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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 2024

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 2024 (the “Interim Period”) as follows:

FINANCIAL HIGHLIGHTS

The following is a summary of Yuexiu REIT’s financial results during the Interim Period together with comparative figures for the six months ended 30 June 2023 and year ended 31 December 2023:

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

	Six months ended 30 June		Change
	2024	2023	Decrease
Gross income	1,034,091,000	1,060,864,000	(2.5)%
Net property income	742,665,000	762,573,000	(2.6)%
Net (loss)/profit after tax before transactions with Unitholders	(40,529,000)	87,549,000	(146.3)%
Interim distribution	185,247,000	261,462,000	(29.1)%
(Loss)/earnings per unit	(0.0062)	0.0198	(131.3)%
Distribution per unit	0.0371	0.0541	(31.4)%
Equivalent to HK\$	0.0405	0.0590	(31.4)%

	As at		
	30 June	31 December	Change
	2024	2023	Decrease
Property portfolio valuation	42,537,546,000	42,559,146,000	(0.1)%
Net assets attributable to Unitholders	15,494,507,000	15,632,979,000	(0.9)%
Net assets attributable to			
Unitholders per unit	3.10	3.18	(2.5)%

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 Interim Period of 2024.

The Manager also has the discretion under the 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 practices.

In light of the above, the Manager has determined that an interim distribution to Unitholders for the Interim Period will be approximately RMB0.0371 which is equivalent to Hong Kong Dollars ("HK\$") 0.0405 (June 2023: approximately RMB0.0541 which was equivalent to HK\$0.0590) 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 2024 interim distribution. A further announcement will be made to inform Unitholders of the interim distribution per unit for the six months ended 30 June 2024.

The total 2024 interim distribution amounted to approximately RMB185,247,000 which is equivalent to HK\$202,036,000 (June 2023: approximately RMB261,462,000 which was equivalent to HK\$285,400,000), includes an amount of approximately RMB85,136,000 (June 2023: RMB83,432,000), 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 RMB10,615,000 having regard to the abovementioned discretion of the Manager under the 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 of this announcement.

Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the Manager is the average 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 Interim Period is HK\$0.0405 per unit (June 2023: HK\$0.0590), representing a yield of approximately 4.26% (30 June 2023: 3.54%) based on the closing price of HK\$0.95 per unit as at 28 June 2024 (30 June 2023: HK\$1.67). This represents an annualized distribution yield of 8.52%.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the interim distribution will be 12 September 2024. The register of Unitholders will be closed from 12 September 2024 to 13 September 2024, 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 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 11 September 2024. The 2024 interim distribution will be paid on 25 October 2024 to the Unitholders whose names appear on the register of Unitholders on 12 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

TAPPING INTO DEMANDS TO FIND OPPORTUNITIES, ANALYSING PROBLEMS TO SEEK BREAKTHROUGHS

In the first half of this year, domestic economic growth was mainly driven by the supply side, while the overall effective demand was insufficient and social expectations remained weak. Specifically, the mainstream of the office buildings tenants were more inclined to cut costs and suspend expansion. Brands were cautious in scaling up due to the decrease in consumer expenditure in retail business. Business demand for hotels decreased, with a shrinkage in business conferences coupled with events held with reduced budgets. The specialised market in apparel recorded unsatisfactory performance in the traditional peak season, and the off-peak season arrived early, tenants experienced fluctuations in their operations. Nevertheless, with a focus on three core business sectors, namely, office buildings, retail business and hotels and serviced apartments, the Manager tapped into demands to find opportunities in light of market trends, conducted analyses in relevant challenges and difficulties encountered in different business sectors to work out resolutions and seek breakthroughs, and implemented effective leasing strategies and operational measures to navigate through the competitive market conditions, gearing up all efforts to achieve satisfactory results for Unitholders.

PROPERTY PORTFOLIO

As of 30 June 2024, Yuexiu REIT's portfolio of properties consisted of ten 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"), Yuexiu Financial Tower ("Yuexiu Financial Tower"), located in Guangzhou; Yue Xiu Tower ("Shanghai Yue Xiu Tower"), located in Shanghai; Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan; Hangzhou Victory Business Center Units and certain Carpark Spaces ("Hangzhou Victory"), located in Hangzhou; and 17th and 23rd Floors of Yue Xiu Building Units ("17th and 23rd Floors of Hong Kong Yue Xiu Building"), located in Hong Kong. The aggregate area of ownership of the properties was approximately 1,184,156.5 sq.m. and the total rentable area was 803,984.1 sq.m. (excluding 70.4 sq.m. of common facilities area of White Horse Building; 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m.

of parking space of City Development Plaza; 435.9 sq.m. of common facilities area of Victory Plaza ; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments, 76,512.3 sq.m. of parking space, and 7,752.5 sq.m. and 261.9 sq.m. of other ancillary facilities area of the office building and the shopping mall, respectively, of GZIFC; 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Shanghai Yue Xiu Tower; 62,785.7 sq.m. of parking space and 12,415.1 sq.m. of common facilities area of Wuhan Properties; 17,663.6 sq.m. of parking space of Hangzhou Victory; 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area of Yuexiu Financial Tower, and the following statistics of both aggregate rented area and occupancy rate have excluded the above areas).

PROPERTY VALUATION

On 30 June 2024, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Savills Valuation and Professional Services Limited (“Savills”), an independent professional valuer, and the revalued market value was approximately RMB42.538 billion.

The following table summarises the valuation of each of the properties as at 30 June 2024 and 31 December 2023:

Name of Property	Valuation as at	Valuation as at	Increase/ (Decrease) percentage
	30 June 2024 RMB million	31 December 2023 RMB million	
White Horse Building	4,815	4,805	0.2%
Fortune Plaza	1,244	1,248	(0.3)%
City Development Plaza	1,029	1,028	0.1%
Victory Plaza	959	956	0.3%
GZIFC	19,044	19,001	0.2%
Shanghai Yue Xiu Tower	2,972	2,992	(0.7)%
Wuhan Properties	3,431	3,481	(1.4)%
Hangzhou Victory	624	624	—%
Yuexiu Financial Tower	8,316	8,315	—%
17th and 23rd Floors of Hong Kong Yue Xiu Building	104	109	(4.6)%
Total	42,538	42,559	(0.05)%

Particulars of the properties are as follows:

Name of Property	Type	Location	Year of Completion	Area of Ownership (sq.m.)	Total Rentable Area (sq.m.)	Property Occupancy Rate ⁽¹⁾	Number of Lease ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m./month)
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9 ⁽²⁾	95.6%	861	452.5
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 ⁽³⁾	94.2%	109	147.7
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 ⁽⁴⁾	95.7%	82	137.4
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3 ⁽⁵⁾	97.8%	30	204.2
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	87.5%	251	221.2
Including:	Grade A office			267,804.4	183,539.6 ⁽⁶⁾	84.7%	191	235.5
	Retail shopping mall			46,989.2	46,727.3 ⁽⁷⁾	98.4%	60	172.8
	Hotel			91,460.9 ⁽⁸⁾	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Shanghai Yue Xiu Tower	Commercial complex	Pudong New District, Shanghai	2010	62,139.4	46,026.3 ⁽⁹⁾	84.6%	112	217.0
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	67.8%	229	68.1
Including:	Grade A office		2016	139,937.1	129,446.7 ⁽¹⁰⁾	60.8%	137	78.1
	Retail shopping mall		2015	45,471.4	43,546.6 ⁽¹¹⁾	88.7%	92	47.7
	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	Shangcheng District, Hangzhou	2017	40,148.4	22,484.8 ⁽¹²⁾	95.1%	31	126.6
Yuexiu Financial Tower	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8 ⁽¹³⁾	82.9%	185	201.9
17th and 23rd Floors of Hong Kong Yue Xiu Building	Grade A office	Wanchai, Hong Kong	1985	872.2	872.2	100%	4	321.2
Total				<u>1,184,156.5</u>	<u>803,984.1</u>	84.0%	<u>1,894</u>	193.9

Notes:

- (1) As at 30 June 2024;
- (2) Excluding 70.4 sq.m. of common facilities area;
- (3) Excluding 1,408.3 sq.m. of parking space;
- (4) Excluding 2,104.3 sq.m. of parking space;
- (5) Excluding 435.9 sq.m. of common facilities area;
- (6) Excluding 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area;
- (7) Excluding 261.9 sq.m. of common facilities area;
- (8) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor area;
- (9) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor);
- (10) Excluding 10,490.3 sq.m. of common facilities area and refuge floor area;
- (11) Excluding 1,924.8 sq.m. of common facilities area;
- (12) Excluding 17,663.6 sq.m. of parking space;
- (13) Excluding 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area.

OCCUPANCY RATE REMAINED STABLE

As at 30 June 2024, the overall occupancy rate of the properties was approximately 84.0%.

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

Name of Property	Occupancy	Occupancy	Percentage
	rate as at 30 June 2024	rate as at 30 June 2023	increase/ (decrease) as compared to 30 June 2023
White Horse Building	95.6%	90.5%	5.1%
Fortune Plaza	94.2%	93.6%	0.6%
City Development Plaza	95.7%	82.9%	12.8%
Victory Plaza	97.8%	93.5%	4.3%
GZIFC Office	84.7%	83.3%	1.4%
GZIFC Shopping Mall	98.4%	98.1%	0.3%
Shanghai Yue Xiu Tower	84.6%	86.2%	(1.6)%
Wuhan Properties Office	60.8%	61.6%	(0.8)%
Wuhan Properties Shopping Mall	88.7%	86.0%	2.7%
Hangzhou Victory	95.1%	99.2%	(4.1)%
Yuexiu Financial Tower	82.9%	89.1%	(6.2)%
17th and 23rd Floors of Hong Kong Yue Xiu Building	100%	100.0%	0.0%
Total	84.0%	84.0%	0.0%

Operational Property	Type	Commencement of Operation	Area of Ownership (sq.m.)	No. of Units (units)	Average Occupancy Rate⁽¹⁾	Average Room Rate⁽¹⁾ (RMB)
Four Seasons Hotel Guangzhou ⁽²⁾	Five-star hotel	August 2012	91,460.9	344	79.0%	2,214
Ascott Serviced Apartments ⁽²⁾	High-end serviced apartments	September 2012	51,102.3	314	90.5%	1,134

Notes:

- (1) From 1 January 2024 to 30 June 2024;
- (2) Both hotel and serviced apartments are entrusted operation.

SLIGHT FLUCTUATION IN REVENUE

During the Interim Period, the properties of Yuexiu REIT recorded total revenue of approximately RMB1.0341 billion, representing a decrease of 2.5% as compared to the corresponding period of the previous year. White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Shanghai Yue Xiu Tower, Wuhan Properties, Hangzhou Victory, Yuexiu Financial Tower and 17th and 23rd Floors of Hong Kong Yue Xiu Building accounted for approximately 10.8%, 4.0%, 3.6%, 3.9%, 48.8%, 4.7%, 4.9%, 1.6%, 17.6% and 0.1% of the total revenue, respectively.

The following table sets out a comparison of revenue in respect of the Properties between the Interim Period and the corresponding period of 2023:

Name of Property	Revenue for	Revenue for	Increase/ (Decrease)	Increase/ (Decrease) in
	the Interim Period of 2024 RMB million	the Interim Period of 2023 RMB million	Compared to the Interim Period of 2023 RMB million	Revenue from the Property percentage
White Horse Building	111.4	107.7	3.7	3.4%
Fortune Plaza	41.5	42.2	(0.7)	(1.7)%
City Development Plaza	36.9	39.7	(2.8)	(7.1)%
Victory Plaza	40.5	41.8	(1.3)	(3.1)%
GZIFC				
Office	215.1	214.6	0.5	0.2%
Retail shopping mall	34.9	33.0	1.9	5.8%
Hotel	194.4	198.3	(3.9)	(2.0)%
Serviced apartment	60.0	57.9	2.1	3.6%
Shanghai Yue Xiu Tower	49.0	52.9	(3.9)	(7.4)%
Wuhan Properties	50.8	54.4	(3.6)	(6.6)%
Hangzhou Victory	16.4	16.6	(0.2)	(1.2)%
Yuexiu Financial Tower	181.7	200.2	(18.5)	(9.2)%
17th and 23rd Floors of Hong Kong Yue Xiu Building	1.5	1.6	(0.1)	(6.3)%
Total	<u>1,034.1</u>	<u>1,060.9</u>	<u>(26.8)</u>	(2.5)%

GZIFC – OFFICE: SECURING LEASE RENEWALS AND EXPEDITING THE REDUCTION IN RENTAL VACANCY; SHOPPING MALL: ADJUSTING TENANT CATEGORIES TO ATTRACT QUALITY TENANTS

In the face of the downward trend in the office market, GZIFC successfully renewed leases with a number of key tenants such as the British Consulate, Zurich General Insurance, Youngy Group and the CBD Administrative Committee, attained a renewal rate of 88.2%, thereby effectively securing high-quality customer resources. Taking into account the prevailing market demand, it created products that met market demand and enhanced the competitiveness of small-sized tenancy to expedite the leasing of vacant units. It continued to optimise the tenant structure by introducing a number of renowned enterprises in the first half of the year, including Celue Law Firm, Shengang Securities and CPEP, and also brought about a further expansion of an existing tenant, Guan Ling Law Firm by taking up an additional area of 1,071 sq.m.. In order to bring in quality customers demanding large-area space, GZIFC proactively promoted units integration and improved the leasing efficiency of high-rise floors. Currently, there is an entire-floor unit with a total area of approximately 10,000 sq.m. in which business negotiations with potential clients are in progress.

GZIFC Shopping Mall actively adjusted its business categories, took the initiative to remove tenants with low effectiveness in generating the anticipated market rental, and optimised its specialised catering mix. In the first half of the year, it brought in the first novel bakery brand “INCUBATOR” in Zhujiang New Town, the first directly operated “Subway” flagship store in Guangzhou, the high-end business chain of coffee brand “M Stand”, and the trendy snack retailer “CURIOUS SNACKS”, continuously enhancing the diversity and popularity of the brands in the shopping mall. In terms of promotion, GZIFC Shopping Mall organised a marketing campaign of “Cantonese Music Festival & Liquor Bazaar & Dancing Party (粵語音樂節&微醺市集&搖擺舞會)” to celebrate its eighth anniversary, while at the same time expanding its promotional influence and coverage. The shopping mall recorded a year-on-year increase of 5% in customer flow in the first half of the year.

Four Seasons Hotel/Ascott Serviced Apartments

Benefiting from the notable increase in the average room rate, Four Seasons Hotel maintained its leading position in the local luxury market and was awarded the “Forbes Travel Guide Five-star Hotel” by Forbes Travel Guide for nine consecutive years. The first half of the year saw a significant increase in the proportion of international customers, which effectively offset the decrease in domestic market demand. The core restaurants of the hotel won multiple Michelin awards, and recorded the peak revenue in the last seven years during the Spring Canton Fair. Ascott Serviced Apartments achieved its competitive advantage in product differentiation for large-sized apartments in the short-term rental market, accomplished a vital breakthrough with a record-high overall operating revenue. With a high RevPAR competitive index of 146.3, the Apartments maintained a leading position in the competitive market and remained as a top player among peers.

YUEXIU FINANCIAL TOWER – SECURING RENEWALS OF EXISTING LEASES AND OPTIMISING PRODUCT MATCHING

In the first half of the year, Yuexiu Financial Tower concluded contracts to renew leases of a total of 7,454 sq.m., successfully secured the lease renewals of key quality tenants such as Everbright Securities, Guoyuan Securities, SHZQ Futures and Minmetals Land. Additionally, it also successfully retained three customers not renewing their leases upon expiration by providing alternative solutions such as relocating to another floor and reducing leased area, thereby effectively mitigating operational losses. The project kept refining product delivery standards, and set up standard units and floors for demonstration to effectively enhance the visiting experience of potential tenants brought by business solicitation, thereby continuously enhancing both product competitiveness and operational capabilities, which in turn promoted the successful conversion rate of tenant solicitation and improved customer satisfaction. In the first half of the year, the renovated vacant units recorded a high sell-through rate of 86%, with the successful introduction of a major law firm brand “Digtech Law Firm” and two renowned premium financial institutions, marking a continuous improvement in the tenant structure.

WHITE HORSE BUILDING - STABILISING OPERATIONS WITH A DUAL-DRIVER STRATEGY AND EXPANDING INFLUENCE THROUGH INTERNAL AND EXTERNAL EFFORTS

Facing the challenging market environment, White Horse Building benchmarked against high-quality brands in the competitive market, stepped up its efforts in customer engagement and reserves, with a focus on the operation and optimisation of floors and units at risk of vacancy. Driven by the dual-driver of tenant solicitation and stabilisation, the average occupancy rate maintained at a high level of 95.7% in the first half of the year. From different dimensions including product sources, business practices, sales channels and design teams, the project conducted “product portrait” research on tenants to discover the directions for improving the product competitiveness of existing customers. In the first half of the year, White Horse Building innovated its marketing strategy, continued to collaborate government and industry resources, and implemented a series of projects to expand its brand influence. By participating in CHIC Shanghai and organising the Infinite Form 2024 Autumn/Winter Order Fair, the White Horse brand has been expanding its coverage at home and abroad, with a cumulative exposure of 10,340,700 times.

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA – GREATER EFFORTS IN TENANT SOLICITATION YIELDED SATISFACTORY RESULTS, FOSTERED STEADY INCREASE IN OCCUPANCY RATES

Fortune Plaza further optimised its tenant structure as it successfully introduced C&S Paper, an industry-leading company, as well as the “Ke Jun” Hong Kong-style restaurant to seamlessly take up a street-facing shop on the first floor; City Development Plaza successfully introduced a government-owned sports service agency, renting out vacant area of approximately 2,500 sq.m., which led to an increase of 5.8 percentage points in occupancy rate. In addition, leases with key customers such as Konica Minolta and WUYIGE Certified Public Accountants were successfully renewed, contributing to a relatively high renewal rate of 87.9% in the first half of the year.

VICTORY PLAZA – RENTING OUT EFFORT-CONSUMING UNITS AND BOOSTING SALES

Victory Plaza made a breakthrough in concluding a lease renting out a specific unit requiring greater efforts in business solicitation, it successfully introduced a financially-sound beauty brand, recording a newly contracted area of 1,033 sq.m. in the first half of the year. The management team actively sought external resources for Victoria Plaza to facilitate new product launches and promotion arrangements of its major tenants, assisted in boosting the business performance of Uniqlo. Based on the consumption patterns during holidays in the first half of the year, the team managed to stimulate in-store consumption, resulting in a year-on-year increase of 14% in customer flow in the first half of the year.

SHANGHAI YUE XIU TOWER – ENHANCING PRODUCT COMPETITIVENESS, RENEWING LEASES WITH KEY CUSTOMERS

In view of the insufficient effective leasing demand and small number of visitors in Zhuyuan area, Shanghai Yue Xiu Tower proactively expanded its tenant solicitation channels, and optimised and improved its products by selecting key units for fine decoration with furniture, as well as refurbishing undecorated units, thereby increasing the number of visitors and elevating the signing rate. In the first half of the year, the project recorded newly contracted area of 3,400 sq.m., successfully introduced well-known companies including Chang'an Ford and Taiping Insurance, and renewed leases with high-quality customers including Access World and Sulzer.

WUHAN PROPERTIES – EXPANDING CUSTOMER SOURCES AMID MARKET DOWNTURN, OPTIMISING BUSINESS FORMATS TO STIMULATE CONSUMPTION

Facing various tough conditions in Wuhan market with a low net absorption rate and a high vacancy rate, Yuexiu Fortune Centre timely reviewed its leasing policies and pricing strategies, adjusted the commission policy and actively expanded business solicitation channels, focusing on identifying high-quality customers in the same area and attracting more visitors through the channels of the five major banks. At the same time, it strengthened risk control. Firstly, it conducted due diligence on the admission of newly contracted tenants, and specified more stringent contract terms for customers with possible performance risks. Secondly, it paid particular attention to early termination of leases, and retained customers through various methods including lease restructuring. In the first half of the year, the project recorded newly contracted area of 17,000 sq.m., and successfully renewed leases with high-quality customers including Luzhou Laojiao, AVIVA-COFCO and Guangdong Guangxin.

Starry Victoria Shopping Centre continued to optimise different business formats for its portfolios. In the first half of the year, it successfully contracted with brands including Xiaomi, Yinxingkong (隱星空) and New Oriental, leading to a higher proportion of training/education and retail area. By continuously optimising different business formats for its portfolios, it not only activated the overall retail atmosphere, but also improved the business ambiance of Hall A and the brand level of the first floor of Hall B. The shopping mall recorded a year-on-year increase of 37.6% in customer flow and a year-on-year increase of 16.2% in sales in the first half of the year.

HANGZHOU VICTORY – BRINGING IN FINANCIALLY-SOUND TENANTS, RENEWING LEASES WITH HIGH-QUALITY CUSTOMERS

Hangzhou Victory effectively resolved the risk in relation to the termination of large-area leases as it managed to acquire tenants to conclude new contracts taking up two entire floors in the first half of the year, with the effective rents being 20% and 12% higher respectively than the last contracts. In terms of managing lease renewal, it successfully renewed leases with existing high-quality customers including Shanxi Road & Bridge, Bank of China and Yiqiwan, ensuring the stable operation of the existing high-quality customers.

ACTIVE PROMOTION OF PROJECTS FOR ASSET APPRECIATION, ACHIEVING VALUE PRESERVATION AND APPRECIATION OF PROPERTIES

The Manager continued to invest in a number of asset upgrading and renovation projects. Projects completed in the first half of the year included the renovation project of bathrooms in Room 10, Room 11 and Room 01 at Ascott GZIFC, and the upgrading and renovation project of public area on typical floors at Wuhan Yuexiu Fortune Centre.

In the second half of the year, the Manager will carry out the following projects: the renovation of public area on third floor and the upgrading and renovation project of air-conditioning system at White Horse Building; the retrofit of certain air-conditioning system terminal and the upgrading and renovation project of elevator system in the podium at Fortune Plaza; the upgrading and renovation project of central air-conditioning equipment in the podium at Victoria Plaza; the replacement of facade film of the signboard at GZIFC, the renovation of ceiling lighting in the kitchens and digital transformation of surveillance system of the logistics areas at Four Seasons Hotel, and the upgrading and renovation project of mosquito screens in guest rooms at Ascott GZIFC; the renovation project of cooling source system at Yuexiu Financial Tower; the renovation projects of No. L9 and No. L10 elevator systems, the B1 floor parking space and the peripheral flowerbeds near Fushan Road at Shanghai Yue Xiu Tower; the renovation projects of underground garage and facilities at Hangzhou Victory, and the retrofit project of vacant units of the office projects. The expected investment for the above projects amounted to more than RMB38 million.

ACTIVE MANAGEMENT IN FINANCIAL RISKS AND EFFECTIVE REDUCTION IN FINANCING COST

In terms of liquidity management, with regard to the bonds of HK\$1.12 billion due in May, the syndicated loan of HK\$1.2 billion (HK\$350 million remaining) and the syndicated loan of HK\$4.8 billion due in December 2024, the Manager planned ahead, introduced the offshore revolving loan of RMB530 million with a fixed interest rate of 3.70% in February, and introduced the offshore loan of HK\$1.12 billion from domestic banks in May, for the purpose of refinancing the maturing financing during the year so as to ensure effective monitor on the liquidity risk.

As for interest rate management, with prevailing high interest rates in offshore markets and financing costs remaining high, the RMB interest rate was on a downward trend to support domestic economic recovery. Taking advantage of the window in the spread of the RMB financing cost, the Manager has been replacing the existing offshore foreign currency financing with RMB loans since 2023, thereby reducing the overall financing cost and narrowing the risk exposure in interest rate. As of the end of June 2024, a total of RMB7.38 billion of financing has been introduced and used to replace Hong Kong dollar financing. At the end of June 2024, the financing interest rate exposure of Yuexiu REIT was approximately 45%, with the average financing cost of 4.55%, representing a year-on-year decrease of 35 basis points from 4.90% at the end of June 2023.

With regard to foreign exchange management, RMB has depreciated significantly against US dollar since 2022 due to the combined effect of continuous US dollar interest rate hikes and RMB entering an interest rate cut cycle. The Manager continued its focus on the market dynamics by adopting effective management strategies and tools for hedging foreign exchange at reasonable cost to monitor foreign exchange exposure. RMB financing has been continuously introduced to replace Hong Kong dollar financing since 2023. At the end of June 2024, Yuexiu REIT RMB financing reached approximately RMB8,404 million, accounted for 41% of total financing (corresponding period of 2023: RMB financing of approximately RMB4,197 million, accounted for 19% of total financing). At the end of June 2024, the foreign exchange exposure of Yuexiu REIT was equivalent to approximately RMB12,075 million, accounted for 59% of total financing. Currently, the functional currency of major offshore financing entities has been changed to Hong Kong dollars to mitigate the impact on REIT's profit level due to financing exchange gains and losses from exchange rate fluctuations. The Manager has also continued to further narrow the exchange rate exposure by adjusting the financing structure and increasing the proportion of low-cost RMB financing when appropriate.

FINANCIAL REVIEW

Financial Results

During the Interim Period, gross income was lower than the corresponding period of 2023. The following is a summary of Yuexiu REIT's financial results during the Interim Period:

	Six months ended 30 June		
	2024 Unaudited RMB'000	2023 Unaudited RMB'000	(Decrease)/ Increase
Gross income	1,034,091	1,060,864	(2.5)%
Hotel and serviced apartments direct expenses	(156,242)	(161,558)	(3.3)%
Leasing agents' fee	(24,212)	(24,743)	(2.1)%
Property related taxes (<i>Note 1</i>)	(108,949)	(109,788)	(0.8)%
Other property expenses (<i>Note 2</i>)	(2,023)	(2,202)	(8.1)%
Total property operating expenses	(291,426)	(298,291)	(2.3)%
Net property income	742,665	762,573	(2.6)%
Withholding tax	(23,020)	(23,239)	(0.9)%
Depreciation and amortization	(70,487)	(70,399)	0.1%
Manager's fees	(85,136)	(83,432)	2.0%
Trustee's fees	(6,350)	(6,351)	(0.0)%
Other trust expenses (<i>Note 3</i>)	(5,622)	9,763	157.6%
Total non-property operating expenses	(190,615)	(173,658)	9.8%
Profit before finance income, finance expenses and tax	552,050	588,915	(6.3)%
Finance income	16,013	14,265	12.3%
Finance expenses	(476,243)	(548,243)	(13.1)%

	Six months ended 30 June		
	2024	2023	(Decrease)/
	Unaudited	Unaudited	Increase
	RMB'000	RMB'000	
Profit before tax	91,820	54,937	67.1%
Income tax expenses	<u>(89,520)</u>	<u>(131,457)</u>	(31.9)%
Net profit/(loss) after tax before fair value (loss)/gains on investment properties and fair value gain on derivative financial instruments	2,300	(76,520)	103.0%
Fair value (loss)/gains on investment properties	(69,471)	666	(10,531.1)%
Fair value gain on derivative financial instruments	<u>26,642</u>	<u>163,403</u>	(83.7)%
Net (loss)/profit after tax before transactions with unitholders	<u>(40,529)</u>	<u>87,549</u>	(146.3)%

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 etc.

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, value added tax, Manager's fee adjustment in 2023 and miscellaneous expenses.

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

(RMB'000)	Mainland		Six months ended 30 June	
	China	Hong Kong	2024	2023
	Office	580,241	1,500	581,741
Wholesales	111,381	—	111,381	107,702
Retails	86,583	—	86,583	84,583
Hotel and serviced apartments	254,386	—	254,386	256,253
Total	<u>1,032,591</u>	<u>1,500</u>	<u>1,034,091</u>	<u>1,060,864</u>

During the Interim Period, net property income amounted to approximately RMB742,665,000 (June 2023: RMB762,573,000), 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 71.8% (June 2023: 71.9%) of total gross income. The table below sets out an analysis of net property income:

(RMB'000)	Mainland		Six months ended 30 June	
	China	Hong Kong	2024	2023
	Office	485,953	1,500	487,453
Wholesales	93,848	—	93,848	90,756
Retails	73,034	—	73,034	71,939
Hotel and serviced apartments	88,330	—	88,330	84,563
Total	<u>741,165</u>	<u>1,500</u>	<u>742,665</u>	<u>762,573</u>

Hotel and serviced apartments direct expenses were RMB156,242,000 (including depreciation expense of approximately RMB5,951,000 incurred in connection with right-of-use assets and interest expense of RMB424,000 incurred in connection with lease liabilities), a decrease of 3.3% as compared with six months ended 30 June 2023. It was mainly due to a decrease in the gross income and occupancy rate from hotel.

Leasing agents' fee decreased by approximately 2.1% as compared with six months ended 30 June 2023. It was mainly due to a decrease of rental income.

Property related taxes decreased by approximately 0.8% as compared with six months ended 30 June 2023. It was mainly due to a decrease of rental income.

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

The finance income received for the Interim Period amounted to approximately RMB16,013,000 (June 2023: RMB14,265,000).

As RMB depreciated against HK\$ and USD for the Interim Period, the bank borrowings denominated in Hong Kong Dollar and guaranteed medium term notes denominated in Hong Kong Dollar and United States Dollar resulted in an exchange loss of approximately RMB10,615,000. Excluding the exchange loss, the finance expenses incurred for the Interim Period amounted to approximately RMB465,628,000 (June 2023: Excluding the exchange loss, the finance expenses were approximately RMB423,501,000). The average one-month Hong Kong Interbank Offered Rate ("HIBOR") for the first half of 2024 was 4.51%, which was higher than that of 2023 by approximately 99 basis points and led to an increase of interest expenses on the floating portion of debt.

Loss after tax before transactions with Unitholders amounted to approximately RMB40,529,000 (June 2023: profit of approximately RMB87,549,000), which represented a decrease of approximately 146.3%, mainly due to a fair value loss on investment properties.

New Units Issued and Unit Activity

In respect of the settlement of Manager's fee for the period from 1 July 2023 to 31 December 2023, Yuexiu REIT issued 80,000,000 new units at HK\$1.05 per unit on 24 March 2024. The rest of the units will be deferred to be settled at the applicable market price at such later date which the REIT Manager considers is in the interests of the independent Unitholders, and the number of units is no more than 3,438,546, which is prescribed in the Announcement dated 24 March 2024. Please refer to the aforementioned Announcement for details.

As at 30 June 2024, a total of 4,995,738,171 units were issued by Yuexiu REIT.

The unit price of Yuexiu REIT reached a high of HK\$1.26 and a low of HK\$0.80 during the Interim Period. The average trading volume amounted to approximately 3,307,000 units per day (June 2023: 4,420,000 units) during the 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 Yuexiu REIT will, on 31 December of each year, issue to Yuexiu Property Company Limited ("YXP") (or YXP Nominee) such number of Deferred Units as shall be equal to the maximum number of Units that may be issued to YXP (or YXP Nominee) and its concert parties which, when aggregated with the Manager Fee Units that are expected to be issued during the period of 12 months after the relevant Issue Date, will not trigger an obligation on the part of YXP (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.

As stated in the circular dated 13 November 2021 ("2021 Circular"), in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the 2021 Announcement (being HK\$3.67), the Deferred Units Issue Price shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per Unit) by the fraction as set out under the Indebtedness Agreement and further described in the 2021 Circular (the "Deferred Units Issue Price Adjustment"). The Deferred Units Issue Price Adjustment has taken effect upon the completion of the Rights Issue, which has taken place on 26 January 2022.

Accordingly, following the Deferred Units Issue Price Adjustment and the Deferred Units Arrangement Modification (as described in the announcement on 31 December 2021), and assuming no other Deferred Units Adjustment Events eventuate, it is expected that the balance of the Assignment consideration will be fully settled before 31 December 2025 by the issue of 329,808,584 Deferred Units (the “Further Deferred Units”) in aggregate at HK\$3.861652 per unit.

Net Asset Value

The net assets (including net assets attributable to deferred Unitholders) attributable to existing Unitholders per unit as at 30 June 2024 was approximately RMB3.10 (as at 31 December 2023: RMB3.18).

CAPITAL AND FINANCIAL STRUCTURE

Yuexiu REIT's borrowings are as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Bank borrowings and notes		
Denominated in RMB	8,404,388	7,954,404
Denominated in HK\$	9,226,905	9,473,012
Denominated in USD	2,847,901	2,827,140
	<u>20,479,194</u>	<u>20,254,556</u>
Total bank borrowings and notes		
Maturity analysis		
Within one year	6,992,492	5,844,681
Two to five years	13,486,702	14,409,875
Beyond five years	—	—
The effective interest rate (per annum) of the bank borrowings and notes at the balance sheet date		
RMB	3.51%	3.49%
HK\$	6.07%	6.39%
USD	2.72%	2.72%

The overall effective interest rate (per annum) of the bank borrowings and notes at the balance sheet date was 4.55% (as at 31 December 2023: 4.74%).

On 5 February 2024, Yuexiu REIT, through its offshore project company, entered into a facility agreement with an offshore bank in connection with a one-year unsecured and fixed rate term loan facility of RMB530,000,000. It was drawn down on 7 February 2024 for repayment of certain HK\$ bank loan facility.

On 6 May 2024, Yuexiu REIT, through its offshore project company, entered into a facility agreement with an onshore bank in connection with a three-year unsecured and floating rate term loan facility of HK\$1,120,000,000. It was drawn down on 7 May 2024 for repayment of HK\$ private bond.

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

Following the pace of US dollar interest rate hikes, the HIBOR level has risen significantly since the second half of 2022. Through reasonable arrangement of financing structure (including maintaining the financing ratio between fixed and floating interest rates, and establishing interest rate hedging), the Manager has effectively mitigated the impact of the fluctuating interest rate market on the operating results of Yuexiu REIT;

At the end of June 2024, the average financing cost of Yuexiu REIT was 4.55%, approximately 6bp lower than the HIBOR(1m) of 4.61% at the end of the month. The average interest payment rate for the first half of the year was 4.56% (June 2023: 4.19%), approximately 5bp slightly higher than the average daily HIBOR(1m) of 4.51% (June 2023: 3.52%), but lower than the financing cost level of overseas loans;

In light of the general market expectation of slow interest rate cuts in 2024, and the fact that interest rate would remain higher than the existing RMB financing cost even if interest rate cuts take place, the refinancing strategy will therefore continue to focus on replacing foreign currency financing with low-cost domestic RMB financing.

As at 30 June 2024, total borrowings of Yuexiu REIT amounted to approximately RMB20,479,194,000 which represented approximately 46.7% of total assets of Yuexiu REIT (as at 31 December 2023: 46.2%). The above said gearing ratio was below the maximum borrowing limit of 50% as stipulated in the REIT Code.

As at 30 June 2024, total liabilities of Yuexiu REIT (excluding net assets attributable to Unitholders) amounted to approximately RMB27,186,881,000, representing approximately 62.0% of total assets of Yuexiu REIT.

Cash Position

As at 30 June 2024, cash and cash equivalents, short-term deposit balance of Yuexiu REIT amounted to approximately RMB1,614,530,000. 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 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 2024 INTERIM REPORT

The interim report of Yuexiu REIT for the six months ended 30 June 2024 will be published on the websites of the Stock Exchange and Yuexiu REIT, and will be sent to Unitholders on or before 31 August 2024.

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 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 Interim Period.

EMPLOYEES

As at 30 June 2024, Yuexiu REIT employed 585 and 132 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 C.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 does not believe that the current structure of a single Chairman and Chief Executive Officer will compromise the balance of power and authority between the Board and the Manager's management.

The Manager has 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 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 2024**

	<i>Notes</i>	Six months ended 30 June	
		2024 <i>(Unaudited)</i> RMB'000	2023 <i>(Unaudited)</i> RMB'000
Revenue	6	1,034,091	1,060,864
Operating expenses, net	7	(481,617)	(471,218)
Fair value (losses)/gains on investment properties	14	(69,471)	666
Net gains on derivative financial instruments	17	26,642	163,403
Finance income	9	16,013	14,265
Finance expenses	10	(476,667)	(548,974)
Profit before income tax and transactions			
with unitholders		48,991	219,006
Income tax expense	11	(89,520)	(131,457)
(Loss)/profit after income tax before transactions			
with unitholders		(40,529)	87,549
Transactions with unitholders	24	65,809	334,771
Profit after income tax and transactions			
with unitholders		25,280	422,320
Other comprehensive income/(loss) for the period			
<u>Items that will not be classified to profit or loss:</u>			
Change in fair value of property,			
plant and equipment			
– Gross		66,192	(808)
– Tax		(18,538)	226
		47,654	(582)
<u>Items that may be classified to profit or loss:</u>			
Exchange differences on translation of			
foreign operations		(82,187)	(429,380)
Other comprehensive loss for the period,			
net of tax		(34,533)	(429,962)
Total comprehensive loss for the period		(9,253)	(7,642)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Attributable to				Total <i>(Unaudited)</i> <i>RMB'000</i>
	Unitholders before transactions with unitholders <i>(Unaudited)</i> <i>RMB'000</i>	Transactions with unitholders (Note 24) <i>(Unaudited)</i> <i>RMB'000</i>	Unitholders after transactions with unitholders <i>(Unaudited)</i> <i>RMB'000</i>	Non- controlling interests <i>(Unaudited)</i> <i>RMB'000</i>	
Profit/(loss) for the period ended 30 June 2023	95,184	334,771	429,955	(7,635)	422,320
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	(575)	—	(575)	(7)	(582)
<u>Items that may be reclassified to profit or loss:</u>					
Exchange differences on translation of foreign operations	(429,380)	—	(429,380)	—	(429,380)
Total comprehensive (loss)/income for the period ended 30 June 2023	<u>(334,771)</u>	<u>334,771</u>	<u>—</u>	<u>(7,642)</u>	<u>(7,642)</u>
(Loss)/profit for the period ended 30 June 2024	(30,779)	65,809	35,030	(9,750)	25,280
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss:</u>					
Change in fair value of property, plant and equipment, net of tax	47,157	—	47,157	497	47,654
<u>Items that may be reclassified to profit or loss:</u>					
Exchange differences on translation of foreign operations	(82,187)	—	(82,187)	—	(82,187)
Total comprehensive (loss)/income for the period ended 30 June 2024	<u>(65,809)</u>	<u>65,809</u>	<u>—</u>	<u>(9,253)</u>	<u>(9,253)</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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 dated 28 May 2021 (the “Trust Deed”), Yuexiu Real Estate Investment Trust (“Yuexiu REIT”) is required to distribute to the 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 distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders’ proportionate interests in Yuexiu REIT at the date of the termination of Yuexiu REIT. The unitholders’ funds are therefore classified as a financial liability rather than equity in accordance with HKAS 32 *Financial Instruments: Disclosure and Presentation*. Consistent with unitholders’ funds being classified as a financial liability, the distributions to unitholders are part of finance costs which are recognised in the 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 interim condensed consolidated distribution statement.
- (ii) (Loss)/earnings per unit, based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders and the weighted average number of units in issue, are presented in Note 25.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
30 JUNE 2024**

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	12	2,158,537	2,131,642
Right-of-use assets	13	1,125,768	1,156,361
Investment properties	14	37,726,546	37,771,146
Deferred assets, prepayments, deposits and other receivables	15	157,988	203,236
Goodwill	16	859,868	859,868
Total non-current assets		42,028,707	42,122,253
Current assets			
Inventories		2,881	3,077
Trade and lease receivables	18	47,022	22,229
Amounts due from related parties		53,598	58,450
Deferred assets, prepayments, deposits and other receivables	15	116,836	88,967
Derivative financial instruments	17	—	12,015
Tax recoverable		14,122	11,363
Bank deposits	19	110,000	110,000
Cash and cash equivalents	19	1,504,530	1,417,727
Total current assets		1,848,989	1,723,828
Total assets		43,877,696	43,846,081
Equity			
Reserves		(362,388)	(327,358)
Retained earnings		362,388	327,358
		—	—
Non-controlling interests		1,196,308	1,206,832
Total equity		1,196,308	1,206,832

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONTINUED)
30 JUNE 2024**

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Current liabilities			
Trade payables	21	22,237	14,263
Rental deposits, current portion	22	204,173	216,442
Receipts in advance	22	84,560	111,392
Accruals and other payables	22	452,915	489,511
Amounts due to related parties		122,709	123,829
Borrowings	23	6,992,492	5,844,681
Lease liabilities	13	12,460	11,965
Tax payables		53,204	58,741
		<hr/>	<hr/>
Total current liabilities		7,944,750	6,870,824
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	22	184,733	192,097
Borrowings	23	13,486,702	14,409,875
Deferred tax liabilities	20	5,565,267	5,521,648
Lease liabilities	13	5,429	11,826
		<hr/>	<hr/>
Total non-current liabilities		19,242,131	20,135,446

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (CONTINUED)
30 JUNE 2024**

	<i>Note</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Total liabilities, other than net assets attributable to unitholders		<u>27,186,881</u>	<u>27,006,270</u>
Net assets attributable to unitholders	24	<u>15,494,507</u>	<u>15,632,979</u>
Total equity and liabilities		<u>43,877,696</u>	<u>43,846,081</u>
Net current liabilities		<u>(6,095,761)</u>	<u>(5,146,996)</u>
Units in issue ('000)	24	<u>4,995,738</u>	<u>4,915,738</u>
Net assets attributable to unitholders per unit (RMB)		<u>RMB 3.10</u>	<u>RMB 3.18</u>

**INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
(Loss)/profit after income tax before transactions		
with unitholders attributable to unitholders	(30,779)	95,184
Adjustments for the total distributable income (i)		
– Fair value losses/(gains) on investment properties	49,638	(24,003)
– Deferred taxation in respect of fair value changes on investment properties (credited)/ charged to profit or loss	(15,117)	24,690
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)	(195,517)	(197,008)
– Fair value gains on derivative financial instruments	(26,642)	(163,403)
– Manager’s fee adjustment	(7,354)	—
	(225,771)	(264,540)
Additional items (ii)		
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS	195,517	197,008

INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
	<i>Note</i>	2024	2023
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		RMB'000	RMB'000
– Depreciation and amortisation of property, plant and equipment and land use rights under Hong Kong Financial Reporting Standards (“HKFRSs”)		69,775	69,687
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		50,098	50,901
– Manager’s fee paid and payable in units in lieu of cash		85,136	83,432
– Foreign exchange losses on financing activities		10,615	124,742
		<hr/>	<hr/>
Distributable income after additional items		185,370	261,230
Distributable amount at 1 January		148,750	190,680
Distribution paid during the period (iii)	24	(148,873)	(190,448)
		<hr/>	<hr/>
Interim distribution declared (iv)		185,247	261,462
		<hr/> <hr/>	<hr/> <hr/>
Distribution per unit, declared (iv)		RMB0.0371	RMB0.0541
		<hr/> <hr/>	<hr/> <hr/>

**INTERIM CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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 condensed consolidated statement of comprehensive income for the relevant period.
- (ii) Pursuant to the circular dated 30 June 2012, the Manager intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) A distribution of RMB0.0298 per unit, totalling RMB148,873,000 (equivalent to HK\$163,860,000), was paid to unitholders on 24 May 2024.
- (iv) Interim distribution in respect of the six months ended 30 June 2024 of RMB0.0371 (equivalent to HK\$0.0405) per unit, totalling RMB185,247,000 (equivalent to HK\$202,036,000) was declared by the Board of the Manager on 15 August 2024.

The Manager calculated the above per unit figures based on the units in issue as at 30 June 2024 as disclosed in Note 24.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Net assets Attributable to unitholders <i>RMB'000</i>	Equity			Total <i>RMB'000</i>
		Retained earnings <i>RMB'000</i>	Reserve <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	
At 1 January 2023	16,104,395	135,257	(135,257)	1,217,242	17,321,637
Issuance of units (Note 24)	84,400	—	—	—	84,400
Profit for the period attributable to:					
– Unitholders	(334,771)	—	—	—	(334,771)
– Equity holders	—	429,955	—	(7,635)	422,320
Distributions paid to					
– Unitholders	(190,448)	—	—	—	(190,448)
– Equity holders	—	—	—	(1,966)	(1,966)
Change in fair value of property, plant and equipment, net of tax	—	—	(575)	(7)	(582)
Exchange differences on translation of foreign operations	—	—	(429,380)	—	(429,380)
At 30 June 2023 (unaudited)	<u>15,663,576</u>	<u>565,212</u>	<u>(565,212)</u>	<u>1,207,634</u>	<u>16,871,210</u>
At 1 January 2024	<u>15,632,979</u>	<u>327,358</u>	<u>(327,358)</u>	<u>1,206,832</u>	<u>16,839,811</u>
Issuance of units (Note 24)	76,210	—	—	—	76,210
Profit for the period attributable to:					
– Unitholders	(65,809)	—	—	—	(65,809)
– Equity holders	—	35,030	—	(9,750)	25,280
Distributions paid to					
– Unitholders	(148,873)	—	—	—	(148,873)
– Equity holders	—	—	—	(1,271)	(1,271)
Change in fair value of property, plant and equipment, net of tax	—	—	47,157	497	47,654
Exchange differences on translation of foreign operations	—	—	(82,187)	—	(82,187)
At 30 June 2024 (unaudited)	<u>15,494,507</u>	<u>362,388</u>	<u>(362,388)</u>	<u>1,196,308</u>	<u>16,690,815</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Cash generated from operations	654,808	693,905
Interest paid	(472,891)	(397,157)
Income tax paid	(87,264)	(116,879)
	<hr/>	<hr/>
Net cash from operating activities	94,653	179,869
	<hr/>	<hr/>
Cash flows from investing activities		
Additions of investment properties	(25,610)	(23,556)
Additions of property, plant and equipment	(6,401)	(8,565)
Disposal of property, plant and equipment	185	—
Interest received	14,291	14,265
	<hr/>	<hr/>
Net cash used in investing activities	(17,535)	(17,856)
	<hr/>	<hr/>
Cash flows from financing activities		
Distribution paid	(150,144)	(192,414)
Proceeds from borrowings, net of transaction costs	1,541,057	2,954,126
Repayment of borrowings	(1,417,589)	(1,523,197)
Settlement of derivative financial instruments	40,740	—
Principal elements of lease payments	(6,327)	(6,083)
	<hr/>	<hr/>
Net cash from financing activities	7,737	1,232,432
	<hr/>	<hr/>
Net increase in cash and cash equivalents	84,855	1,394,445
Cash and cash equivalents at beginning of the period	1,417,727	1,333,773
Effects of foreign exchange rate changes, net	1,948	29,012
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	1,504,530	2,757,230
	<hr/> <hr/>	<hr/> <hr/>

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 Chinese Mainland.

Yuexiu REIT is a Hong Kong collective investment scheme constituted as a unit trust by the Trust Deed entered into between the Manager and HSBC Institutional Trust Services (Asia) Limited, as the Trustee of Yuexiu REIT (the “Trustee”) on 7 December 2005 (as amended by First Supplemental Deed dated 25 March 2008, Second Supplemental Deed dated 23 July 2010, Third Supplemental Deed dated 25 July 2012, Fourth Supplemental Deed dated 3 April 2020 and Fifth Supplemental Deed dated 28 May 2021) and authorised under section 104 of the Securities and Futures Ordinance subject to the applicable conditions imposed by Securities and Futures Commission from time to time. The address of its registered office is 17B, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong.

Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited on 21 December 2005.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Manager on 15 August 2024.

This interim condensed consolidated financial information has not been audited.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

As at 30 June 2024, the Group’s current liabilities exceeded its current assets by RMB6,095,761,000 (31 December 2023: RMB5,146,996,000) due to the borrowings of RMB6,992,492,000 fall due within twelve months from the balance sheet date (31 December 2023: borrowings of RMB5,844,681,000 fall due within twelve months from the balance sheet date). The Manager is in the process of arranging various sources of funding, which include discussing with the Group’s existing principal bankers for refinancing, to meet with the settlement of the bank borrowings fall due within twelve months from the balance sheet date. Taking into account the financial resources available, including further limit available under the Guaranteed Medium Term Note Programme of Yuexiu REIT MTN Company Limited (“MTN Programme”), as well as the abovementioned refinancing plan, the Manager considers the Group has adequate resources to meet its liabilities as and when they fall due as well as its working capital and operating requirements for the foreseeable future. Accordingly, the directors consider it is appropriate the going concern basis has been adopted in preparing this interim condensed consolidated financial information.

3. Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The amendments did not have any impact on the financial position or performance of the Group.

4. Significant judgements and accounting estimates

The preparation of the interim condensed consolidated 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 interim condensed consolidated 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 2023.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange 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 2023.

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 service apartments, office rental and wholesale and shopping mall.

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

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

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

The Group's revenue from external customers is derived from its operations in Chinese Mainland and Hong Kong. Except for the Group's goodwill (approximately RMB859,868,000), the Group's non-current assets are located in Chinese Mainland and Hong Kong.

	Hotel and serviced apartments (Unaudited) RMB'000	Office rental (Unaudited) RMB'000	Wholesale and shopping mall (Unaudited) RMB'000	Total (Unaudited) RMB'000
Period ended 30 June 2024				
Revenue from external customers	<u>254,386</u>	<u>581,741</u>	<u>197,964</u>	<u>1,034,091</u>
Segment results	<u>18,268</u>	<u>406,984</u>	<u>177,877</u>	<u>603,129</u>
Depreciation	<u>76,438</u>	<u>—</u>	<u>—</u>	<u>76,438</u>
Fair value (losses)/gains on investment properties	<u>—</u>	<u>(80,466)</u>	<u>10,995</u>	<u>(69,471)</u>
Period ended 30 June 2023				
Revenue from external customers	<u>256,253</u>	<u>612,326</u>	<u>192,285</u>	<u>1,060,864</u>
Segment results	<u>8,757</u>	<u>557,960</u>	<u>126,852</u>	<u>693,569</u>
Depreciation	<u>76,525</u>	<u>—</u>	<u>—</u>	<u>76,525</u>
Fair value gains/(losses) on investment properties	<u>—</u>	<u>36,509</u>	<u>(35,843)</u>	<u>666</u>
As at 30 June 2024				
Total reportable segments' assets	<u>3,654,525</u>	<u>30,003,001</u>	<u>9,336,706</u>	<u>42,994,232</u>
As at 31 December 2023				
Total reportable segments' assets	<u>3,642,780</u>	<u>30,036,284</u>	<u>9,280,305</u>	<u>42,959,369</u>

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

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	603,129	693,569
Net gains on derivative financial instruments	26,642	163,403
Unallocated operating costs (Note)	(120,126)	(103,257)
	<hr/>	<hr/>
Operating profit	509,645	753,715
Finance income	16,013	14,265
Finance expenses	(476,667)	(548,974)
	<hr/>	<hr/>
Profit before income tax and transactions with unitholders	<u>48,991</u>	<u>219,006</u>

Note: Unallocated operating costs include mainly manager's fee, legal and professional expenses and other operating expenses incurred at corporate level.

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

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Total reportable segments' assets	42,994,232	42,959,369
Corporate assets	883,464	886,712
	<hr/>	<hr/>
Total assets	<u>43,877,696</u>	<u>43,846,081</u>

The Group's revenue by nature is as follows:

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Hotel and serviced apartments operations		
Room rentals	168,157	165,602
Food and beverages	72,692	75,368
Others	13,537	15,283
Property rentals	779,705	804,611
	<hr/>	<hr/>
Total	<u>1,034,091</u>	<u>1,060,864</u>

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

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised at a point in time	82,010	85,905
Revenue recognised over time	171,916	169,022
Other sources	780,165	805,937
	<hr/>	<hr/>
Total	<u>1,034,091</u>	<u>1,060,864</u>

7. Expenses by nature

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Property management fee (i)	24,212	24,743
Employee benefit expense	64,439	67,204
Real estate tax	102,253	103,328
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	5,200	5,315
Withholding tax (ii)	23,020	23,239
Depreciation of property, plant and equipment (Note 12)	45,845	45,757
Depreciation of right-of-use assets (Note 13)	30,593	30,768
Cost of inventories sold or consumed in operation	43,685	46,981
Other direct expenses on hotel and serviced apartments	41,743	40,516
Manager's fee (Note 8)	85,136	83,432
Manager's fee adjustment	(7,354)	—
Trustee's fee	6,350	6,351
Valuation fee	498	581
Legal and professional fee	2,121	8,329
Auditor's remuneration	1,200	1,200
Bank charges	345	213
Foreign exchange losses/(gains)	7,421	(29,734)
Others	4,910	12,995
	<hr/>	<hr/>
Total operating expenses, net	481,617	471,218

Notes:

- (i) The Group received leasing, marketing and tenancy management services from three leasing agents, namely, Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. (“Yicheng BM”), Guangzhou Baima Business Operation Management Co., Ltd. (“Baima BM”) and Guangzhou IFC Business Management Co., Ltd. (“GZ IFC Management”).

- (ii) Withholding tax on the rental income and interest income derived from properties located in Chinese Mainland and held by BVI companies is calculated 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 as defined in the Trust Deed; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of deposited property comprising of Real Estate, as defined in the Trust Deed.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Manager's fee:		
In the form of units	85,136	83,432

Notes:

- (i) Pursuant to the circular of Yuexiu REIT dated 13 November 2021 ("2021 Circular") and subsequent announcement dated 15 January 2024, all of the Manager's fee for the year ending 31 December 2024, will be paid in the form of units.

9. Finance income

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	14,291	12,553
Interest income from a related party	1,722	1,712
Total	<u>16,013</u>	<u>14,265</u>

10. Finance expenses

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense for bank borrowings	373,008	340,089
Interest expense for other borrowings	83,544	71,607
Interest and finance charges paid/payable for lease liabilities (Note 13)	424	731
Amortisation of transaction costs for borrowings	9,076	11,805
Foreign exchange losses on financing activities	10,615	124,742
Total	<u>476,667</u>	<u>548,974</u>

11. Income tax expense

For the subsidiaries incorporated and operating in Chinese Mainland, they are subject to China corporate income tax at a rate of 25% under Corporate Income Tax Law of the People's Republic of China.

For other subsidiaries with operations in Chinese Mainland, 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.

	Six months ended 30 June	
	2024 <i>(Unaudited)</i> RMB'000	2023 <i>(Unaudited)</i> RMB'000
Current income tax		
– China corporate income tax	42,174	41,072
– PRC withholding tax	22,265	26,390
Deferred income tax (Note 20)	25,081	63,995
Total	<u>89,520</u>	<u>131,457</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 2023				
Opening net book amount as				
at 1 January 2023	2,183,000	244	439	2,183,683
Additions	8,565	—	—	8,565
Depreciation	(45,757)	—	—	(45,757)
Fair value losses on revaluation	(808)	—	—	(808)
	<u>2,145,000</u>	<u>244</u>	<u>439</u>	<u>2,145,683</u>
Closing net book amount as				
at 30 June 2023	<u>2,145,000</u>	<u>244</u>	<u>439</u>	<u>2,145,683</u>
At 30 June 2023				
At fair value	2,145,000	—	—	2,145,000
At cost	—	244	439	683
	<u>2,145,000</u>	<u>244</u>	<u>439</u>	<u>2,145,683</u>
Six months ended 30 June 2024				
Opening net book amount as				
at 1 January 2024	2,131,000	244	398	2,131,642
Additions	6,653	—	—	6,653
Depreciation	(45,845)	—	—	(45,845)
Disposal	—	—	(105)	(105)
Fair value gains on revaluation	66,192	—	—	66,192
	<u>2,158,000</u>	<u>244</u>	<u>293</u>	<u>2,158,537</u>
Closing net book amount as				
at 30 June 2024	<u>2,158,000</u>	<u>244</u>	<u>293</u>	<u>2,158,537</u>
At 30 June 2024				
At fair value	2,158,000	—	—	2,158,000
At cost	—	244	293	537
	<u>2,158,000</u>	<u>244</u>	<u>293</u>	<u>2,158,537</u>

If hotel and serviced apartments had not been revalued, it would have been included in the interim condensed consolidated financial information at historical cost less accumulated depreciation of RMB1,245,114,000 (31 December 2023: RMB1,308,624,000).

As at 30 June 2024, property, plant and equipment with an aggregate carrying amount of approximately RMB1,921 million (31 December 2023: RMB1,897 million) were pledged as collateral for the Group's bank borrowings (Note 23).

Valuation processes of the Group

The Group measures the building portion of hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Savills Valuation and Professional Services Limited ("Savills"), being independent qualified valuer not related to the Group as at 30 June 2024 and 31 December 2023.

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

At each financial period 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 of the building portion of hotel and serviced apartments of Guangzhou International Financial Centre (“Guangzhou IFC”) is derived using depreciated replacement cost method.

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

The overall fair value (including land and building portions) of hotel and serviced apartments in Chinese Mainland is generally derived using the discounted cash flow analysis. Due to lack of land transaction in market, fair value of land, for disclosure purpose only as set out in Note 13, is therefore calculated as the difference between the fair value under discounted cash flow analysis and the fair value under depreciated replacement cost method.

The building portion of hotel and serviced apartments in property, plant and equipment are included in Level 3 (31 December 2023: Level 3) of the fair value hierarchy.

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 2023	1,182,832	32,916	1,215,748
Depreciation	<u>(24,642)</u>	<u>(6,126)</u>	<u>(30,768)</u>
At 30 June 2023	<u>1,158,190</u>	<u>26,790</u>	<u>1,184,980</u>
At 1 January 2024	1,133,547	22,814	1,156,361
Depreciation	<u>(24,642)</u>	<u>(5,951)</u>	<u>(30,593)</u>
At 30 June 2024	<u>1,108,905</u>	<u>16,863</u>	<u>1,125,768</u>
Lease liabilities			
		30 June	31 December
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Current portion		12,460	11,965
Non-current portion		<u>5,429</u>	<u>11,826</u>
Total		<u>17,889</u>	<u>23,791</u>

As at 30 June 2024, the fair value of land use rights is approximately RMB2,653 million (31 December 2023: RMB2,657 million). The change in fair value was not reflected in the interim condensed consolidated financial information.

As at 30 June 2024, right-of-use assets were pledged with an aggregate net book amount of approximately RMB1,027 million (31 December 2023: RMB1,050 million) as collateral for the Group's bank borrowings (Note 23).

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

Depreciation charge of right-of-use assets

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Land use rights	24,642	24,642
Staff quarter	5,951	6,126
	<hr/>	<hr/>
Total	30,593	30,768
	<hr/> <hr/>	<hr/> <hr/>
Interest expense (included in finance expenses) (Note 10)	424	731
	<hr/> <hr/>	<hr/> <hr/>

14. Investment properties

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Beginning of the period	37,771,146	37,702,232
Exchange differences	751	3,625
Capitalised expenditure	24,120	19,200
Fair value (losses)/gains during the period, included in profit or loss under “Fair value (losses)/gains on investment properties”	(69,471)	666
	<hr/>	<hr/>
End of the period	37,726,546	37,725,723
	<hr/> <hr/>	<hr/> <hr/>

In the interim condensed consolidated statement of comprehensive income, direct operating expenses include RMB19,087,000 (six months ended 30 June 2023: RMB18,102,000) relating to investment properties that were vacant.

As at 30 June 2024, investment properties with an aggregate carrying value of approximately RMB3,757 million (31 December 2023: RMB3,753 million) were pledged as collateral for the Group's bank borrowings (Note 23).

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Savills being independent qualified valuer not related to the Group as at 30 June 2024 and 31 December 2023.

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 period 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

(a) Investment properties in Chinese Mainland

As at 30 June 2024 and 31 December 2023, Savills mainly relied on the income capitalisation method as the primary approach and cross-checked by the direct comparison approach. The use of income capitalisation method 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 method 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. Appropriate adjustments or deductions for rent-free periods, ongoing vacancy voids, marketing periods and non-recoverable expenses for the vacant space have been considered.

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.

(b) Investment properties in Hong Kong

As at 30 June 2024 and 31 December 2023, Savills relied on the direct comparison approach for the valuation of investment properties located in Hong Kong. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The key input under this approach is the price per square foot from current year sales of comparable properties.

The investment properties are included in Level 3 (31 December 2023: Level 3) of the fair value hierarchy.

15. Deferred assets, prepayments, 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 prepayments, deposits and other receivables mainly represents other tax prepayments, deposits for utilities and property maintenance fund. The deferred assets, prepayments, deposits and other receivables are mainly denominated in RMB.

16. Goodwill

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	<u>859,868</u>	<u>859,868</u>

17. Derivative financial instruments

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Foreign exchange forward contracts	<u>—</u>	<u>12,015</u>

The notional principal amounts of the outstanding foreign exchange forward contracts at 31 December 2023 were HK\$1,120,000,000 due on 28 May 2024. During the period, the foreign exchange forward contracts have been settled.

	30 June	30 June
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Unrealised fair value changes of derivative financial instruments	—	163,403
Net realised gains from derivative financial instruments	<u>26,642</u>	<u>—</u>
Total	<u>26,642</u>	<u>163,403</u>

18. Trade and lease receivables

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Trade and lease receivables	48,062	23,523
Less: allowance	(1,040)	(1,294)
	<hr/>	<hr/>
Trade and lease receivables, net	47,022	22,229
	<hr/> <hr/>	<hr/> <hr/>

The fair values of trade and lease receivables approximate their carrying amounts.

The credit terms of the Group are generally within three months. The aging analysis of trade and lease receivables by invoice date is as follows:

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
0 - 30 days	37,225	16,902
31 - 90 days	7,930	4,339
91 - 180 days	1,613	572
181 - 365 days	—	257
Over 1 year	1,294	1,453
	<hr/>	<hr/>
Total	48,062	23,523
	<hr/> <hr/>	<hr/> <hr/>

The Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

All of the Group's trade and lease receivables are denominated in RMB.

19. Bank deposits and cash and cash equivalents

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Current		
Cash at bank and on hand	1,314,693	1,233,148
Short-term bank deposits with original maturity of less than three months	189,837	184,579
Cash and cash equivalents	1,504,530	1,417,727
Short-term bank deposits with original maturity of more than three months but less than twelve months	110,000	90,000
Long-term bank deposits due in twelve months with original maturity of more than twelve months	—	20,000
Total	1,614,530	1,527,727
Maximum exposure to credit risk	1,614,185	1,527,377

As at 30 June 2024, included in the bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB1,380,383,000 (31 December 2023: RMB1,289,621,000) 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 Chinese Mainland is subject to exchange control restrictions imposed by the Chinese government.

The credit quality of 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 bank deposits and cash and cash equivalents approximate their fair values.

Bank deposits and cash and cash equivalents are denominated in the following currencies:

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
RMB	1,380,728	1,289,971
HK\$	217,186	221,353
US\$	16,616	16,403
	<u>1,614,530</u>	<u>1,527,727</u>
Total	<u>1,614,530</u>	<u>1,527,727</u>

20. Deferred tax liabilities

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Beginning of the period	5,521,648	5,380,971
Deferred taxation charged to profit or loss (Note 11)	25,081	63,995
Deferred taxation charged/(credited) to reserve	18,538	(226)
	<u>5,565,267</u>	<u>5,444,740</u>
End of the period	<u>5,565,267</u>	<u>5,444,740</u>

21. Trade payables

The fair values of trade payables approximate their carrying amounts. The aging analysis of the trade payables by invoice date is as follows:

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
0 - 30 days	13,981	7,796
31 - 90 days	4,624	3,443
91 - 180 days	3,034	970
181-365 days	308	761
Over 1 year	290	1,293
	<hr/>	<hr/>
Total	22,237	14,263
	<hr/> <hr/>	<hr/> <hr/>

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

22. Rental deposits, receipts in advance, accruals and other payables

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Rental deposits		
Current portion	204,173	216,442
Non-current portion	184,733	192,097
	<hr/>	<hr/>
Subtotal	388,906	408,539
	<hr/>	<hr/>
Receipts in advance	84,560	111,392
	<hr/>	<hr/>
Accrued urban real estate tax	65,829	54,137
Accrued withholding tax payable	12,675	7,050
Accrued surcharge tax	16,929	15,568
Construction payable	177,475	179,854
Transaction costs payable for the acquisition of		
Gain Force Investments Limited (the “Acquisition”) (i)	—	7,731
Accrued interest expenses	76,767	93,106
Accruals for operating expenses	103,240	132,065
	<hr/>	<hr/>
Accruals and other payables	452,915	489,511
	<hr/>	<hr/>
Total	926,381	1,009,442
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) On 23 December 2021, the Group completed the acquisition of the 100% equity interest in Gain Force Investments Limited, which is engaged in the leasing of Yuexiu Financial Tower, an International Grade A office building located in Guangzhou.
- (ii) The carrying amounts of rental deposits, receipts in advance and accruals and other payables approximate their fair values. Majority of the Group’s rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

23. Borrowings

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Current		
Short-term bank borrowings		
- Unsecured	530,000	—
Current portion of long-term borrowings		
Bank borrowings		
- Secured (Note a)	165,000	165,000
- Unsecured	6,297,492	4,664,882
Other borrowings, unsecured (Note b)	—	1,014,799
	<u>6,992,492</u>	<u>5,844,681</u>
Total current borrowings		
	6,992,492	5,844,681
Non-current		
Long-term borrowings		
Bank borrowings		
- Secured (Note a)	5,029,067	5,110,233
- Unsecured	10,573,809	9,804,443
Other borrowings, unsecured (Note b)	4,346,318	5,339,880
	<u>19,949,194</u>	<u>20,254,556</u>
Total long-term borrowings		
	19,949,194	20,254,556
Less: current portion of long-term borrowings	(6,462,492)	(5,844,681)
	<u>13,486,702</u>	<u>14,409,875</u>
Non-current portion of long-term borrowings		
	13,486,702	14,409,875
Analysis into:		
- Unsecured	15,450,128	15,144,323
- Secured	5,029,066	5,110,233
	<u>20,479,194</u>	<u>20,254,556</u>
Total		
	20,479,194	20,254,556

Note a:

As at 30 June 2024, bank loans of approximately RMB5,029 million (31 December 2023: RMB5,110 million) are secured by certain parts of Guangzhou IFC with carrying value of RMB6,705 million (31 December 2023: RMB6,700 million).

Note b:

On 2 February 2021, Yuexiu REIT MTN Company Limited (“REIT MTN”), a wholly owned subsidiary of Yuexiu REIT, issued and sold a total of US\$400 million principal amount of 2.65% notes due in February 2026 to investors under the MTN Programme, which was updated in January 2021.

On 28 May 2019 and 14 June 2019, REIT MTN, issued and sold HK\$770 million and HK\$350 million principal amount of 3.6% additional notes to investors under the MTN Programme, which were matured and have been repaid in 2024.

On 24 March 2023, MOON KING LIMITED, a wholly owned subsidiary of Yuexiu REIT, issued and sold RMB1,500 million principal amount of 4.15% guaranteed notes due in March 2026.

24. Net assets attributable to unitholders

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Beginning of the period	15,632,979	16,104,395
Issuance of units	76,210	84,400
Transfer from the interim condensed consolidated statement of comprehensive income	(65,809)	(334,771)
Distributions paid during the period	(148,873)	(190,448)
End of the period	<u>15,494,507</u>	<u>15,663,576</u>

The movement of numbers of existing units is as below:

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Units in issue ('000)		
Beginning of the period	4,915,738	4,783,780
Manager's fee in form of units (Note a)	80,000	49,883
End of the period	<u>4,995,738</u>	<u>4,833,663</u>

Note a:

During the period, 80,000,000 units were issued for the payment of manager's fee (2023: 49,882,982 units).

25. (Loss)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders

(a) Basic

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

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>(30,779)</u>	<u>95,184</u>
Weighted average number of units in issue ('000)	<u><u>4,959,937</u></u>	<u><u>4,810,789</u></u>
Basic (loss)/earnings per unit (RMB)	<u><u>(0.01)</u></u>	<u><u>0.02</u></u>

(b) Diluted

Diluted (loss)/earnings per unit based upon (loss)/profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units outstanding and manager's fee in form of units during the period which are dilutive potential units. The deferred units outstanding and manager's fee in form of units during the six-month period ended 30 June 2024 are not included in the calculation of diluted loss per unit because they are antidilutive for the period ended 30 June 2024.

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
(Loss)/profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>(30,779)</u>	<u>95,184</u>
Weighted average number of units in issue ('000)	4,959,937	4,810,789
Adjustments for deferred units ('000) (Note)	—	254,809
Adjustments for manager's fee in form of units ('000)	<u>—</u>	<u>54,187</u>
Weighted average number of units for diluted (loss)/earnings per unit ('000)	<u>4,959,937</u>	<u>5,119,785</u>
Diluted (loss)/earnings per unit (RMB)	<u>(0.01)</u>	<u>0.02</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 “Deferred Units”). The number of Deferred 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 2021 Circular, in light of the subscription price of the Rights Issue (being HK\$3.20) being at a discount greater than 10% of the average of the daily closing prices of the Units for the five consecutive trading days preceding the date of the announcement (being HK\$3.67), which was made on 24 October 2021 in relation to the Acquisition, the issue price for the Deferred Units (the “Deferred Units Issue Price”) shall be adjusted by multiplying the current Deferred Units Issue Price (being HK\$4.00 per Unit) by the fraction as set out under the indebtedness agreement dated 28 May 2012 between YXP, the Trustee and the Manager and further described in the 2021 Circular (the “Deferred Units Issue Price Adjustment”). The Deferred Units Issue Price Adjustment took effect upon the completion of the Rights Issue on 26 January 2022.

The adjusted Deferred Units Issue Price is HK\$3.86 per Unit and the Deferred Units to be issued was adjusted to 329,809,000 units following the Deferred Units Issue Price Adjustment.

26. Capital commitments

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment and investment properties Contracted but not provided for	<u>25,914</u>	<u>35,588</u>

27. Future minimum rental receivables

At 30 June 2024 and 31 December 2023, the Group had future minimum rental receivables under non-cancellable leases as follows:

	30 June	31 December
	2024	2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Within one year	1,267,676	1,106,763
Between one year and five years	1,502,307	1,448,178
Over five years	<u>21,448</u>	<u>21,429</u>
Total	<u>2,791,431</u>	<u>2,576,370</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, 15 August 2024

As at the date of this announcement, the Board 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 Fai Brian, Mr. CHAN Chi On Derek, Mr. CHEUNG Yuk Tong and Mr. CHEN Xiaou