</i>
White Horse Building	139.9	161.9	(22.0)	(13.6)%
Fortune Plaza	36.4	37.3	(0.9)	(2.4)%
City Development Plaza	35.2	34.3	0.9	2.6%
Victory Plaza	34.8	30.9	3.9	12.6%
GZIFC	468.3	402.7	65.6	16.3%
Office buildings	240.7	245.0	(4.3)	(1.8)%
Retail malls	32.0	37.6	(5.6)	(14.9)%
Hotels	145.1	74.8	70.3	94.0%
Service apartments	50.5	45.3	5.2	11.5%
Yue Xiu Tower	60.6	59.3	1.3	2.2%
Subtotal of maturity properties	<u>775.2</u>	<u>726.4</u>	<u>48.8</u>	6.7%
Wuhan Properties	90.0	89.0	1.0	1.1%
Hangzhou Victory	<u>16.5</u>	<u>15.7</u>	<u>0.8</u>	5.1%
Subtotal of growth properties	<u>106.5</u>	<u>104.7</u>	<u>1.8</u>	1.7%
Total	<u><u>881.7</u></u>	<u><u>831.1</u></u>	<u><u>50.6</u></u>	6.1%

GZIFC- STRENGTHENED TENANT SOLICITATION AND BOOSTED TENANCY FOR OFFICE BUILDING, MAINTAINED STABLE TENANCY RENEWAL AND OPTIMISED TENANT STRUCTURE FOR SHOPPING MALL OPERATION

Demand in the office rental market in Guangzhou recovered steadily, majority of the demand concentrated in new supply projects, whereas recurrence of the pandemic posed notable pressure on the rent level. Leveraging on its experienced business promotion team and customer reserve, GZIFC greatly increased the lease transactions for high-rent units, overcame the difficulties in units with a long vacancy period, and effectively concluded lease transactions for large-area units. As a result, GZIFC achieved newly contracted area of approximately 16,000 square meters in the first half of the year, and most of the tenants were key and influential industry players (such as “AIA Insurance”) who entered GZIFC for the first time. In respect of lease renewal, among others, leases were successfully renewed in the first half of the year with foremost customers such as Export Insurance (進出口保險), Biostime (合生元), Nanyue Fund (南粵基金) and China Construction Bank, ensuring a high-quality customer base for the building. As of the end of June, the average unit rental price of GZIFC was about RMB240.4 per square meter per month, representing a premium of about 31% over other projects in the same district.

This year was the first year for the retail mall of GZIFC having most expiring lease contracts since its opening. With effective management on lease renewals by its operation team, the retail mall of GZIFC successfully achieved a lease renewal rate of over 80% for leases expired in the first half of this year, as well as an average increase of 31% in the effective rent for the renewed leases. For the unrenewed units, our business solicitation efforts brought in high-quality retail brands to fill up some vacated area, while other available area was used to meet the office expansion needs of existing tenants. In the first half of this year, the retail mall of GZIFC introduced another high-end New Energy Vehicle brand, attaining a satisfactory rental income, while contributing to the continuous optimization in the tenant structure.

In the first half of this year, Four Seasons Hotel managed to increase the occupancy rate through enhancing cooperation with Online Travel Agency (OTA) by launching special themed products to augment market exposure, and conducting multi-channel interactive marketing. Ascott Serviced Apartments insisted on the policy of “complementing the long-term rent offering a preferential rate with the short-term rent usually demanding a higher rate”, in order to strengthen income management and appropriately promoted large-area units in the short-term tenant market, and as a result, it ranked first both in operating revenue and GOP as compared to other Ascott Serviced Apartments in China. As at June 2021, when compared with direct competitors, the average occupancy rate for the Four Seasons Hotel was higher by 2.3 percentage points, average daily rent was higher by 49.1%, and RevPAR was higher by 55.1%. Compared with direct competitors, the average occupancy rate of Ascott Serviced Apartments was higher by 13.4 percentage points, average daily rent was higher by 49.2%, and RevPAR was higher by 76.5%, and it has been in a leading position continuously in the market.

WUHAN PROPERTIES – BUSINESS REBOUNDED AFTER THE PANDEMIC, AND BUSINESS GROWTH THROUGH NEW TENANTS SOLICITATION AND TENANT RESERVE BUILD-UP

After a difficult period in 2020, the overall office market in Wuhan showed a recovery in the first half of this year. Facing the impact from low-price strategy of competing products in the market, Wuhan Yuexiu Fortune Center continued to implement price control effectively, maintenance of key leasing channels by dedicated personnel, targeted tenant solicitation from specific key industries, expanding influence through publicity and promotion, which effectively contributed to the augmentation of tenancy contracts. In the first half of this year, the newly contracted area was about 17,000 square meters, of which lease expansion by premium existing customers accounted for about 50%. Meanwhile, Wuhan Yuexiu Fortune Center also achieved satisfactory lease renewals. As a result, as at the end of June, the occupancy rate climbed to a record high at 88.1%. With high-quality property management services and good quality of the building, the overall operation progressed in a stable manner.

In the first half of this year, Wuhan's retail property market had a new supply of 361,000 square meters, and an overall vacancy rate of about 9.1%. Starry Victoria Shopping Centre actively expanded various channels in building up tenant reserve and implemented precise tenant solicitation. As a result, the occupancy rate at the end of June reached 99.2%, marking another record high. Efforts were put in collecting and recording the renewal intention of tenants of possibly discontinued tenancy, achieving a seamless connection between expiring leases and new tenancy contracts to minimise the vacancy period, and therefore the effective rent of newly signed leases increased by 9.5% in the first half of this year. With the one-shop-one-policy assistant mechanism, successful results in different phrases were achieved in the pilot assistance initiative for the operation of key brands. At present, the shopping mall is experiencing a satisfactory recovery in overall sales, with an increase of 12% of the total turnover for the first half of this year over the corresponding period in 2019.

WHITE HORSE BUILDING – BREAKTHROUGHS MADE IN ADJUSTMENT IN TARGETED FLOORS TO STRENGTHEN OPERATION POSITIONING

Due to the prolonged impact of the pandemic, White Horse Building underwent a sluggish recovery in operation as a whole. Facing such difficulties, the management team of White Horse Building proactively sought changes to implement differentiated leasing policies and business adjustment measures for the shops on the second, sixth and eighth floors with expiring leases. Firstly, the second floor would be adjusted to create a new positioning of a robust base for the vibrant youth looking for fashion and innovation. Coupled with a plan to introduce mid-to-high-end apparel brands with original designs and self-manufactured products for girls and ladies, a reserve of 183 prospective customers had been built up. Secondly, the eighth floor would be adjusted from women's clothing to men's clothing and accessories to create a base for sophisticated men's brand apparel. Thirdly, the consultation on the intention to renew the lease was conducted for tenants on the sixth floor, at present, the intended renewal rate reached 100%. In addition, a number of capital expenditure projects were carried out such as upgrading the building's facade and renovation and transformation of the second floor, with a view to enhance the image of White Horse Building and to promote the business operation.

YUE XIU TOWER – GREAT BREAKTHROUGHS ACHIEVED IN TENANT SOLICITATION WITH EFFECTIVE SUCCESSFUL LEASING POLICY

Yue Xiu Tower successfully retained existing high-quality customers by formulating a unique lease renewal programme while offering diversified ancillary products and services. With Yue Xiu Tower engaging in renewal negotiations in advance, the lease renewal rate in the first half of this year exceeded 70%. In respect of new leases, seizing the opportunity arising from the recovery of market demand, targeting central and state-owned enterprises, Fortune Global 500 enterprises and high-growth customers, Yue Xiu Tower steadily increased the occupancy rate of its properties by providing units with refined and stylish decoration to effectively shortening the vacancy period, thus maintaining its leading position in the leasing market in the same district. The occupancy rate at the end of the period increased period-to-period by 4.1 percentage points.

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA – MITIGATED RISK IN ADVANCE AND ENHANCED CONVERSION OF CUSTOMERS RESERVE

Fortune Plaza deeply tapped into the needs of existing tenants for office expansion, strove for seamless connection in respect of the occupancy of the vacant area, and completed early renewal of the lease with a key tenant “CITS American Express” which will expire in the second half of this year. Therefore, the occupancy rate remained at a high level. In view of the expiring leases with relatively larger area and the risk of early termination of leases by customers in the first half of this year, City Development Plaza actively promoted the replacement of old customers with new customers, accelerated the conversion of potential tenants for large-area units with contracted tenancy, and effectively reduced the loss from vacancy.

VICTORY PLAZA – STABILISING PRINCIPAL CUSTOMERS AND INTENSIFYING THE ASSISTANCE TO CORE SHOPS

In the first half of this year, lease with the key customer “ICBC” was successfully renewed. Due to the dual impact of the pandemic in Guangzhou and other issues, sales of the core stores fell below expectations. In this regard, the management team continued to collaborate with the merchants to explore external resources and continue to carry out marketing activities, which effectively leveraged the sales of main stores and other merchants in the building. Meanwhile, a sound business data analysis system was established to continue to deepen the assistance for key tenants.

HANGZHOU VICTORY – SATISFACTORY LEASE RENEWAL AND STEADILY SOUND OVERALL OPERATION

The renewals of the expired leases were successfully completed in the first half of the year with a renewal rate of 100%. In addition, it implemented proactive management of leasing affairs to offer a full-floor area consolidation and replacement program to cater for customers' needs, which further contributed to the stabilization of resources on premium customers. At present, the project has basically formed a characteristic of the building being positioned as a “government-enterprise center”, and the overall operation remained sound and stable.

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, which included renovation project of interchangeable heating and cooling system for Yue Xiu Fortune Center and Starry Victoria Shopping Centre, capital expenditure renovation projects for the offices, decoration and renovation of the 12th floor at Shanghai Yue Xiu Tower (initiated in December 2020), all of which were completed. In addition, these projects also included the upgrading project of steam heating system in B2F logistics area of Four Seasons Hotel, safety maintenance project of domestic water pipelines system at Four Seasons Hotel, installation project of fire alarm lock on the emergency evacuation fire-resistant doors at the podium of GZIFC shopping mall, replacement of fire safety smoke exhaust pipes and renovation of fire safety water supply system at White Horse Building, decoration and renovation project of the 2th floor at White Horse Building, renovation project of the entry plaza and external walls of White Horse Building, replacement project of main fire host at Fortune Plaza, renovation project of fire protection and the equipment and facilities for domestic water system at Shanghai Yuexiu Building, renovation project of drawer-type switchgear in low-voltage distribution room, renovation project of catering grease traps, the addition of electric valve to the main pipe of the air conditioning chilled water system at the podium of Yue Xiu Fortune Center, renovation project of peripheral landscape. In total, they all amounted to an estimated investment of approximately RMB30 million, aiming at continuously improving equipment safety and business environments across all projects.

In the second half of this year, the Manager is upholding plans to invest primarily in capital expenditure renovation projects for White Horse Building, the Four Seasons Hotel at GZIFC and Shanghai Yuexiu Building to achieve value preservation and property appreciation.

PROACTIVE MANAGEMENT OF MATURING DEBTS TO ALLEVIATE IMPACTS OF MARKET FLUCTUATIONS

The Manager proactively managed the maturing debts, and in the first half of the year, completed the issuance of US\$400 million bonds by leveraging on the opportunity of the low US bond yields in the past 70 years to replace US\$400 million bonds which are due this year. Benefiting from further bond replacement and the overall low level of market interest rates, the overall financing cost dropped from 3.01% at the beginning of the year to 2.47%. At the same time, it maintained reasonable financing structures and exchange rate and interest rate exposures to alleviate any impacts from market fluctuations on the performance of Yuexiu REIT.

FINANCIAL REVIEW

Financial Results

During the Interim Period of 2021, gross income was higher than the Interim Period of 2020. The following is a summary of Yuexiu REIT's financial results during the 2021 Interim Period:

	Six months ended 30 June		Increase/ (decrease) %
	2021 Unaudited RMB'000	2020 Unaudited RMB'000	
Gross income	881,684	831,135	6.1%
Hotel and serviced apartments direct expenses	(132,742)	(97,142)	36.6%
Leasing agents' fee	(21,876)	(22,348)	(2.1)%
Property related taxes (Note 1)	(87,189)	(55,806)	56.2%
Other property expenses (Note 2)	(1,371)	(2,021)	(32.2)%
Total property operating expenses	(243,178)	(177,317)	37.1%
Net property income	638,506	653,818	(2.3)%
Withholding tax	(24,707)	(26,468)	(6.7)%
Depreciation and amortization	(64,665)	(65,784)	(1.7)%
Manager's fees	(71,078)	(73,887)	(3.8)%
Trustee's fees	(5,212)	(5,229)	(0.3)%
Other trust expenses (Note 3)	(7,904)	(9,818)	(19.5)%
Total non-property operating expenses	(173,566)	(181,186)	(4.2)%
Profit before finance costs, finance income, fair value (loss) on support arrangement asset and tax	464,940	472,632	(1.6)%
Finance income	144,987	15,930	810.2%
Fair value (loss) on support arrangement asset	—	(1,760)	N/A
Finance expenses	(213,263)	(471,633)	(54.8)%
Profit before tax	396,664	15,169	2,515.0%
Income tax expenses	(105,482)	(108,421)	(2.7)%
Net profit/(loss) after tax before fair value gains/(loss) on investment properties, fair value (loss) on derivative financial instruments & gain on construction payables reversal	291,182	(93,252)	412.3%
Fair value gain/(loss) on investment properties	18,513	(256,858)	107.2%
Fair value (loss) on derivative financial instruments	(24,096)	(36,851)	(34.6)%
Gain on construction payables reversal	—	174,882	N/A
Net profit/(loss) after tax before transactions with Unitholders	285,599	(212,079)	234.7%

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 from operation 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	
	2021	2020
Office	465,108	468,356
Wholesales (<i>Note 1</i>)	139,876	161,913
Retails	81,162	80,752
Hotel and serviced apartments (<i>Note 2</i>)	195,538	120,114
Total	<u>881,684</u>	<u>831,135</u>

Note 1 In 2021, the COVID-19 has continued to affect small and medium-sized clothing companies. Some tenants early terminated their tenancy agreement, resulting in a drop in occupancy rate and rental income.

Note 2 Despite the relapse of the COVID-19, the room rentals and food and beverage income of Four Seasons Hotel and Ascott Serviced Apartments still recorded a rebound.

Net property income amounted to approximately RMB638,506,000 (2020: RMB653,818,000), 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 72.4% (2020: 78.7%) of total gross income. The table below sets out an analysis of net property income:

<i>(RMB'000)</i>	Six months ended 30 June	
	2021	2020
Office	393,992	418,181
Wholesales	119,306	144,517
Retails	68,923	72,347
Hotel and serviced apartments	56,285	18,773
Total	<u>638,506</u>	<u>653,818</u>

Hotel and serviced apartments direct expenses were RMB132,742,000 (including depreciation expense of RMB4,987,000 incurred in connection with right of use asset and interest expense of RMB427,000 incurred in connection with lease liability), an increase of 36.6% as compared with the 2020 Interim Period. It is mainly due to an increase in the gross income and the improvement in the occupancy rate of hotels and serviced apartments

Leasing agents' fee decreased by approximately 2.1%, it was mainly due to the decrease of rental income as compared with the 2020 Interim Period.

Property related taxes increased by approximately 56.2%, it was mainly due to the PRC Government had provided tax relief after the rent concession provided by Yuexiu REIT to its tenants at 2020 Interim Period.

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

As Renminbi appreciated against Hong Kong Dollar and United States Dollar for the Interim Period, the bank borrowings denominated in Hong Kong Dollar and medium term notes denominated in Hong Kong Dollar and United States Dollar resulted in an exchange gain of approximately RMB133,696,000. Excluding this exchange factor, the finance income received for the Interim Period amounted to approximately RMB11,291,000 (2020: RMB15,930,000).

The finance expenses incurred for the Interim Period amounted to approximately RMB213,263,000 (2020: RMB265,451,000 (After deducting the exchange loss of RMB against Hong Kong and USD, approximately RMB235,073,000)).

Profit after tax before transactions with Unitholders amounted to approximately RMB285,599,000 (2020: Loss RMB212,079,000), which represented an increase of approximately 234.7%, mainly due to a decrease of finance expenses and the fair value gain from investment properties amounted to approximately RMB18,513,000 (2020: fair value loss from investment properties amounted to RMB256,858,000).

New Units Issued and Unit Activity

In respect of the partial settlement of Manager's fee during the relevant period, Yuexiu REIT issued 16,174,466 new units at HK\$4.004 per unit on 7 April 2021. As at 30 June 2021, a total of 3,319,228,131 units were issued by Yuexiu REIT.

The unit price of the Yuexiu REIT reached a high of HK\$4.20 and a low of HK\$3.70 during the 2021 Interim Period. The average trading volume amounted to approximately 2,353,000 Units per day (2020: 4,839,000 Units) during the 2021 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.

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

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

Net Asset Value

The net assets (including net assets attributable to deferred unitholders) attributable to existing Unitholders per unit as at 30 June 2021 was approximately RMB4.39 (31 December 2020: RMB4.42).

CAPITAL AND FINANCIAL STRUCTURE

Group's borrowings are as follows:

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Bank borrowings and notes		
Denominated in RMB	1,284,400	1,552,840
Denominated in HKD	10,155,966	9,840,059
Denominated in USD	2,577,171	2,607,901
Total bank borrowings and notes	<u>14,017,537</u>	<u>14,000,800</u>
Maturity analysis		
Within one year	842,461	3,307,488
Two to five years	12,924,076	10,442,312
Beyond five years	251,000	251,000
The effective interest rate (per annum) of the borrowings and notes at the balance sheet date		
RMB	4.31%	4.31%
HKD	2.18%	2.28%
USD	2.72%	4.99%

The overall effective interest rate (per annum) of the borrowings and notes at the balance sheet date is 2.47% (as at 31 December 2020: 3.01%).

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 2021, 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 was approximately RMB2,564,610,000 (as at 31 December 2020: RMB5,196,422,000).

As at 30 June 2021, Yuexiu REIT held certain hedging financial derivatives with fair value liabilities of RMB172,350,000 .

Referring to the updated US\$1,500,000,000 guaranteed medium-term note plan in January 2021, Yuexiu REIT issued a total principal of US\$400,000,000 guaranteed note at 2.65% which would mature in 2026. The fund was used for repayment of US\$400,000,000 guaranteed note at 4.75% which matured in April 2021.

As at 30 June 2021, total borrowings of Yuexiu REIT amounted to approximately RMB14,017,537,000 which represented approximately 38.8% of total assets of Yuexiu REIT.

The abovesaid gearing ratio was below the maximum borrowing limit of 50% as stipulated in the REIT Code.

As at 30 June 2021, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB20,365,252,000, representing approximately 56.4% of total assets of Yuexiu REIT.

Cash Position

Cash and cash equivalents and short-term deposit balance of Yuexiu REIT as at 30 June 2021 amounted to approximately RMB1,793,429,000. 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 2021 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 2021 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2021 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2021.

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 2021 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 2021 Interim Period.

EMPLOYEES

As at 30 June 2021, Yuexiu REIT employed 477 and 123 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 is considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also do 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") and the principles and provisions of the Corporate Governance Code 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 2021 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 2021**

		Unaudited	
		Six months ended 30 June	
	Note	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	881,684	831,135
Operating expenses, net	7	(416,317)	(357,854)
Fair value gains/(losses) on investment properties	14	18,513	(256,858)
Change in fair value of			
– support arrangement asset	17	—	(1,760)
– derivative financial instruments	18	6,326	(36,851)
Write back of construction payable		—	174,882
Finance income	9	144,987	15,930
Finance expenses, net	10	(244,112)	(472,282)
Profit/(loss) before income tax and transactions with unitholders		391,081	(103,658)
Income tax expense	11	(105,482)	(108,421)
Profit/(loss) after income tax before transactions with unitholders		285,599	(212,079)
Transactions with unitholders	25	(255,061)	213,759
Profit after income tax after transactions with unitholders		30,538	1,680

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

		Unaudited	
		Six months ended 30 June	
	Note	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive loss 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		(15,289)	(2,893)
– Tax		<u>4,284</u>	<u>813</u>
Other comprehensive loss for the period, net of tax		<u>(11,005)</u>	<u>(2,080)</u>
Total comprehensive income/(loss) for the period		<u><u>19,533</u></u>	<u><u>(400)</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Attributable to				Total
	Unitholders before transactions with unitholders	Transactions with unitholders (Note 25)	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>
(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 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	<u>(213,759)</u>	<u>213,759</u>	<u>—</u>	<u>(400)</u>	<u>(400)</u>
Profit/(loss) for the period ended					
30 June 2021	265,953	(255,061)	10,892	19,646	30,538
Other comprehensive loss:					
<u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	(10,892)	—	(10,892)	(113)	(11,005)
Total comprehensive income/(loss) for the period ended 30 June 2021	<u>255,061</u>	<u>(255,061)</u>	<u>—</u>	<u>19,533</u>	<u>19,533</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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, fourth supplemental deed dated 3 April 2020 and fifth supplemental deed on 28 May 2021 (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 interim condensed 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 interim condensed consolidated balance sheet and how distributions are disclosed in the interim condensed consolidated statement of comprehensive income. Total distributable income is determined in the Distribution Statement.
- (ii) Earnings/(losses) per unit, based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders and the weighted average number of units in issue, is presented in Note 26.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2021

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	12	2,115,771	2,157,795
Right-of-use assets	13	1,270,893	1,300,522
Investment properties	14	29,730,000	29,700,000
Deferred assets, prepayment, deposits and other receivables	15	191,234	261,566
Goodwill	16	859,868	859,868
		34,167,766	34,279,751
Current assets			
Inventories		3,965	4,280
Trade receivables	19	19,346	16,065
Amounts due from related parties	27	42,675	49,574
Deferred assets, prepayments, deposits and other receivables		105,938	70,979
Tax recoverable		4,072	4,072
Support arrangement asset	17	—	9,786
Short-term bank deposits	20	23,463	23,135
Cash and cash equivalents	20	1,769,966	1,802,495
		1,969,425	1,980,386
Total assets		36,137,191	36,260,137
Equity			
Revaluation reserve		364,632	375,524
Accumulated losses		(364,632)	(375,524)
		—	—
Non-controlling interests		1,207,636	1,188,103
Total equity		1,207,636	1,188,103

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2021

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade payables	22	19,139	19,244
Rental deposits, current portion	23	147,974	149,654
Receipts in advance	23	85,720	92,935
Accruals and other payables	23	409,953	431,360
Amounts due to related parties	27	115,543	108,523
Derivative financial instruments	18	—	174,826
Borrowings	24	842,461	3,307,488
Lease liabilities	13	10,490	10,033
Tax payables		104,271	111,792
		<hr/> 1,735,551 <hr/>	<hr/> 4,405,855 <hr/>
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	23	217,441	202,956
Borrowings	24	13,175,076	10,693,312
Deferred tax liabilities	21	5,060,238	4,996,679
Derivative financial instruments	18	172,350	178,676
Lease liabilities	13	4,596	9,993
		<hr/> 18,629,701 <hr/>	<hr/> 16,081,616 <hr/>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2021

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
Total liabilities, other than net assets attributable to unitholders		20,365,252	20,487,471
Net assets attributable to unitholders	25	14,564,303	14,584,563
Total equity and liabilities		36,137,191	36,260,137
Net current assets/(liabilities)		233,874	(2,425,469)
Units in issue ('000)	25	3,319,288	3,303,113
Net assets attributable to unitholders per unit (RMB)		RMB4.39	RMB4.42

DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders		265,953	(211,698)
Adjustments for the total distributable income (i)			
– Fair value (gains)/losses on investment properties		(19,174)	227,717
– Deferred taxation in respect of fair value (gains)/losses on investment properties charged/(credited) to profit or loss		3,049	(36,977)
– Different depreciation and amortisation charges on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(188,852)	(189,024)
– Foreign exchange gains on financing activities		(133,696)	—
– Fair value gains on derivative financial instruments		(6,326)	—
– Fair value loss on support arrangement asset		—	1,760
– Write back of construction payables, net of tax		—	(124,631)
		(79,046)	(332,853)
Additional items (ii)			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		188,852	189,024

DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRS”)		64,004	65,109
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		49,126	50,036
– Manager’s fee paid and payable in units in lieu of cash		56,863	59,110
– Fair value losses on derivative financial instruments		—	36,851
– Losses/(gains) on settlement of derivative financial instruments		30,422	(28,891)
– Foreign exchange losses on financing activities		—	235,073
– Support arrangement asset receivable		—	13,161
– Surplus cash from write back of construction payables		30,000	32,000
Distributable income after additional items		340,221	318,620
Distributable amount at 1 January		329,990	336,948
Distribution paid during the period (iii)	25	(329,937)	(336,797)
Interim distribution declared (iv)		340,274	318,771
Distribution per unit, declared (iv)		RMB0.1025	RMB0.0990

DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 interim 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 RMB0.0994 per unit, totaling RMB329,937,000 (equivalent to HK\$ 395,084,000), was paid to unitholders on 26 May 2021.
- (iv) A final distribution in respect of the six months ended 30 June 2021 of RMB0.1025 (equivalent to HK\$0.1233) per unit, totaling RMB340,274,000 (equivalent to HK\$409,269,000) will be declared by the Board of the Manager on 9 August 2021.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2021 as disclosed in Note 25.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Equity				Total
	Net assets attributable to unitholders	Accumulated losses	Revaluation reserve	Non- controlling interests	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	14,599,360	(419,655)	419,655	1,205,395	15,804,755
Issuance of units (Note 25)	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>
At 1 January 2021	14,584,563	(375,524)	375,524	1,188,103	15,772,666
Issuance of units (Note 25)	54,616	—	—	—	54,616
Profit for the period attributable to:					
– Unitholders	255,061	—	—	—	255,061
– Equity holders	—	10,892	—	19,646	30,538
Distributions paid to unitholders	(329,937)	—	—	—	(329,937)
Change in fair value of property, plant and equipment, net of tax	—	—	(10,892)	(113)	(11,005)
At 30 June 2021	<u>14,564,303</u>	<u>(364,632)</u>	<u>364,632</u>	<u>1,207,636</u>	<u>15,771,939</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	565,223	400,149
Interest paid	(178,962)	(250,553)
Corporate income tax paid	(45,160)	(46,133)
Support arrangement asset received (Note 17)	9,786	2,841
	<u>350,887</u>	<u>106,304</u>
Net cash generated from operating activities	----- 350,887	----- 106,304
Cash flows from investing activities		
Additions of investment properties (Note 14)	(30,671)	(2,858)
Additions of property, plant and equipment (Note 12)	(13,288)	(4,032)
Interest received (Note 9)	11,291	15,930
Increase in short-term bank deposits with original maturity of more than three months	(328)	(46,255)
	<u>(32,996)</u>	<u>(37,215)</u>
Net cash used in investing activities	----- (32,996)	----- (37,215)
Cash flows from financing activities		
Distribution paid (Note 25)	(329,937)	(336,797)
Proceeds from borrowings, net of transaction costs	3,000,916	2,187,107
Repayment of borrowings	(2,865,400)	(1,956,047)
Issuance of units (Note 25)	54,616	48,127
Settlement of derivative financial instruments	(205,248)	49,861
Principal elements of lease payments	(5,367)	(5,160)
	<u>(350,420)</u>	<u>(12,909)</u>
Net cash used in financing activities	----- (350,420)	----- (12,909)
Net (decrease)/increase in cash and cash equivalents	(32,529)	56,180
Cash and cash equivalents at beginning of the period	<u>1,802,495</u>	<u>1,319,010</u>
Cash and cash equivalents at end of the period	<u>1,769,966</u>	<u>1,375,190</u>

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, Fourth Supplemental Deed dated 3 April 2020 and Fifth Supplemental Deed dated 28 May 2021) (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 9 August 2021.

This condensed consolidated interim financial information has not been audited.

The outbreak of the Coronavirus disease 2019 (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group including the rental revenue and fair value of investment properties and hotel and serviced apartments, allowance for expected credit losses on trade and other receivables and so on. Due to the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 doesn’t have any material adverse impact on the financial position and operating result of the Group.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 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 2020 which have been prepared in accordance with HKFRS.

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 2020.

(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 or after 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform Phase 2
Amendments to HKFRS 16	COVID-19-related Rent Concessions

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 2021 and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018 - 2020		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
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 2020.

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 2020.

There have been no significant 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 shopping mall.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors 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 2021				
Revenue from external customers	195,538	465,108	221,038	881,684
Segment results	(7,928)	376,720	223,991	592,783
Depreciation	69,628	24	—	69,652
Fair value gains/(losses) on investment properties	—	(17,249)	35,762	18,513
Period ended 30 June 2020				
Revenue from external customers	120,114	468,356	242,665	831,135
Segment results	(46,979)	250,601	127,554	331,176
Depreciation	70,740	31	—	70,771
Fair value losses on investment properties	—	(167,548)	(89,310)	(256,858)
As at 30 June 2021				
Total reportable segments' assets	3,884,363	20,910,917	10,440,891	35,236,171
As at 31 December 2020				
Total reportable segments' assets	3,891,898	21,009,887	10,423,191	35,324,976

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	592,783	331,176
Fair value gains/(losses) on derivative financial instruments	6,326	(36,851)
Unallocated operating costs (Note)	(108,903)	(114,753)
	<hr/>	<hr/>
Operating profit	490,206	179,572
Write back of construction payable	—	174,882
Finance income	144,987	15,930
Finance expenses, net	(244,112)	(472,282)
Change in fair value of support arrangement asset	—	(1,760)
	<hr/>	<hr/>
Profit/(loss) before income tax and transactions with unitholders	391,081	(103,658)
	<hr/> <hr/>	<hr/> <hr/>

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
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Total reportable segments' assets	35,236,171	35,324,976
Corporate assets	901,020	935,161
	<hr/>	<hr/>
Total assets	36,137,191	36,260,137
	<hr/> <hr/>	<hr/> <hr/>

	Revenue		Total assets	
	Unaudited		Unaudited	Audited
	Six months ended 30 June		30 June	31 December
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
China	<u>881,684</u>	<u>831,135</u>	35,236,171	35,324,976
Unallocated assets			<u>901,020</u>	<u>935,161</u>
			<u>36,137,191</u>	<u>36,260,137</u>

The Group's revenue by nature is as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Hotel and serviced apartments operations		
Room rentals	124,171	80,390
Food and beverages	64,393	34,537
Property rentals	686,146	711,021
Others	<u>6,974</u>	<u>5,187</u>
	<u>881,684</u>	<u>831,135</u>

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

	Unaudited	Unaudited
	30 June	30 June
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised at a point in time	70,035	37,987
Revenue recognised overtime	124,171	80,390
Other sources	<u>687,478</u>	<u>712,758</u>
	<u>881,684</u>	<u>831,135</u>

7 Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Property management fee (i)	21,876	22,348
Employee benefit expense	53,939	43,367
Real estate tax	80,771	49,501
Flood prevention fee, urban construction and maintenance tax, educational surcharge and local educational surcharge	4,984	4,812
Withholding tax (ii)	24,707	26,468
Depreciation of property, plant and equipment (Note 12)	40,023	41,142
Depreciation of right-of-use assets (Note 13)	29,629	29,629
Cost of inventories sold or consumed in operation	41,685	23,445
Other direct expenses on hotel and serviced apartments	31,704	24,694
Manager's fee (Note 8)	71,078	73,887
Trustee's fee	5,212	5,229
Valuation fee	374	498
Legal and professional fee	8,129	3,510
Auditor's remuneration	1,830	2,024
Bank charges	231	134
Exchange (gains)/losses from operating activities	(3,991)	1,223
Others	4,136	5,943
	<hr/>	<hr/>
Total operating expenses, net	416,317	357,854

Note:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd., Guangzhou Baima Business Operation Management Co., Ltd. and Guangzhou Yuexiu Asset Management Company Limited (Note 27).
- (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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Manager's fee:		
In the form of units	56,863	59,110
In the form of cash	14,215	14,777
	<u>71,078</u>	<u>73,887</u>

Note:

- (i) Pursuant to the circular of Yuexiu REIT dated 30 June 2012 and subsequent announcement dated 15 January 2018, 15 January 2019, 15 January 2020 and 15 January 2021, 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, 1 January 2020 to 31 December 2020 and 1 January 2021 to 31 December 2021 respectively, will be paid in the form of units.

9 Finance income

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	9,553	6,575
Interest income from a related company (Note 27)	1,738	9,355
Foreign exchange gains on financing activities	133,696	—
	<u>144,987</u>	<u>15,930</u>

10 Finance expenses, net

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense for bank borrowings	94,076	165,570
Interest expense for other borrowings	84,886	84,983
Interest and finance charges paid/payable for lease liabilities (Note 13)	427	649
Amortisation of transaction costs for borrowings	14,918	15,344
Foreign exchange losses on financing activities	—	235,073
Loss/(gain) on settlement of derivative financial instruments	49,805	(29,337)
	<u>244,112</u>	<u>472,282</u>

11 Income tax expense

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

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– China corporate income tax	37,639	36,759
Deferred income tax (Note 21)	67,843	71,662
	<u>105,482</u>	<u>108,421</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 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>
Six months ended 30 June 2021				
Opening net book amount as at				
1 January 2021	2,157,000	310	485	2,157,795
Additions	13,288	—	—	13,288
Depreciation	(39,999)	(24)	—	(40,023)
Fair value loss on revaluation	(15,289)	—	—	(15,289)
	<u>2,115,000</u>	<u>286</u>	<u>485</u>	<u>2,115,771</u>
Closing net book amount				
as at 30 June 2021	<u>2,115,000</u>	<u>286</u>	<u>485</u>	<u>2,115,771</u>
At 30 June 2021				
At fair value	2,115,000	—	—	2,115,000
At cost	—	286	485	771
	<u>2,115,000</u>	<u>286</u>	<u>485</u>	<u>2,115,771</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 RMB1,603,178,000 (31 December 2020: RMB1,629,889,000).

As at 30 June 2021, property, plant and equipment with an aggregate carrying amount of RMB1,882 million (31 December 2020: RMB1,883 million) were pledged as collateral for the Group's bank borrowings (Note 24).

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	<i>RMB'000</i>
Opening balance	2,157,000	2,270,000
Additions	13,288	4,032
Disposal	—	(28)
Depreciation	(39,999)	(41,111)
Unrealised losses recognised in reserve	(15,289)	(2,893)
	<u>2,115,000</u>	<u>2,230,000</u>
Changes in unrealised losses for the period included in other comprehensive income for assets held	<u>(15,289)</u>	<u>(2,893)</u>

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments was revalued by Colliers International (Hong Kong) Limited, being independent qualified valuer not related to the Group as at 30 June 2021 and 31 December 2020.

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 GZIFC 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 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 2021

	Depreciated replacement cost method		
	Building cost (RMB/m²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	19,380	4.75	6
Serviced apartments	15,810	4.75	6

As at 31 December 2020

	Depreciated replacement cost method		
	Building cost (RMB/m²)	Finance cost (% on construction cost)	Professional fee (% on construction cost)
Hotel	19,000	4.75	6
Serviced apartments	15,500	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 2020	1,330,684	29,100	1,359,784
Depreciation	<u>(24,642)</u>	<u>(4,987)</u>	<u>(29,629)</u>
At 30 June 2020	<u>1,306,042</u>	<u>24,113</u>	<u>1,330,155</u>
At 1 January 2021	1,281,399	19,123	1,300,522
Depreciation	<u>(24,642)</u>	<u>(4,987)</u>	<u>(29,629)</u>
At 30 June 2021	<u>1,256,757</u>	<u>14,136</u>	<u>1,270,893</u>
Lease liabilities			
		Unaudited	Audited
		30 June	31 December
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Current portion		10,490	10,033
Non-current portion		<u>4,596</u>	<u>9,993</u>
		<u>15,086</u>	<u>20,026</u>

As at 30 June 2021, the fair value of land use rights is approximately RMB2,643 million (31 December 2020: RMB2,631 million). The change in fair value was not reflected in the condensed consolidated interim financial information.

As at 30 June 2021, rights-of-use assets were pledged with an aggregate net book amount of approximately RMB1,213 million (31 December 2020: RMB1,213 million) as collateral for the Group's bank borrowings (Note 24).

As at 30 June 2021, 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Land use rights	24,642	24,642
Staff quarter	4,987	4,987
	<u>29,629</u>	<u>29,629</u>
Interest and finance charges paid/payable for lease liabilities (Note 10)	<u>427</u>	<u>649</u>

14 Investment properties

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	29,700,000	29,982,000
Additions	11,487	2,858
Fair value gains/(losses) during the period, included in profit or loss under 'Fair value gains/(losses) on investment properties'	<u>18,513</u>	<u>(256,858)</u>
End of the period	<u>29,730,000</u>	<u>29,728,000</u>
Fair value gains/(losses) for the period included in profit or loss for assets held at the end of the period, under 'Fair value gains/(losses) on investment properties'	<u>18,513</u>	<u>(256,858)</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 RMB7,086,000 (six months ended 30 June 2020: RMB4,914,000) relating to investment properties that were vacant.

As at 30 June 2021, investment properties with an aggregate carrying value of approximately RMB3,826 million (31 December 2020: RMB3,825 million) were pledged as collateral for the Group's bank borrowings (Note 24).

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Colliers International (Hong Kong) Limited, being independent qualified valuer not related to the Group as at 30 June 2021 and 31 December 2020.

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

At each financial year end the finance department:

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

Valuation techniques

Fair value measurements using significant unobservable inputs

As at 30 June 2021 and 31 December 2020, Colliers International (Hong Kong) Limited has relied on the income capitalisation approach as the primary approach. The use of income capitalisation approach is in line with market practice of property valuation for income-producing commercial assets which are the main asset class of the Group.

The income capitalisation approach is based on the capitalisation of the current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The appropriate adjustments/deductions for rent-free period, ongoing vacancy voids/marketing periods and non-recoverable expenses for the vacant space have been allowed.

The income capitalisation method is used to capitalise the unexpired rental 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.

The investment properties are included in Level 3 (31 December 2020: Level 3) of the fair value hierarchy.

Significant inputs used to determine fair value

Capitalisation rate is estimated by Colliers International (Hong Kong) Limited for 30 June 2021 and 31 December 2020 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 2021

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	88 to 320	4.00% to 6.50%
Wholesale and shopping mall	64 to 1,405	4.00% to 7.25%

As at 31 December 2020

	Monthly Market Unit Rent (RMB per sq.m.)	Capitalisation Rate (per annum)
Office	90 to 320	4.00% to 6.75%
Wholesale and shopping mall	75 to 1,045	4.00% to 7.50%

15 Deferred assets, prepayment, deposits and other receivables

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

16 Goodwill

	Unaudited	Audited
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	<u>859,868</u>	<u>859,868</u>

In assessing whether goodwill suffered any impairment, the carrying value of the respective investment properties between the period end date and acquisition completion date are compared and there was no impairment indicator as at 30 June 2021 and 31 December 2020.

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 was the shortfall of actual adjusted net income and baseline adjusted net income, and should be payable semi-annually. Support arrangement asset was denominated in RMB and the fair value of the balance approximated its carrying amount.

Support arrangement asset is initially recognised at fair value which was denominated in RMB. The fair value of the balance approximated its carrying amounts.

The final support arrangement of RMB9,786,000 was received by the Group during the period.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	9,786	25,163
Fair value loss during the period	—	(1,760)
Support arrangement asset received	(9,786)	(2,841)
	—	20,562
Less: current portion of support arrangement asset	—	(20,562)
Non-current portion of support arrangement	—	—

18 Derivative financial instruments

	Unaudited	Audited
	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Interest rate swap contracts	70,928	88,175
Capped forward foreign exchange contracts	101,422	90,501
Total	172,350	178,676
Current liability		
Capped foreign exchange forward contracts	—	174,826

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

The notional principal amounts of the outstanding capped foreign exchange forward contract at 30 June 2021 was HK\$3,100,000,000 (31 December 2020: HK\$3,100,000,000 and USD400,000,000).

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2021 were HK\$400,000,000, HK\$1,000,000,000 and HK\$1,400,000,000 (31 December 2020: HK\$400,000,000, HK\$1,000,000,000 and HK\$1,400,000,000).

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 of a financial instrument are observable, the instrument is included in level 2 of the fair value hierarchy.

19 Trade receivables

	Unaudited	Audited
	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	19,496	16,167
Loss allowance	(150)	(102)
	19,346	16,065

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 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	11,469	13,146
31 - 90 days	4,926	2,284
91 - 180 days	2,654	320
181 - 365 days	347	417
Over 1 year	100	—
	19,496	16,167

20 Short-term bank deposits and cash and cash equivalents

	Unaudited	Audited
	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand	1,727,914	1,760,001
Short-term bank deposits with original maturity of less than three months	42,052	42,494
Cash and cash equivalents	1,769,966	1,802,495
Short-term bank deposits with original maturity of more than three months	23,463	23,135
Total	1,793,429	1,825,630
Maximum exposure to credit risk	1,792,932	1,825,133

As at 30 June 2021, included in the cash and cash equivalents of the Group are bank deposits in China of approximately RMB1,627,917,000 (31 December 2020: RMB1,509,933,000) 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 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
HK\$	163,714	254,675
RMB	1,628,413	1,510,430
USD	1,302	60,525
	<u>1,793,429</u>	<u>1,825,630</u>

21 Deferred tax liabilities

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	4,996,679	4,906,156
Deferred taxation charged to profit or loss (Note 11)	67,843	71,662
Deferred taxation credited to reserve	(4,284)	(813)
End of the period	<u>5,060,238</u>	<u>4,977,005</u>

22 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 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	6,855	13,934
31 - 90 days	9,684	4,172
91 - 180 days	2,576	1,063
180-360 days	24	75
	<hr/>	<hr/>
	19,139	19,244
	<hr/> <hr/>	<hr/> <hr/>

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

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

	Unaudited 30 June 2021 <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Rental deposits		
Current portion	147,974	149,654
Non-current portion	217,441	202,956
	<u>365,415</u>	<u>352,610</u>
Receipts in advance		
Current portion	85,720	92,935
Accrued urban real estate tax	36,031	19,807
Accrued withholding tax payable	11,189	12,489
Accrued value-added tax, urban construction and maintenance tax, education surcharge and local education surcharge	11,314	13,298
Construction fee payable	220,820	243,080
Accruals for operating expenses	130,599	142,686
Accruals and other payables	<u>409,953</u>	<u>431,360</u>
	<u>861,088</u>	<u>876,905</u>

Note:

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.

24 Borrowings

	Unaudited 30 June 2021 <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Current		
Current portion of long-term borrowings		
Bank borrowings		
- Secured	—	268,440
- Unsecured	842,461	431,147
Other borrowings, unsecured (Note)	—	2,607,901
	<u>842,461</u>	<u>3,307,488</u>
Total current borrowings	<u>842,461</u>	<u>3,307,488</u>
Non-current		
Long-term borrowings		
Bank borrowings		
- Secured	1,284,400	1,552,840
- Unsecured	9,225,105	8,898,688
Other borrowings, unsecured (Note)	3,508,032	3,549,272
	<u>14,017,537</u>	<u>14,000,800</u>
Total long-term borrowings	<u>14,017,537</u>	<u>14,000,800</u>
Less: current portion of long-term borrowings	<u>(842,461)</u>	<u>(3,307,488)</u>
	<u>13,175,076</u>	<u>10,693,312</u>
Total non-current borrowings	<u>13,175,076</u>	<u>10,693,312</u>
Total borrowings	<u>14,017,537</u>	<u>14,000,800</u>
Analysis into:		
- Unsecured	12,733,137	12,447,960
- Secured	1,284,400	1,552,840
	<u>14,017,537</u>	<u>14,000,800</u>

As at 30 June 2021, syndicated and entrustment loans totalling approximately RMB1,284 million (31 December 2020: RMB1,553 million) are secured by certain parts of GZIFC with carrying value of RMB6,921 million (31 December 2020: RMB6,921 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.

On 2 February 2021, Yuexiu REIT MTN Company Limited issued and sold a total of US\$400 million principal amount of 2.65% notes due in February 2026 to investors under the US\$1.5 billion guaranteed medium term note programme updated on 25 January 2021 pursuant to the subscription agreement dated 26 January 2021.

25 Net assets attributable to unitholders

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	14,584,563	14,599,360
Issuance of units	54,616	48,127
Transactions with unitholders	255,061	(213,759)
Distribution paid during the period	<u>(329,937)</u>	<u>(336,797)</u>
End of the period	<u>14,564,303</u>	<u>14,096,931</u>

The movement of numbers of existing units is as below:

	Unaudited	
	Six months ended 30 June	
	2021	2020
Units in issue ('000)		
Beginning of the period	3,303,113	3,205,856
Units issued during the period	<u>16,175</u>	<u>14,000</u>
End of the period	<u>3,319,288</u>	<u>3,219,856</u>

Note:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP certain number of units starting from 31 December 2016. The number of units to be issued to YXP each year, when aggregated with the Manager Fee Units to be issued within 12 months of the issue, will be limited to the maximum number of units which will not trigger an obligation on the part of YXP to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by YXP at the relevant time. Pursuant to the terms disclosed in the announcement dated 23 December 2020, YXP entered into a units agreement with Yuexiu Capital Holdings Limited (“Yuexiu Capital”), a wholly owned subsidiary of Yue Xiu Enterprises (Holdings) Limited, YXP agreed to transfer the right to receive 2020 deferred units to Yuexiu Capital. After the issuance of 62,000,000 units in 2020, the outstanding deferred units were approximately 399,401,000 units.

During the period, 16,175,000 units were issued for the payment of manager’s fee (2020: 14,000,000 units). Pursuant to the announcement of Yuexiu REIT dated 7 April 2021, RMB54,616,000 (equivalent to approximately HK\$64,763,000) of the manager’s fee for the period from 1 July 2020 to 31 December 2020 to be settled in the form of units would be deferred and settled after the manager fee units reference date.

26 Earnings/(losses) per unit based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders

(a) Basic

Basic earnings/(losses) per unit based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the profit/(loss) 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	
	2021	2020
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB’000)	<u>265,953</u>	<u>(211,698)</u>
Weighted average number of units in issue (’000)	<u>3,310,620</u>	<u>3,212,626</u>
Basic earnings/(losses) per unit (RMB)	<u>0.08</u>	<u>(0.07)</u>

(b) Diluted

Diluted earnings/(losses) per unit based upon profit/(loss) 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 2021.

	Unaudited	
	Six months ended 30 June	
	2021	2020
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>265,953</u>	<u>(211,698)</u>
Weighted average number of units in issue ('000)	3,310,620	3,212,626
Adjustments for deferred units ('000)	399,401	461,401
Adjustments for manager's fee in form of units ('000)	<u>16,409</u>	<u>21,898</u>
Weighted average number of units for diluted earnings/(losses) per unit ('000)	<u>3,726,430</u>	<u>3,695,925</u>
Diluted earnings/(losses) per unit (RMB)	<u>0.07</u>	<u>(0.06)</u>

27 Connected party transactions and significant related party transactions and balances

As at 30 June 2021, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 38% (31 December 2020: 38%) 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 2021:

Connected/related companies	Relationship with Yuexiu REIT
YXP ¹	A major unitholder of Yuexiu REIT
Yuexiu REIT Asset Management Limited (the “Manager”) ¹	A associate of YXP
Guangzhou Yuexiu Asset Management Company Limited (“GZ AM”) ¹	A associate of YXP
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. (formerly named as 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 Yuexiu Xingye Property Agent Ltd. (formerly named as 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 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
廣州市東耀房地產開發有限公司 ¹	A subsidiary of YXP
廣州市城建開發集團名特網絡發展有限公司 ¹	A subsidiary of YXP
廣州鵬燁貿易有限公司 ¹	A subsidiary of YXP
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

Connected/related companies	Relationship with Yuexiu REIT
Guangzhou Suiqiao Development Co., Ltd. ("Suiqiao") ¹	A subsidiary of Yue Xiu
Guangzhou Yuexiu Financial Holdings Group Co., Ltd. ("GZYFHG") ¹	A subsidiary of GZYX
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
中信証券華南股份有限公司 (formerly named as Guangzhou Securities Company Limited) ^{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
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
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 Bank") 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 Shanghai Branch ("Chong Hing Shanghai") ¹	A subsidiary of Yue Xiu
Guangzhou Paper Group Ltd. ¹	A subsidiary of YXE
廣州越秀城開房地產開發有限公司 ¹	A subsidiary of YXP
廣州城建開發設計院有限公司 ¹	A subsidiary of YXP
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
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

Connected/related companies	Relationship with Yuexiu REIT
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
廣州白馬電子商務股份有限公司 ¹	A subsidiary of YXE
Guangzhou Convergecity Industrial Development Co., Ltd. (formerly named as Guangzhou Grandcity Automobile Services Co., Ltd.) ¹	A subsidiary of YXP
廣州城建開發工程造價諮詢有限公司 ¹	A subsidiary of YXP
廣州城建開發裝飾有限公司 ¹	A subsidiary of YXP
廣期資本管理(上海)有限公司 (formerly named as 廣期資本管理(深圳)有限公司) ¹	A subsidiary of GZYFHG
廣州資產管理有限公司 ¹	A subsidiary of GZYFHG
Guangzhou Grandcity Development Ltd. ¹	A subsidiary of YXP
廣州越達投資有限責任公司 ¹	A subsidiary of Yue Xiu
Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd. ¹	A subsidiary of GZYFHG
Guangzhou Yuexiu Fengxing Foods Group Co., Ltd. (“YX Fengxing Foods”) ¹	A subsidiary of YXE
廣州東秀房地產開發有限公司 ¹	A subsidiary of YXP
湖北悅秀薈房地產經紀有限公司 ¹	A subsidiary of YXP
HSBC Institutional Trust Services (Asia) Limited (the “Trustee”)	The Trustee of Yuexiu REIT
Savills Valuation and Professional Services Limited (“the Former Valuer”) ³	The former principal valuer of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the “HSBC Group”)	Associates of the Trustee

Note:

- 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 According to the latest REIT Code issued on 4 December 2020, the valuer is no longer classified as a connected party.

(a) Transactions with connected/related companies

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Asset management fee paid/payable to		
– the Manager (note ii)	(71,078)	(73,887)
Management fee paid/payable to		
– Yicheng	(8,397)	(8,143)
– Baima BM	(4,196)	(4,857)
– GZ AM	(9,283)	(9,348)
Rental income received/receivable from		
– Xingye	3,606	4,441
– Yicheng	4,567	11,986
– GCCD	11,025	6,681
– YXE	26,600	19,796
– Guang Zheng	—	60
– Suiqiao	282	296
– Guangzhou Securities Company Limited	—	788
– Guangzhou Futures Co., Ltd.	2,975	2,241
– Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	224	152
– GZ JLL	8,385	8,324
– Guangzhou Yuexiu Financial Leasing Co., Ltd.	665	700
– GZ AM	5,673	4,864
– 廣州市祥港房地產開發有限公司	4,657	4,682
– 廣州市東耀房地產開發有限公司	6,619	6,921
– GZYFHG	1	8,446
– Guangzhou Yuexiu Financial Holdings Co., Ltd.	8,429	—
– Yue Tong	367	385
– Yue Peng	375	394
– Yuexiu (China) Transport Infrastructure Investment Company Limited	671	4,298
– Guangzhou Paper Group Ltd.	141	142

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Rental income received/receivable from		
– Chong Hing Shanghai	2,370	2,383
– 廣州市城建開發集團名特網絡發展有限公司	1,047	148
– 廣州鵬燁貿易有限公司	593	558
– Guangzhou Yuexiu Financial Technology Co., Ltd.	161	156
– Shanghai Yuexiu Finance Leasing Co., Ltd.	3,185	1,879
– 武漢越秀商業管理有限公司	3,836	7,493
– 武漢康景實業投資有限公司	2,250	15,672
– 廣州城建開發設計院有限公司	831	193
– 廣州越秀地產工程管理有限公司	—	2,371
– 廣州越秀商業地產投資管理有限公司	391	331
– 廣州越秀資本投資管理有限公司	2,015	2,026
– 廣州越秀星寓公寓管理有限公司	—	972
– Guangzhou Yue Xiu Enterprises Development Ltd.	—	142
– Guangzhou Yuexiu Kungpeng Private Equity Fund Management Co., Ltd.	329	330
– 杭州越秀房地產開發有限公司	3,272	2,168
– 杭州越榮房地產開發有限公司	—	312
– 杭州盛寅房地產開發有限公司	558	249
– 杭州豐勝房地產開發有限公司	535	538
– Guangzhou Yuexiu Business Operation Management Co.,Ltd.	10	13
– 廣州悅秀智訊科技信息諮詢有限公司	1,069	1,021
– 廣州白馬電子商務股份有限公司	397	268
– Guangzhou Convergecity Industrial Development Co., Ltd.	5,445	—
– 廣州城建開發工程造價諮詢有限公司	562	—
– 廣州城建開發裝飾有限公司	364	—
– 廣期資本管理(上海)有限公司	723	—
– 廣州資產管理有限公司	215	—
– Guangzhou Grandcity Development Ltd.	34	—
– 廣州越達投資有限責任公司	3,584	—
– Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd.	401	—

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Rental income received/receivable from		
– YX Fengxing Foods	141	—
– 廣州東秀房地產開發有限公司	726	—
– 湖北悅秀薈房地產經紀有限公司	11	—
– 廣州越秀城開房地產開發有限公司	2,111	—
Interest income received/receivable from		
– GCCD	1,738	9,355
Naming right income received/receivable from		
– GCCD	7,000	6,857
Principal element of lease payments paid to		
– 廣州越秀星寓公寓管理有限公司	(5,367)	(5,160)
Trustee's fee paid/payable to		
– Trustee	(5,212)	(5,229)
Valuation fee paid/payable to		
– the Former Valuer	—	(498)
Interest expense paid/payable to		
– the HSBC Group	(5,964)	(13,512)
– the Chong Hing Bank	(2,705)	(3,793)
Bond underwriter's fee paid/payable to		
– the HSBC Group	(1)	(1)
Interest income received/receivable from		
– the Chong Hing Bank	427	423

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
	2021	2020
	RMB'000	RMB'000
Amount due from GCCD	42,675	49,574
Amount due to Yicheng	(10,510)	(10,323)
Amount due to Baima BM	(19,438)	(16,701)
Amount due to the Manager	(71,355)	(68,541)
Amount due to GZ AM	(2,878)	(1,596)
Amount due to GCD (China)	(1,362)	(1,362)
Amount due to GCCD BVI	(10,000)	(10,000)
Bank deposit in Chong Hing Bank	52,864	52,437
Bank borrowing from Chong Hing Tianhe	(121,146)	(153,146)
Bank borrowing from the HSBC Group	(690,626)	(698,561)
Derivative financial instrument from HSBC Group	(11,567)	(10,040)
Rental income receivables from related companies	849	12
Rental deposits from related companies	(61,161)	(61,153)
Receipts in advance from related companies	(10,703)	(3,618)

Except for an amount due from GCCD of approximately RMB43 million (31 December 2020: RMB50 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\$.

(c) Key management compensation

There was no key management compensation for the period ended 30 June 2021 (Six months ended 30 June 2020: Nil).

28 Capital commitments

	Unaudited	Audited
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for	<u>35,727</u>	<u>29,856</u>

29 Future minimum rental receivables

At 30 June 2021 and 31 December 2020, the Group had future minimum rental receivables under non-cancellable leases as follows:

	Unaudited	Audited
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	1,124,028	1,156,814
Between one year and five years	1,551,700	1,583,176
Over five years	<u>44,523</u>	<u>60,052</u>
	<u>2,720,251</u>	<u>2,800,042</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, 9 August 2021

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 Ms. Ou Haijing
Non-executive Directors:	Mr. LI Feng and Mr. ZENG Zhizhao
Independent Non-executive Directors:	Mr. CHAN Chi On Derek, Mr. CHAN Chi Fai Brian, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaoou