



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)



YUEXIU
REIT

2005-2023

VISION FOR

A STEADY FORTUNE

ANNUAL REPORT 2023



WUHAN



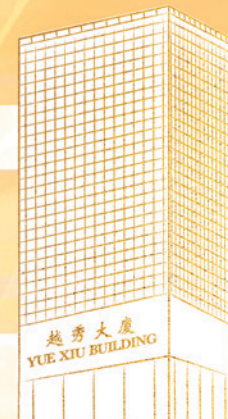
GUANGZHOU



HANGZHOU



SHANGHAI



HONGKONG

越秀大廈
YUE XIU BUILDING

18 YUEXIU REIT 2005-2023



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PROFILE OF YUEXIU REIT

PROFILE OF YUEXIU REAL ESTATE INVESTMENT TRUST (“YUEXIU REIT”)

Yuexiu REIT is a Hong Kong real estate investment trust constituted by a trust deed entered into on 7 December 2005 (the “Trust Deed”) between HSBC Institutional Trust Services (Asia) Limited as the trustee (the “Trustee”) and Yuexiu REIT Asset Management Limited as the manager of Yuexiu REIT (“Manager”) as modified by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplemental Trust Deed dated 25 July 2012, the Fourth Supplemental Deed dated 3 April 2020 and the Fifth Supplemental Deed dated 28 May 2021 made between the same parties. Yuexiu REIT was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 21 December 2005 (the “Listing Date”).

Yuexiu REIT’s property portfolio (the “Properties”) consists of six commercial properties located in Guangzhou, one commercial property located in Shanghai, one commercial property located in Wuhan, one commercial property located in Hangzhou, and two floors of commercial building located in Hong Kong. Yuexiu REIT is the first listed real estate investment trust in the world which invests in real properties in the mainland of the People’s Republic of China (the “PRC”).

UNITHOLDERS CALENDAR

UNITHOLDERS CALENDAR 2024-2025



DISTRIBUTION

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

In light of the above, the Manager has determined that the final distribution to the Unitholders for the period from 1 July 2023 to 31 December 2023 ("2023 Final Period") will be approximately RMB0.0303 which is equivalent to HK\$0.0334 (2022: RMB0.0399 which is equivalent to HK\$0.0453) per Unit. Such final distribution per Unit is subject to adjustment once new units are issued to the Manager (in satisfaction of the Managers fees) prior to the record date for the 2023 Final Period distribution. A further announcement will be made to inform Unitholders of the final Distribution per Unit for the 2023 Final Period.

The final distribution for the 2023 Final Period, together with the interim distribution of Yuexiu REIT for the six-month period from 1 January 2023 to 30 June 2023 ("2023 Interim Period") being approximately RMB0.0541 which is equivalent to HK\$0.0590 (2022: RMB0.0734 which is equivalent to HK\$0.0853) per Unit, represents a total distribution to each Unitholder for the Reporting Year of approximately RMB0.0844 which is equivalent to HK\$0.0924 (2022: approximately RMB0.1133 which is equivalent to HK\$0.1306).

The total distribution amount for the Reporting Year, being approximately RMB409,842,000 (2022: RMB533,324,000), includes an amount of approximately RMB170,273,000 (2022: RMB223,000,000), that is capital in nature. The total distribution amount for the Reporting Year comprises the distributable amount calculated pursuant to the formula set out in the OC (being approximately RMB244,286,000) plus a further distribution of approximately RMB165,556,000 having regard to the abovementioned discretion of the Manager under Yuexiu REIT's trust deed to distribute excess amounts where it has surplus funds. Further details regarding the breakdown of the total distributable amount are set out in the Distribution Statement.

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

Yuexiu REIT aims at providing steady returns to its Unitholders derived from the gross income of its Properties. It has been distributing no less than 100% of Total Distributable Income for 18 consecutive years after listing in 2005.

Distribution Yield

Disregarding new units to be issued prior to the relevant record date with respect to the Manager's fees, Distribution per Unit ("DPU") for the Reporting Year is approximately HK\$0.0924 (2022: HK\$0.1306), of which approximately HK\$0.0381 (2022: HK\$0.0528) is attributable to capital items, represents a yield of approximately 7.33% (2022: 6.63%) per Unit based on the closing price of HK\$1.26 per Unit as at 31 December 2023 (2022: HK\$1.97).

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the final distribution will be 11 April 2024. The register of Unitholders will be closed from 11 April 2024 to 12 April 2024, both days inclusive, during which period no transfer of units will be effected. In order to be qualify for the distribution, all unit certificates with completed transfer forms must be lodged with Yuexiu REIT's unit registrar, Tricor Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 10 April 2024. The final distribution will be paid on 24 May 2024 to the Unitholders whose names appear on the register of Unitholders on 11 April 2024.

PERFORMANCE SUMMARY

FINANCE



Gross revenue (RMB million)



2,086.86

11.4%

Year-on-Year ("YOY")



Net property income (RMB million)

1,475.26

8.8% YOY



Earnings per unit - Basic (RMB)

0.001

100.8% YOY



Portfolio Valuation (RMB million)

42,559.15

0.5% YOY



NAV attributable to each unitholder (RMB)

3.18

5.6% YOY



YEAR-END PROPERTY OCCUPANCY RATE



85.0%

0.6% YOY



DISTRIBUTION (RMB million)



409.84

23.2% YOY



DEBT RATIO



46.2%

0.8 percentage point YOY



AVERAGE EFFECTIVE INTEREST RATE



4.60%

50.8% YOY



CHAIRMAN'S STATEMENT

DEAR UNITHOLDERS OF YUEXIU REIT,

On behalf of the management team of Yuexiu REIT Asset Management Limited ("Manager"), the Manager of Yuexiu Real Estate Investment Trust ("Yuexiu REIT"), I am very pleased to present to you the 2023 annual report of Yuexiu REIT.

LIN DELIANG
Chairman



RESULTS AND DISTRIBUTION

In 2023, the year of economic recovery and development following the transition of COVID-19 pandemic control measures over the past three years, the global economy was sluggish, the international landscape was evolving and geopolitical conflicts were frequent, with the complexity, severity and uncertainty of the external environment increasing. As the domestic economy faced many cyclical and structural problems, the economic recovery fell short of expectations. In the face of the challenging market situation and fierce competition in the industry, Yuexiu REIT had consistently adhered to the philosophy of implementing long-term strategies, combined with the quality of our premium properties and the excellent efforts made by all members of the management team, thereby delivering hard-won results for the investors.

As at 31 December 2023, the ten properties currently owned by Yuexiu REIT comprised White Horse Building Units (“White Horse Building”), Fortune Plaza Units (“Fortune Plaza”), City Development Plaza Units (“City Development Plaza”), Victory Plaza Units (“Victory Plaza”), Guangzhou International Finance Centre (“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 Centre Units (“Hangzhou Victory”), located in Hangzhou; and 17th and 23rd Floors of Yue Xiu Building Units (“Hong Kong Yue Xiu Building”), located in Hong Kong, with a total rentable area of 803,984.1 sq.m..

As at 31 December 2023, the overall occupancy rate of properties under Yuexiu REIT was 85.0%. During the Reporting Year, Yuexiu REIT recorded a total operating revenue of approximately RMB2,086,855,000, representing an increase of 11.4% as compared to RMB1,872,860,000 for the same period last year.

In 2023, Yuexiu REIT recorded a total distributable income of approximately RMB409,842,000, representing a decrease of approximately RMB123,482,000 or approximately 23.2% as compared to the total distributable income of RMB533,324,000 for the corresponding period of the previous year. The policy of the Manager is to distribute 100% of the entire distributable income during the Reporting Year to the Unitholders. Each Unitholder will receive a distribution amount of approximately HK\$0.0924 per Unit, representing a decrease of approximately HK\$0.0382 or approximately 29.2% as compared to the distribution amount of HK\$0.1306 for the corresponding period of the previous year. Based on the closing price of HK\$1.26 on 31 December 2023, the yield was approximately 7.33%.

MACRO ECONOMY

2023 witnessed sluggish global economy, ever-changing international landscape and frequent geopolitical conflicts, with escalating complexity, severity and uncertainty of the external environment. The domestic economy faced many cyclical and structural problems, but with a steady transition of the COVID-19 control measures, the economy and society have fully returned to normal. Total retail sales of consumer goods hit a record high, consumption became the main driving force for economic growth again, and prices generally maintained a moderate upward trend. According to the preliminary calculations by the National Bureau of Statistics, GDP for 2023 in China was RMB126,058.2 billion, representing an increase of 5.2% year-on-year. China’s economic growth takes the leading position among the world’s major economies, which is expected to contribute more than 30% to world economic growth, and is the largest engine of world economic growth.

The economic development of Guangzhou recovered steadily under pressure over the past year, despite new situations and challenges characterised by a wave-like development with twists and turns as well as many hidden risks in key areas. The city GDP exceeded RMB3,035.573 billion for the first time, and the economic and social development showed qualitative improvement, quantitative growth, and a positive trend. Both the total retail sales of consumer goods and the total value of its imports and exports exceeded RMB1 trillion for the third consecutive year, serving as the key engine of economic growth. New productive forces, driven by technological innovation, guided by industrial upgrading, and represented by digital integration, are gradually gathering momentum, serving as the solid foundation for Guangzhou’s leadership in high-quality development, and helping Guangzhou continue to play a leading and driving role in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area.

In 2023, Shanghai’s economy demonstrated a steady recovery trend, with accelerated cultivation of new economic drivers and continuous improvement in industrial capacity. The city achieved an annual GDP of RMB4,721.866 billion, up by 5.0% year-on-year, maintaining its first place among core economic centres in China. Shanghai’s emerging industries gained a good momentum of development, with the output value of new energy vehicles and new energy industries in the strategic emerging industries increasing by 32.1% and 21.3% year-on-year, respectively. Consumption and investment in Shanghai improved steadily, with total retail sales of consumer goods increasing by 12.6% year-on-year and fixed asset investment growing by 13.8%.

CHAIRMAN'S STATEMENT

Based on the preliminary figures, Wuhan's GDP reached RMB2,001.165 billion in 2023, with the total economic output amounting to RMB2 trillion, making a new leap in development capacity, of which the proportion of the tertiary industries in GDP increased by 1.7 percentage points year-on-year. The consumer market in Wuhan recovered at an accelerated pace. Consumption stood out among the "three economic drivers" of Wuhan's economic development, with total retail sales of consumer goods increasing by 8.6% year-on-year, reaching the RMB700 billion level once again after four years.

In 2023, Hangzhou's economy made steady recovery, with its economic output soaring to a new level of RMB2 trillion. The successful hosting of the Asian Games also marked the city's entry into the ranks of megacities. The annual GDP was RMB2,005.9 billion, up by 5.6% year-on-year, with outstanding contributions from the service industry, which drove GDP growth by 4.9 percentage points, contributing 89.0% to economic growth, and becoming the main driver of economic recovery.

MARKET REVIEW

Office Leasing Market

In 2023, the Grade A office market in Guangzhou saw a new supply of 461,000 sq.m., a new high in the past seven years, and the city-wide stock of Grade A office increased to 6,495,000 sq.m.. Although new supply continued to emerge, thanks to the moderate market recovery, net absorption for the year turned from negative to positive at 91,000 sq.m., with a city-wide vacancy rate of 18.7%. As the continuous increase in rentable area intensified regional competition, many landlords adopted a strategy of boosting transactions with lower prices, leading to sustained downward fluctuation in the city-wide rents. As of the fourth quarter of 2023, the city-wide average rent recorded RMB149.7 per sq.m. per month, representing both a quarter-on-quarter and year-on-year decrease. By virtue of its landmark location and product advantages, Zhujiang New Town has maintained its leading position and remains the most popular choice in Guangzhou, with the annual transaction area accounting for 44.5% of the city's total.

Throughout 2023, the office market in Shanghai remained flat. The sluggish market ushered in a supply peak, leading to an increase in the vacancy rate to 20%. Extensive market supply and insufficient leasing demand intensified competition among office building projects and prolonged the project de-stocking cycle. The city-wide rent level dropped to a ten-year low of RMB7.17 per sq.m. per day. Some landlords remained prudent about rents, and "stabilising rent levels and improving services" became the prevailing leasing policy of some landlords. New leases by and expansion of enterprises slowed down significantly, and professional services, finance and internet technology remained the top three sectors in 2023, in terms of demand.

As at the end of the fourth quarter of 2023, the office market in Wuhan recorded a new supply of approximately 180,000 sq.m. throughout the year, with some projects delayed in delivery and the pace of supply slowing down significantly as compared with the previous year. New project supply to the market, coupled with limited release of demand, drove the overall vacancy rate to a high level of 38%. Intense competition between new and old projects was observed in the existing market, and landlords gradually employed a strategy of boosting transactions with lower prices to improve occupancy rates. The city-wide rent level kept declining, and the overall rent fell back to RMB89 per sq.m. per month. Cost-effective office spaces were more favoured in the market.

The office market in Hangzhou saw a new supply of 333,000 sq.m. in 2023, pushing up the vacancy rate to 17.7%. Certain high-quality large-scale projects launched well-decorated products that allow easy move-in to seize more market opportunities for de-stocking, reflecting the fierce competition in the existing market. New rental demand stemmed mainly from the finance, professional services and internet technology sectors, most of which was for relocation and replacement. As landlords and office operators continued to offer more flexible commercial terms and incentives for lease renewals, the rent kept falling to RMB3.85 per sq.m. per day.

Retail Market

In 2023, Guangzhou experienced an improvement in vacancy rates as fewer high-quality new projects commenced operation and absorption accelerated significantly. The prime retail property market in Guangzhou recorded three projects throughout the year, with a total new supply of 180,000 sq.m., representing a year-on-year decrease of 45.9%. Net absorption for the year reached 222,000 sq.m., representing a year-on-year increase of 100.2%. Proactive leasing strategies and flexible incentives offered by shopping mall owners resulted in rent reductions, but also effectively reduced the leasing of the vacant space. From the second quarter, the city-wide vacancy rate fell for three consecutive quarters to 8.3% as at the end of the year, down by 2.9 percentage points year-on-year.

In 2023, the prime retail property market in Wuhan accumulated a total of 8,847,000 sq.m.. As the first project to commence operation in the city in 2023, Yuexiu IFC Shopping Mall debuted in the second quarter, adding approximately 71,000 sq.m. of new supply. Benefiting from statutory holidays and shopping festivals, consumption picked up rapidly. As rents in the prime retail property market in Wuhan declined slightly, and combined with the effect of "boosting transactions with lower prices", the dynamic demand for large-area space (used for offline experience-based businesses, such as entertainment, lifestyle and services) was released. For certain existing shopping malls with high vacancy rates, occupancy rates grew, and the city-wide vacancy rate fell by 0.2 percentage point to 13.0%.

Specialised Apparel Market

In the post-pandemic era, the recovery of business customer flows and spending power falls short of expectations and consumer confidence in the retail sector remained at low level, therefore it will take time for the specialised apparel market to recover. There are various challenges and risks, in particular: (1) the industrial base remains weak, so it still takes time for the industrial chain to recover from design and R&D, material supply, factory capacity to downstream consumption momentum; (2) channel diversification, as the pandemic has caused terminal consumption habits to move online, intermediate channels to transform into e-commerce, as well as the shift of customer acquisition channels, B-end merchants are developing through diversified channels; and (3) lack of business confidence, as merchants are exposed to tightened capital chains and their market expectations remain cautious, they need platforms to support their common development and seek more resources to support growth.

Hotel and Serviced Apartment Market

With the release of three years of pent-up travel demand, hotels have also ushered in the dawn of recovery. During the three long holidays in 2023, the hotel industry has even frequently experienced full occupation, which has not been seen for a long time. According to a market report from Jones Lang LaSalle, as of November 2023, the high-end and above hotel market in Guangzhou recorded an occupancy rate of 72.8%, and the average room rate and revenue per available room were RMB1,002 and RMB729, respectively. The luxury hotel market experienced an even stronger recovery than the high-end hotel market. The luxury hotel market in Guangzhou recorded an occupancy rate of 81.6%, substantially in line with 2019, and the average room rate and revenue per available room were RMB1,275 and RMB1,040, respectively, both approximately 6% higher than the levels in the corresponding period of 2019.

CHAIRMAN'S STATEMENT

BUSINESS OPERATING STRATEGIES

Deeply understanding and adapting to the changes in the industry, the Manager strengthened active and lean management, implemented more practical, effective and targeted leasing strategies; seized market opportunities in a proactive manner, and continuously sought to optimise and adjust the tenant structure to deliver a long-term sustained business growth and stable rental returns.

In terms of **office buildings**, the Manager joined hands with customers to build a win-win and cooperative office ecosystem based on the idea of "space value, service value, equity value and ecological value". First, the Manager continued to tap into the highlights and advantages of the projects, and promoted the advantages of the projects by learning from the successful practices and experiences of competitive products to promote strengths and avoid weaknesses. Second, the Manager was committed to providing value to customers, enhancing the core competitiveness of the projects, and building a healthy and long-lasting cooperative relationship with office customers. Third, the Manager paid attention to customer experience, and strived to create a clean and warm atmosphere and provide high-quality and caring soft services to customers by adhering to the service idea of "people-oriented" and "customer-centric", so as to continuously optimise the tenant structure. Fourth, the Manager took the initiative to attract customers, actively responded to the market downturn and intensified efforts in business solicitation and customer acquisition.

In terms of **retail shopping malls**, the Manager implemented precise business solicitation and adjustment according to the consumption characteristics during the post-pandemic recovery period, and strengthened the compatibility of brand optimisation; refined operations and promotions to elevate the efficiency of resource integration and facilitate connections among tenants; improved business details to capture holiday consumption demand, combined with the organisation of activities such as "Fashion Festival (悦潮), Shopping Festival (悦购) and Food Festival (悦食)" to promote the rapid increase in sales and customer flow; initiated lease renewals with expiring units and key tenants in advance and implemented business solicitation in advance to retain a reserve of customers, thereby mitigating the risk of lease termination and stabilising the project operations; systematically operated membership and private communities to promote members' consumption.

In terms of **specialised market**, the Manager quickly reformulated the leasing decision-making system in combination with market demand and the recovery window due to the relaxation of pandemic control, and formulated differentiated pricing strategies according to floor situations, thereby controlling the risk of recording a decline in the occupancy rate and stabilising the operations of the building; arranged lease renewals with expiring floors and units in advance, and provided incentives for early renewals to retain customers and reduce the pressure of soliciting new business; tapped deep into the business arena for high-quality customers, and introduced leading brands to the first floor, thereby innovating business models and breaking through the challenging business solicitation situation faced by hard-to-let floors and regions; adopted omni-channel marketing approaches in combination with the government, industry associations and other resources to continuously build the brand influence of White Horse Building; proactively made connections with the supply chain to attract more purchasers, thereby fully empowering operations to promote transactions.

In terms of **the hotels**, the Manager maintained the ability to charge a premium for rooms in the individual leisure traveller market. With the gradual and full recovery of international flight capacity, the Manager made deployment in international travel platforms in advance and balanced between consolidating the core sales channels and operating new media publicity channels to continuously enhance market competitiveness. As for the room business, the Manager continued to upgrade the integration of online and offline events to increase the activity of the products in the market; paid attention to the emerging consumption hotspots and channels; actively supported the hotels' own channels to cultivate high-net-worth customers with high consumption frequency. As for the catering business, the Manager transformed the business based on the idea of "core customer groups and product pricing", responded to changes with transformation, and continued to bring forth the new.

In terms of **the serviced apartments**, the Manager adhered to the strategy of “stabilising the quantity for long-term rental business and raising prices for short-term rental business”. As for the long-term rental market, the Manager exerted more efforts in developing and maintaining the upstream and downstream industry chain of main customer groups, continued to build Ascott’s community culture with a variety of guest activities organised at the clubhouse, thereby enhancing the loyalty of customer groups for long-term rental business. As for the short-term rental market, the Manager took advantage of the peak season for family travel and continued to enhance the promotion of “Room+” products to effectively increase the share of short-term rentals.

INVESTMENT AND FINANCIAL STRATEGY

The Manager adhered to a prudent and reliable investment development strategy, developed high development potential cities based on the Guangdong-Hong Kong-Macao Greater Bay Area, and expanded the evaluation scope of investment properties to include sustainable development standards. In 2022, the Group acquired two commercial properties in Hong Kong, which led to a more diversified asset portfolio. The Manager will review the operation and investment returns of its properties from time to time. Upholding the policy of continuous optimisation of asset portfolio, the Manager will also dispose non-core projects with weakening growth in a timely manner and strive to create steady and sustainable returns for the Unitholders.

Yuexiu REIT implemented stable and prudent financial policies. As at 31 December 2023, the ratio of total borrowings to total assets of the Yuexiu REIT was maintained at the level of 46.2%, which still had room for the upper limit of 50.0% as stipulated in the REIT Code. The Manager paid close attention to the changes in interest rates and exchange rates, proactively expanded capital channels, made reasonable planning for overseas loans as they fall due in future and sought to obtain an appropriate average rate of financing cost.

In response to the impact of exchange rate fluctuations on the operating results of Yuexiu REIT, the Manager utilised the capital cost advantage of Renminbi to replace high-interest overseas loans, thereby saving part of the financing cost. Throughout 2023, over RMB8 billion of financing replacement was completed, with an average financing cost of 3.48%. The Manager has continuously paid close attention to the trend in foreign exchange market while seeking effective control over exchange rate risk at a reasonable cost. The foreign exchange risk exposure was approximately 56.0% at the end of December 2023.

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

ASSET ENHANCEMENT STRATEGIES

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

CHAIRMAN'S STATEMENT

PROSPECTS

Looking ahead to 2024, the global environment remains complex and challenging, with lacklustre domestic demand, overcapacity in some industries, weak social expectations, and relatively high potential risks. 2024 will be a crucial year for the implementation of the national 14th Five-year Plan, and some challenges and difficulties are expected to arise, but on the whole, opportunities outweigh challenges, and the basic trend of China's long-term growth remains unchanged.

In 2024, Guangzhou will further push forward the new phase of construction of the Guangdong-Hong Kong-Macao Greater Bay Area and strengthen its role as a major growth contributor and driving force for high-quality development. Guangzhou will prioritise industry development, build a manufacturing city, cultivate the advantages of economic development, and build itself into a better city with advanced manufacturing, quality, network, finance and ocean at a faster pace. It will also strive to expand domestic demand and stabilise external demand to enhance the endogenous driving force for economic growth, with a view to achieving fixed asset investment of RMB1 trillion in the society as a whole. In 2024, growth rate of GDP in Guangzhou is expected to stand at no less than 5%, with fixed asset investment increasing by 6% and total retail sales of consumer goods increasing by 5.5%.

In 2024, Grade A office in Guangzhou is expected to see a new supply of more than 700,000 sq.m., mainly in Pazhou and International Finance City, while the mature business districts, including Zhujiang New Town, Sports Centre and Yuexiu Business District, are expected to maintain the existing stock in the short term. Over the next five years, a new supply of approximately 3.69 million sq.m. is forecast to add to the core business district, mainly clustered in Pazhou (47%) and International Finance City (49%), with the peak of supply possibly extending to 2026.

In the next three years, the prime retail property market in Guangzhou is about to see a new supply of 1,204,000 sq.m.. In addition to the mature business districts, emerging sub-markets such as International Finance City and Nansha will also see the opening of prime shopping malls.

Looking ahead, demand for low value-added apparel exports will continue to decline, while domestic quality apparel trading platforms will continue to be favoured in the market, with an obvious clustering effect at the top. Guangzhou's urban development has brought opportunities and challenges to the traditional apparel industry. The government is promoting the optimisation and upgrading of traditional industries, comprehensively driving the upgrading of the industrial base and the modernisation of the industrial chain, and seeking new breakthroughs in the strengthening of chain clusters. Traditional advantageous industries such as apparel, leather goods and bags will become key areas for Guangzhou to build a national consumption centre. Meanwhile, the new layout of the city may bring uncertainty, as the urban renewal of Guangzhou will inevitably bring changes in traffic patterns and possible shift of business districts, overall market competition pressure will continue to rise.

The overall revenue forecast for the hotel industry in 2024 remains cautiously optimistic. While companies will maintain the same business travel pattern as in 2023, they may also continue the general trend of budget compression to achieve cost reductions and efficiencies. As such, the market as a whole is still showing a lack of demand, and the recovery of both occupancy rate and average room rate is desired following the wake of retaliatory spending. The depression of the traditional business market has in turn driven the expansion of hotel brands characterised by lifestyle, personalisation and Chinese culture. Products with "leisure + business" functions cover a wider range of customer base with different travel purposes and budgets and are expected to lead the market segment in the future.

In 2024, Shanghai will focus on enhancing its status as an international economic centre and its influence in global economic governance, accelerating the construction of a modernised industrial system consisting of "Two Integrations + Two Transformations" + "Three Pilot Industries + Six Key Industries" + "Four Emerging Industries + Five Future Industry Directions", so as to further expand the total economic scale and vigorously develop new productivity. The expected economic growth target of Shanghai in 2024 is set at around 5%.

In the next five years, the office market in Shanghai will see a new supply of more than 3 million sq.m., of which 1.21 million sq.m. will be in the core business district and 1.94 million sq.m. in the emerging business districts. The city-wide vacancy rate of office buildings in Shanghai will reach a record high in 2024, with the core district experiencing a significant increase in vacancy rate and rents continuing to decline until 2025 before stabilising.

In 2024, Wuhan will take innovation-driven as the predominant strategy for urban development, accelerate the building of a scientific and technological innovation centre with national influence; speed up the construction of a modern industrial system with advanced manufacturing as the core to develop new productivity; and accelerate the formation of a virtuous circle of mutual promotion of consumption and investment, thereby shaping the Greater Wuhan market. The expected economic growth target of Wuhan in 2024 is set at around 6%.

Wuhan will still see high supply of Grade A office in 2024, with the delivery of approximately 260,000 sq.m. of high-quality office space, including Hong Kong Centre Tower A, China Resources Land Building, Tower 1 and Yuexiu International Financial City Tower 5. It is expected that 1.38 million sq.m. of future supply will be put into service in Wuhan in the next five years, and the peak supply is expected to intensify market competition. As a result, rental rates are expected to remain under pressure in the near future and vacancy rates will remain high.

Having become a megacity, Hangzhou is committed to accelerating the cultivation of characteristic and advantageous industrial clusters in 2024, empowering the digital economy to achieve another leap forward, fostering enterprises with new momentum in the digital economy, and maximise the development vitality of the platform economy. The expected economic growth target of Hangzhou in 2024 is set at around 5.5%.

The Hangzhou market will observe prudent demand for office expansion or new leasing in 2024, and the relocation and replacement of enterprises and workplace consolidation demand may represent the best opportunities for de-stocking, while new energy, biomedicine, AIGC, new retail and other sub-sectors emerged from the transformation of the industrial structure will drive market activity.

We are cautiously optimistic that with the combination of its premium portfolio of properties coupled with its professional management team, Yuexiu REIT will adhere to its original aspiration of maximising asset value. Through the implementation of proactive and prudent leasing strategies, Yuexiu REIT will strive to tap the potential of business solicitation and tenants acquisition, strengthen the magnetic force of organising activities to attract customers, deepen the digital empowerment to promote talents acquisition and operation, keenly grasp the potential investment opportunities to steadily advance debt restructuring, and expand financing opportunities in the capital market to effectively reduce financing costs, continuously generating stable return to the Unitholders.

APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the Directors, senior management and staff for their dedicated hard work in the development of Yuexiu REIT, and our heartfelt thanks to all Unitholders, tenants and business partners for their strong support for Yuexiu REIT.

LIN DELIANG

Chairman

Hong Kong, 7 March 2024

2023 BUSINESS REVIEW AND FUTURE PROSPECTS

BUSINESS REVIEW

In 2023, the first year following the optimisation of pandemic prevention policies, the domestic macro economy experienced a wave-like recovery. However, the extent of recovery and market performance in various industries deviated slightly from our expectations. The Manager faced up to the operating pressure and implemented targeted measures for projects in various business formats, which included focusing on improving customer quality for office projects, actively promoting the optimisation of business development and adjustments for retail shopping malls, boosting business performance of hotels and serviced apartments by grasping opportunities brought about by the recovery of tourism, and achieving operational breakthroughs and steady growth in the innovation of specialised market, thereby delivering hard-won results for the Unitholders.

PROPERTY PORTFOLIO AND VALUATION

As of 31 December 2023, Yuexiu REIT's portfolio of properties consisted of ten properties, namely, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Yuexiu Financial Tower, located in Guangzhou; Shanghai Yue Xiu Tower, located in Shanghai; Wuhan Properties, located in Wuhan; Hangzhou Victory, located in Hangzhou; and Hong Kong Yue Xiu Building, located in Hong Kong. The total gross floor area of the properties was 1,184,156.5 sq.m. and the total rentable area was 803,984.1 sq.m. (excluding 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m. of parking space of City Development Plaza; 91,460.9 sq.m. of hotel, 51,102.3 sq.m. of serviced apartments, 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area of Shanghai Yue Xiu Tower; 62,785.8 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).

PARTICULARS OF THE PROPERTIES ARE AS FOLLOWS:

Property	Type	Location	Year of Completion	Gross Floor Area (sq.m.)	Rentable Area (sq.m.)	Property	Number of Lease ⁽¹⁾	Unit Rent ⁽¹⁾ (RMB/sq.m./month)
						Occupancy Rate ⁽¹⁾		
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	95.8%	857	449.1
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2 ⁽²⁾	92.4%	104	149.7
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4 ⁽³⁾	88.8%	80	138.2
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	93.5%	28	256.2
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	88.3%	257	219.3
Including:	Grade A office			267,804.4	183,539.6 ⁽⁴⁾	85.7%	197	234.9
	Retail shopping mall			46,989.2	46,727.3	98.2%	60	172.2
	Hotel			91,460.9 ⁽⁵⁾	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Shanghai Yue Xiu Tower	Grade A office	Pudong New District, Shanghai	2010	62,139.4	46,026.3 ⁽⁶⁾	89.2%	120	223.8
Wuhan Properties	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	67.3%	244	70.2
Including:	Grade A office		2016	139,937.1	129,446.7 ⁽⁷⁾	59.6%	151	82.8
	Retail shopping mall		2015	45,471.4	43,546.6 ⁽⁸⁾	90.2%	93	49.1
	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 ⁽⁹⁾	98.5%	32	126.8
Yuexiu Financial Tower	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8 ⁽¹⁰⁾	88.5%	207	204.2
Hong Kong Yue Xiu Building	Office	Wanchai, Hong Kong	1985	872.2	872.2	100%	4	323.0
Total				1,184,156.5	803,984.1	85.0%	1,933	197.8

2023 BUSINESS REVIEW AND FUTURE PROSPECTS

Notes:

- (1) As at 31 December 2023;
- (2) Excluding 1,408.3 sq.m. of parking space;
- (3) Excluding 2,104.3 sq.m. of parking space;
- (4) Excluding 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area;
- (5) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor area;
- (6) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor);
- (7) Excluding 10,490.3 sq.m. of common facilities area and refuge floor area;
- (8) Excluding 1,924.8 sq.m. of common facilities area;
- (9) Excluding 17,663.6 sq.m. of parking space;
- (10) Excluding 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area.

SEGMENTS OF THE PROPERTIES ARE AS FOLLOWS:

Rental Property	Gross Floor Area (sq.m.)	Rentable Area (sq.m.)	Occupancy Rate ⁽¹⁾	Percentage point increase/ (decrease) as compared to the same period in 2022	Unit Rent (VAT exclusive) ⁽¹⁾ (RMB/sq.m./month)	Percentage increase/ (decrease) as compared to the same period in 2022	Operating Income ⁽²⁾ (RMB'000)
Office	871,235.3	636,319.1 ⁽³⁾	82.5%	(2.2)	185.3	(1.1)%	1,204,633
Retail Shopping Mall	120,158.7	117,536.1 ⁽⁴⁾	94.2%	2.7	147.9	6.6%	162,670
Wholesale	50,199.3	50,128.9 ⁽⁵⁾	95.8%	14.6	449.1	(11.1)%	183,918

Notes:

- (1) As at 31 December 2023;
- (2) For the year ended 31 December 2023;
- (3) Excluding 1,408.3 sq.m. of parking space of Fortune Plaza; 2,104.3 sq.m. of parking space of City Development Plaza; 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area of GZIFC; 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor) of Shanghai Yue Xiu Tower; 62,785.8 sq.m. of parking space and 10,490.3 sq.m. of specific purpose area (common facilities area and refuge floor) of Wuhan Yuexiu Fortune Centre, 17,663.6 sq.m. of parking space of Hangzhou Victory and 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area of Yuexiu Financial Tower;
- (4) Excluding 435.9 sq.m. of other ancillary facilities area of Victory Plaza, 261.9 sq.m. of other ancillary facilities area of GZIFC Shopping Mall and 1,924.8 sq.m. of other ancillary facilities area of Wuhan Starry Victoria Shopping Centre;
- (5) Excluding 70.4 sq.m. of other ancillary facilities area of White Horse Building.

Operational Property	Type	Commencement of Operation	Gross Floor Area (sq.m.)	No. of Units (units)	Average Occupancy Rate ⁽¹⁾	Average Room Rate ⁽¹⁾ (RMB)
Four Seasons Hotel Guangzhou	Five-star hotel	August 2012	91,460.9	344	79.9%	2,238
Ascott Serviced Apartment GZIFC	High-end serviced apartments	September 2012	51,102.3	314	90.2%	1,117

Notes:

- (1) From 1 January 2023 to 31 December 2023;
- (2) Both hotel and serviced apartments are entrusted operation.

2023 BUSINESS REVIEW AND FUTURE PROSPECTS

PROPERTY VALUATION

On 31 December 2023, revaluation of the portfolio of properties of Yuexiu REIT was carried out by Savills Valuation and Professional Services Limited, an independent professional valuer, and the revalued market value was approximately RMB42.559 billion.

The following table summarises the valuation of each of the properties as at 31 December 2023 and 31 December 2022:

Name of Property	Valuation as at 31 December 2023 RMB million	Valuation as at 31 December 2022 RMB million	Increase/ (decrease) percentage
White Horse Building	4,805	4,861	(1.2)%
Fortune Plaza	1,248	1,252	(0.3)%
City Development Plaza	1,028	1,044	(1.5)%
Victory Plaza	956	955	0.1%
GZIFC	19,001	18,720	1.5%
Shanghai Yue Xiu Tower	2,992	3,031	(1.3)%
Wuhan Properties	3,481	3,598	(3.3)%
Hangzhou Victory	624	625	(0.2)%
Yuexiu Financial Tower	8,315	8,158	1.9%
Hong Kong Yue Xiu Building	109	115	(5.2)%
Total	42,559	42,359	0.5%

LEASE EXPIRY OF THE PROPERTIES

In the next five years and beyond, in respect of the rented area, percentage of expiring leases of Yuexiu REIT Properties each year will be 28.9%, 28.8%, 25.8%, 6.2% and 10.3% respectively. In respect of basic monthly rentals, percentage of lease expiry each year will be 32.5%, 29.4%, 24.5%, 5.6% and 8.0% respectively.

Revenue increased

In 2023, the properties of Yuexiu REIT recorded total revenue of approximately RMB2,086,855,000, representing an increase of 11.4% as compared to the same period of the previous year. Among which, White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, GZIFC, Shanghai Yue Xiu Tower, Wuhan Properties, Hangzhou Victory, Yuexiu Financial Tower and Hong Kong Yue Xiu Building accounted for approximately 8.8%, 3.6%, 3.4%, 3.6%, 49.4%, 5.0%, 5.2%, 1.7%, 19.1% and 0.2% of the total revenue, respectively.

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

Name of Property	Revenue in 2023 RMB million	Revenue in 2022 RMB million	Increase/ (Decrease) Compared to 2022 RMB million	Increase/ (Decrease) % %
White Horse Building	183.9	93.3	90.6	97.1%
Fortune Plaza	76.1	70.0	6.1	8.7%
City Development Plaza	70.9	67.0	3.9	5.8%
Victory Plaza	74.3	64.9	9.4	14.5%
GZIFC				
Office	427.3	465.1	(37.8)	(8.1)%
Retail shopping mall	68.4	64.6	3.8	5.9%
Hotel	416.6	248.2	168.4	67.8%
Apartment	119.0	102.3	16.7	16.3%
Shanghai Yue Xiu Tower	104.6	108.5	(3.9)	(3.6)%
Wuhan Properties	108.3	130.6	(22.3)	(17.1)%
Hangzhou Victory	35.2	34.5	0.7	2.0%
Yuexiu Financial Tower	399.0	423.8	(24.8)	(5.9)%
Hong Kong Yue Xiu Building ⁽¹⁾	3.3	0.1	3.2	3,200.0%
Total	2,086.9	1,872.9	214	11.4%

Note:

(1) The revenue of Hong Kong Yue Xiu Building was recorded since 21 December 2022.

2023 BUSINESS REVIEW AND FUTURE PROSPECTS

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

Name of Property	Net Property Income in 2023 RMB million	Net Property Income in 2022 RMB million	Increase/ (Decrease) Compared to 2022 RMB million	Increase/ (Decrease) % %
White Horse Building	154.3	79.6	74.7	93.8%
Fortune Plaza	64.7	58.7	6.0	10.2%
City Development Plaza	60.2	56.1	4.1	7.3%
Victory Plaza	63.1	54.4	8.7	16.0%
GZIFC				
Office	356.0	389.5	(33.5)	(8.6)%
Retail shopping mall	58.4	55.2	3.2	5.8%
Hotel	106.9	14.2	92.7	652.8%
Apartment	65.8	60.0	5.8	9.7%
Shanghai Yue Xiu Tower	95.1	99.0	(3.9)	(3.9)%
Wuhan Properties	81.9	102.6	(20.7)	(20.2)%
Hangzhou Victory	29.2	27.6	1.6	5.8%
Yuexiu Financial Tower	336.4	358.9	(22.5)	(6.3)%
Hong Kong Yue Xiu Building ⁽¹⁾	3.3	0.1	3.2	3,200.0%
Total	1,475.3	1,355.9	119.4	8.8%

Note:

(1) The revenue of Hong Kong Yue Xiu Building was recorded since 21 December 2022.

GZIFC – OFFICE: OPTIMISING STRUCTURE AND STABILISING LEASE RENEWALS; SHOPPING MALL: ADJUSTING BRANDS AND PROMOTING SALES

In the face of fierce market competition, the office building of GZIFC successfully renewed leases with a number of key tenants such as CCB Fintech and Société Générale, with a renewed leasing area of 26,000 sq.m. for the year. The overall renewal rate reached 78%, and the renewal rate of key tenants reached 87%. By implementing the strategy of “one distinctive policy for each key customer”, it successfully introduced certain top 100 state-owned key enterprises, industry bellwethers and leading enterprises in high-end service industry such as BOCOM Schroders (交銀施羅德) and China Life (中國人壽), as well as two law firms renting a whole floor, with a newly contracted area of approximately 25,000 sq.m. for the year, of which high-quality customers accounted for 50%, thus continuing to optimise and improve the tenant structure.

In 2023, the GZIFC Shopping Mall proactively engaged in the positioning and adjustment in brands. By resources integration and multi-channel business solicitation, it concluded new contracts with 9 brands during the year (with a rental increase of 14.3%), thus continuing to optimise the tenant structure and further enhancing the rental value and the ancillary service capabilities of the shopping mall in the GZIFC podium. At the same time, making optimum use of its advantages in business formats of GZIFC complex, the GZIFC Shopping Mall further deepened scenario-based marketing, connection and interaction among tenants, membership management and services, so as to enhance the overall customer experience and tenants’ operation empowerment. By attracting customer flow through various themed activities for shops in the Shopping Mall, its annual sales recorded a year-on-year increase of 21%.

In 2023, the average occupancy rate of Four Seasons Hotel was 79.9%, representing a year-on-year increase of 23.5 percentage points. The average room rate was RMB2,238, representing a year-on-year increase of 32.6%. The RevPAR was RMB1,787, representing a year-on-year increase of 87.8%. The RevPAR competitive index of the hotel was 116.8, representing a year-on-year increase of 7.7 percentage points. Four Seasons Hotel capitalized on the bonus from consumer spending rebound and firmly grasped the market demand for international trade fairs and the holiday economy. With a positive increase in the average room rate, hotel room revenue exceeded the pre-pandemic level in 2019, achieving a high-quality growth. The RevPAR competitive index of the hotel has maintained a dominant position among major hotel competitors for the tenth consecutive year, and has been awarded the “Forbes Travel Guide Five-star Hotel” by Forbes Travel Guide in nine consecutive years.

In 2023, the average occupancy rate of Ascott Serviced Apartments reached 90.2%, representing a year-on-year increase of 3.1%. The average room rate was RMB1,117, representing a year-on-year increase of 11.3%. The RevPAR was RMB1,008, representing a year-on-year increase of 15.2%. At a high level of 150.3, the RevPAR competitive index of the Apartments took a leading position in the competitor apartment market. Facing the challenge of short-term fluctuations caused by the check-out of long-stay tenants from foreign companies, the Apartments took the initiative to leverage the product differentiation advantage of large-sized apartments in the short-term rental market, which in turn boosted revenue from the short-term rental business by a significant 119% increase year-on-year, driving its overall operating revenue to achieve a breakthrough greater than the operating record attained in 2019. The Apartments ranked first both in operating revenue and GOP in Ascott China for eight consecutive years since 2016, and was recognised and recommended as one of the top 10 luxury hotels in Guangzhou by Ctrip Reputation List in the third and fourth quarters respectively.

2023 BUSINESS REVIEW AND FUTURE PROSPECTS

YUEXIU FINANCIAL TOWER – IMPLEMENTING VARIOUS MEASURES TO STABILISE OPERATION, MAKING INTERNAL ADJUSTMENTS AND CONDUCTING BUSINESS SOLICITATION TO OPTIMISE TENANT STRUCTURE

Yuexiu Financial Tower firmly retained a reserve of high-quality tenants, successfully contracted with industry bellwethers such as Yinghe Law Firm (瀛和律所) and Huajin Securities (華金證券), and facilitated the expansion of existing lease areas for internal key tenants including Chong Hing Bank, with a newly contracted area of approximately 20,000 sq.m. for the year, further reinforcing the premium tenant base of the Tower. Facing the expiring lease area of 44,000 sq.m., the operation team conducted renewal negotiations in advance, and successfully renewed leases with key tenants such as Wanglaoji (王老吉) and ZTE (中興通訊), with the renewal rate reaching 78% and the rent increasing by 3.2% for the year. In addition, in the middle of a sluggish market demand, it focused on improving targeted revamp on capital expenditure and sporadic construction for the project to enhance its product competitiveness, and renovated units recorded a high sell-through rate of 96% for the year, effectively realising a rent premium.

WHITE HORSE BUILDING – MAKING PRECISE BUSINESS SOLICITATION TO ENHANCE OCCUPANCY RATE, REPOSITIONING TO AMPLIFY INFLUENCE

Against the backdrop of a slow recovery of the specialised apparel market after the pandemic and fierce market competition, the operation team of White Horse Building planned and acted in a determined manner, ascertained the business positioning of the first and second floor, aimed at the key areas of domestic apparel production and sales to implement precise business solicitation, and tapped deep into the business arena for target customers, thereby effectively expediting business solicitation and sales. By the end of the year, the occupancy rate of White Horse Building climbed to 95.8%, the highest in the recent three years, representing a year-on-year increase of 14.6 percentage points. By reshaping White Horse Building as the China Brand Apparel International Trading Centre, strengthening the value proposition of "Fashion in White Horse Building, Prime Choice of Quality" (時尚白馬品質首選), and continuing to build White Horse Building's influence through industry exchange events and key marketing activities, White Horse Building effectively increased its media exposure, expanded the flow of its merchandisers, and promoted transaction amounting to over RMB50 million. Continuing to innovate business models, it successfully introduced 15 up-and-coming fashion designer brands into the "China Original Design Brand Base" (中國原創設計品牌基地), successfully consolidating the new positioning and promoting the transformation and upgrading of White Horse Building. In 2023, White Horse Building won the national honorary titles of "China Commodity Market – Top 100 Comprehensive Markets" (中國商品市場綜合百強市場) and "China Commodity Market – Fashion Market" (中國商品市場時尚市場), demonstrating its industry leading position.

FORTUNE PLAZA, CITY DEVELOPMENT PLAZA – ELIMINATING RISKS TO STABILISE LEASE RENEWALS, ATTRACTING NEW CUSTOMERS TO OPTIMISE TENANT STRUCTURE

With robust management of lease renewal, Fortune Plaza recorded a relatively high renewal rate of 82% for the year, and the risk in relation to the unexpected termination on lease of the 12th and 13th floors of Tower West was properly handled to ensure a high building occupancy rate. As for City Development Plaza, the vacated space of the entire 22nd and 26th floors was successfully rented out and a high-quality customer, Pufanglimin Technology (普方立民) was introduced, contributing to the continuous increase in the proportion of tenants engaging in the information technology industry. Taking advantage of the lease expiry of a large area, it also successfully introduced well-known companies such as China Merchants Life Insurance (招商仁和) and Dongxing Securities (東興證券), thus achieved a continued optimisation of its tenant structure.

VICTORY PLAZA – RENEWING LEASES WITH MAJOR TENANTS TO STABILISE OPERATION, ORGANISING PROMOTIONS TO ATTRACT CUSTOMER FLOW AND BOOST SALES

Victory Plaza successfully renewed leases with its anchor tenant Uniqlo and key customer China Merchants Bank, thereby securing high-quality customer resources. For units at risk of vacancy, it conducted business solicitation in advance and introduced well-known brands such as Wu's Hong Kong Cuisine (吳系粵菜館) to enrich its brand portfolio. In terms of operation and promotion, it actively mobilised the resources of major stores and organised joint activities with well-known brands in the shopping mall, which effectively drove the annual sales of the shopping mall to grow by 28% year-on-year, with a corresponding increase in media exposure and awareness of the shopping mall.

SHANGHAI YUE XIU TOWER – STEPPING UP TO THE PLATE AND SEIZING OPPORTUNITIES IN A TOUGH TIME, OVERCOMING DIFFICULTIES TO ENSURE PERFORMANCE

Facing a challenging situation of oversupply resulting from the blowout growth in new supply in Shanghai's office market, the business solicitation team actively retained customers by splitting units to suit tenants' needs, relocating floors and other methods, aiming at seizing every opportunity for successful leasing. As a result, the occupancy rate of Shanghai Yue Xiu Tower rebounded to 89.2% at the end of the year from a low of 81.2% during the year. The team also provided tailored lease renewal plans for existing specific high-quality customers, and successfully renewed leases with six key customers including Hongta Securities (紅塔證券), thereby not missing out on the retention of high-quality customers.

WUHAN PROPERTIES – FOCUSING ON BUSINESS SOLICITATION TO FACILITATE TRANSACTIONS, RESTRUCTURING BUSINESS FORMATS IN THE SHOPPING MALL

Wuhan Properties proactively expanded its customer base through multiple channels and successfully introduced high-quality customers such as FAW Hongqi (一汽紅旗) and Dongguan Securities (東莞證券), recording a newly contracted area of 23,000 sq.m. for the year. It actively promoted cooperation between the government and enterprises. It worked with the Qiaokou District Government to organise activities involving different sectors, and it also communicated with enterprises to identify customer needs as well. It pushed forward the precise renovation and modification of vacant units to effectively match market demands, and the renovated units recorded a high sell-through rate of 90%, significantly shortening the business solicitation cycle. In August 2023, Wuhan Yuexiu Fortune Centre obtained the Net Zero Carbon Building Excellence Certification, which made it the first super high-rise building in Hubei Province being recognised and awarded with both the Net Zero Carbon Certification and the premium LEED Platinum Certification.

In 2023, Starry Victoria Shopping Centre took the initiative to adjust the mix of business formats and brands. It successfully introduced 20 representative merchants including CHAGEE (霸王茶姬) and Watsons, which effectively improved the operating image and quality of the first floor of Hall A and met the consumer needs of customers from the office building. The newly contracted area for the year reached 11,000 sq.m., and the occupancy rate rose to 90.2% against the prevailing downtrend at the end of the period. In light of the characteristics of post-pandemic consumption, it provided tenants with operational support and developed special business performance improvement plans. The annual sales of the shopping mall increased by 18% year-on-year, and there were 23 tenants who were subject to the category of a higher fixed rent and percentage of turnover.

HANGZHOU VICTORY – PUSHING FORWARD TENANT OPTIMISATION TO MITIGATE OPERATION RISK

Hangzhou Victory pushed forward the optimisation of tenant structure to proactively mitigate operation risk. It actively introduced financially-sound customers and realised the seamless transition and connection for the vacated space of 2,500 sq.m.. By successfully exploring the leasing demands of customers in the building, it facilitated the expansion of the leasing of the entire seventh floor by a financially-sound customer, Caitong Securities (財通證券). It also actively removed customers exposed to operation risk and planned for lease renewals in advance, achieving a renewal rate of 80% for the year.

2023 BUSINESS REVIEW AND FUTURE PROSPECTS

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

In 2023, the Manager continued to invest in a number of asset upgrading and renovation projects, which included the enhancement project of energy conservation of air-conditioning control systems, the replacement project of wires for light troughs in the public area of office building for GZIFC; the ground renovation project for the logistics areas in Four Seasons Hotel Guangzhou, the upgrading and renovation project of surveillance system in Ascott Serviced Apartment GZIFC; the retrofit project of surveillance display screen and information release system on different floors, the upgrading and renovation of the seventh floor rooftop for White Horse Building; the retrofit project of certain air-conditioning system terminal in Fortune Plaza; the retrofit project of facilities and equipment of the drainage system in Victory Plaza; the repair to floor paint in the B1 floor parking garage in Yuexiu Fortune Centre and Starry Victoria Shopping Centre, the replacement project of stones in the driveway of the drop-off area in Fortune Centre; the upgrading and reconstruction projects of the lobby in Tower B, the B1 floor parking garage, logistics and peripheral passages, elevator safety upgrading and renovation projects and light-current surveillance system in Tower B of Hangzhou Victory; the retrofit project of the display screen in the surveillance centre, the peripheral and first-floor surveillance system in Shanghai Yue Xiu Tower; decoration of shops in GZIFC, Yuexiu Financial Tower, Fortune Plaza, City Development Plaza, Wuhan Fortune Centre, Shanghai Yue Xiu Tower and White Horse Building amounted to a total area of approximately 26,100 sq.m.. The renovated and retrofitted units of these projects had effectively shortened the vacancy period and increased the level of rent, which improved the operating efficiency and business environment of the projects on a continuous basis. The investment for the above renovation projects came to approximately RMB54.45 million.

In 2024, the Manager is planning to invest mainly in asset appreciation projects for GZIFC, Yuexiu Financial Tower, White Horse Building, Four Seasons Hotel Guangzhou, Shanghai Yue Xiu Tower, Wuhan Fortune Centre and Hangzhou Victory, in order to achieve value preservation and appreciation of the properties and to improve the level of lease operation.

PROACTIVE MANAGEMENT IN FINANCING RISK AND EFFECTIVE STABILISATION IN FINANCING COST

In terms of liquidity management, with regard to the 5-year syndicated loan of HK\$2.8 billion and the 3-year syndicated loan of HK\$2.0 billion due in 2023, the Manager obtained in 2023 the 3-year loan of RMB4.0 billion, the 3-year loan of RMB1.0 billion and the 3-year loan of RMB350 million for the purpose of refinancing the maturing loans so as to ensure effective monitor on the liquidity risk.

As for interest rate management, in order to curb US inflation, the US Federal Reserve announced a total of eleven interest rate hikes from 2022 to 2023, with a cumulative increase of 525 basis points. Hong Kong dollar followed the sharp interest rate hike, while in contrast, the RMB interest rate market entered a downward trend. Taking advantage of the bottom window of the RMB interest rate market, the Manager continued to research various financing instruments and actively adjusted the financing structure in order to mitigate the impact of the interest rate market on the operating results of Yuexiu REIT. In March 2023, RMB1.5 billion Shanghai Free Trade Zone Bonds were issued for early repayment of offshore floating rate loan. Coupled with the above introduction of low-interest RMB loans to refinance the maturing loans, the overall financing costs of Yuexiu REIT have been effectively reduced. At the end of 2023, 1-month HIBOR increased by 92 basis points from that at the beginning of the year. The Manager mitigated the impact of the interest rate market under the premise of maintaining appropriate floating interest rate exposure and actively adjusting the financing structure. At the end of 2023, the overall interest rate of Yuexiu REIT's financing was 4.74% per annum, representing a decrease of 9 basis points from 4.83% at the beginning of the year.

With regard to foreign exchange management, due to the combined effects of US dollar interest rate hikes and RMB interest rate cuts since 2022, both US dollar and Hong Kong dollar appreciated significantly against RMB and are expected to remain at relatively high levels. The Manager continued its focus on the market dynamics by adopting effective management strategies, actively adjusted the financing structure and used foreign exchange hedging tool at reasonable cost to monitor foreign exchange exposure. In 2023, Yuexiu REIT's accumulated exchange loss for the whole year was RMB144 million, the fair value gain of hedging products was RMB145 million, and the net gain for the whole year was RMB1 million (2022: net loss of RMB622 million). In addition, a loan of HK\$2.8 billion and a loan of HK\$2.0 billion for which foreign exchange hedging has been arranged were settled in advance, resulting in a cash inflow of approximately RMB202 million. The debt structure has been continuously optimised, with the proportion of RMB financing rising from 6% at the beginning of 2023 to 39% at the end of the year.

FINANCE OUTLOOK

As the US Federal Reserve raised interest rates aggressively to curb domestic inflation since 2022, Hong Kong dollar has entered the interest rate hike cycle due to the pegged exchange rate system. Although the US Federal Reserve has stopped interest rate hikes from the third quarter of 2023, the market still expects US dollar and Hong Kong dollar financing costs to remain at a high level for a period of time. On the other hand, RMB interest rate has entered a downward trend to stimulate economic recovery after the pandemic. In light of the rising foreign interest rates and the relatively low cost of RMB, the Manager will continue to review and make reasonable adjustments to its financing structure depending on expectations of market developments, such as introducing low-cost RMB financing through free trade zone bonds, RMB loans and other means, in order to seek more favourable financing cost to offset interest rate risk.

A LOOK AHEAD TO 2024

The market expects a slowdown in both US economic growth and inflation and foresees a peak in the interest rates of US dollar and Hong Kong dollar, however, it is still expected that interest rates will remain at a high level for some time. The global environment remains complex and challenging. Despite the continued regional conflicts and the difficult recovery from the pandemic, major economies have been steadily recovering. According to the World Economic Outlook Update released by the International Monetary Fund (IMF), risks to global growth are broadly balanced, and there are chances that the economy makes a "soft landing". Meanwhile, forecasts for global economic growth are raised to 3.1% in 2024 and 3.2% in 2025 respectively, still below the historical average of 3.8% (2000-2019).

Committed to holding fast to its original aspiration of maximizing asset value, the Manager will make, through the implementation of proactive and prudent leasing strategies, agile response to the potential investment opportunities and expand financing opportunities in the capital market to effectively reduce financing cost, continuously generating stable return to the Unitholders.

FINANCIAL REVIEW

FINANCIAL RESULTS

Yuexiu REIT gross income and net property income were higher than the corresponding period of 2022. The following is a summary of Yuexiu REIT financial results for the Reporting Year:

	2023 RMB'000	2022 RMB'000	Increase/ (Decrease) %
Gross income	2,086,855	1,872,860	11.4%
Hotel and serviced apartment direct expenses	(342,867)	(260,396)	31.7%
Leasing agent fees	(47,469)	(46,713)	1.6%
Property related taxes (Note 1)	(217,125)	(207,039)	4.9%
Other property expenses (Note 2)	(4,132)	(2,840)	45.5%
Total property operating expenses	(611,593)	(516,988)	18.3%
Net property income	1,475,262	1,355,872	8.8%
Withholding tax	(40,633)	(29,468)	37.9%
Depreciation and amortisation	(139,876)	(136,791)	2.3%
Manager's fees	(170,273)	(166,530)	2.2%
Trustee fees	(12,734)	(12,703)	0.2%
Other trust expenses (Note 3)	(5,014)	(89,413)	(94.4)%
Total non-property expenses	(368,530)	(434,905)	(15.3)%
Profit before finance income, finance expenses and income tax	1,106,732	920,967	20.2%
Finance income	36,180	25,511	41.8%
Finance expenses	(1,068,321)	(1,521,382)	(29.8)%
Profit/(Loss) before tax	74,591	(574,904)	(113.0)%
Income tax expense	(251,452)	(237,986)	5.7%
Loss after income tax before fair value gain/(loss) on investment properties and fair value gain on derivative financial instruments	(176,861)	(812,890)	(78.2)%
Fair value gain/(loss) on investment properties	27,579	(95,813)	(128.8)%
Fair value gain on derivative financial instruments	145,327	397,763	(63.5)%
Net loss after income tax before transactions with Unitholders	(3,955)	(510,940)	(99.2)%

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

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

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

Gross income and net property income during the Reporting Year were approximately RMB2,086,855,000 (2022: RMB1,872,860,000) and RMB1,475,262,000 (2022: RMB1,355,872,000) respectively, which represented an increase of approximately 11.4% and 8.8% respectively while comparing with 2022.

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

	Chinese Mainland RMB'000	Hong Kong RMB'000	2023 RMB'000	2022 RMB'000
Office (Note 1)	1,201,303	3,330	1,204,633	1,275,385
Wholesales	183,918	—	183,918	93,262
Retail	162,670	—	162,670	153,682
Hotel and serviced apartment	535,634	—	535,634	350,531
Total	2,083,525	3,330	2,086,855	1,872,860

Net property income amounted to approximately RMB1,475,262,000 (2022: RMB1,355,872,000) representing approximately 70.7% (2022: 72.4%) of total gross income, after deduction of hotel and serviced apartments direct expenses, property related taxes, leasing agent fees and other property expenses. Net property income analysis is listed in the following table:

	Chinese Mainland RMB'000	Hong Kong RMB'000	2023 RMB'000	2022 RMB'000
Office (Note 1)	1,007,853	3,314	1,011,167	1,073,397
Wholesales	154,327	—	154,327	79,641
Retail	137,057	—	137,057	128,660
Hotel and serviced apartment	172,711	—	172,711	74,174
Total	1,471,948	3,314	1,475,262	1,355,872

Note 1 The revenue of 17th and 23rd floors of Hong Kong Yue Xiu Building newly acquired was recorded since 21 December 2022.

Hotel and serviced apartment direct expenses were approximately RMB342,867,000 (including depreciation expense of approximately RMB10,102,000 incurred in connection with right-of-use asset and interest expense of approximately RMB1,185,000 incurred in connection with lease liability), an increase of 31.7% as compared with 2022. It was mainly due to an increase in the occupancy rate of hotels and serviced apartments in 2023.

Leasing agent fees increased by approximately 1.6% as compared with 2022. It was mainly because of an increase of operating income.

FINANCIAL REVIEW

Property related tax increased by approximately 4.9% as compared with 2022. It was mainly due to an increase of operating income.

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

Other trust expenses decreased by approximately 94.4%. It was mainly due to the foreign exchange gain from operation. Excluding this foreign exchange gain from operation of approximately RMB23,402,000 (2022: foreign exchange loss from operation of approximately RMB48,564,000), other trust expenses incurred for the Reporting Year amounted to approximately RMB28,416,000 (2022: RMB40,849,000).

The Manager's fees increased by approximately 2.2%. The Trustee fees increased by approximately 0.2%.

The finance income received for the Reporting Year amounted to approximately RMB36,180,000 (2022: RMB25,511,000).

During the Reporting Year, the depreciation of Renminbi against Hong Kong Dollar and United States Dollar resulted in an exchange loss of approximately RMB143,659,000. Excluding the exchange loss, the finance expenses incurred for the Reporting Year amounted to approximately RMB924,662,000 (2022: the finance expenses was approximately RMB577,029,000). The average one-month Hong Kong Interbank Offered Rate ("HIBOR") for 2023 was higher than that of 2022 by approximately 280 basis points and led to an increase of interest cost on the floating portion of debt.

Loss after tax before transactions with Unitholders amounted to approximately RMB3,955,000 (2022: loss after income tax before transactions with Unitholders of RMB510,940,000) which represented a decrease of 99.2%, mainly due to a decrease of exchange loss.

Net Asset Value

The net assets attributable to the Unitholders per unit as at 31 December 2023 was approximately RMB3.18 (2022: RMB3.37), which represented a decrease of approximately 5.6%.

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 13 November 2021 Circular ("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, the balance of the Assignment consideration will be settled by the issuance of 329,808,584 Deferred Units in aggregate at HK\$3.861652 per Unit (the "Further Deferred Units"). Given the number of 2023 Deferred Units issued was substantially lower compared to the number of Deferred Units issued in each of the last two years, such balance is expected to be fully settled at the earliest by 31 December 2026 by the issuance of Further Deferred Units.

On 31 December 2023, the Yuexiu REIT issued 22,000,000 Units (being the "2023 Deferred Units") at a price of HK\$3.861652 per Unit to a wholly-owned subsidiary of YXP in partial satisfaction of the outstanding consideration from the Yuexiu REIT's investment in Guangzhou International Finance Centre in 2012.

New Units Issued and Unit Activity

In respect of the partial settlement of the Manager's Fee during the relevant periods, Yuexiu REIT newly issued 49,882,982 and, 60,074,864 units at HK\$1.93 and HK\$1.516 per Unit on 24 March 2023 and 31 August 2023 respectively. On 31 December 2023, referring to the terms disclosed in the Circular dated 30 June 2012 and the Circular dated 13 November 2021, Yuexiu REIT issued 22,000,000 Units at a price of HK\$3.861652 per Unit to Dragon Yield Holding Limited (a wholly-owned subsidiary of YXP) in partial satisfaction of the outstanding consideration from its investment in GZIFC in 2012.

As at 31 December 2023, a total of 4,915,738,171 units were issued by Yuexiu REIT.

The Unit price of the Yuexiu REIT reached a high of HK\$2.69 and a low of HK\$1.10 during the Reporting Year. The average trading volume amounted to approximately 4,000,000 Units per day during the Reporting Year (2022: approximately 3,854,000 Units).

The closing price of the Units as at 31 December 2023 was HK\$1.26, representing a discount of approximately 62.00% as compared to the net assets (including net assets attributable to deferred Unitholders) attributable to Unitholders per Unit as at 31 December 2023.

FINANCIAL REVIEW

CAPITAL AND FINANCIAL STRUCTURE

Group's borrowings are as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Bank borrowings and notes		
Denominated in RMB	7,954,404	1,234,400
Denominated in HK\$	9,473,012	15,885,279
Denominated in USD	2,827,140	2,785,478
Total bank borrowings and notes	20,254,556	19,905,157
Maturity analysis		
Within one year	5,844,681	4,364,124
Two to five year	14,409,875	15,541,033
Beyond five year	—	—
The effective interest rate (per annum) of the borrowings and notes at the balance sheet day		
RMB	3.49%	3.45%
HK\$	6.39%	5.31%
USD	2.72%	2.72%

The overall interest rate per annum of the borrowings and notes at the balance sheet day is 4.74% (2022: 4.83%). The average interest rate was approximately 4.60% (2022: 3.05%) for the year.

In 2023, the Manager adopted a series of liquidity management measures. It managed the annual interest rate at a reasonable level and has been alert of the foreign exchange risk.

As at 31 December 2023, Capped Forward hedging was applied to certain foreign bank loans to fix the RMB exchange rate. The total amount of hedged loans and bonds was approximately RMB1,014,799,000 (2022: RMB5,279,029,000).

As at 31 December 2023, Yuexiu REIT held certain hedging financial derivatives with fair value asset of approximately RMB12,015,000 (2022: fair value asset of approximately RMB76,854,000).

On 17 March 2023, Yuexiu REIT, through its offshore project company, proposed issue CNY1,500,000,000 4.15% Guaranteed Notes due 2026. On 24 March 2023, the Guaranteed Notes are issued and listed in MOX. It were drawn down for repayment of certain HK\$ bank loan facility. For details, please refer to the announcements dated 17 March 2023 and 24 March 2023.

On 25 June 2023, Yuexiu REIT, through its offshore project company, entered into a facility agreement with an onshore bank in connection with a three-year secured and fixed rate term (3.2% per annum) loan facility of RMB4,000,000,000. For details, please refer to the announcement dated 25 June 2023.

On 6 October 2023, Yuexiu REIT, through its offshore project company, entered into a facility agreement with certain bank in connection with a three-year unsecured and fixed rate term (3.75% per annum) loan facility of RMB1,000,000,000. The loan were drawn down on 10 October 2023 and 16 October 2023 respectively for repayment of offshore bank loans.

On 8 December 2023, Yuexiu REIT, through its offshore project company, entered into a facility agreement with certain bank in connection with a three-year unsecured and fixed rate term (3.8% per annum) loan facility of RMB350,000,000. The loan were drawn down on 15 December 2023 for repayment of offshore bank loans.

As at 31 December 2023, total borrowings of Yuexiu REIT amounted to approximately RMB20,254,556,000 (calculation of total borrowings based on bank loan and other borrowings, excluding capitalization of debt-related expenses), representing approximately 46.2% (2022: 45.4%) of total assets. The gearing ratio was below the maximum borrowing limit of 50% as stipulated in the REIT Code (which was amended in December 2020).

As at 31 December 2023, total liabilities of Yuexiu REIT (excluding net assets attributable to the Unitholders) amounted to approximately RMB27,006,270,000, representing approximately 61.6% (2022: 60.5%) of total assets of Yuexiu REIT.

CASH POSITION

Cash and cash equivalents and short-term bank deposits of Yuexiu REIT as at 31 December 2023 amounted to approximately RMB1,527,727,000. Yuexiu REIT has sufficient financial resources to satisfy its financial commitments and working capital requirements.

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

ACCOUNTING TREATMENTS

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

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

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

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

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

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

FINANCIAL REVIEW

SUMMARY OF ALL REAL ESTATE SALES AND PURCHASES

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

REAL ESTATE AGENTS ENGAGED BY YUEXIU REIT

During the Reporting Year, Yuexiu REIT had engaged Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd (“Yicheng BM”), Guangzhou Baima Business Operation Management Co., Ltd (“Baima BM”) and Guangzhou IFC Business Management Co., Ltd. (廣州國金商業經營管理有限公司) (“GZ IFC Management”) to provide designated leasing, marketing, tenancy management and property management services (collectively, “Leasing Agents”) to the Properties.

During the Reporting Year, Yuexiu REIT paid/payable service fees to Yicheng BM, Baima BM and GZ IFC Management in the amounts of RMB25,284,000, RMB5,517,000 and RMB16,668,000 respectively.

REPURCHASE, SALE OR REDEMPTION OF UNITS

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

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

EMPLOYEES

As at 31 December 2023, Yuexiu REIT employed 584 and 131 employees in China for hotel operation through its branch company and for serviced apartments operation through its subsidiary respectively, mainly to fulfill its operating functions and provision of services for hotel and serviced apartments.

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

REVIEW OF FINANCIAL RESULTS

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

ISSUANCE OF ANNUAL REPORT

The annual report of Yuexiu REIT for the Reporting Year will be dispatched to the Unitholders on or before 30 April 2024.

ANNUAL GENERAL MEETING

The date and notice of the annual general meeting will in due course be published and issued to the Unitholders in accordance with the Trust Deed.

SUMMARY OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ADHERING TO THE PRINCIPLE OF SUSTAINABLE DEVELOPMENT

Yuexiu Real Estate Investment Trust (Yuexiu REIT) is managed by the Manager, who also delegates the leasing and promotion service functions of each property to Baima BM, Yicheng BM, and GZ IFC Management (depending on the specific context, Yuexiu REIT, the Manager, and the parties who have been delegated with these functions are hereinafter individually or collectively referred to as “We”). We uphold the concept of sustainable development while maintaining the industry-leading asset appreciation, commercial operation, and capital management capabilities. We have established the three sustainable development principles of economically win-win development, environmentally green development, and socially inclusive development, committed to creating long-term values.

CONSOLIDATING SUSTAINABLE DEVELOPMENT MANAGEMENT STRUCTURE

The Board guides and supervises sustainable development work, and is responsible for ESG management and disclosure; a Sustainability Steering Group has been established at the management level; the Sustainability Working Group and Sustainability Teams of Properties have been established at the execution level. We integrate the concept of sustainable development with the existing business and control models, continuously improve the development and management work of ESG systems, and promote achievement of the short-, medium- and long-term sustainable development goals. In line with the *Climate Risk Management Policy*, we refined energy and carbon-related management rules and measures within the year, improving the coverage of digital energy consumption monitoring.

MAINTAINING COMMUNICATIONS WITH STAKEHOLDERS

We consider tenants, customers, employees, government and regulators, unit-holders and investors, third-party ESG evaluation institutions, suppliers, media, and communities as our main stakeholders. To achieve the sustainable development goals, we give back to our stakeholders by taking a series of measures, including carrying out property asset appreciation and service innovation to enhance customer satisfaction and trust. In addition, we improve employee care policies to create a safe, fair, inclusive, and open work atmosphere, take effective measures to implement energy conservation, emission reduction, and waste disposal to reduce the impact of property operations on the environment, and advocate public welfare, charity, and poverty alleviation activities to help social groups in need.

ANALYZING MATERIAL ISSUES

Based on various results of regulatory requirements analysis, media research, comparison with peers, questionnaire surveys, and on-the-spot property investigation, we have reviewed and identified material issues as the basis for the preparation of Environmental, Social and Governance Report (ESG Report), ensuring that ESG-related information is reasonably disclosed. This year, we identified 25 material issues. We continued to consider energy management as highly material and appropriately upgraded addressing climate change, employee development and training, diversity and inclusion, value chain social responsibility, and other issues in terms of materiality based on the review results.

EMPHASIZING ESG CAPACITY BUILDING

In response to climate changes, the Manager combines industry trends, compliance requirements, and international standards, invites professional consultants to improve the climate scenario analysis model, and deepens the analysis of climate change-related risks and opportunities. Yuexiu REIT became a partner in the Wildlife Aid - Climate Action in this year, actively calling on all parties to pay attention to climate changes. Yuexiu REIT and its properties also promote green, healthy, and sustainable lifestyles through activities such as “No Tobacco Day”, “Earth Hour”, and “Green Healthy Running”. The ESG achievements made by Yuexiu REIT in the past year are summarized as follows.

SUMMARY OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Governance and Economic Achievements

Proportion of Independent Non-Executive Directors of the Manager

50%

ESG training coverage rate for Directors

100%

Compliance and anti-corruption training coverage rate

100%

ESG risk management

Physical risk quantification model

Proportion of female directors of the Manager

12.5%

Proportion of female employees

- The Manager: 43.9%
- Hotel and serviced apartments: 51.6%

Proportion of female among employees at manager level and above

- The Manager: 41.2%
- Hotel and serviced apartments: 50%

Proportion of financing related to green and sustainability

50.3%

Asset appreciation investment for business and image enhancement

RMB43.23 million

Environmental Achievements

Green building certification

- **Guangzhou International Finance Center (GZIFC):** Completed the renewal of LEED V4.1 O+M Platinum Certificate, BOMA COE Certificate, and BOMA Global 360 Certificate; obtained Certificate of Green Building Design Label of China (One-Star) for the first time
- **Yuexiu Financial Tower:** Completed the renewal of LEED V4.1 O+M Platinum Certification; certified by the Guangzhou Association of Building Economy Promotion as a “Zero-Carbon, Digital, Intelligent, Energy-Saving, and Carbon-Reducing 3-star Building”
- **Wuhan Yuexiu Fortune Centre:** Obtained the “Net Zero-Carbon Building Excellence Certification” for the first time jointly issued by BRE and TÜV Rheinland

The floor areas of the properties awarded LEED platinum certificate accounting for approximately 68.2%

Carbon emission intensity

Scope 1 + Scope 2:

- Office buildings, retail malls, and wholesale mall: Decreased by 13.3% compared to the base year
- Hotel and serviced apartments: Decreased by 13.6% compared to the base year

Scope 3: Completed statistics for three categories

Power consumption intensity

- Office buildings, retail malls, and wholesale mall: Decreased by 8.4% compared to the base year
- Hotel and serviced apartments: Decreased by 2.5% compared to the base year

Water consumption intensity

- Office buildings, retail malls, and wholesale mall: Decreased by 9.1% compared to the base year

Waste

- Hazardous waste: 100% entrusted to professional third party for recycling and treatment
- Non-hazardous waste: Continuous promotion of waste sorting and paperless offices

Asset appreciation investment for energy conservation and carbon reduction

RMB3.11 million

Digital energy consumption monitoring coverage rate

84.9%

Green convention coverage rate

Class A+ office buildings 100%

Number of charging piles

150

Social Achievements

Customer satisfaction

99.9%

Four Seasons Hotel Guangzhou received the “Forbes Travel Guide Five-Star Hotel” award

For 9 consecutive years

Asset appreciation investment in safety and security

RMB8.11 million, among which the monitoring system upgrades and renovations accounted for approximately 70.6%

Fire drill coverage rate

100%

Employee training coverage rate

100%

Average training hours of employees

58 hours

Hours of engagement in public welfare activities

510 hours

Number of public welfare activities in M space of GZIFC

10

SUMMARY OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OBTAINING RECOGNITION FROM THE CAPITAL MARKET

Thanks to the effective implementation of ESG measures, multiple mainstream ESG ratings or scores of Yuexiu REIT have been improved, and two ESG-related awards have also been received, demonstrating the recognition of the capital market.

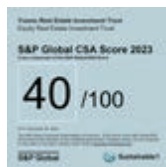
ESG Ratings and Awards



MSCI ESG rating raised for the second consecutive year and upgraded to “BBB”¹



GRESB rating awarded Four Star for two consecutive years and awarded public disclosure Grade A rating (the highest rating) for three consecutive years



In the annual S&P Global Corporate Sustainability Assessment (“CSA”), Yuexiu REIT scored 40, with continuous improvement in the scoring, surpassing 85% of the global peers (in the real estate industry)



Sustainalytics rated Yuexiu REIT as “Low Risk” and has been included in the ESG Top Rated List (Real Estate Industry) in APAC for two consecutive years



The Best ESG (Social) Award at the 9th Investor Relations Awards issued by Hong Kong Investor Relations Association



Top 10 ESG Development Performance of Commercial Real Estate Enterprises in 2023 by Guandian

For more information on the environmental, social, and governance performance of Yuexiu REIT this year, please refer to the 2023 Environmental, Social, and Governance Report. After released, the report can be viewed or downloaded on the website of Yuexiu REIT or Hong Kong Stock Exchange.

¹ The use by Yuexiu REIT of any MSCI ESG Research LLC or its affiliates (MSCI) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Yuexiu REIT by MSCI. MSCI service and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

PROPERTY PORTFOLIO

OVERVIEW OF THE PROPERTIES

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

LOCATION OF THE PROPERTIES

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

PROPERTY PORTFOLIO



- WHITE HORSE BUILDING
- VICTORY PLAZA
- CITY DEVELOPMENT PLAZA
- FORTUNE PLAZA
- GUANGZHOU IFC
- YUEXIU FINANCIAL TOWER
- SHANGHAI YUE XIU TOWER
- WUHAN YUEXIU FORTUNE CENTRE AND STARRY VICTORIA SHOPPING CENTRE
- HANGZHOU VICTORY BUSINESS CENTER
- HONG KONG YUE XIU BUILDING (17&23/F)

地鐵站點
METRO STATION

地鐵交換站點
METRO INTERCHANGE STATION



01



白馬大廈
WHITE HORSE BUILDING

02



維多利廣場
VICTORY PLAZA

03



城建大廈
CITY DEVELOPMENT PLAZA

04



財富廣場
FORTUNE PLAZA

05



廣州國際金融中心
GUANGZHOU INTERNATIONAL FINANCE CENTER



06
越秀金融大廈
YUEXIU FINANCIAL TOWER



07
上海越秀大廈
SHANGHAI YUE XIU TOWER



08
武漢越秀財富中心及星匯維港購物中心
WUHAN YUEXIU FORTUNE CENTRE AND STARRY VICTORIA SHOPPING CENTRE



09
杭州維多利商務中心
HANGZHOU VICTORY BUSINESS CENTER



10
香港越秀大廈(17&23樓)
HONG KONG YUE XIU BUILDING (17&23/F)

PROPERTY PORTFOLIO

 HANGZHOU VICTORY BUSINESS CENTER



 17TH AND 23RD FLOORS OF HONG KONG YUE XIU BUILDING



 SHANGHAI YUE XIU TOWER



 WUHAN YUE XIU FORTUNE CENTRE AND STARRY VICTORIA SHOPPING CENTRE



 CITY DEVELOPMENT PLAZA



 VICTORY PLAZA



 YUEXIU FINANCIAL TOWER



 GUANGZHOU INTERNATIONAL FINANCE CENTER



 FORTUNE PLAZA

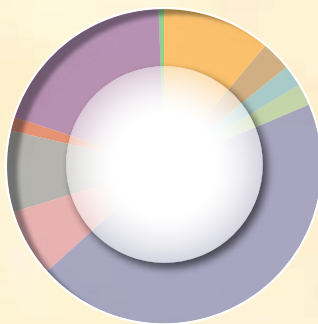
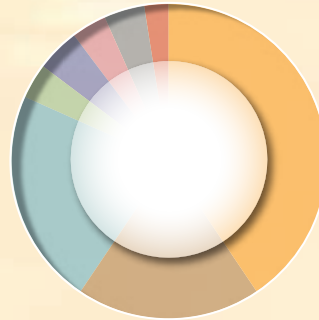


 WHITE HORSE BUILDING



AREA OF PROPERTIES

The property portfolio of Yuexiu REIT has an area of ownership of 1,184,156.5 sq.m. and a rental area of 803,984.1 sq.m. As at 31 December 2023, the overall occupancy rate of the property portfolio was 85.0%.

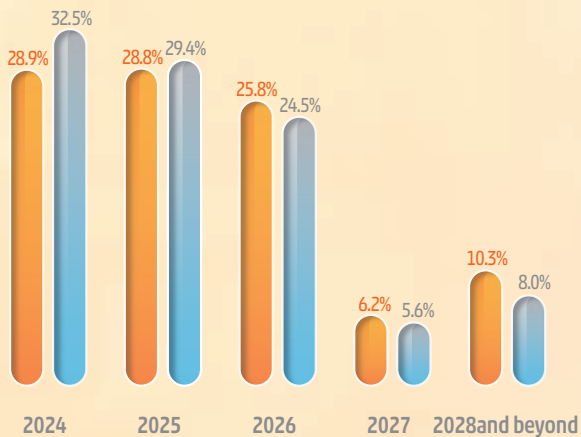
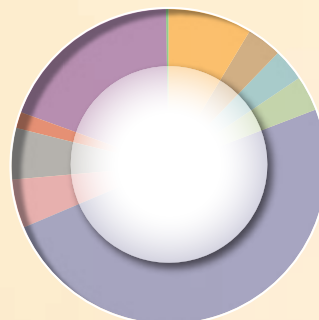


PROPERTY VALUATION

According to the valuation report issued by Savills Valuation and Professional Services Limited, the property portfolio of Yuexiu REIT was valued at a total value of RMB42,559 million as at 31 December 2023.

OPERATING INCOME GENERATED BY THE PROPERTIES

In 2023, Yuexiu REIT recorded a total annual operating income of RMB2,086.86 million.



LEASE EXPIRY OF THE PROPERTIES

In terms of rental area in the next five years and beyond, the proportion of lease expiry of the Properties for each year will be 28.9%, 28.8%, 25.8%, 6.2% and 10.3% respectively. In terms of basic monthly rentals, the proportion of lease expiry for each year will be 32.5%, 29.4%, 24.5%, 5.6% and 8.0% respectively.

By rental area By basic monthly rentals

PROPERTY PORTFOLIO



**GUANGZHOU
TIANHE DISTRICT**

GUANGZHOU IFC

**GUANGZHOU IFC -
A GLOBAL BUSINESS LEADER AND
GUANGDONG-HONG KONG-MACAU
GREATER BAY AREA URBAN
LANDMARK COMPLEX**

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

The property is in an excellent location of the core CBD which is on the axis of Guangzhou, where the Metro Line 3 and Line 5 and the Automatic Passenger Mover System (APM) intersect. It is 45 minutes from Guangzhou Baiyun International Airport, 40 minutes from Guangzhou South Railway Station, 10 minutes from Guangzhou East Railway Station, 45 minutes from Nansha Expressway, and 15 minutes from Pazhou convention and exhibition business district, facilitating quick and easy business connection.

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



PROPERTY PORTFOLIO



**GUANGZHOU
TIANHE DISTRICT**

GUANGZHOU IFC - OFFICE



The main tower of the property is 432 meters tall, being one of the world's top ten skyscrapers. The property is designed by the renowned architectural firm, Wilkinson Eyre Architects, and its structural works are undertaken by Arup. The property won the "Highly Commended Mixed-use Project" Award of the International Property Awards at the Asia Pacific Presentation Ceremony in 2012, and the honour of "The Most Outstanding Architecture outside the European Union" awarded by the Lubetkin Prize granted by the Royal Institute of British Architects (RIBA) in a global competition. The property also won the Lu Ban Award in 2013, representing the highest honour in quality control and engineering level in the construction industry of China. In 2017, it was granted the LEED V4 standard platinum level certification for the operation stage. It obtained BOMA CHINA COE certifications in 2019 and BOMA 360 Performance Program certification in 2020, becoming the first REITs asset program that won both BOMA COE and BOMA 360 certifications in the Asia Pacific region. In 2021, it won the first batch of "Super Grade A Office Buildings" (超甲級寫字樓) in Guangzhou, "Best Practice Award for Operation Management · Urban Complex" (運營管理最佳實踐獎·城市綜合體), and "2021 Outstanding Contribution Award for Asian Real Estate Commercial Landmark Buildings" (2021亞洲不動產商業地標建築傑出貢獻獎). It obtained BOMA CHINA COE renewal certifications and BOMA 360 Performance Program renewal certification in 2022 and 2023, respectively.

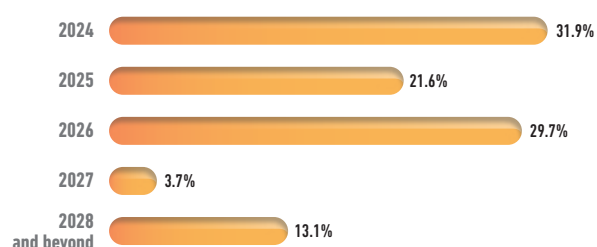
(I) OFFICE BUILDINGS

The offices of Guangzhou IFC are on the 4th to 65th floors of the main tower. It has a gross floor area of 268,000 sq.m. and commenced operation in July 2011. As an iconic building and a landmark in southern China, Guangzhou IFC has attracted many multinational companies and renowned enterprises to lease its office space. Currently its tenants include renowned companies or institutions

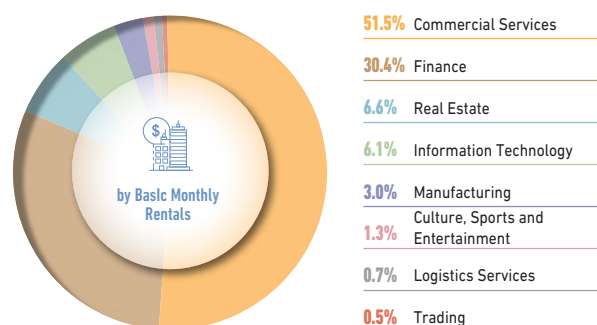


such as Bank of America, Société Générale, the British Consulate, Lucent Bell, Cooper Electric, Dassault Systemes, Dow Chemical, Mitsubishi Electric, GLP, BSH Home Appliances, AON, AIA, China Export & Credit Insurance, China Life, Datong Insurance, Bank of China, China Construction Bank, Agricultural Bank of China, BOCOM Schroders, Bank of Taiwan, CMB Wing Lung Bank, CCB Fintech, JD Allianz, Youngy Group, H&H International, FAW-Volkswagen, FAW Hongqi, Yuexiu Group, AllBright Law Firm, Deacons, LHP Law Firm, Guan Ling Law Firm and Celue Law Firm.

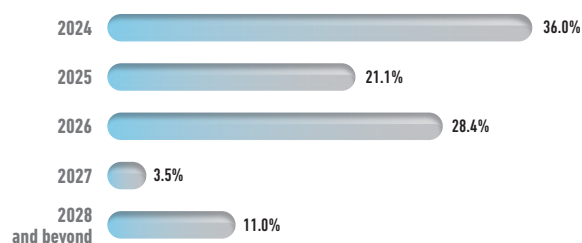
BY RENTAL AREA



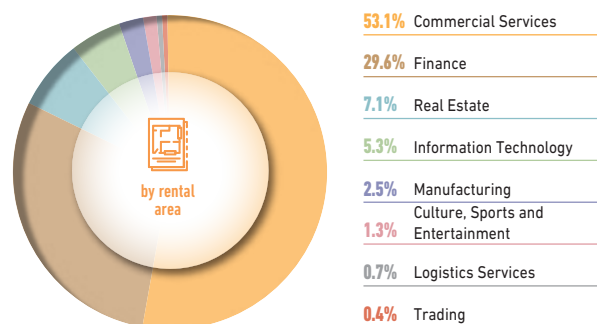
TENANT AREA PERCENTAGE BY INDUSTRY



BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Mixed	37.2%	30.7%
CCB Fintech	Finance	3.5%	4.1%
China Export Credit Insurance Corporation Guangdong Branch	Finance	3.3%	3.6%
Health and Happiness (H&H) China Limited	Commercial Services	2.6%	2.8%
Youngy Group and its subsidiaries	Commercial Services	2.4%	2.1%
AllBright Law Firm (Guangzhou)	Commercial Services	1.9%	2.2%
北京冠領 (廣州) 律師事務所	Commercial Services	1.7%	2.1%
CMB Wing Lung Bank Ltd Guangzhou Branch	Finance	1.6%	1.6%
Guangzhou Dabenxiang Technology Co., Ltd.	Commercial Services	1.6%	1.9%
AIA Life Insurance Co., Ltd. Guangdong Branch	Finance	1.3%	1.8%
Total		57.2%	52.8%

PROPERTY PORTFOLIO



**GUANGZHOU
TIANHE DISTRICT**

GUANGZHOU IFC - SHOPPING MALL



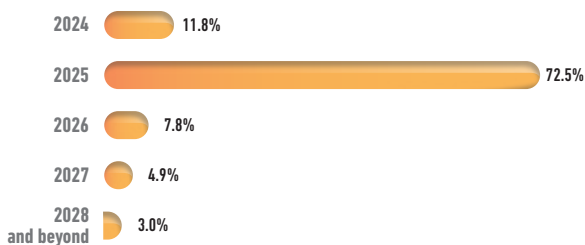
(II) SHOPPING MALL

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

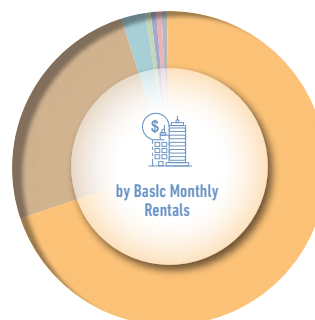
As of 31 December 2023, the occupancy rate of the shopping mall was 98.2%, and the unit rental price was RMB172.2 per sq.m. per month.



BY RENTAL AREA

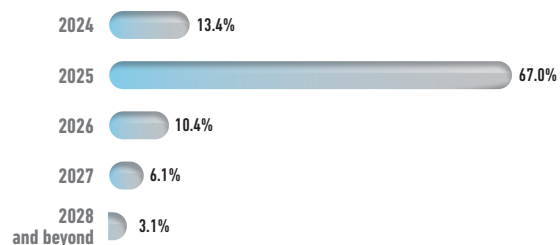


TENANT AREA PERCENTAGE BY INDUSTRY

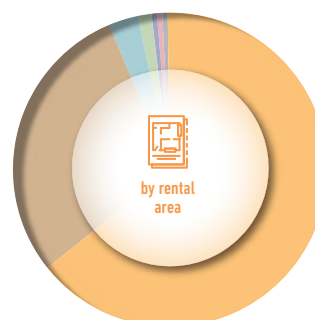


70.1%	Commercial Services
25.4%	Food and Beverage Services
2.5%	Real Estate
0.6%	Trading
0.5%	Finance
0.4%	Information Technology
0.4%	Logistics Services

BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



64.6%	Commercial Services
29.4%	Food and Beverage Services
2.9%	Real Estate
1.4%	Trading
0.6%	Finance
0.5%	Information Technology
0.5%	Logistics Services

TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Industry	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Friendship Group Co., Ltd.	Commercial Services	36.3%	57.9%
Guangzhou Nio Sales and Service Co., Ltd.	Commercial Services	12.6%	2.9%
Yuexiu Group and its subsidiaries	Food and Beverage	7.0%	5.9%
AVATR (Chongqing) Automobile Sales Service Co., Ltd.	Commercial Services	5.0%	0.8%
Guangzhou Peninsula Investment Group Co., Ltd.	Food and Beverage	3.0%	3.0%
Welcom Fitness Management Consulting (Guangzhou)	Cultural, Sports and Entertainment	2.8%	3.5%
Guangzhou Guojin Shishangletao Catering Management Limited	Food and Beverage	2.4%	4.3%
Youyue Restaurant of Zhujiang New Town, Tianhe District, Guangzhou	Food and Beverage	2.1%	2.3%
Guangzhou ChangLaiDaPaiDang Catering Co., Ltd.	Food and Beverage	1.8%	1.8%
Guangzhou Taishen Catering Co., Ltd.	Food and Beverage	1.7%	1.7%
Total		74.7%	84.0%

PROPERTY PORTFOLIO



**GUANGZHOU
TIANHE DISTRICT**

FOUR SEASONS HOTEL GUANGZHOU



(III) FOUR SEASONS HOTEL GUANGZHOU

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

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

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

	Date of inception	Area of ownership	Number of rooms	Average occupancy rate	Average room rate (RMB/night)
Four Seasons Hotel Guangzhou	August 2012	91,460.9	344	79.9%	2,238

GUANGZHOU
TIANHE DISTRICT



GUANGZHOU IFC - ASCOTT IFC GUANGZHOU

(IV) ASCOTT IFC GUANGZHOU

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

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

	Date of inception	Area of ownership	Number of rooms	Average occupancy rate	Average room rate (RMB/night)
Ascott IFC Guangzhou	September 2012	51,102.3	314	90.2%	1,117



GUANGZHOU TIANHE DISTRICT

YUEXIU FINANCIAL TOWER

YUEXIU FINANCIAL TOWER – A CORE BENCHMARK PROPERTY IN ZHUJIANG NEW TOWN AND ASSET MANAGEMENT CENTRE PLATFORM IN THE GREATER BAY AREA

Yuexiu Financial Tower is located in the core area of Zhujiang New Town, the core CBD of Guangzhou. It is on the axis of Zhujiang New Town with GZIFC. The straight-line distance between the two buildings is only 700 meters, both of which are among the top ten skyscrapers in Guangzhou. With convenient transportation, it is within walking distance of Zhujiang New Town Station (the transfer station of Metro Line 3 and Line 5), and 200 meters from Xiancun Station, the transfer station of Metro Line 13 and Line 18. Metro Line 18 was newly opened on 28 September 2021 and the second phase of Line 13 is currently under construction (expected to open in 2022). Metro Line 18 will become a key vertical line connecting Guangzhou Tianhe District with Panyu District and Nansha District from north to south, while Metro Line 13 will become a key horizontal line running through the Guangzhou Metro network from east to west in Guangzhou City. In addition to the subway line, the property is also adjacent to the passenger automatic transportation system (APM) connecting other areas of Tianhe District with Haizhu District. The property has won several awards, including American Green Building LEED V4 Standard Platinum Level Certification (美國綠色建築LEED EBOM V4鉑金級認證), American Green Building WELL V2 Platinum Precertification (美國綠色建築WELL V2鉑金級預認證) and China Construction Engineering Luban Prize (National Prime-quality Project) (中國建設工程魯班獎(國家優質工程)), the latter of which represents the highest honor in construction quality of China. It is widely recognized for its outstanding design, quality and infrastructure. In 2021, it won "Best Practice Award for Operation Management · Green Building" (運營管理最佳實踐獎-綠色建築), "Super Grade A Office Buildings" (超甲級商務寫字樓), "New Landmark of China's Building Economy" (中國樓宇經濟新地標), "Commercial Property Value Performance Award" (商辦物業價值表現獎), and "Excellent Green Project" (優秀綠色項目). In 2022, it was successfully selected as "The First Batch of Zero-carbon Digital Buildings in Guangzhou" (廣州市首批零碳數智樓宇), and won "Demonstration (Pilot) Unit of Building Digitalized Emergency Rescue" (樓宇數智化應急救援示範(試點)單位), "Champion Award for Annual Real Estate Finance Innovation Achievement" (年度地產金融創新成就冠軍獎) and "2022 Performance Award for Commercial Property Operation" (2022年度商辦資產運營表現獎).



PROPERTY PORTFOLIO



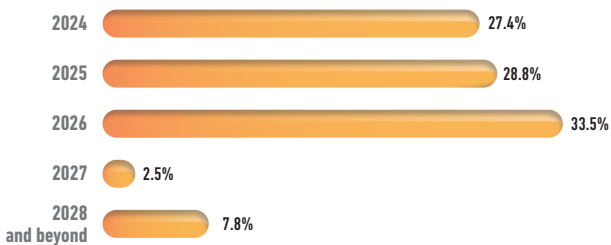
**GUANGZHOU
TIANHE DISTRICT**

YUEXIU FINANCIAL TOWER

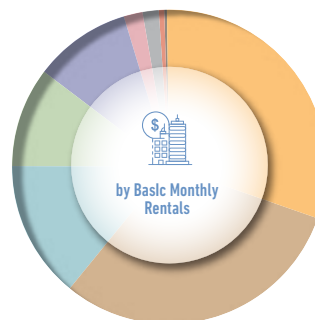


The property was completed in August 2015, with a building height of approximately 309 meters and 68 floors (including a 4-storey retail component and a 64-storey office component), with a total gross floor area of 210,282.9 sq.m.. A number of well-known companies have settled in, including Allianz Insurance Group, Mead Johnson, Deloitte, WeWork, China Resources, China Everbright Group, Ping An, Ansteel Group, CSSC Holdings, Lenovo, Volkswagen, Hyatt Hotel Management, Efund, GP Corp, ZTE, Hyundai Korea, Baxter Medical, etc..

BY RENTAL AREA

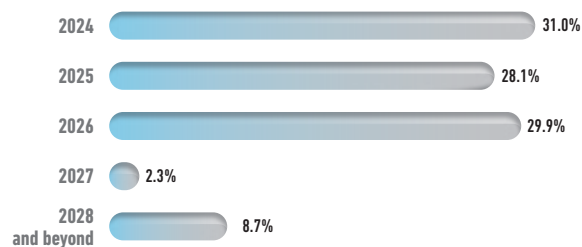


TENANT AREA PERCENTAGE BY INDUSTRY

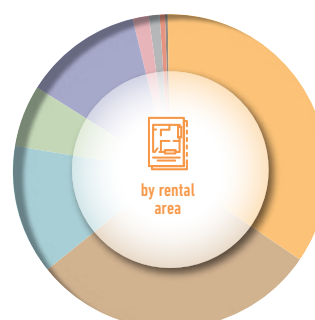


30.8%	Finance
30.5%	Commercial Services
14.1%	Information Technology
10.4%	Manufacturing
10.0%	Real Estate
1.9%	Logistics Services
1.8%	Culture, Sports and Entertainment
0.4%	Trading
0.2%	Food and Beverage Services

BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



34.9%	Finance
29.7%	Commercial Services
13.4%	Information Technology
6.3%	Manufacturing
12.2%	Real Estate
1.7%	Logistics Services
1.1%	Culture, Sports and Entertainment
0.5%	Trading
0.2%	Food and Beverage Services

TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Real Estate	25.9%	20.7%
Liweishi (Guangzhou) Business Information Consulting Co., Ltd.	Commercial Services	6.7%	5.3%
Guangzhou Wanglaoji Health Industry Co., Ltd.	Manufacturing	3.8%	3.6%
E Fund Management Co., Ltd.	Finance	3.8%	3.8%
MeadJohnson Nutrition (China) Co., Ltd.	Manufacturing	3.7%	4.2%
Guangzhou Intelligence Communication Technology CO., Ltd.	Information Technology	3.5%	4.1%
Kaiyue Hotel Consulting Service (Guangzhou) Co., Ltd.	Commercial Services	2.9%	3.3%
Deloitte & Touche LLP and its affiliates	Finance	2.5%	3.7%
Everbright Group	Real Estate	2.2%	2.1%
Zhongxing Telecommunication Equipment Corporation	Information Technology	2.0%	2.5%
Total		57.0%	53.3%



GUANGZHOU YUEXIU DISTRICT

WHITE HORSE BUILDING



WHITE HORSE BUILDING - CHINA BRAND APPAREL INTERNATIONAL TRADING CENTRE



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

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





PROPERTY PORTFOLIO



**GUANGZHOU
YUEXIU DISTRICT**

WHITE HORSE BUILDING



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

After years of cultivation and development, the Guangzhou White Horse Apparel Market has become a bellwether in the wholesale industry of garments in the country, and has won various recognition and awards, such as the Top 10 Professional Markets of Fashion in China, CNTAC Product Development and Promotion Award, the First Incubation Bases for Fashion Brands in China, National Civilized

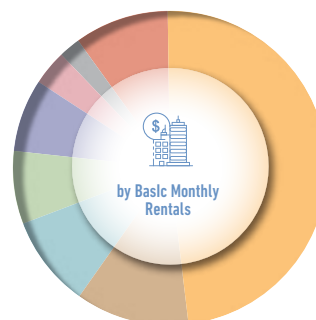
Market, Guangdong Civilized Market, Guangdong Fashion Apparel International Purchase Centre, Guangdong Famous Brand, Leading Enterprise in Guangdong Modern Wholesale Market, China E-Commerce Modelling Enterprise, 2013-2014 Top 100 E-Commerce Enterprises in Guangdong, 2018 Silk Road Textile Industry Influence Innovation Market, the Most Influential Brand Market in China over the Past 40 Years of Reform and Opening-Up, Chinese Apparel Brand Incubation Base Service Model, 2019 Guangdong Apparel Industry Benchmarking Professional Market and Special Innovation Award of Fashion Trendy of 2020 China Textile and Apparel Dealers Award (2020年中國紡織服裝流通大獎時尚引領特別創新獎). In 2023, the property won the national honorary titles of "Top 100 Comprehensive Commodity Markets in China" (中國商品市場綜合百強市場) and "Fashion Market of China Commodity Market" (中國商品市場時尚市場).



BY RENTAL AREA

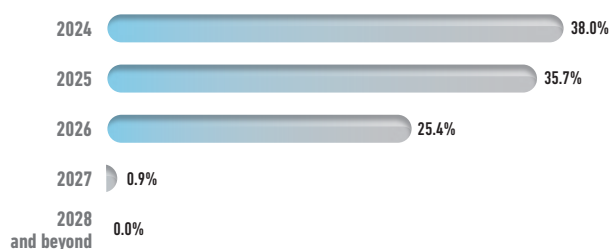


TENANT AREA PERCENTAGE BY REGION

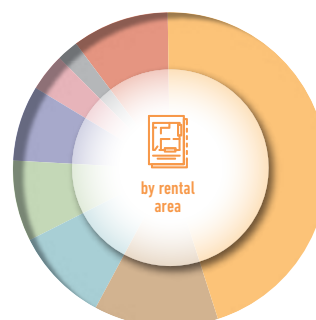


48.5%	Guangdong-Hong Kong-Macao
11.6%	Jiangsu, Zhejiang and Shanghai
9.4%	Fujian
7.6%	Jilin, Heilongjiang and Liaoning
7.3%	Hunan and Hubei
3.8%	Sichuan and Chongqing
2.2%	Jiangxi
9.5%	Others

BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY REGION



45.5%	Guangdong-Hong Kong-Macao
12.6%	Jiangsu, Zhejiang and Shanghai
9.7%	Fujian
8.3%	Jilin, Heilongjiang and Liaoning
7.8%	Hunan and Hubei
3.9%	Sichuan and Chongqing
2.3%	Jiangxi
9.8%	Others

TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Fu Xiaohong	Commercial Services	1.1%	0.9%
Li Tie	Commercial Services	1.0%	0.7%
Guo Shuying	Commercial Services	0.8%	0.5%
Li Xinyou	Commercial Services	0.8%	0.6%
Chen Li	Commercial Services	0.7%	0.8%
Xue Mei	Commercial Services	0.7%	0.5%
Wu Wei	Commercial Services	0.7%	0.5%
Shuang Xiumei	Commercial Services	0.7%	0.5%
Gong Xingyun	Commercial Services	0.7%	0.6%
Li Baodong	Commercial Services	0.7%	0.4%
Total		7.7%	5.8%

PROPERTY PORTFOLIO



GUANGZHOU TIANHE DISTRICT

FORTUNE PLAZA

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

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



PROPERTY PORTFOLIO



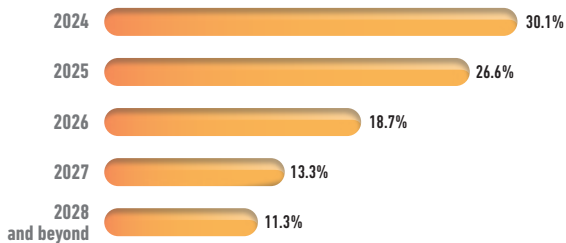
**GUANGZHOU
TIANHE DISTRICT**

FORTUNE PLAZA

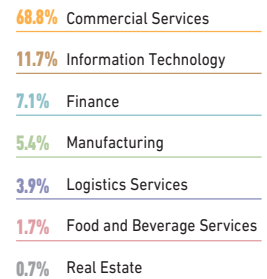
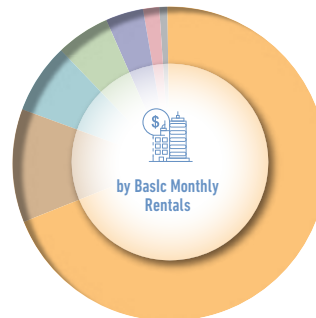


As an iconic building and landmark in the Tianhe CBD of Guangzhou, Fortune Plaza is the top choice for renowned companies. The property has been recognized as the "Model of National Property Management" and Building Sustainability Authentication Flag (樓宇可持續發展指數驗證標誌) and is well received by customers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

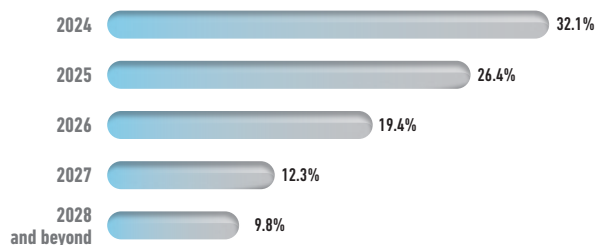
BY RENTAL AREA



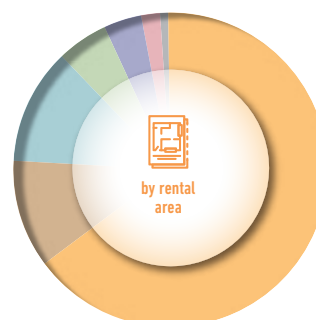
TENANT AREA PERCENTAGE BY INDUSTRY



BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



64.8%	Commercial Services
11.0%	Information Technology
12.0%	Finance
5.0%	Manufacturing
4.0%	Logistics Services
2.0%	Food and Beverage Services
0.6%	Real Estate

TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangzhou Friendship Baleno Company Limited	Commercial Services	11.2%	11.2%
Guangdong AEON Teem CO., Ltd.	Commercial Services	4.7%	5.9%
Guangdong Development Banking Co., Ltd. Guangzhou Branch	Finance	3.9%	1.7%
SMH Watch Service Center Co., Ltd.	Commercial Services	3.0%	2.6%
COSCO Shipping Logistics (Guangzhou) Co., Ltd. 廣州市悦冠智能科技有限公司	Logistics Services Information Technology	2.8%	2.6%
CITS American Express Southern Air Services Ltd.	Logistics Services	2.6%	2.6%
Guangzhou Kaider Wood Industry Co., Ltd.	Commercial Services	2.5%	2.6%
Cyril Human Resources	Commercial Services	2.4%	2.8%
Guangzhou Master Meditech Co., Ltd.	Commercial Services	2.4%	2.6%
Total		38.2%	37.3%

PROPERTY PORTFOLIO



GUANGZHOU TIANHE DISTRICT

CITY DEVELOPMENT PLAZA

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

Located at the junction of Tianhe North Road and Tiyu West Road, City Development Plaza is facing Tianhe Sports Center and is adjacent to landmark buildings such as CITIC Tower and Victory Plaza. With bus stops within easy reach, it is just a 5-minute walk from Linhexi Station of the Metro Line 3 and Automatic Passenger Mover System and has many restaurants and ancillary facilities in its adjacent areas. City Development Plaza has a total gross floor area of over 70,000 sq.m., comprising a 2-storey underground car park, a 4-storey commercial podium and a 28-storey high-end office building. With a uniquely large green area square of 5,000 sq.m., it provides a super large area for holding events by its business and office customers, and is a commercial complex integrating office, finance, business and food and beverage functions. In 2018, it was awarded the Building Sustainability Authentication Flag (樓宇可持續發展指數驗證標誌).



PROPERTY PORTFOLIO



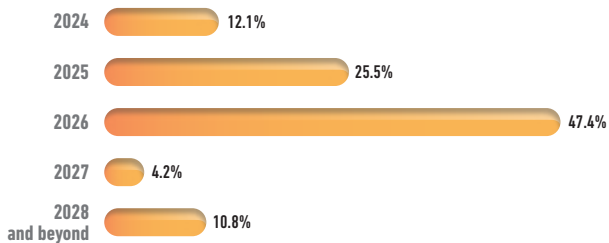
**GUANGZHOU
TIANHE DISTRICT**

CITY DEVELOPMENT PLAZA

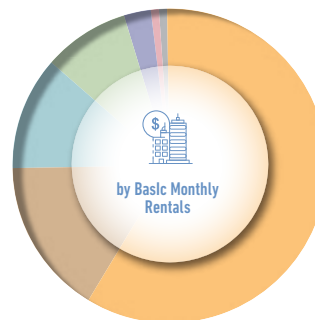


Existing tenants of City Development Plaza include many famous enterprises, such as SPD Bank, Guangfa Bank, General Mills, China Merchants Renhe Life Insurance, Pufanglimin (普方立民), Wangsu Science & Technology, Dongxing Securities, Spectris, Labcorp, WUYIGE Certified Public Accountants, Zhenglin Engineering (正林工程), Tian Qin Technology (天勤科技), and visa centres for several countries such as the U.K. and Canada were set up in its podium.

BY RENTAL AREA

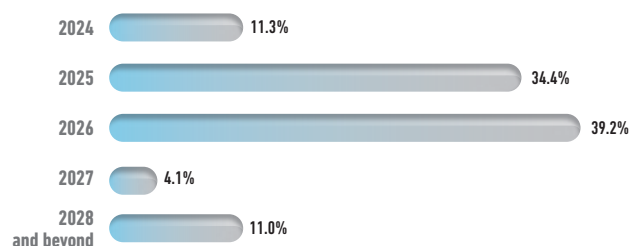


TENANT AREA PERCENTAGE BY INDUSTRY

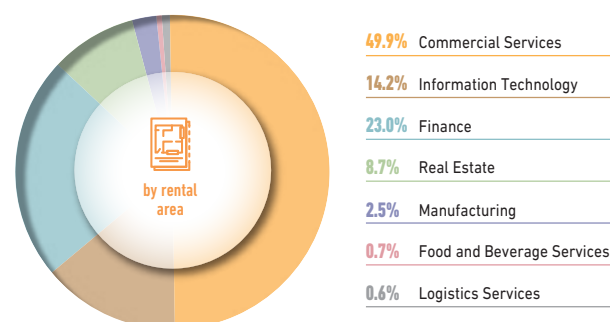


58.8%	Commercial Services
15.9%	Information Technology
11.8%	Finance
8.7%	Real Estate
2.9%	Manufacturing
0.7%	Food and Beverage Services
0.7%	Logistics Services

BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuxiu Group and its subsidiaries	Information Technology	14.6%	14.1%
Guangzhou Wisevalley Development Co., Ltd.	Commercial Services	14.5%	20.8%
Shanghai Pudong Development Bank, Guangzhou Branch	Finance	12.9%	4.0%
Trueland Information Technology (Guangzhou) Co., Ltd.	Information Technology	3.5%	4.0%
Shenzhen Jinwen Network Technology Co., Ltd.	Information Technology	3.0%	4.1%
General Mills Trading (Shanghai) Co., Ltd.	Commercial Services	2.5%	2.5%
Overseas Group	Commercial Services	2.2%	2.7%
Wangsu Science & Technology Co., Ltd. Guangzhou Branch	Information Technology	2.0%	2.2%
Zaihui (Shanghai) Network Technology Co., Ltd.	Information Technology	1.9%	2.5%
China Merchants Renhe Life Insurance Co., Ltd.	Finance	1.8%	2.4%
Total		58.9%	59.1%

PROPERTY PORTFOLIO



GUANGZHOU TIANHE DISTRICT

VICTORY PLAZA

VICTORY PLAZ - FAST FASHION, SLOW LIVING, YOUTH NEW HOME

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

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

It has introduced tenants including Uniqlo's largest and latest flagship store in southern China, Guangzhou McDonald's first future canteen flagship store, GU's first flagship store in southern China, Starbucks, St. Honore, HEYTEA, CHAGEE (霸王茶姬), Tai Er, Wuxi Cantonese Restaurant (吳系粵菜館), YE&CO, Xiao Li Yuan (小荔園), COLINMINT, KeYu and Lao Xiang Cun. It has integrated fast fashion, global trend, culture and creativity, and art space.



PROPERTY PORTFOLIO



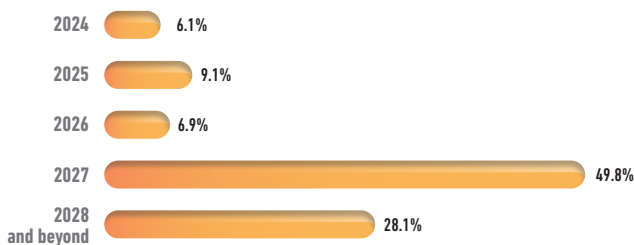
**GUANGZHOU
TIANHE DISTRICT**

VICTORY PLAZA

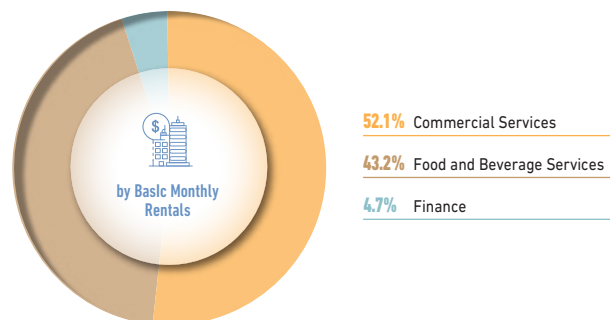


In 2019, Victory Plaza won many prestigious awards including the “Best Popularity Award”, the “Star of the Originality Services”, the “Good City Love Unit” by Guangzhou Charity Association. In 2020, Victory Plaza was awarded the “2nd China Commercial Property Planning Festival i.e. 3rd Golden Light Awards Ceremony” (第二屆中國商業地產企劃節暨第三屆金燈獎頒獎盛典), and awarded “Golden Light Award – Excellent Scene Award” (金燈獎·卓越場景獎) for three successive years which represents the influence of decoration in China. In 2021, it won the titles of “Popular Commercial Complex of the Year” (年度最受歡迎商業綜合體), “Top Ten Most Popular Check-in Points in Guangzhou” (廣州十大最受歡迎打卡點) and “Member of YOUNG City YEAH City Night Consumption Alliance” (YOUNG城YEAH市夜間消費聯盟成員).

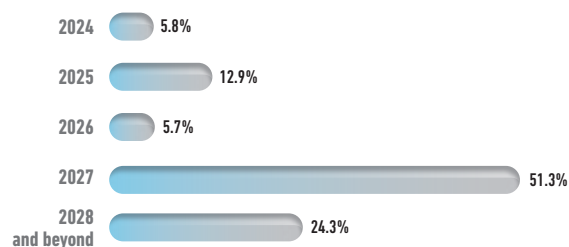
BY RENTAL AREA



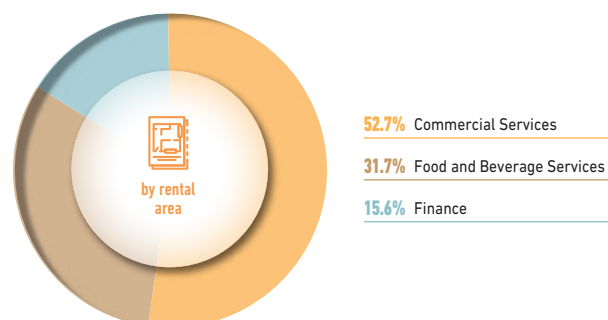
TENANT AREA PERCENTAGE BY INDUSTRY



BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Fast Retailing (China) Trading Co., Ltd. Victory Plaza Shop	Commercial Services	36.3%	40.7%
GU Shanghai Trading Co., Ltd. Guangzhou Ti Yu West Road Shop	Commercial Services	9.9%	5.6%
China Merchants Bank Co., Ltd. Guangzhou Branch Industrial and Commercial Bank of China Limited, Guangzhou Dezheng Zhong Road Sub-branch	Finance	8.6%	3.0%
Guangdong Sanyuan McDonald's Food Company Limited	Food & Beverage Services	7.0%	1.6%
J.M. Developments (Limited Partnership) 廣州駿興西餐廳有限公司	Food & Beverage Services	6.4%	5.0%
Guangdong Starbucks Coffee Co., Ltd.	Food & Beverage Services	4.7%	10.2%
Guangzhou Xin Ying Dong Education Consultancy Co., Ltd.	Food & Beverage Services	2.5%	4.2%
廣州市吳越餐飲管理服務有限公司	Food & Beverage Services	2.3%	1.5%
	Commercial Services	2.3%	2.8%
	Food & Beverage Services	2.2%	2.9%
Total		82.1%	77.6%

PROPERTY PORTFOLIO



SHANGHAI PUDONG NEW DISTRICT

YUE XIU TOWER

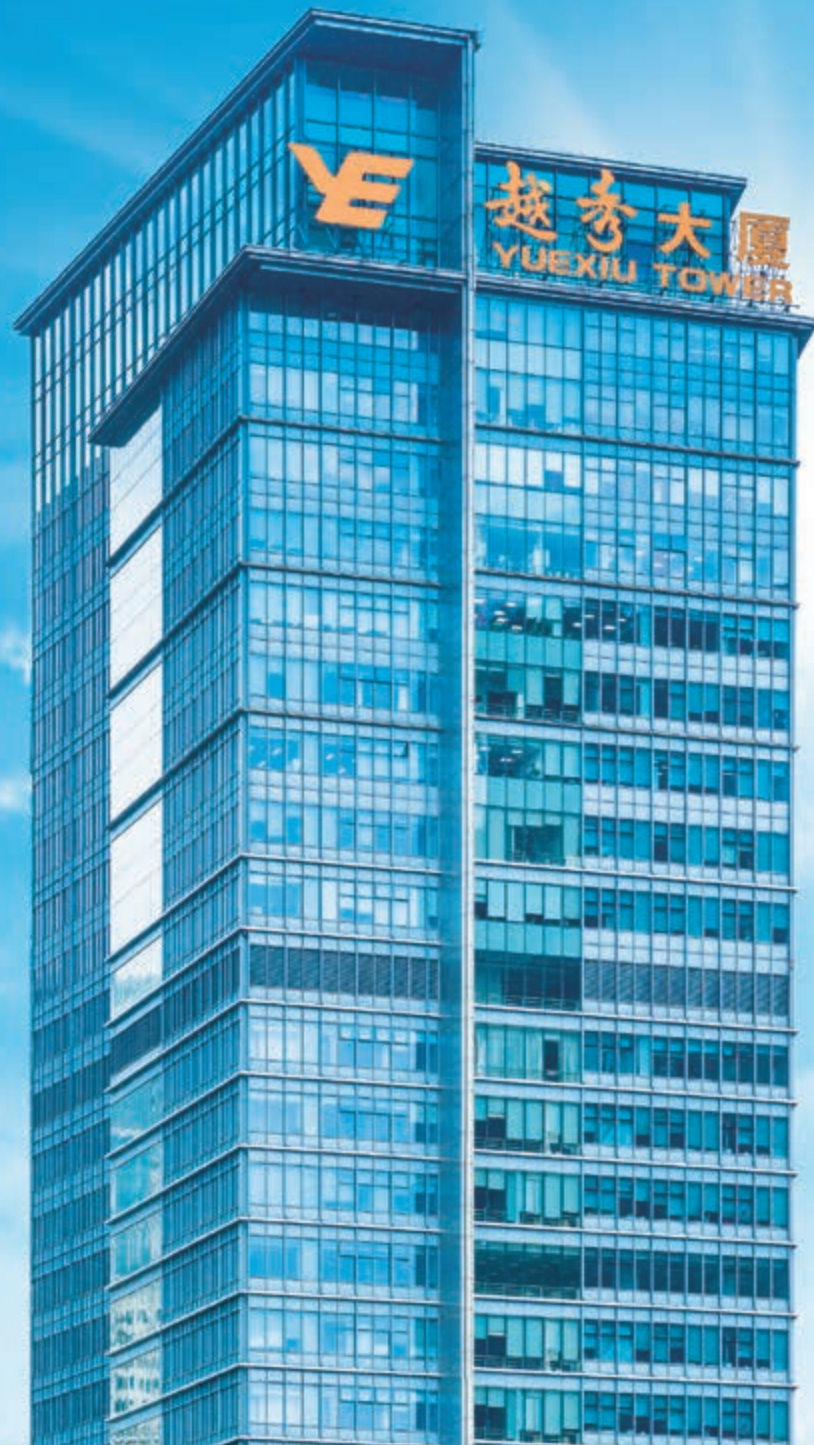


**SHANGHAI YUE XIU TOWER -
CONCENTRATED LOCATION FOR HIGH-
GROWTH FINANCIAL ENTERPRISES,
PREMIUM PROPERTY IN THE CORE AREA
OF ZHUYUAN CBD IN PUDONG, SHANGHAI**



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

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



PROPERTY PORTFOLIO

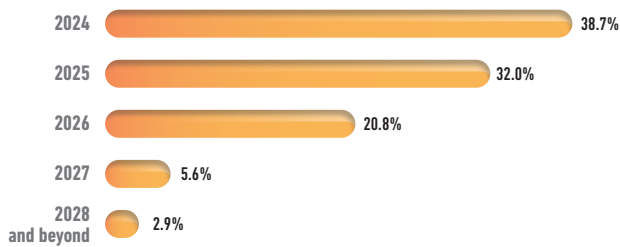


**SHANGHAI
PUDONG NEW DISTRICT**

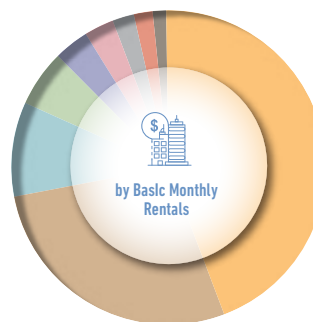
YUE XIU TOWER



BY RENTAL AREA

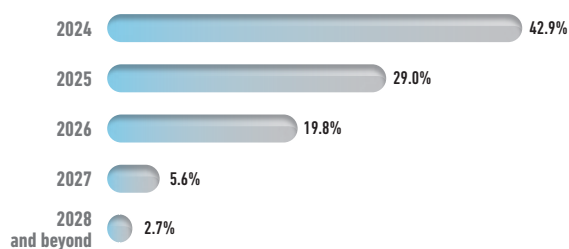


TENANT AREA PERCENTAGE BY INDUSTRY

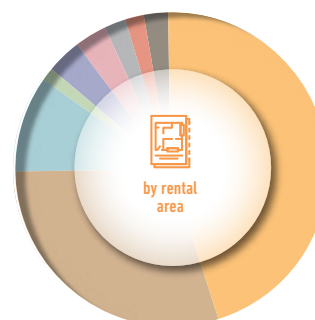


44.6%	Finance
27.9%	Commercial Services
9.8%	Manufacturing
5.8%	Culture, Sports and Entertainment
3.4%	Information Technology
3.3%	Real Estate
2.2%	Trading
1.8%	Logistics Services
1.3%	Food and Beverage Services

BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



45.3%	Finance
29.9%	Commercial Services
9.8%	Manufacturing
1.6%	Culture, Sports and Entertainment
3.4%	Information Technology
3.6%	Real Estate
2.1%	Trading
1.9%	Logistics Services
2.4%	Food and Beverage Services

TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Finance	17.0%	14.8%
Shanghai Zhengjia Clinical of TCM	Commercial Services	5.2%	3.1%
Shanghai Xin Gong Investment Management Co., Ltd. and its affiliates	Commercial Services	4.9%	4.4%
Hongta Group and its subsidiaries	Finance	4.4%	5.2%
Shanghai Nabtesco Business Management Co., Ltd.	Manufacturing	3.2%	3.2%
Shanghai Shengbin Medical Consulting Service Co., Ltd.	Commercial Services	2.8%	2.2%
Sulzer Pumps Wastewater Shanghai Co., Ltd.	Manufacturing	2.0%	1.9%
Sixiangjia Financial Leasing (Shanghai) Co., Ltd.	Finance	2.0%	1.1%
Access World (Shanghai) Logistics Co., Ltd.	Logistics Services	1.9%	1.8%
Huatai Securities Co., Ltd.	Finance	1.5%	1.8%
Total		44.9%	39.6%

PROPERTY PORTFOLIO



WUHAN QIAOKOU DISTRICT

WUHAN PROPERTIES

YUEXIU FORTUNE CENTRE – A RIVERSIDE BUSINESS LANDMARK COMPLEX IN QIAOKOU, WUHAN

Yuexiu Fortune Centre, located in Hankou Riverside Business District which is an emerging business district in Wuhan, is currently the tallest International Grade A office building completed in Wuhan. As the only International Grade A office building in Hankou and in the riverside area of Hankou, Yuexiu Fortune Centre owns excellent riverside views in three directions. The property is located within the second ring of Wuhan. Public transportation is convenient and people can easily access three towns in Wuhan. It is connected to Hanyang by Yuehu Bridge on the south side. Two metro lines meet at Qiaokou Road station (Metro Line 1 is in operation and Metro Line 10 is under planning). Hanjiang Avenue Expressway, next to the Yuexiu Fortune Centre, is directly connected to the Wuhan Tianhe International Airport. The property won the "2021 Asia Real Estate Annual Office Development Gold Award" (2021亞洲不動產年度寫字樓開發項目金獎) in 2021.



PROPERTY PORTFOLIO



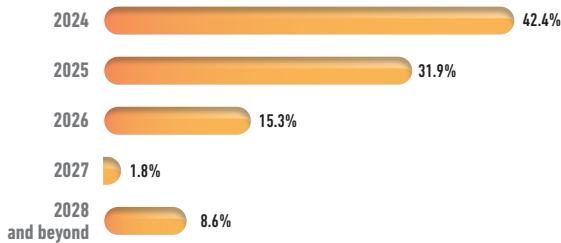
**WUHAN
QIAOKOU DISTRICT**

WUHAN PROPERTIES - YUEXIU FORTUNE CENTRE

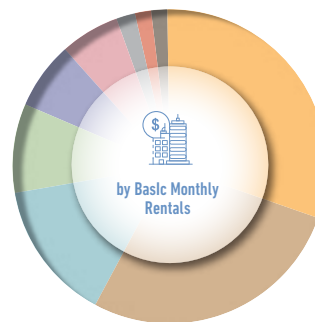


Yuexiu Fortune Centre was completed in August 2016, with a height of 330 metres and a total gross floor area of 129,446.7 sq.m., comprising a 68-storey office building. The main tenants of Yuexiu Fortune Centre are premium domestic and foreign companies, including Fortune 500 companies, such as SAP, Gezhouba Group, Kaili Air Conditioning, Hitachi and China Textile, as well as a number of renowned enterprises, including PSA, McQuay, FAW Hongqi, Dongguan Securities, AVIVA-COFCO, New China Life Insurance, Sumitomo Group, Prolog, C&D Realty, Kingdee Software and DHH Law Firm.

BY RENTAL AREA

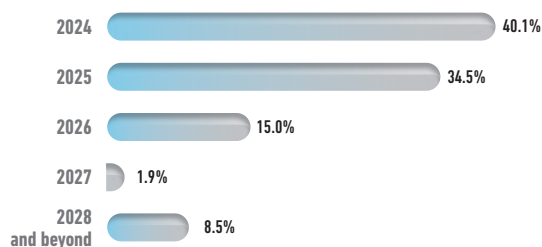


TENANT AREA PERCENTAGE BY INDUSTRY

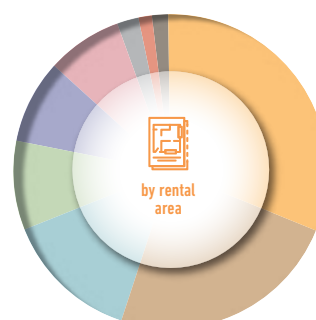


30.6%	Commercial Services
27.6%	Information Technology
14.5%	Finance
9.0%	Manufacturing
7.0%	Trading
6.1%	Real Estate
2.0%	Food and Beverage Services
1.7%	Logistics Services
1.5%	Culture, Sports and Entertainment

BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



31.5%	Commercial Services
24.0%	Information Technology
13.8%	Finance
9.1%	Manufacturing
8.8%	Trading
7.6%	Real Estate
2.2%	Food and Beverage Services
1.4%	Logistics Services
1.6%	Culture, Sports and Entertainment

TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Guangdong Guangxin Communication Service Co., Ltd.	Information Technology	11.2%	13.5%
GEZHOUBA GROUP	Real estate	7.4%	5.4%
武漢越秀商業管理有限公司	Real estate	4.3%	3.3%
BEIJING DHH (WUHAN) LAW FIRM	Commercial Services	4.0%	3.6%
Aviva-COFCO Life Insurance Co., Ltd. Hubei Branch	Finance	3.7%	3.9%
New China Life Insurance Co., Ltd. Wuhan Central Branch	Finance	3.1%	3.1%
Wuhan Prolog Integrated Technology Co., Ltd.	Information Technology	2.6%	3.3%
Country Garden Life Services Group Co., Ltd.	Real estate	2.6%	2.4%
Hitachi Elevator (China) Co., Ltd. Hubei Branch	Manufacturing	2.1%	1.6%
Hubei Sifei Construction Engineering Co., Ltd.	Manufacturing	2.1%	1.7%
Total		43.1%	41.7%

PROPERTY PORTFOLIO



**WUHAN
QIAOKOU DISTRICT**

WUHAN PROPERTIES - STARRY VICTORIA SHOPPING CENTRE

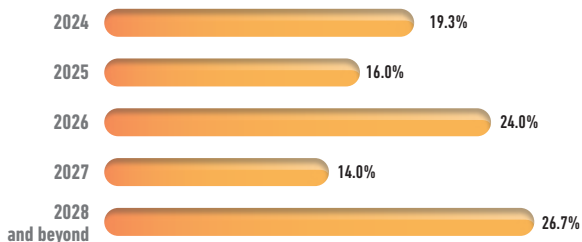


(III) WUHAN STARRY VICTORIA SHOPPING CENTRE

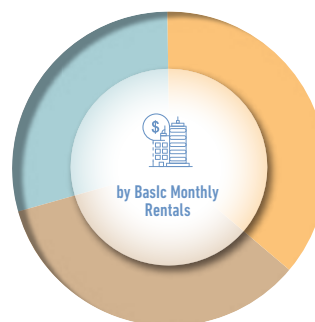
Starry Victoria Shopping Centre is the first Hong Kong lifestyle-oriented neighborhood shopping centre in Wuhan. Office staffs and family-oriented consumers are its target consumer groups. It is also the first shopping center built with a covered walkway to the metro. The 5-storey shopping arcade (inclusive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

Starry Victoria Shopping Centre provides supplementary services to office and residence services, F&B and life experience stores. Existing tenants of Starry Victoria are a number of renowned enterprises, including KFC, Tao Heung, KenGee, Starbucks, Luckin Coffee, Zhongbai Life Theatre, Huimailong (匯麥龍), Hotwind, Huawei, Xiaomi, Be True Shine, BYD, WELTMEISTER, Bestore, Chow Tai Fook, Xibeimowang, Cai Lin Ji and HODO Home.

BY RENTAL AREA

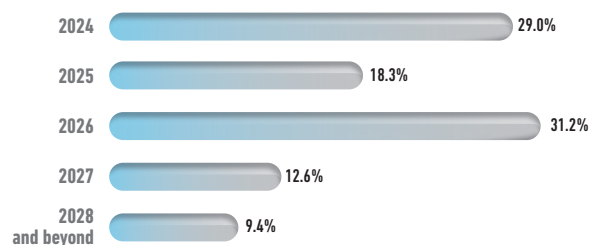


TENANT AREA PERCENTAGE BY INDUSTRY

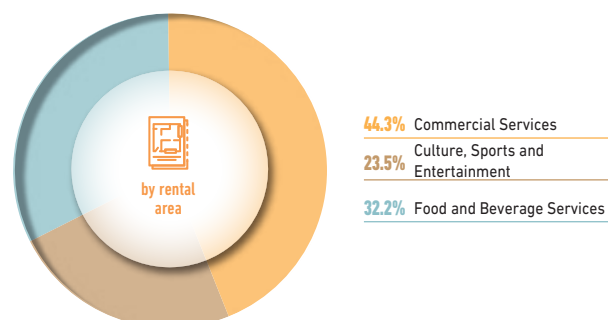


- 36.5%** Commercial Services
- Culture, Sports and Entertainment
- 34.6%** Entertainment
- 28.9%** Food and Beverage Services

BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Wuhan KINGZONE Fitness Management Co., Ltd.	Culture, Sports and Entertainment	6.6%	5.9%
Zhongbai Warehouse Supermarket Co., Ltd.	Commercial Services	6.5%	8.8%
Wuhan Insun Starry Victoria Cinema Co., Ltd.	Culture, Sports and Entertainment	4.9%	12.0%
Wuhan Shengshi Dynasty Automobile Sales Co., Ltd.	Commercial Services	4.4%	1.1%
Bestore Co.,Ltd.	Commercial Services	3.4%	0.9%
上海迎喜天浩餐飲管理有限公司礆口分公司	Food and Beverage Services	3.3%	5.3%
武漢市武昌區新東方科技教育培訓學校有限公司	Commercial Services	2.8%	2.9%
Wuhan Hengxiuhui Catering Management Co., Ltd.	Food and Beverage Services	2.5%	1.8%
Chuyue Health Management Consulting (Wuhan) Co., Ltd.	Commercial Services	2.2%	1.3%
Wuhan Tai Gai Food & Beverage Management Co., Ltd.	Food and Beverage Services	2.2%	1.0%
Total		38.8%	41.0%

PROPERTY PORTFOLIO



HANGZHOU SHANGCHENG DISTRICT

VICTORY BUSINESS CENTER

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

Hangzhou Victory Business Center is located in Qianjiang New Town, Shangcheng District, Hangzhou, Zhejiang Province, within only 10-minute walking distance from the junction (Sanbao Station and Yudao Station) at which two metro lines (line 6 and line 9) and one airport express line intersect, and enjoys greater accessibility to the Xiaoshan International Airport, Asian Games Village and other main metro stations. The project was completed in January 2017, with a total gross floor area of more than 70,000 sq.m., including two 18-storey Grade A offices, four blocks of detached villa-style office buildings and 2-storey underground car park spaces. The property was awarded "Guangsha Award" (廣廈獎) in 2021.

Hangzhou Victory Business Center Tower Block 2 has attracted a number of renowned enterprises, including Powerchina, Bank of China, Hangzhou Customs, Sijiqing Street Qianyun Community, Yiyiyizhongliu (一億中流), Shanxi Road & Bridge, CCCC Water Resources and Hydropower, Yiqiwan Technology, Caitong Securities and Yuexiu Property.



PROPERTY PORTFOLIO

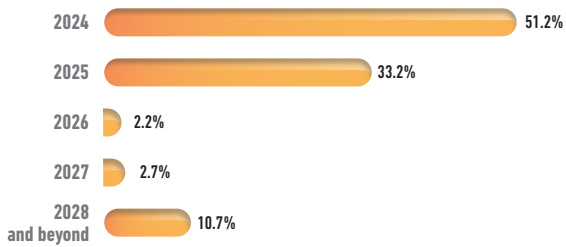


**HANGZHOU
SHANGCHENG DISTRICT**

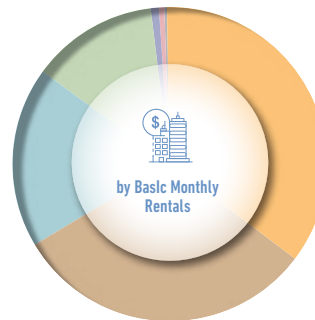
VICTORY BUSINESS CENTER



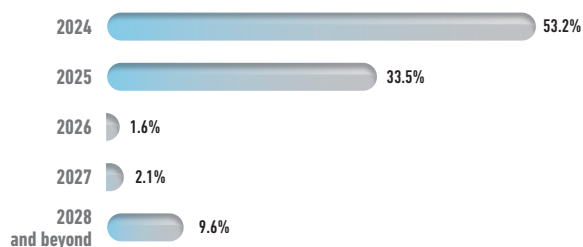
BY RENTAL AREA



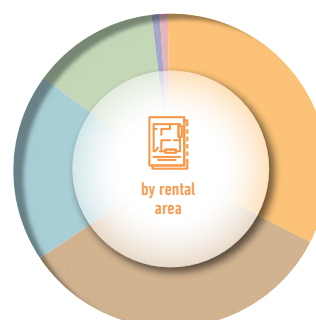
TENANT AREA PERCENTAGE BY INDUSTRY



BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



32.8% Commercial Services

33.3% Real Estate

19.4% Information Technology

13.0% Finance

0.9% Culture, Sports and Entertainment

0.6% Logistics Services

0.0% Trading

TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

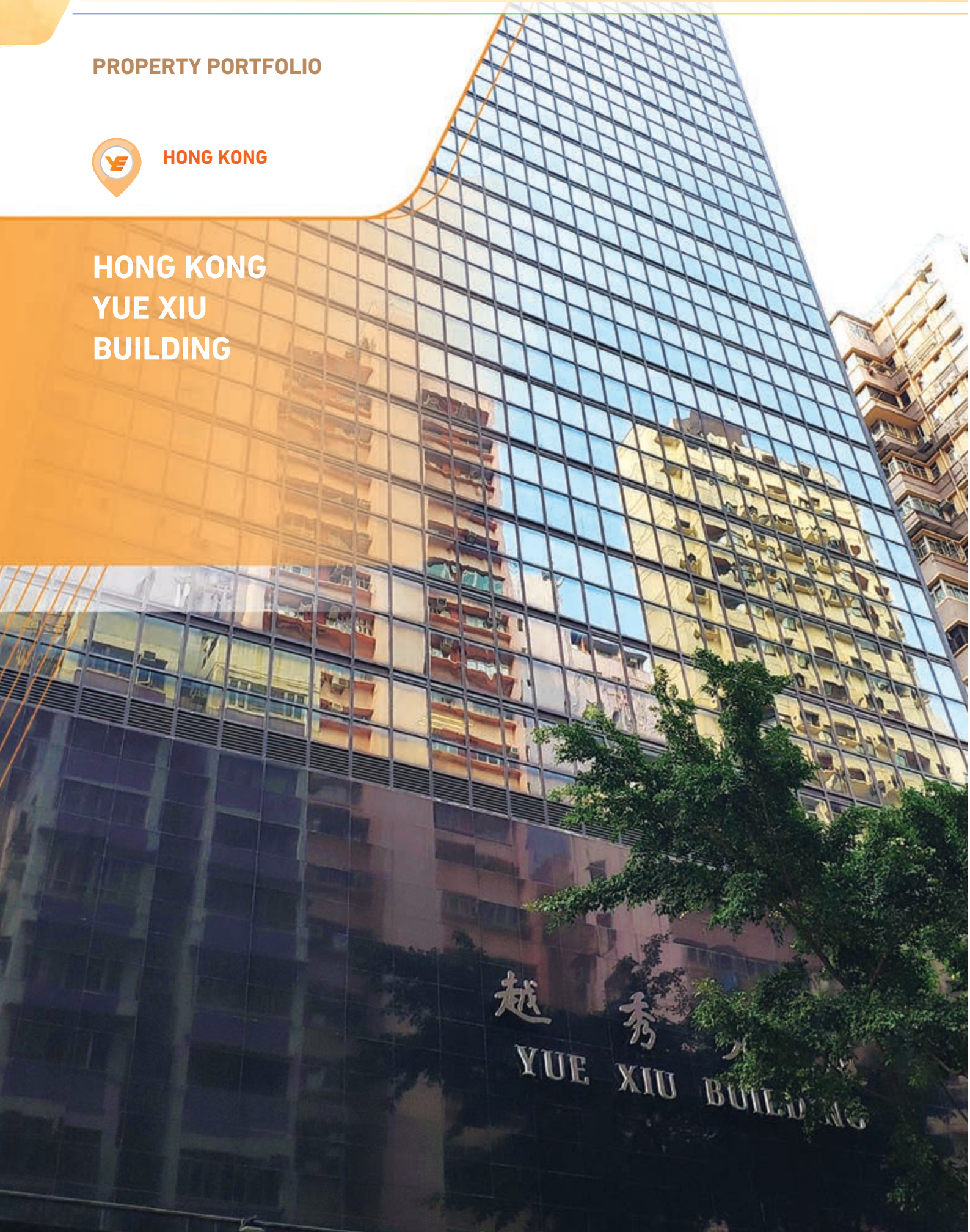
Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Group and its subsidiaries	Real Estate	25.6%	23.0%
Sijiqing Street Government Office of Jianggan District, Hangzhou	Commercial Services	15.7%	16.3%
Zhejiang Yiyiyizhongliu Information Technology Co., Ltd.	Information Technology	11.7%	11.4%
Caitong Securities Co., Ltd. Securities Branch in Jiangxiu Street, Hangzhou	Finance	7.5%	8.3%
CCCC Water Resources and Hydropower construction Co. Ltd.	Real Estate	6.7%	6.5%
Zhejiang Yiqiwan Internet Technology Co., Ltd.	Information Technology	6.3%	5.7%
Shanxi Road & Bridge Construction Group Co., Ltd. Zhejiang Traffic Engineering Branch	Real Estate	4.4%	4.2%
Sijiqing Street Qianyun Community Committee, Jianggan District, Hangzhou	Commercial Services	4.3%	4.8%
杭州威學文化傳播有限公司	Commercial Services	2.7%	2.6%
Hangzhou Yida Environmental Protection Technology Consulting Service Co., Ltd.	Commercial Services	2.1%	2.6%
Total		87.0%	85.2%

PROPERTY PORTFOLIO



HONG KONG

HONG KONG YUE XIU BUILDING



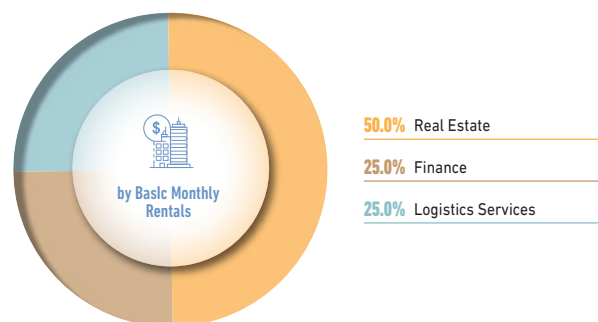
HONG KONG YUE XIU BUILDING - ESTABLISHED COMMERCIAL BUILDING

Hong Kong Yue Xiu Building is located in Hong Kong Island, within only 1-minute walking distance from Wan Chai Station on MTR Island line. The property, completed in July 1985, is a 27-storey (including car park) commercial building. Three Hong Kong listed companies of Yue Xiu Group have settled in the 17th and 23rd floors of Hong Kong Yue Xiu Building, including Yuexiu Property, Yuexiu REIT and Yuexiu Transport.

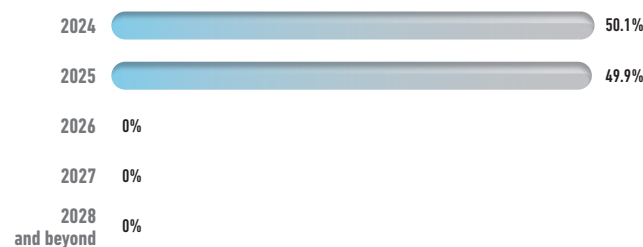
BY RENTAL AREA



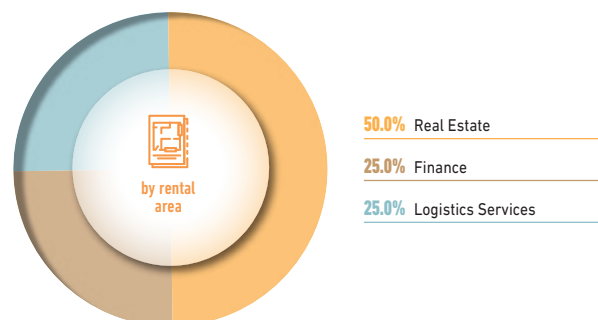
TENANT AREA PERCENTAGE BY INDUSTRY



BY BASIC MONTHLY RENTALS



RENTAL PERCENTAGE BY INDUSTRY



TOP 10 TENANTS BY RENTAL INCOME (AS AT 31 DECEMBER 2023)

Name of Tenant	Type	% of Total Monthly Rentals	% of Total Gross Rented Area
Yuexiu Property Company Limited	Real Estate	50.0%	50.0%
Yuexiu REIT Asset Management Limited	Finance	25.0%	25.0%
Yuexiu Transport Infrastructure Limited	Logistics Services	25.0%	25.0%
Total		100.0%	100.0%

REPORT OF THE TRUSTEE

TRUSTEE REPORT TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of Yuexiu Real Estate Investment Trust has, in all material respects, managed Yuexiu Real Estate Investment Trust in accordance with the provisions of the Trust Deed dated 7 December 2005, as amended by the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplemental Deed dated 25 July 2012, the Fourth Supplemental Deed dated 3 April 2020 and the Fifth Supplemental Deed dated 28 May 2021 for the financial year ended 31 December 2022.

HSBC Institutional Trust Services (Asia) Limited

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

Hong Kong, 7 March 2024

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

DIRECTORS

The Directors of the Manager are:



Mr. LIN Deliang

Chairman, Executive
Director and Chief
Executive Officer

Age
54



Ms. OU Haijing

Executive Director
and Deputy Chief
Executive Officer

Age
47



Mr. LI Feng

Non-Executive
Director

Age
55



Mr. ZENG Zhizhao

Non-Executive
Director

Age
46



**Mr. CHAN Chi On,
Derek**

Independent
Non-Executive
Directors

Age
60



**Mr. CHAN Chi Fai,
Brian**

Independent
Non-Executive
Directors

Age
69



Mr. CHEUNG Yuk Tong

Independent
Non-Executive
Directors

Age
66



Mr. CHEN Xiaouu

Independent
Non-Executive
Directors

Age
54

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

CHAIRMAN, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. LIN Deliang



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

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

After joining the Manager, Mr. Lin was responsible for organizing to implement Yuexiu REIT's acquisition of Guangzhou International Finance Center and a series of major capital operation projects in Shanghai, Wuhan and Hangzhou since 2009. As a composite professional of "DOS" (develop, operate and securitise) in the real estate investment and financing and securitization field, Mr. Lin has accumulated nearly 30 years of practical experience in large property positioning and planning, investment development, commercial operations, and capital operations.

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

EXECUTIVE DIRECTOR AND DEPUTY CHIEF EXECUTIVE OFFICER

Ms. OU Haijing

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

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

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

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

NON-EXECUTIVE DIRECTOR

Mr. LI Feng

Mr. Li Feng is Non-Executive Director of the Manager.

Mr. Li is currently the chief capital officer of Yue Xiu Group, mainly responsible for formulating and implementing major capital operation, organizing industrial development and financing coordination, upgrading the customer resource management, and a press spokesman of Yue Xiu Group. Mr. Li is also the Chairman of Chong Hing Bank Limited and Yue Xiu Securities Holdings Limited, a director of Yuexiu Financial Holdings Limited, Yuexiu Property and Guangzhou Yuexiu Capital Holdings Group Co., Ltd. (廣州越秀資本控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000987). Mr. Li was the Chairman of Yuexiu Transport Infrastructure Limited ("Yuexiu Transport"), a company listed on the Hong Kong Stock Exchange (Stock Code: 01052)). He is familiar with business of listed companies and the operations of capital markets, and has extensive practical experience in capital operations.

Mr. Li graduated from South China University of Technology and Jinan University, and obtained a bachelor of Engineering, master of Business Administration and the qualification of a Senior Engineer in China. Mr. Li is the president of Association of Guangzhou Belt and Road Investment Enterprises, member of Guangzhou Housing Provident Fund Management Committee, director of Guangzhou People's Association for Friendship with Foreign Countries and vice-president of The Listed Companies Council, Hong Kong Chinese Enterprises Association and a member of the Risk Management Committee of China Evergrande Group, a company listed on the Hong Kong Stock Exchange (Stock Code: 03333).

Mr. ZENG Zhizhao

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

Mr. Zeng joined the Yue Xiu Group in July 2005 and is currently acting as the general manager of the finance department of Yue Xiu Group, Yue Xiu and Guangzhou Yue Xiu Enterprises Holdings Limited.

Mr. Zeng has extensive experience in capital operations. Mr. Zeng has held various positions with Yue Xiu Group Holdings Limited where he worked as, among others, deputy manager and senior manager and certain other positions of the capital department from July 2005 to April 2014, as deputy director of capital operations of the capital department from April 2014 to November 2015, as deputy general manager of the capital department from November 2015 to March 2019, as general manager of the capital department from March 2019 to January 2021, and as deputy general manager of Yuexiu Property from January 2021 to March 2024, where he was mainly responsible for organizing and implementation of major capital operations projects, co-ordination of investor relations of listed companies within the Yue Xiu Group, capital operations, post-investment management of the headquarters of Yue Xiu Group and management of financial and operation of listed companies of the real estate sector within the Yue Xiu Group. Mr. Zeng was also involved in various capital operation projects including among others the acquisition of Guangzhou International Finance Center by Yuexiu REIT, acquisition of Chong Hing Bank Limited, and issuance of certain bonds.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Chi On, Derek

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

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

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

Mr. Chan is also currently an independent non-executive director of Longfor Group Holdings Limited (Stock Code: 00960), China Conch Venture Holdings Limited (Stock Code: 00586) and Embry Holdings Limited (Stock Code: 01388). The shares of the companies mentioned above are listed on the Hong Kong Stock Exchange.

Mr. Chan graduated from The Hong Kong University of Science and Technology with a master's degree in Business Administration in 1994 and from The University of Hong Kong with a bachelor's degree in Social Sciences (majoring in Economics) in 1985.

Mr. CHAN Chi Fai, Brian

Mr. Chan is an INED of the Manager.

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

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

Mr. Chan is a director of Primeline Energy Holdings Inc., which is listed on the TSX Venture Exchange (Stock Code: PEH.V). Mr. Chan is a certified public accountant with professional accounting qualifications in Hong Kong and United Kingdom, and has a higher diploma in Business Studies from The Hong Kong Polytechnic University.

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

Mr. CHEUNG Yuk Tong

Mr. Cheung is an INED of the Manager.

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

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

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

Mr. CHEN Xiaoou

Mr. Chen is an INED of the Manager.

Mr. Chen, has over 25 years of professional experience in large scale real estate asset management and investment, fund management, development, planning and design and international business operations. He has been living and working in PRC, the United States, Hong Kong, Singapore and Australia for many years. He is the China Chapter Board Member of Asia Pacific Real Estate Association, Fellow of The Building Owners and Managers Association China ("BOMA") and a BOMA-certified commercial real estate expert.

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

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

COMPENSATION OF DIRECTORS OF THE MANAGER

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

INDEPENDENCE OF DIRECTORS

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

SENIOR EXECUTIVES OF THE MANAGER

Mr. LIN Deliang

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

Ms. OU Haijing

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

Mr. YU Tat Fung

Mr. Yu is the company secretary and has been appointed as the compliance manager on 1 March 2010 of the Manager. Mr. Yu has been the company secretary of Yuexiu Property and Yuexiu Transport since October 2004. Mr. Yu has also been the company secretary of Yuexiu Services Group Limited (listed on the Stock Exchange with stock code: 6626) since February 2021. Mr. Yu has also been the company secretary and group general counsel of Yue Xiu since January 2014 and February 2017, respectively. Throughout the said positions, Mr. Yu has been responsible for advising respective board of directors on, among others, corporate governance and compliance matters. Mr. Yu obtained a bachelor's degree in social sciences from The University of Hong Kong in November 1981. He attained the Solicitors' Final Examination in England in November 1983. Mr. Yu was admitted as a solicitor of the Supreme Court of Hong Kong in April 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in February 1995. Mr. Yu confirmed that he had taken no less than 15 hours of relevant professional training during the Year.

Mr. KWAN Chi Fai

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

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

DIRECTORS' AND SENIOR EXECUTIVES' PROFILES

Ms. YOU Quan

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

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

Mr. DAI Jiakai

Mr. Dai is the Owner Representative of hotels and apartments of the Manager and is responsible for owner supervision of hotels and apartments of the Manager. Before joining the Manager in 2021, Mr. Dai worked in Marriott International Inc. for nearly eight years, served as director of food and beverage, resident manager and general manager, and participated in the preparation for opening of high-star hotels. He has extensive experience in hotel operation and management.

Mr. LIU Bihong

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

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

Mr. CHEN Yongqin

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

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

THE LEASING AGENTS

THE LEASING AGENTS

Yicheng BM introduced quality management system, environmental management system and occupational health and safety management system in 2009 and has passed annual review and acquired re-certification. It maintained effective certificates of GB/T19001-2016/ISO9001:2015, GB/T24001-2016/ISO14001:2015, GB/T45001-2020/ISO45001:2018 and GB/T23331-2020/ISO50001:2018 as at 31 December 2022. In 2022, Yicheng BM newly obtained a certification for information security management system, certificate number GB/T22080-2016/ISO/IEC27001:2013.

Baima BM (previously known as Guangzhou White House Property Management Co. Ltd was incorporated in the PRC in 1998 and is 66.92% owned by YXP as at 31 December 2021) provides leasing, marketing, tenancy management and property management services to White Horse Building and has been exclusively managing the property since 1998. It was GB/T19001-2016/ISO9001:2015 certified in 2018.

GZ IFC Management was incorporated in the PRC in 2012 to provide leasing, marketing and tenancy management services for the office buildings and retail mall of GZIFC and Shanghai Yue Xiu Tower.

CONFLICTS OF INTEREST

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

SEGREGATION OF OPERATIONAL LEASING AND MARKETING FUNCTIONS

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

"CHINESE WALLS"

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

CONTRACTUAL PROTECTION

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

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

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

CORPORATE GOVERNANCE

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

AUTHORISATION STRUCTURE

Yuexiu REIT is a unit trust authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code. The Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. As at 31 December 2023, the Manager had three persons who are approved as Responsible Officers pursuant to the requirements of section 125 of the SFO and Rule 5.4 of the REIT Code, Mr. Lin Deliang and Ms. Ou Haijing, the Executive Directors of the Manager, are also Responsible Officers of the Manager pursuant to the requirements of section 125 of the SFO. Mr. Kwan Chi Fai is also Responsible Officer.

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

ROLES OF THE TRUSTEE AND MANAGER

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

FUNCTIONS OF THE BOARD

As at 31 December 2023, the board of Directors of the Manager ("Board") comprised eight members, four of whom are INEDs.

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

ROLES OF THE KEY BOARD MEMBERS

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

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

BOARD COMPOSITION

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

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

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

BOARD MEETINGS

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

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

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

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

CORPORATE GOVERNANCE

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

Members of the Board	Number of meetings attended
Chairman and Executive Director Mr. Lin Deliang	14
Executive Director Ms. Ou Haijing	14
Non-executive Directors Mr. Li Feng	13
Mr. Zeng Zhizhao	14
Independent Non-executive Directors Mr. Chan Chi On, Derek	13
Mr. Chan Chi Fai, Brian	13
Mr. Cheung Yuk Tong	14
Mr. Chen Xiaou	14

BOARD COMMITTEES

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

The committees of the Board are as follows:

AUDIT COMMITTEE

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

The Audit Committee's responsibilities also include:

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

The Audit Committee meets on a half yearly basis and otherwise on an as-needed basis. During the Reporting Year, The Audit Committee has held eight meetings, two of which were held by means of written resolutions.

Audit Committee meetings were held during 2023 for considering and reviewing 2022 annual result, 2023 interim result, connected party transactions and other internal controls, risk management and compliance matters of Yuexiu REIT.

The attendance of members at such meetings is as follows:

Members attended	Number of meetings attended
Mr. Chan Chi Fai, Brian (Chairman)	7
Mr. Chan Chi On, Derek	8
Mr. Cheung Yuk Tong	8
Mr. Chen Xiaouu	8

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

FINANCE AND INVESTMENT COMMITTEE

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

CORPORATE GOVERNANCE

Finance and Investment Committee meetings were held during 2023 for reviewing 2022 annual result, 2023 interim result, bank loan refinancing, foreign exchange and capital renovation of Yuexiu REIT.

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

Members attended	Number of meetings attended
Mr. Lin Deliang (Chairman)	10
Ms. Ou Haijing	10
Mr. Li Feng	9
Mr. Zeng Zhizhao	10
Mr. Chan Chi On, Derek	9
Mr. Chan Chi Fai, Brian	9
Mr. Chen Xiaou	10

DISCLOSURES COMMITTEE

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

The Disclosures Committee's responsibilities also include:

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

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

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

The Disclosures Committee meetings were held during 2023 for considering and reviewing results announcements, interim and annual reports and other corporate disclosure issues of Yuexiu REIT.

The attendance of members at such meetings is as follows:

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

REMUNERATION AND NOMINATION COMMITTEE

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

Remuneration and Nomination Committee meetings were held during 2023 for reviewing the performance management and manpower deployment of the Yuexiu REIT and the Manager and reviewing the structure, size and composition of the board and committees.

CORPORATE GOVERNANCE

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

Members attended	Number of meetings attended
Mr. Cheung Yuk Tong (Chairman)	4
Mr. Lin Deliang	4
Mr. Chan Chi On, Derek	4
Mr. Chan Chi Fai, Brian	4

INDEPENDENT BOARD COMMITTEE

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

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

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

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

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Name of Directors	Readings on publications and newspapers on updated information about economics, commerce, Directors duties, etc.	Participation in trainings/briefings/corporate governance/seminars/conferences relevant to Directors' duties
Executive Directors		
Mr. Lin Deliang	√	√
Ms. Ou Haijing	√	√
Non-Executive Directors		
Mr. Li Feng	√	√
Mr. Zeng Zhizhao	√	√
Independent Non-Executive Directors		
Mr. Chan Chi On, Derek	√	√
Mr. Chan Chi Fai, Brian	√	√
Mr. Cheung Yuk Tong	√	√
Mr. Chen Xiaou	√	√

APPOINTMENT AND REMOVAL OF DIRECTORS

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

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

CORPORATE GOVERNANCE

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

CONFLICT OF INTEREST

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

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

GENERAL MEETINGS

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

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

REPORTING AND TRANSPARENCY

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

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

CORPORATE GOVERNANCE

DISTRIBUTION PAYMENTS

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

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

ISSUES OF NEW UNITS POST-LISTING

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

MATTERS TO BE DECIDED BY UNITHOLDERS BY SPECIAL RESOLUTION

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

CONFIRMATION OF COMPLIANCE WITH CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS

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

PUBLIC FLOAT

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

COMPLIANCE WITH COMPLIANCE MANUAL

Except from Article 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 both the Chairman and Chief Executive Officer of the Manager. This structure was considered of more efficiency in business planning and decision-making for Yuexiu REIT. The Board also did not believe that the current structure of a single Chairman and Chief Executive Officer will compromise the balance of power and authority between the board and the Manager's management.

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

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

AUDITOR

The financial statements of Yuexiu REIT for the Reporting Year have been audited by Ernst & Young ("EY"). EY has been re-appointed for performing the audit for the financial year ending 31 December 2024.

CONNECTED PARTY TRANSACTIONS

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

CONTINUING CONNECTED PARTY TRANSACTIONS

LEASING TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2023 Reporting Year (RMB/HKD)
24 October 2021	Guangzhou Yue Xiu Holdings Limited ("GZYX")	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Leasing Framework Agreement with GZYX setting out the terms and conditions and pricing policy governing the connected leasing transactions between Yuexiu REIT Group and Yuexiu connected persons group (being GZYX and its subsidiaries and associates) (" Yuexiu Connected Persons Group ") which are either in place or to be entered into or renewed from time to time for the period from 1 January 2023 to 31 December 2023, subject to the annual caps of RMB649,195,000 for the year ending 31 December 2023.	RMB 354,032,000
20 December 2022	Manager, Yuexiu Transport Infrastructure Limited ("Yuexiu Transport"), Yuexiu Property Company Limited ("YXP")	Manager An associate of the Manager	On 20 December 2022, (i) Artform Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the Manager Lease Agreement with the Manager (as lessee) for the lease of Unit 3 and a portion of Unit 2 of the 17th Yue Xiu Building; (ii) Artform Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the Yuexiu Transport Lease Agreement with Yuexiu Transport (as lessee) for the lease of Unit 1 and a portion of Unit 2 of the 17th Yue Xiu Building; and (iii) Blow Light Investment Limited (being a subsidiary of Yuexiu REIT Group) had entered into the YXP Lease Agreement with YXP (as lessee) for the lease of Unit 3 and a portion of Unit 2 of the 23rd Yue Xiu Building, subject to the annual caps of HK\$3,700,800, HK\$2,620,000 and HK\$1,694,000 for the years ending 31 December 2023, 2024, 2025, respectively	HK\$3,700,000

CONNECTED PARTY TRANSACTIONS

PROPERTY MANAGEMENT TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2023 Reporting Year (RMB)
24 October 2021	GZYX	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Property Management Framework Agreement with GZYX setting out the terms and conditions and pricing policy governing the connected property management transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2023 to 31 December 2023.	N/A

TENANCY SERVICES TRANSACTIONS

Date	Connected Person	Relationship with Yuexiu REIT	Nature of Transaction	Aggregate Transaction Value for the 2023 Reporting Year (RMB)
24 October 2021	Yuexiu Property	An associate of the Manager	On 24 October 2021, the Manager (on behalf of Yuexiu REIT Group) entered into the Yuexiu Tenancy Services Framework Agreement with Yuexiu Property setting out the terms and conditions and pricing policy governing the connected tenancy services transactions with the Yuexiu Connected Persons Group which are either in place or to be entered into or renewed from time to time for the period from 1 January 2023 to 31 December 2023, subject to the annual caps of RMB86,313,000 for the year ending 31 December 2023.	47,469,000

STAFF QUARTERS SUBLEASE

The following table sets forth information in relation to the sublease entered into between a connected person of Yuexiu REIT and Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd., Four Seasons Hotel Branch* (廣州越秀城建國際金融中心有限公司四季酒店分公司) (being a branch company of a subsidiary of Yuexiu REIT):

Tenant	Location of unit	Relationship with Yuexiu REIT	GFA (sq.m.)	Sublease commencement/renewal date	Monthly rent (RMB)	Monthly rent per sq.m. (RMB)	Rent free period (days)	Term (Years)	Sublease payment during the 2023 Reporting Year (RMB)
Guangzhou Yuexiu Star Apartment Management Co., Ltd.* (廣州越秀星寓公寓管理有限公司)	Guangzhou Tianhe District 邦華名悅	An associate of the Manager	7,411.05	1 December 2022	930,161	126	0	3	11,199,000

TRADE MARK LICENCE AGREEMENTS

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

Grantor	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount paid/ payable for the 2023 Reporting Year	Licence maturity date
Baima BM	An associate of the Manager	White Horse Building	Trade Mark Licence Agreement (6)	—	27 November 2026, 6 December 2026, 13 January 2027, 13 December 2026, 20 January 2027 27 November 2026
Yue Xiu Enterprises (Holdings) ("Yue Xiu") ⁽¹⁾	An associate of the Manager	Fortune Plaza	Trade Mark Licence Agreement	—	Perpetuity (subject to early termination terms)

(1) The trademarks were assigned from Yue Xiu to GZYX.

CONSTRUCTION SETTLEMENT AGENCY AGREEMENT

The following table sets forth information for the 2023 Reporting Year in relation to the prepaid construction payable by Yuexiu REIT to a connected person and the interest charged on the balance of prepaid construction payable:

Engineering Settlement Agent	Relationship with Yuexiu REIT	Date of the Agreement	Balance of Prepaid Construction Payable for the 2023 Reporting Year (RMB)	Nature of Transaction	Amount received/ Receivable for the 2023 Reporting Year (RMB)
GCCD	An associate of the Manager	4 May 2012	40,106,000	Interest on the balance of construction payable	3,453,000

ORDINARY BANKING SERVICES

Name	Nature of Transaction	Relationship with Yuexiu REIT	The balance of bank deposits amount as at 31 December 2023 (RMB)	The highest daily aggregate amount of bank deposits within the 2023 Reporting Year (RMB)	Amount of interest received/receivable within the 2023 Reporting Year (RMB)
Chong Hing Bank	Bank deposits	An associate of the Manager	4,688,128	75,310,401	592,000

CORPORATE FINANCE TRANSACTIONS

Name	Nature of Transaction	Date of agreement	Amount of fees paid/payable/ amortized within the 2023 Reporting Year
Chong Hing	Bond ⁽¹⁾	17 March 2023	RMB36,000
Yue Xiu Securities	Bond ⁽¹⁾	17 March 2023	RMB47,000

(1) Chong Hing and Yue Xiu Securities were one of the underwriters.

CONNECTED PARTY TRANSACTIONS

FINANCING OF THE DEFERRED COMPLETION PAYMENT

Name	Relationship with Yuexiu REIT	Date of agreement	Principal amount (RMB)	Amount of fees paid/ payable within the	Amount of interest paid/payable within the
				2023 Reporting Year	2023 Reporting Year
Guangzhou Construction Development Holdings (China) Limited ("GCD (China)") ⁽¹⁾	An associate of the Manager	21 December 2017	20,000	—	—

(1) On 21 December 2018, Yuexiu REIT repaid the deferred completion payment of approximately RMB803,783,000 to GCD (China), and the balance of approximately RMB20,000 will be settled upon payment of tax by the counterparty.

NAMING RIGHTS AGREEMENT

Name	Relationship with Yuexiu REIT	Property	Nature of Transaction	Amount received/ receivable for the	Naming Rights Period
				2023 Reporting Year (RMB)	
YXP	An associate of the Manager	Yuexiu Financial Tower	Naming rights	20,000,000	23 December 2021 to 31 December 2023

TRANSFER OF LOAN, RIGHTS AND OBLIGATIONS BY AN EXISTING LENDER TO A CONNECTED PERSON UNDER A FACILITY AGREEMENT

Yuexiu REIT Secure Shell Limited (being a wholly-owned subsidiary of Yuexiu REIT) (as borrower) (the "Borrower") entered into a facility agreement with several banks (as lenders) on 31 October 2019 in respect of HK\$5,200,000,000 unsecured term loan facilities (the "Facility Agreement"). The facilities were fully drawn down. The Borrower was notified that, on 17 August 2023, one of the lenders (being an independent third party) had sold and transferred by novation its interest, rights and obligations in respect of HK\$260,000,000 advanced under the Facility Agreement to Yue Xiu Investment Consultants Limited ("YXIC") (the "Transfer"). YXIC is a connected person of Yuexiu REIT by virtue of being an indirect wholly-owned subsidiary of Yue Xiu Enterprises (Holdings) Limited, which is the indirect holding company of the Manager and a substantial unitholder of Yuexiu REIT.

The Transfer was effected pursuant to the Facility Agreement, which allows a lender to, without the Borrower's consent, transfer by novation of any of its rights and obligations thereunder to another bank or financial institution or any other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans. For the avoidance of doubt, Yuexiu REIT and the Borrower were not parties to or otherwise involved in the Transfer, and the terms of the Facility Agreement remain unchanged.

HSBC GROUP *

Set out below is the information in respect of the connected party transactions involving Yuexiu REIT and the HSBC Group.

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

CORPORATE FINANCE TRANSACTIONS AND ORDINARY BANKING SERVICES

The following table sets forth information for the period in relation to the corporate finance transactions and ordinary banking services made between the HSBC Group and Yuexiu REIT within the 2023 Reporting Year:

ORDINARY BANKING SERVICES

Name	Nature of Transaction	Date of agreement	Principal amount	Amount of interest paid/payable within the 2023 Reporting Year
HSBC Group	Loan ⁽¹⁾	October 2019/ November 2022/ December 2022	HK\$343,752,000	RMB18,429,000

Name	Nature of Transaction	Date of agreement	Nominal amount	Receivable as at 31 December 2023
HSBC Group	Foreign Exchange Hedging ⁽²⁾	October 2022	HK\$320,000,000	RMB1,206,000

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

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

CORPORATE FINANCE TRANSACTIONS

Name	Nature of Transaction	Date of agreement	Amount of fees paid/payable/amortized within the 2023 Reporting Year
HSBC Group	Bond ⁽¹⁾	26 January 2021	RMB2,000

(1) HSBC Group was one of the underwriters.

GZI REIT (Holding) 2005 Company Limited, Partat, Keen Ocean, Full Estates, Moon King, Ever Joint Investment International Limited ("Ever Joint"), Long Grace Holdings Limited ("Long Grace"), Profit Link Investment International Limited ("Profit Link"), San Bright Holdings Limited ("San Bright") and Yuexiu REIT MTN Company Limited have maintained interest bearing accounts with HSBC at arm's length and on commercial terms for deposits during the 2023 Reporting Year.

CONNECTED PARTY TRANSACTIONS

WAIVER FROM STRICT COMPLIANCE

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

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

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

CONFIRMATION BY THE AUDIT COMMITTEE AND THE INEDS

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

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

CONFIRMATION BY THE AUDITOR OF YUEXIU REIT

Ernst & Young, auditor of Yuexiu REIT, was engaged to report on Yuexiu REIT and its subsidiaries' continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions on leasing transactions, property management transactions, tenancy services transactions, construction settlement agency agreement, naming rights agreement, corporate finance transactions and ordinary banking services of loans for the Reporting Year, from pages 267 to 275 of the Annual Report in accordance with the waiver from strict compliance with disclosure requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of auditor's letter has been provided by Yuexiu REIT to the SFC.

MANAGER'S FEES

During the 2023 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Manager under the Trust Deed was approximately RMB170,273,000, all of which was settled by the issuance of new Units. For the avoidance of doubt, the services provided by the Manager pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

TRUSTEE'S FEES

During the 2023 Reporting Year, the aggregate amount of fees payable by Yuexiu REIT to the Trustee under the Trust Deed was approximately RMB12,734,000. For the avoidance of doubt, the services provided by the Trustee pursuant to the Trust Deed are not treated as connected party transactions of Yuexiu REIT.

CONNECTED PARTY TRANSACTIONS

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

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

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

Interests and short positions in the Units:

Name of Director	Nature of Interest	As at 1 January 2023		As at 31 December 2023		
		Beneficial interests in Units	Approximate % of interest	Beneficial interests in Units	Approximate % of interest	% Change in Holdings
Mr. Lin Deliang	—	Nil	—	Nil	—	—
Ms. Ou Haijing	Beneficial	1,000	0.000021	54,606	0.001111%	0.001089
Mr. Li Feng	Beneficial	2,500	0.000052	5,287	0.0001078%	0.0000558
Mr. Zeng Zhizhao	—	Nil	—	Nil	—	—
Mr. Chan Chi On, Derek	—	Nil	—	Nil	—	—
Mr. Chan Chi Fai, Brian	—	Nil	—	Nil	—	—
Mr. Cheung Yuk Tong	—	Nil	—	Nil	—	—
Mr. Chen Xiaou	—	Nil	—	Nil	—	—

HOLDINGS OF SUBSTANTIAL HOLDERS

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

Long position in the Units:

Name of Substantial Unitholder	Nature of Interest	As at 1 January 2023		As at 31 December 2023		% Change of interest
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	
GZYZ ⁽¹⁾	Deemed	2,608,845,007 ⁽⁴⁾	54.54 ⁽⁵⁾	2,577,525,389 ⁽³⁾	52.43 ⁽⁶⁾	(2.11)
	Total	2,608,845,007 ⁽⁴⁾	54.54 ⁽⁵⁾	2,577,525,389 ⁽³⁾	52.43 ⁽⁶⁾	(2.11)
Yue Xiu	Beneficial	37,428 ⁽⁴⁾	—	37,428	—	—
	Deemed	2,608,807,579 ⁽⁴⁾	54.54 ⁽⁵⁾	2,577,487,961 ⁽³⁾	52.43 ⁽⁶⁾	(2.11)
	Total	2,608,845,007 ⁽⁴⁾	54.54 ⁽⁵⁾	2,577,525,389 ⁽³⁾	52.43 ⁽⁶⁾	(2.11)
YXP ⁽²⁾	Beneficial	—	—	2,425,640	0.049%	0.049
	Deemed	2,234,942,263 ⁽⁴⁾	46.72 ⁽⁵⁾	2,092,900,109 ⁽³⁾	42.57 ⁽⁶⁾	(4.15)
	Total	2,234,942,263 ⁽⁴⁾	46.72 ⁽⁵⁾	2,095,325,749 ⁽³⁾	42.62 ⁽⁶⁾	(4.1)
Dragon Yield Holding Limited ("Dragon Yield")	Beneficial	2,014,700,787 ⁽⁴⁾	42.12 ⁽⁵⁾	1,762,700,787 ⁽³⁾	35.86 ⁽⁶⁾	(6.26)
	Deemed	—	—	—	—	—
	Total	2,014,700,787 ⁽⁴⁾	42.12 ⁽⁵⁾	1,762,700,787 ⁽³⁾	35.86 ⁽⁶⁾	(6.26)
Beyond Best Global Limited ("BBG")	Beneficial	225,000,000	4.71	225,000,000	4.58	(0.13)
	Deemed	2,383,845,007	49.83	2,352,525,389	47.86	(1.97)
	Total	2,608,845,007	54.54	2,577,525,389 ⁽⁷⁾	52.43	(2.11)
Radiant World Investment Limited	Deemed	2,608,845,007	54.54	2,577,525,389	52.43	(2.11)
	Total	2,608,845,007	54.54	2,577,525,389 ⁽⁷⁾	52.43	(2.11)
Sun Advance Limited ("SA")	Deemed	2,608,845,007	54.54	2,577,525,389	52.43	(2.11)
	Total	2,608,845,007	54.54	2,577,525,389 ⁽⁷⁾	52.43	(2.11)
TONG WING CHI	Deemed	2,608,845,007	54.54	2,577,525,389	52.43	(2.11)
	Total	2,608,845,007	54.54	2,577,525,389 ⁽⁷⁾	52.43	(2.11)
Victory Success Consulting Limited	Deemed	2,608,845,007	54.54	2,577,525,389	52.43	(2.11)
	Total	2,608,845,007	54.54	2,577,525,389 ⁽⁷⁾	52.43	(2.11)

CONNECTED PARTY TRANSACTIONS

- (1) Further information in relation to interests of corporations controlled by GZYX as at 31 December 2023:

Name of Controlled Corporation	Name of Controlling Shareholder	% Control	Direct interest (Y/N)	Number of Shares Long Position	Short Position
Yue Xiu	GZYX	100.00	Y	37,428	—
Yue Xiu	GZYX	100.00	N	2,577,487,961	—
Bosworth International Limited	Yue Xiu	100.00	Y	84,564,548	—
YXP	Yue Xiu	43.39	N	2,092,900,109	—
Dragon Yield	YXP	100.00	Y	1,762,700,787	—
Yue Xiu International Investment Limited ("YXII")	YXP	100.00	Y	330,199,322	—
Novena Pacific Limited	Yue Xiu	100.00	Y	17,703,885	—
Morrison Pacific Limited	Yue Xiu	100.00	Y	4,946,376	—
Greenwood Pacific Limited	Yue Xiu	100.00	Y	4,248,089	—
Goldstock International Limited	Yue Xiu	100.00	Y	1,102,672	—
Yuexiu Capital Holdings Limited ("YXCH")	Yue Xiu	100.00	Y	84,940,000	—
YXCH	Yue Xiu	100.00	N	51,274,376	—
Yue Xiu Finance Company Limited	Yue Xiu	100.00	Y	1,902,194	—
Golden Harbor Limited ("GH")	YXCH	100.00	N	51,274,376	—
Star Grid Limited	Yue Xiu	100.00	N	276,274,376	—
SA	Star Grid Limited	100.00	N	276,274,376	—
Golden Harbor Limited Partnership ("GHLP")	GH as general partner	0.00	Y	51,274,376	—
GHLP	SA as limited partner	100.00	Y	51,274,376	—
BBG	SA	50.00	Y	225,000,000	—

- (2) The deemed interest as at 31 December 2023 in 1,860,091,525 Units were held through Dragon Yield and YXII, both are wholly-owned subsidiaries of YXP.
- (3) The number of units includes 232,808,584 deferred units. Yuexiu REIT will, on 31 December of each year, issue a number of deferred units to YXP (or YXP's nominee) at an issue price of HK\$3.861652 per Unit. Further details are included in the circular dated 17 December 2021 of Yuexiu REIT.
- (4) Details are included in the offering circular dated 17 December 2021 of Yuexiu REIT.
- (5) After deducting the unissued deferred units, the approximate interest held by GZYX and Yue Xiu will be approximately 44.506%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 41.393% and 36.789% respectively.
- (6) After deducting the unissued deferred units, the approximate interest held by GZYX and Yue Xiu will be approximately 43.12%, while the approximate interest in Yuexiu REIT held by YXP and Dragon Yield will be approximately 37.89% and 31.122% respectively.
- (7) On 16 June 2022, BBG, owned 50% by Radiant World Investment Limited, entered into a loan agreement with Yue Xiu which agreed to provide a loan of HK\$712 million to BBG to acquire 225 million Units. Such loan agreement falls under section 317(1)(b) of the SFO; BBG is deemed to be interested in Yue Xiu's interest of 55.05% in Units under section 318 of the SFO. On 20 June 2022, BBG entered into an agreement to purchase 225 million Units for HK\$3.20 per Unit from GHLP which was completed on 21 June 2022. Further details are included in the announcement on 20 June 2022.

HOLDINGS OF SENIOR EXECUTIVES OF THE MANAGER

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

Name of Senior Executive	Nature of interest	As at 1 January 2023		As at 31 December 2023		
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	% Change of interest
Mr. Liu Bihong	Beneficial	225	0.0000047%	225	0.0000046%	(0.0000001%)

HOLDINGS OF OTHER CONNECTED PERSON

Name of Senior Executive	Nature of interest	As at 1 January 2023		As at 31 December 2023		
		Interests in Units	Approximate % of interest	Interests in Units	Approximate % of interest	% Change of interest
Trustee	Deemed ⁽¹⁾	1,206,400	0.0252%	1,477,431	0.03%	0.0048%

(1) Associate of the trustee (as defined in the REIT Code) had no beneficial interest in any units as at 31 December 2023.

Save as disclosed above, the Manager is not aware of any connected persons of Yuexiu REIT, including Savills Valuation and Professional Services Limited holding any Units as at 31 December 2023.

INVESTOR RELATIONS REPORT

The Manager and the investor management team attached great importance to effective mutual communication with investors and holds regular meetings and conference calls with institutional investors and analysts, allowing the management to talk to investors as appropriate. The Board also receives regular investor relations reports and briefings from the management, including feedback from the meetings with institutional investors, bond investors and others, analyst forecasts, summaries of research reports, latest market developments and unit price performance of Yuexiu REIT. Investor relations activities in 2023:

Month	Venue	Activity
March	Hong Kong	Held the investor meeting and press conference for the 2022 annual results presentation
	Hong Kong, Singapore	Participated in the 2022 annual results roadshow organized by DBS, Citibank and UBS
June	Hong Kong	Participated in the 2023 Asia Pacific Property Investment Summit organized by Citibank
July	Guangzhou	Organized the investors' reverse roadshow
August	Hong Kong	Held the investor meeting and press conference for the 2023 interim results presentation
	Hong Kong	Participated in the 2023 interim results roadshow organized by DBS and Citibank
October	Shanghai	Organised the investors' reverse roadshow

INCLUDED IN 5 RESEARCH REPORTS

Held face-to-face, conference calls and video conferences with more than 95 investors

INVESTOR RELATIONS REPORT

AWARDS

Presented with the "Best ESG (S)" by the Hong Kong Investor Relations Association (HKIRA) in 2023



In the past 18 years since the listing of Yuexiu REIT, the Manager has always attached great importance to investor relations. With increasing attention from the capital market to Yuexiu REIT, the Manager and the investor relations team will continue to strive to constantly improve the quality and level of effective communication, so as to strengthen and maintain information communication with investors, and promote their understanding of Yuexiu REIT. We will continue to provide the latest updates to global investors, and enhance the Group's governance and transparency, so as to gain more trust and support from investors.

PROPERTY VALUATION REPORT

Yuexiu REIT Asset Management Limited

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

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

AND

HSBC Institutional Trust Services (Asia) Limited

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

3rd Floor, Tower 3, HSBC Centre,
No. 1 Sham Mong Road,
Kowloon, Hong Kong

7 March 2024

Our Ref: GV/2024/YX/**/CC/FL/CJ/SN/al**

Dear Sirs,

Savills Valuation and
Professional Services Limited

Room 1208, 12/F
1111 King's Road,
Taikoo Shing, Hong Kong

T: (852) 2801 6100

F: (852) 2530 0756

EA Licence: C-023750

savills.com

- RE:**
- (1) GUANGZHOU INTERNATIONAL FINANCE CENTRE, NO. 5 ZHU JIANG WEST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (2) VARIOUS UNITS IN WHITE HORSE BUILDING, NOS. 14, 16 AND 18 ZHAN NAN ROAD, YUEXIU DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (3) VARIOUS UNITS AND 110 CAR PARKING SPACES AT BASEMENT LEVELS 1 AND 2 IN FORTUNE PLAZA, NOS. 114, 116 AND 118 TI YU EAST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (4) VARIOUS UNITS AND 179 CAR PARKING SPACES AT BASEMENT LEVELS 1 AND 2 IN CITY DEVELOPMENT PLAZA, NOS. 185, 187 AND 189 TI YU WEST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (5) VARIOUS UNITS IN VICTORY PLAZA, NO. 101 TI YU WEST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (6) TOWER 2 AND 315 CAR PARKING SPACES (INCLUDING 80 MECHANICAL CAR PARKING SPACES AND 23 PUBLIC CAR PARKING SPACES) AT BASEMENT LEVELS 1 AND 2, HANGZHOU VICTORY BUSINESS CENTER, NO. 9 JIANGXIU STREET, QIANJIANG NEW TOWN, JIANGGAN DISTRICT, HANGZHOU, ZHEJIANG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (7) YUEXIU TOWER, NO. 388 FUSHAN ROAD, LOT NO. QIU 2/9 JIEFANG 302, WEIFANG XINCUN STREET, PUDONG NEW DISTRICT, SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA
 - (8) WUHAN YUEXIU FORTUNE CENTRE, STARRY VICTORIA SHOPPING CENTRE AND VARIOUS CAR PARKING SPACES, NO. 1 ZHONGSHAN AVENUE, QIAOKOU DISTRICT, WUHAN, HUBEI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (9) YUEXIU FINANCIAL TOWER, NO. 28 ZHUJIANG EAST ROAD, TIANHE DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA
 - (10) UNITS 1 TO 3 ON 17/F, YUEXIU BUILDING, NOS. 160-174 LOCKHART ROAD, WANCHAI, HONG KONG
 - (11) UNITS 1 TO 3 ON 23/F, YUEXIU BUILDING, NOS. 160-174 LOCKHART ROAD, WANCHAI, HONG KONG

INSTRUCTIONS

We refer to the instructions from the Manager and the Trustee of “Yuexiu Real Estate Investment Trust” (“Yuexiu REIT”) for us to value the captioned properties (individually referred to as the “Property” and collectively referred to as the “Properties”) located in the People’s Republic of China (the “PRC”) and Hong Kong, we confirm that we have inspected the Properties, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 December 2023 (“the Valuation Date”) for accounting purpose.

BASIS OF VALUATION

Our valuation of each property is our opinion of its market value on a 100% interest basis which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

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

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), which incorporates the International Valuation Standards (“IVS”), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 6.8 of the Code on Real Estate Investment Trusts (the “REIT Code”).

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr. Charles C K Chan and Mr. Freddie K W Ling. Mr. Chan is the Managing Director of Savills Valuation and Professional Services Limited (“SVPSL”) and a Fellow of the HKIS (General Practice Division) with over 39 years’ experience in valuation of property in Hong Kong and 34 years’ experience in valuation of properties in the PRC. Mr. Ling is the Senior Director of SVPSL and a Member of the HKIS (General Practice Division) with over 38 years’ experience in valuation of property in Hong Kong. Both of them have sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the properties, SVPSL and Mr. Charles C K Chan had been involved in valuations of the properties (except for Shanghai, Wuhan and Hong Kong properties) for accounting purposes in 2017 to 2020 while Mr. Freddie K W Ling had not been involved in valuation of the properties.

We confirm that we are independent of the scheme, the Manager, the Trustee and each of the significant holders of the scheme in accordance with the REIT Code issued by the Securities and Futures Commission in Hong Kong (the “SFC”). We are not aware of any instance which would give rise to potential conflict of interest from SVPSL or Mr. Charles Chan or Mr. Freddie Ling in the subject exercise. We confirm SVPSL, Mr. Charles C K Chan and Mr. Freddie K W Ling are in the position to provide objective and unbiased valuation for the Properties.

PROPERTY VALUATION REPORT

VALUATION APPROACHES

In arriving at our opinion of values, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions and/or offerings of comparable properties. In the course of our valuation, we have principally adopted Income Capitalization Approach or Discounted Cash Flow Analysis ("DCF Analysis") and counter-checked by the Direct Comparison Approach for properties located in the PRC. We have principally adopted Direct Comparison Approach and cross checked by the Income Capitalization Approach for properties located in Hong Kong.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is an approach of valuation whereby the existing rental incomes of all lettable units of each property are capitalized for the respective unexpired terms of contractual tenancies. We have also taken into account the reversionary market rents after the expiry of tenancies in capitalization whilst vacant units are assumed to be let at their respective market rents as at the Valuation Date. The summation of the capitalized value of the term income for the leased portion, the capitalized value of the reversion income (i.e. market rental income) as appropriately deferred for the leased portion and the capitalized value of the vacant portion provides the market value of each property.

DCF ANALYSIS

DCF Analysis is an approach of valuation where a discount rate is applied to a series of cash flows over an investment horizon including a terminal value to discount them to a present value. We have adopted a 5-year projection time frame in our DCF Analysis depending on the type of property. In preparing the DCF Analysis, the income and expenses over the coming 5 years from the Valuation Date are itemized and projected annually taking into account either the historical operating accounts or the contractual tenancies, and the expected growth of income and expenses. The net cash flows from the 6th year onward are capitalized at appropriate terminal capitalization rates for the properties. The terminal values are then discounted at our adopted rates that reflect the rates of return that adequately compensate the investors for the risks taken.

DIRECT COMPARISON APPROACH

Direct Comparison Approach as a reference check for the valuations arrived from Income Capitalization Approach and DCF Analysis and valuation approach for Hong Kong property whereby comparable sales transactions and/or offerings of comparable properties as available in the market are collected and analyzed. Appropriate adjustments are applied to the comparable properties to adjust for the discrepancies between the properties and the comparables.

TITLE INVESTIGATIONS

We have been provided with extracts of the documents relating to the properties in the PRC. We have caused land searches to be made at the Land Registry for the properties in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information given by the Manager and accepted advice on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, tenancy details, operating accounts, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the Manager which is material to our valuation. We are also advised by the Manager that no material facts have been omitted from the information supplied.

VALUATION ASSUMPTIONS

In valuing the properties in the PRC, we have assumed that, unless otherwise stated, transferable land use rights in respect of the properties for their specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. Unless otherwise stated, we have also assumed that the owners of the properties have good legal titles to the properties and have free and uninterrupted rights to use, occupy, lease or assign the properties.

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

We have relied on the advice given by Yuexiu REIT regarding the title to the properties and the interests in the properties.

SITE INSPECTION

We have inspected the exterior and where possible, the interior of the Properties. On-site inspections for the properties located in Guangzhou were carried out by Mr. Sam Ngai (Associate Director) and Mr. Kenney Lau (Senior Valuer) in December 2023. Ms. Zoe Zhang (Associate) inspected the Property in Wuhan in December 2023. Ms Alice Yin (Senior Manager) inspected the Property located in Hangzhou in December 2023. Mr. Henry (Manager) inspected the property located in Shanghai in December 2023. Mr. Harrison Liu (Assistant Valuer) inspected the properties in Hong Kong in December 2023. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

PROPERTY VALUATION REPORT

MARKET COMMENTARY

SHANGHAI

OVERVIEW

Shanghai, situated on the banks of the Yangtze River Delta, is one of the most important economic, commercial, financial and communications centres of China. It is one of four municipalities directly controlled by the central government of China and is China's most cosmopolitan city with a long history of foreign economic and cultural exchange.

Shanghai is a major centre for education, manufacturing, tourism, shipping and transportation. In 2023, the Port of Shanghai was the world's largest container port for consecutive 14 years. The Pudong International Airport is the second busiest airports in China by passenger traffic and one of the world's top 10 largest airports by area in 2023, while the Shanghai Metro is the largest metro system in the world.

Shanghai was the third largest city in the world with a population of approximately 24.8 million. The tier-1 city has a big lead in attracting foreign regional headquarters (RHQs) of multinational corporations (MNCs) and R&D centres than any other city in China. As at the end of 2023, 956 of MNCs and 561 foreign funded R&D centres were established in Shanghai, representing an increase of 7.3% and 5.6% respectively over last year.

SHANGHAI ECONOMIC OVERVIEW

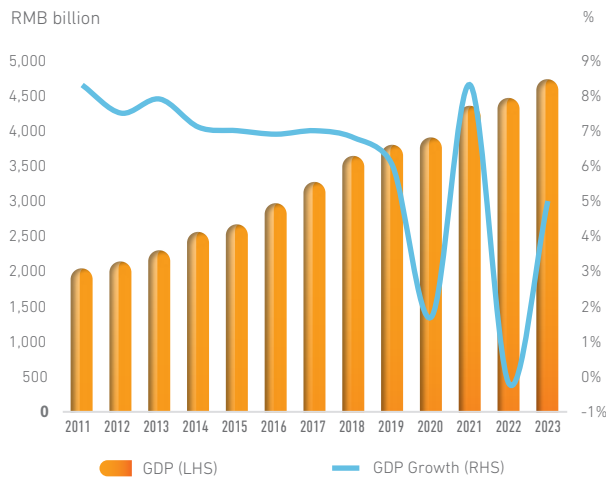
GDP

The economy of Shanghai grew by 5.0% year-on-year (y-o-y) to reach RMB4,721.9 billion in 2023 despite affected by a weaker-than-expected global economy. Consumption and investment have improved steadily in 2023 where the output values of emerging industries such as new energy vehicles and alternative energy industries increased by 32.1% and 21.3% y-o-y, respectively, and formed the major contributors to GDP.

The tertiary industry sector is the major component to GDP of Shanghai, contributing 75.2% of total economic output in 2023. Despite a weak global economic recovery, the tertiary industry sector grew 6.0% y-o-y to RMB3,551.0 billion in 2023, whereas the secondary and primary industry sectors registered an increase of 1.9% and a drop of 1.5%, respectively, on a yearly basis.

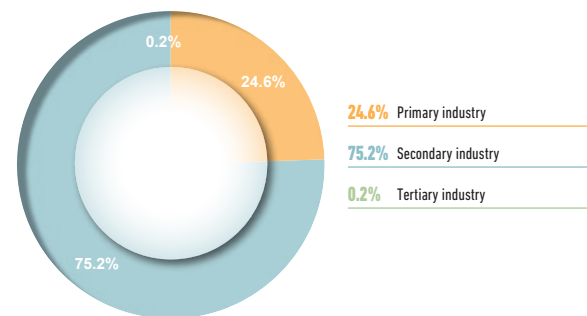
Shanghai also set a new record of actual utilization of foreign investment totalling 24 billion U.S. dollars in 2023, indicating the promising market in Shanghai and its welcoming business environment which commit the city to remain as the most favoured destination for investments in China.

SHANGHAI GDP AND GDP GROWTH



Source: Shanghai Statistics Bureau

GDP COMPOSITION



SHANGHAI OFFICE MARKET

Major Office Submarkets

Geographically, the Huangpu River separates central Shanghai into two areas: Puxi (west of Huangpu River) and Pudong (east of Huangpu River). The Shanghai Grade A office market can also be divided into the Central Business District (CBD, prime and non-prime) and a rapidly emerging non-core business district, and an industrial park sector which has been developed in more remote districts from the conversion of space initially from industrial purpose to office use to cater for requirements especially from advanced and high-tech sectors. The evolution and growth of the Shanghai office market in its current form and shape is largely a result of and driven by the gradual expansion of the city and its metro network plus infrastructure facilities, and its continued economic development.

According to Savills, there are 13 major core-sub-markets in the CBD of Shanghai, of which nine in Puxi and four in Pudong. Core prime markets (Prime areas) include Nanjing West Road, Huaihai Middle Road and Lujiazui, whereas core other areas (Non-prime areas) including Zhuyuan, Xujiahui, Hongqiao and others are characterised by their geographically central location, excellent accessibility, mature business environment and premium quality office stock which command the highest rents in the city. The majority of Grade A office developments located in these sub-markets typically attract multinational corporations as well as other international and large local companies to set up their headquarters and regional offices.

PROPERTY VALUATION REPORT



Source: Savills Research (plan for identification purposes only).

Stock

Total Grade A office stock in the CBD area of Shanghai grew to approximately 11.68 million square metres (“sq m”) with the prime CBD area accounting for approximately 4.62 million sq m, whereas the non-prime CBD area took up the bulk of stock and grew to 7.06 million sq m. Total Grade A office stock in the non-core business districts amounted to approximately 6.67 million sq m by the end of 2023.

Supply, Demand and Vacancy

As at end-2023, Shanghai’s overall Grade A office (excluding industrial park) stock totaled 18.35 million sq m of gross floor area (“GFA”), representing an increase of 11.3% y-o-y, driven primarily by a significant expansion of the non-core business district and the core non-prime CBD area market. Total stock of prime CBD area increased 1.76% y-o-y to approximately 4.62 million sq m and accounted for approximately 25.18% of total stock.

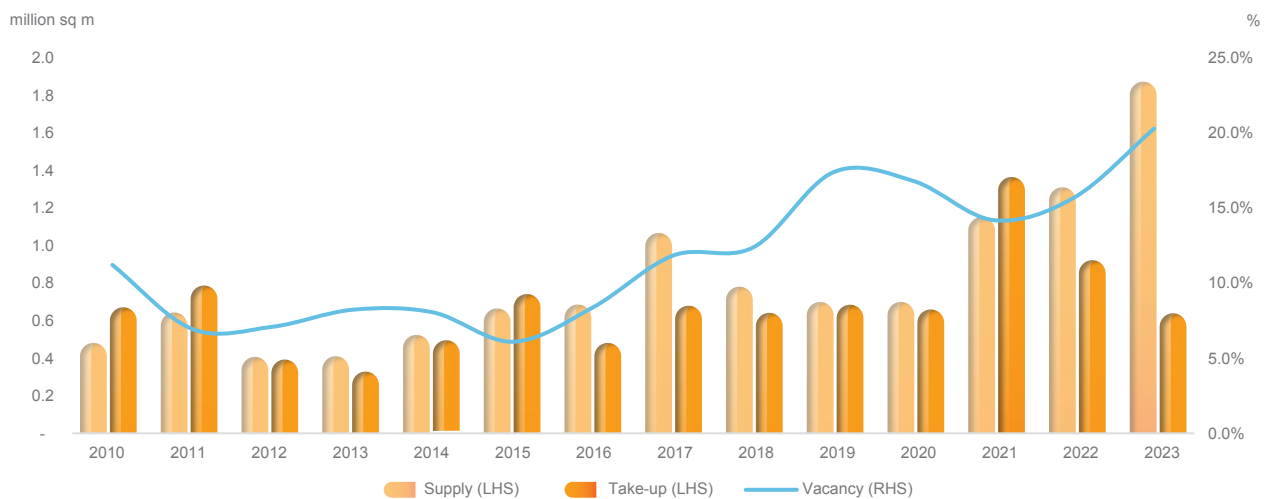
In 2023, a total of 18 new Grade A office projects with an aggregate GFA of approximately 1,863,000 sq m were put into market. Two Grade A office development projects, namely the Lee Gardens and CPIC Life Centre with an aggregate GFA of 80,000 sq m, were located in prime CBD areas. The bulk of new Grade A office projects are located either in core non-prime CBD areas or non-core business districts. No new supply however was located in the Zhuyuan CBD submarket.

Total net absorption fell 29.2% y-o-y to approximately 644,000 sq m due to a weak demand in the wake of a supply peak in 2023. With new supply exceeding overall demand, the vacancy rate for Grade A offices was on an upward trend for three consecutive quarters from 1Q 2023, reaching 20.3% in 4Q 2023, an increase of 4.6 percentage points (ppt) y-o-y.

New lettings and lease renewals were the major drivers of leasing demand, accounting for 70.5% of total take-up whereas relocation and expansions accounted for 28.0% of total take-up. Domestic firms accounted for 64.7% of recorded leases in 2023 with over 76.5% of which being smaller tenants (with a leased area of less than 2,000 sq m). Professional services firms were the most active sector in 4Q 2023, accounting for 37% of leasing activity, while financial firms accounted for 25%. Leasing demand was also seen from the retail and trading firms in 2023 and it is highly likely that traditional industries will continue to be the key drivers of the market in 2024.

By location, disregarding self-use space, the top three submarkets that recorded the largest take-up in 2023 were North Station (142,000 sq m), Zhenru (79,000 sq m) and North Bund (77,000 sq m).

CORE GRADE A OFFICE SUPPLY, DEMAND AND VACANCY



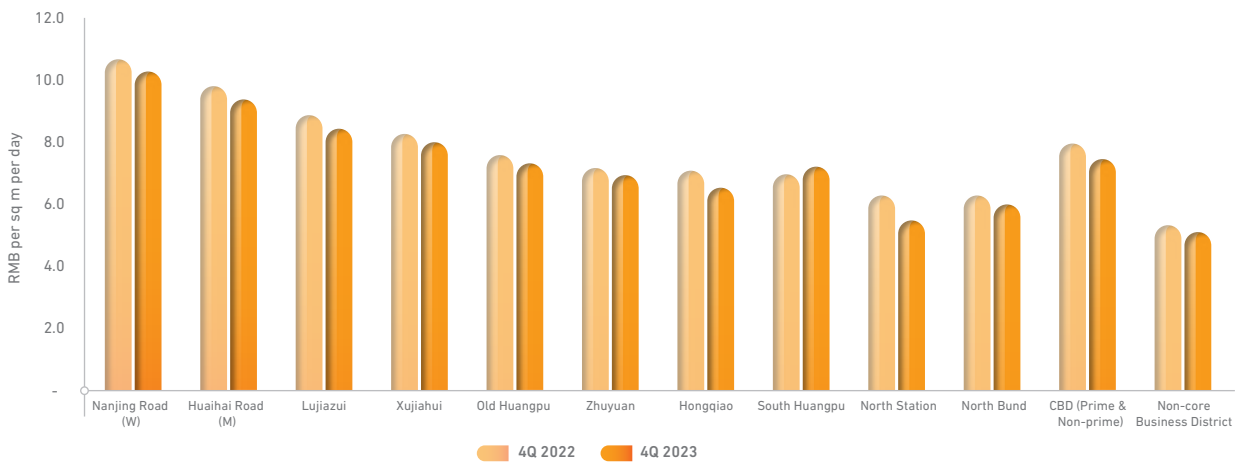
Source: Savills Research

PROPERTY VALUATION REPORT

Office Rents

Average Grade A office rents fell 5.0% y-o-y to RMB6.7 per sq m per day in 4Q 2023. Average rents of prime and non-prime area and non-core business district fell by 1.2%, 2.8%, and 1.9% y-o-y to RMB9.2, RMB 6.6 and RMB5.1 per sq m per day, respectively. The average Grade A office rents in Zhuyuan dropped from RMB7.2 per sq m per day in 4Q 2022 to RMB6.9 psm per day in 4Q 2023, representing a rental decline of approximately 4.17% during this period, whereas the office vacancy rate at Zhuyuan recorded a moderate drop of 0.5 ppt on a quarterly basis to 11.1% in 4Q 2023.

AVERAGE GRADE A OFFICE RENTS IN SHANGHAI, 4Q 2023 VS 4Q 2022



Source: Savills Research

Future Supply and Outlook

A scheduled new supply of 22 office developments with an aggregate GFA of 1.9 million sq m is anticipated to launch to market, which will push Grade A office stock to over 20 million sq m in 2024. This, combined with weak demand, will impose additional pressure on rent and occupancy level in the next four quarters.

HANGZHOU OVERVIEW

Hangzhou, the capital of Zhejiang Province, is the economic, cultural, science and educational centre of Zhejiang Province and the second largest central city in the Yangtze River Delta (YRD) after Shanghai. Hangzhou is strategically located in the south of the YRD and is a major transportation hub in Southeast China. There are three railroads and four expressways in the city that are well connected to Shanghai, contributing to the “amalgamation” of Shanghai and Hangzhou.

Hangzhou is the base for the e-commerce giant Alibaba, and is home to venture capital funds, big data firms, and hundreds of technology-linked companies. At present, Hangzhou has served as a base for 30% of the China’s software businesses and is one of the top ten software industry bases in China. Among the list of Fortune 500 companies, 37 have settled in Hangzhou. This has created a strong investment environment for the modern service industry.

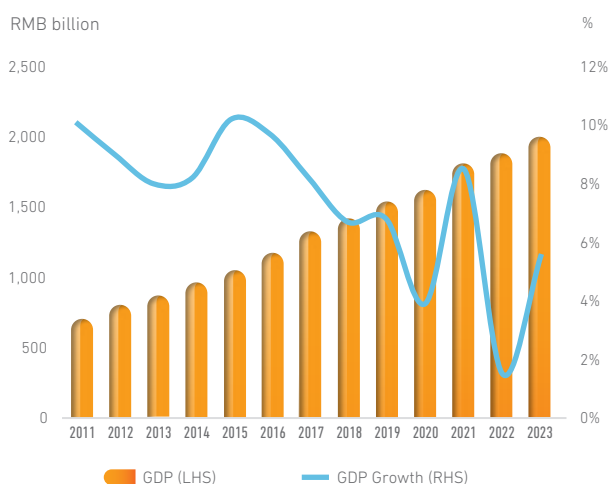
HANGZHOU ECONOMIC OVERVIEW

GDP

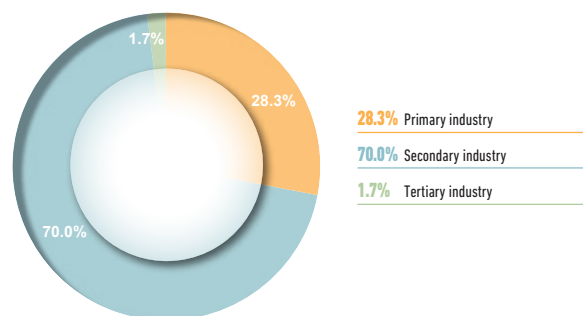
GDP of Hangzhou grew 5.6% y-o-y and reached RMB2,005.9 billion in 2023, making the city the eighth among provincial capital cities and municipalities in China. The economy of Hangzhou in recent years has been built on the “1+6” industrial structure to move the city forward to a digitized economy. The “1+6” industrial structure comprises digitized economy sector and other major services and manufacturing sectors. In 2023, the total added value of the city’s digital economy reached RMB567.5 billion, representing an increase of 8.5% over a year earlier and accounting for 28.3% of GDP.

The services sector is the major driver for growth with its total value-added grew 7.2% y-o-y and accounted for 70.0% of total economic output. The city’s revenue from information transmission, software and information technology services advanced 8.9% over 2022, whereas its sales of industrial robots more than doubled, surging by 118.6 percent, while that of solar cells jumped 147.2%, in 2023.

HANGZHOU GDP AND GDP GROWTH



GDP COMPOSITION



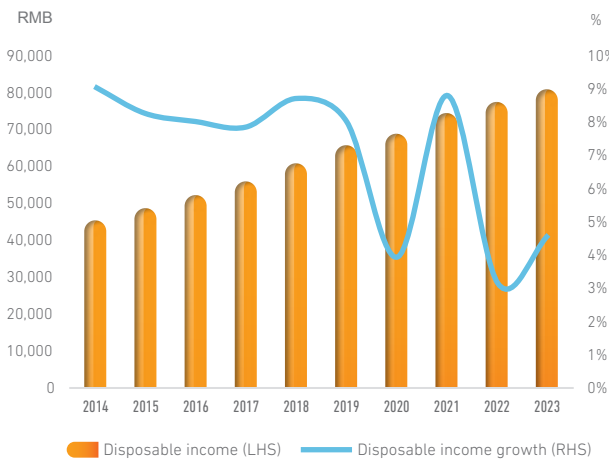
Source: Hangzhou Statistics Bureau

PROPERTY VALUATION REPORT

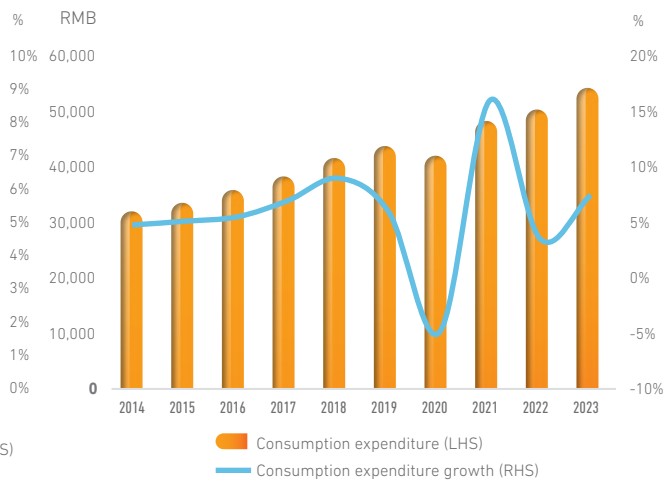
Disposable Income and Expenditure

Average disposable income per capita for urban households in Hangzhou increased 4.6% in 2023 to RMB80,587, 55.5% above the 2023 national average and the fourth highest amongst urban households of all cities in China. Consumer expenditure per capita for urban households increased 7.5% in 2023 to RMB54,103.

HANGZHOU DISPOSABLE INCOME PER CAPITA



HANGZHOU CONSUMPTION EXPENDITURE PER CAPITA

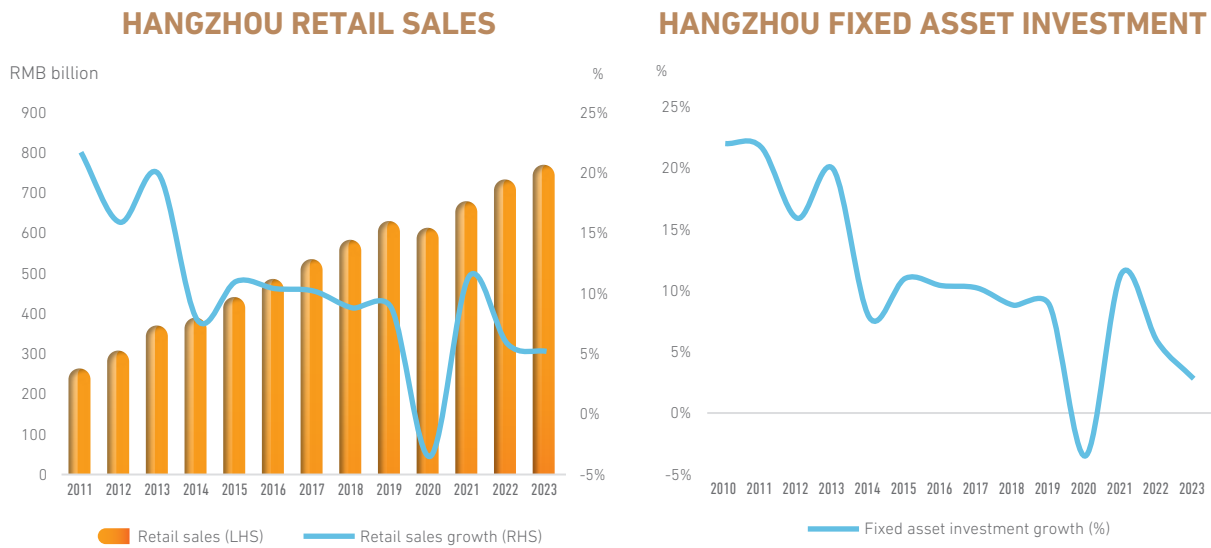


Source: Hangzhou Statistics Bureau

Retail Sales and Fixed Asset Investment

Retail sales of consumer goods in Hangzhou amounted to RMB767.1 billion in 2023, representing a rise of 5.2% over 2022 with growth due mainly to a strong tourism market and the success of the 19th Asian Games Hangzhou in 2023. By category, retail sales of physical goods increased 3.7% y-o-y whereas food and beverage sales rose by 12.8%. According to data from the Department of Commerce, online retail sales in Hangzhou surpassed RMB1,079.5 billion for the first eleven months of 2023.

Fixed asset investment maintained a sustainable growth of 2.8% y-o-y in 2023, underpinned by a strong growth in industrial investments, particularly the manufacturing sector and the high-tech industrial investment, which grew by 30% and 42.3% y-o-y, respectively, while overall private investment expanded 5.4% from a year ago. Investment in infrastructure construction contracted 27% from 2022, a result probably due to the contraction of infrastructure projects in the aftermath of the Asian Games Hangzhou.



Source: Hangzhou Statistics Bureau

PROPERTY VALUATION REPORT

HANGZHOU OFFICE MARKET

Major Office Submarkets

The Grade A office market of Hangzhou has seen rapid growth in the past decade. Before the development of Qianjiang New City (QJNC), the city's Grade A office stock was mainly in prime areas like Huanglong and Wulin. Starting from 2010, Qianjiang New City has received a large amount of new supply and accounted for approximately 38.4% of total Grade A office market stock in 2023. With improved infrastructure development, continued economic growth and intensive government planning, the Grade A office market expanded into a number of non-prime areas such as Qingchun Road, one of the major streets in Hangzhou where a number of governmental financial institutions including Zhejiang Province Securities Regulatory Commission and Zhejiang Province Banking Regulatory Commission are located and attracted major tenants in the financial, pharmaceutical and other sectors. Other major non-prime areas include, inter-alia, Future Sci-tech City, Binjiang, Yunhe and Qianjiang Century City which is a newly developed area for the 2022 Asian Games.

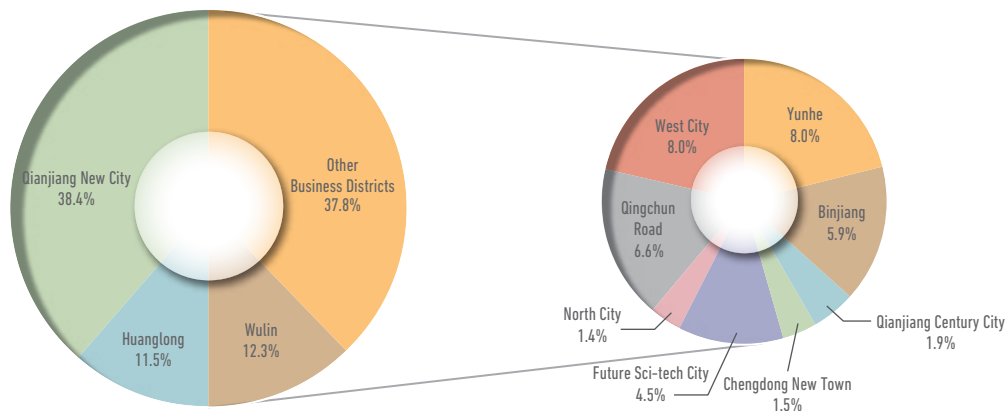


Source: Savills Research (plan for identification purposes only).

Stock

Total stock of Grade A office in Hangzhou grew 6.7% y-o-y to approximately 2.6 million sq m in 2023. Prime office areas, i.e. Wulin, Huanglong and Qianjiang New City accounted for approximately 62.2% of total stock.

GRADE A OFFICE STOCK BY SUBMARKET



Source: Savills Research

Supply, Demand and Vacancy

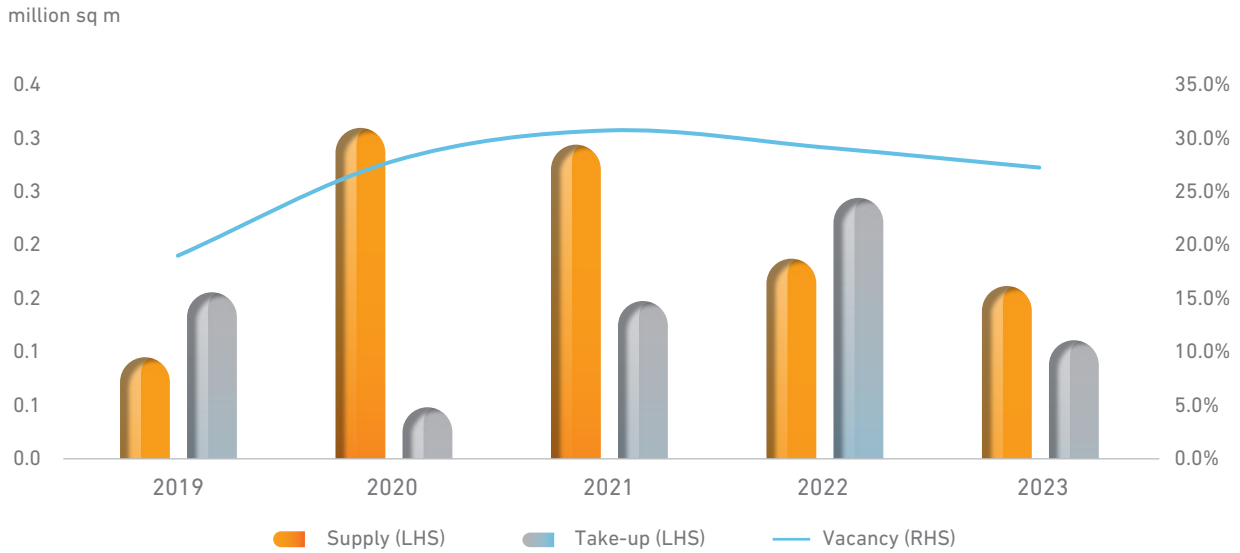
Supply of Grade A office properties reached a four-year low as three new Grade A offices with a combined GFA of approximately 162,000 sq m were put into the market in 2023. New office supply in 2023 included Guanyun Qiantangcheng (觀雲錢塘城) located in Qianjiang Century City, Taiping Financial Tower (太平金融大廈) located in Qianjiang New City, and the Prism (未來新湖中心) located in the Future Sci-tech City sub-market area.

Net annual take-up amounted to over 110,000 sq m in 2023, as the preparation and hosting of 19th Asian Games Hangzhou and the related disruptions associated with the event resulted in less leasing enquiries and sporadic inspections available, particularly in Qianjiang Century City and Qianjiang New City submarkets. Financial, professional services and new economy sectors remained the drivers of office leasing demand.

PROPERTY VALUATION REPORT

Vacancy rates of Hangzhou’s Grade A office market fell 1.6 ppts on a quarterly basis to 27.4% during the final quarter of 2023, a drop mainly due to the limited new supply and absorption of existing stock.

GRADE A OFFICE SUPPLY, DEMAND AND VACANCY

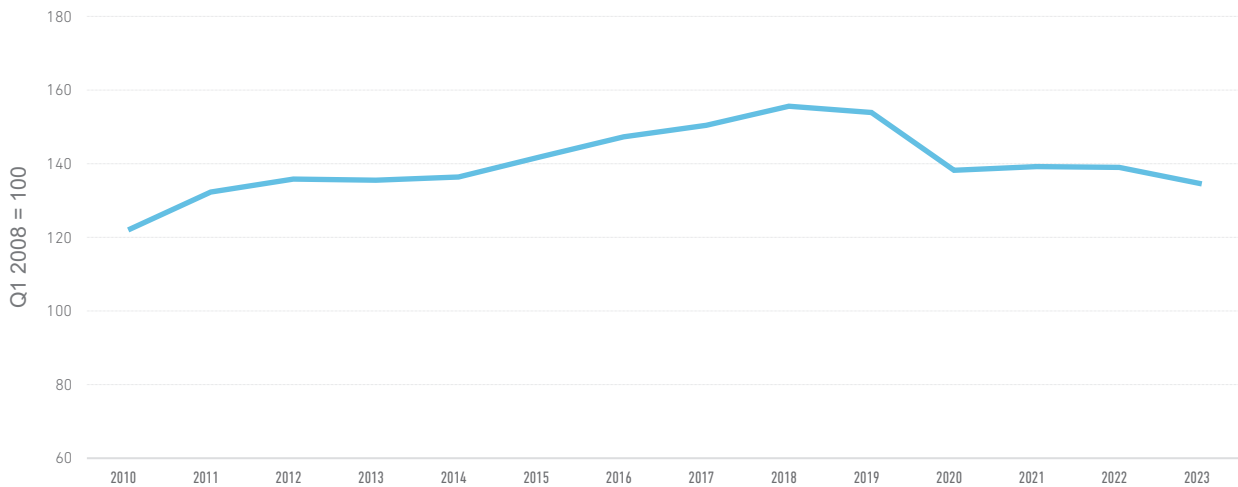


Source: Savills Research

Office Rents

Grade A office rents fell 1.5% quarter-on-quarter (q-o-q) in 4Q 2023 to an average of RMB4.5 per sq m per day. Taking 2023 as a whole, full-year office rent retreated 3.3% on an index basis, with prime office area rents fell by 3.1%.

HANGZHOU GRADE A OFFICE RENTAL INDEX



Source: Savills Research

Future Supply and Outlook

No new supply is expected in 2024 allowing landlords of existing projects to boost occupancy rates. However, future supply will be significant in 2025 and 2026, as several landmark projects by leading developers such as Hang Lung, Sun Hung Kai and New World will be completed and put into market. The scheduled supply pipeline in 2025 is estimated to surpass 500,000 sq m, indicating that a tenant market will prevail in the office market of Hangzhou after 2024. The bright side of the coin is the availability of these landmark projects will help elevate overall quality of Grade A offices in Hangzhou and reshape the market in the coming years.

HANGZHOU RETAIL MARKET

Major Retail Submarkets

Hangzhou's retail market evolved and expanded in the past two decades and accumulated a total stock of over 7.71 million sq m of core business district by the end of 2023. The core business districts include Lakeside, Wulin, QJNC, West City and Binjiang submarkets. Lakeside and Wulin, east of West Lake, are traditional prime shopping areas in Hangzhou while QJNC has developed into a core business district in the past decade. The retail market spread out to secondary business districts including the north and south of the centre city as well as Qingchun, and in non-core business districts such as Xiaoshan and Yuhang.



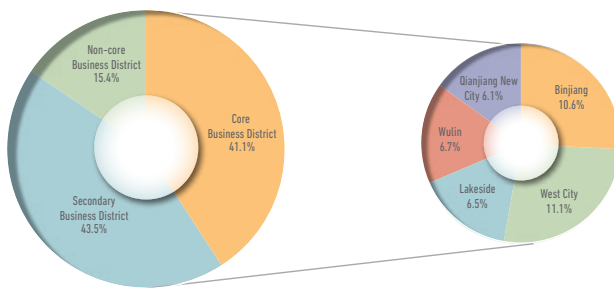
Source: Savills Research (plan showing the core business district submarkets and for identification purposes only).

PROPERTY VALUATION REPORT

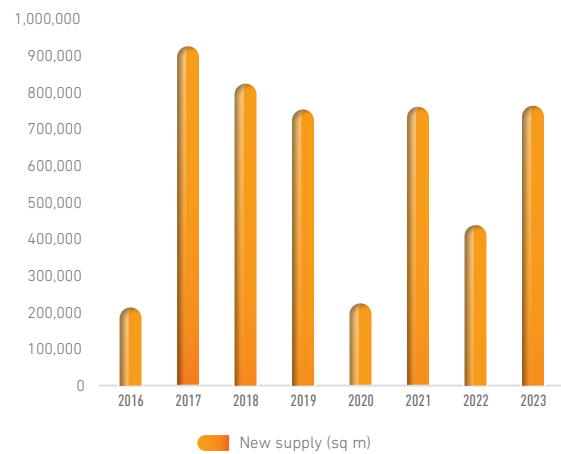
Supply and Stock

In 2023, a total of seven new prime retail properties with a combined GFA of approximately 818,000 sq m were launched in market, as total stock of Hangzhou’s prime retail property market increased to approximately 7.71 million sq m. The core business district submarket accounted for approximately 41.1% or 3.14 million sq m in GFA, of total stock, whereas the secondary and non-core business district sub-market accounted for approximately 43.5% and 15.4%, or 3.38 million and 1.19 million sq m, of total stock.

RETAIL PROPERTY STOCK BY SUB-MARKET



NEW RETAIL PROPERTY SUPPLY IN HANGZHOU



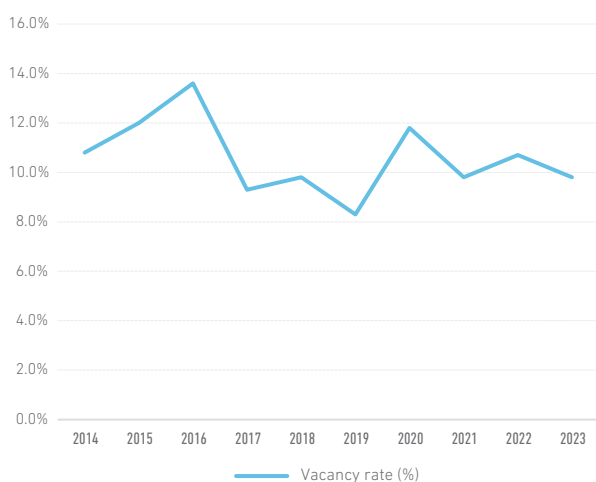
Source: Savills Research

Rents and Vacancy Rate

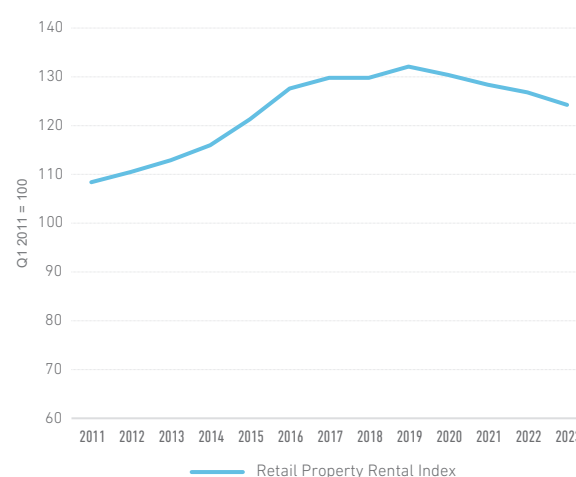
The success of the Asian Games in 2023 significantly boosted Hangzhou’s appeal, attracting a considerable influx of domestic and international tourists. This surge stimulated robust demand for retail stores, further amplified by frequent year-end festivals and activities, creating a more dynamic consumer market. Accordingly, overall vacancy rate for prime retail properties in Hangzhou fell 0.5 ppt to 9.8% in 4Q 2023, while vacancy rate in prime area dropped 0.6 ppt to 8.4% during the same period. The Wulin, Future Sci-tech City, North City and Qianjiang New City were the submarkets that had the most significant fall in vacancy rates in 4Q 2023, as new quality projects such as Hangzhou Centre and the MixC North City achieved high occupancy rates.

First-floor rents remained stable in 4Q 2023 at an average of RMB14.7 per sq m per day, down 1.3 ppt YoY. Core and secondary business district rents remained stable at an average of RMB20.1 and RMB9.4 per sq m per day, respectively, during the same quarter, while Lakeside, Qianjiang New City and Wulin submarket maintained the highest rents in Hangzhou.

VACANCY RATE OF RETAIL PROPERTIES



HANGZHOU RETAIL PROPERTY RENTAL INDEX



Source: Savills Research

Future Supply and Outlook

Supply in 2024 pipeline will comprise six retail developments with an aggregate GFA 524,000 sq m. The new supply will include, but are not limited to, quality shopping malls such as the Xitou Intime City and the Asia-Olympic MixC World. In addition to this, there is likely to be the emergence of small to mid-sized urban renewal projects in the future, so as to meet the evolving needs of retailers and consumers. It is expected however that competition will be intensified with both vacancy rate and rental level remained stable in 2024.

KEY FUTURE RETAIL PROPERTY SUPPLY IN 2024 PIPELINE

Name of Property	GFA (sq m)	Business District	Expected Launch
Xitou Intime City 西投銀泰城	180,000	Qingchun 慶春	2Q 2024
Gongshu Powerlong Plaza 拱墅寶龍廣場	65,000	North City 城北	2Q 2024
Aeon Mall (Qiantang) 永旺夢樂城 (杭州錢塘店)	89,000	Dajiangdong 大江東	2Q 2024
Asia-Olympic MixC World 亞奧萬象天地	100,000	QJCC 錢江世紀城	3Q 2024

Source: Savills Research

PROPERTY VALUATION REPORT

WUHAN

OVERVIEW

Wuhan is the provincial capital of Hubei province, a national central city and a core city of the Yangtze River Economic Belt situated in central China on the middle reaches of the Yangtze River. Known as the “thoroughfare of China”, Wuhan commands one of the most strategic locations of any city in China which serves as a critical industrial, research and education base and integrated transport hub for the nation, and is a political, economic and commercial centre in Central China. Wuhan has the largest inland port in the Yangtze River, and is one of the four largest railway hubs in China, with high-speed trains reaching 26 provincial capitals nationwide.

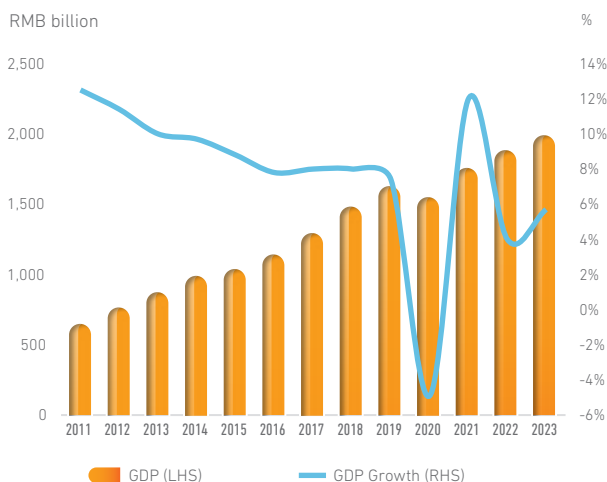
The strong position and strength of Wuhan in transportation and logistics, industry development, education and research enhance the city’s ability to strive for technological innovation, one of the main driving forces for its economic development. Wuhan is the only megacity in central China region that possesses 92 colleges and 101 research institutes with an abundant talent pool. As such Wuhan also attracted a multitude of firms and companies, particularly tech firms setting up businesses in the city. According to government statistics, in 2023, the number of small and medium-sized tech firms in Wuhan soared 44.9% y-o-y to 12,582, while the number of high-tech companies jumped 16% y-o-y to 14,500.

WUHAN ECONOMIC OVERVIEW

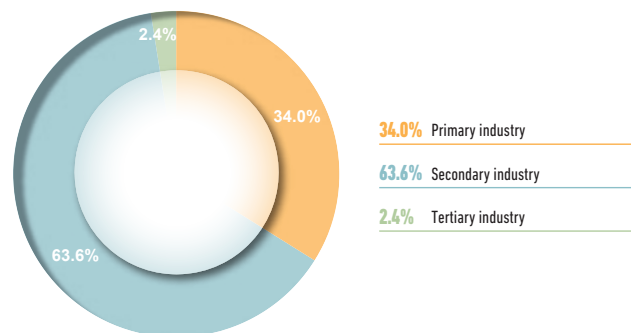
GDP

Wuhan’s GDP expanded 5.7% y-o-y and reached RMB2,001.2 billion in 2023. It became the first city in central China to have an economy larger than RMB2.0 trillion and ranked ninth among provincial capital cities and municipalities in China. Major growth drivers derived from the continued recovery of the services sector, which grew 6.2% y-o-y and accounted for 63.6% of total economic output. In addition, Wuhan recorded a resilient growth for its manufacturing sector with its output value of five biggest industries (namely optoelectronic information, new energy and intelligent connected vehicles, life and health sciences, high-end equipment and Beidou navigation) exceeded 1.6 trillion yuan and taking up more than 55% of the gross output value of industries above a designated size in 2023.

WUHAN GDP AND GDP GROWTH



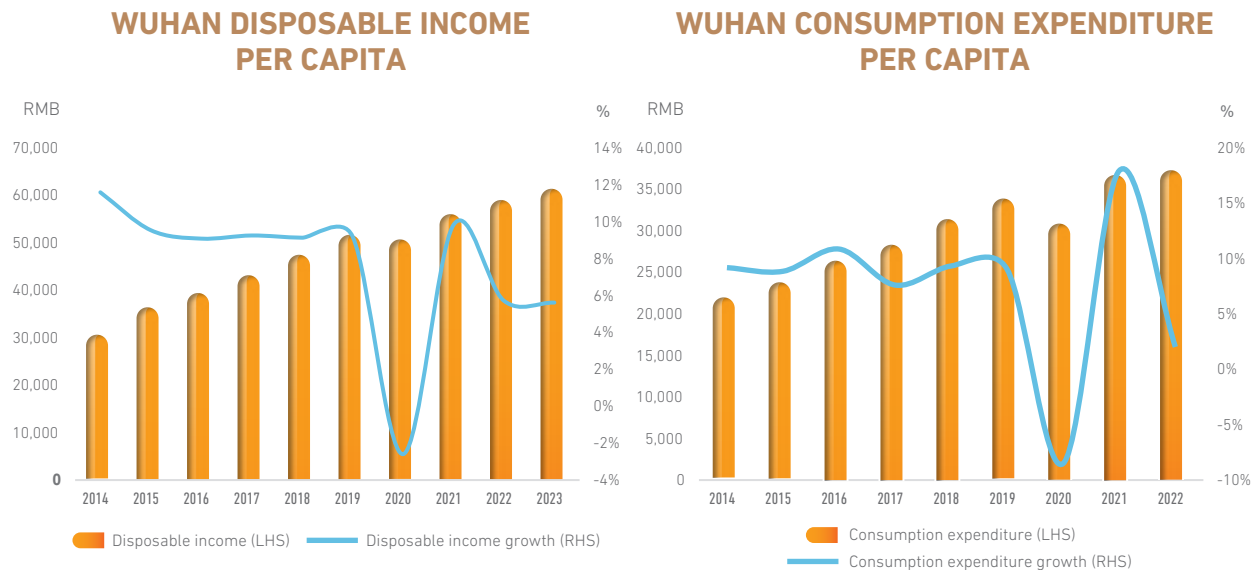
GDP COMPOSITION



Source: Wuhan Statistics Bureau

Disposable Income and Expenditure

Average disposable income per capita for urban households in Wuhan increased 5.6% in 2023 to RMB61,693, 19.1% above the 2023 national average and the second highest amongst urban households in central China region.



Source: Wuhan Statistics Bureau

Note: Figure of per capita consumption expenditure of urban residents in Wuhan in 2023 is not available in the public domain

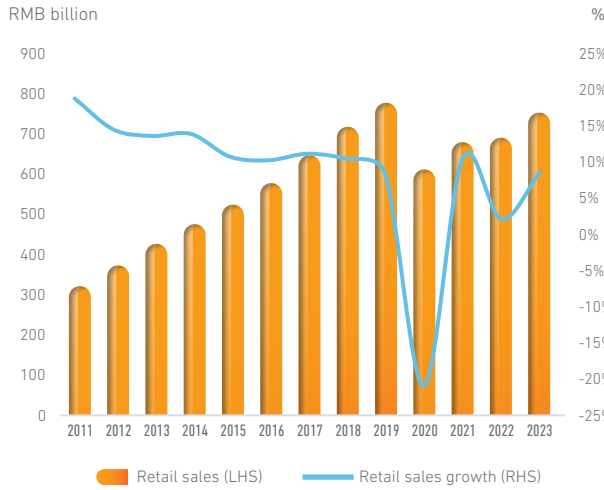
Retail Sales and Fixed Asset Investment

Wuhan has gradually recovered from the setback by the pandemic with both GDP and average disposable income for urban households surpassed pre-pandemic levels. With a population of approximately 13.74 million in 2022, Wuhan boasts the largest retail market in central China region in terms of sales volume and remained in the top 10 among all cities of China in 2020 when the city was brought to a temporary lockdown for over two months. Retail sales continued its gradual recovery and increased 8.6% y-o-y to RMB753.2 billion in 2023, slightly behind that of Hangzhou and ranked tenth among all cities across China.

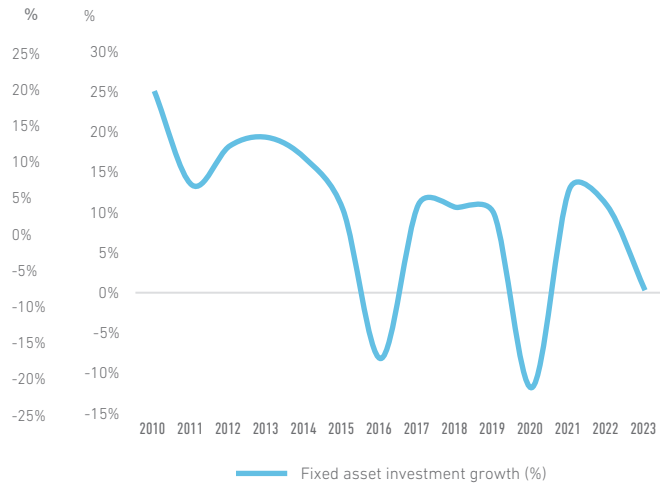
PROPERTY VALUATION REPORT

The overall fixed asset investment in Wuhan increased by 0.3% in 2023, of which investment in real estate development increased by 2.5% y-o-y and accounted for approximately 42% of total investment.

WUHAN RETAIL SALES



WUHAN FIXED ASSET INVESTMENT

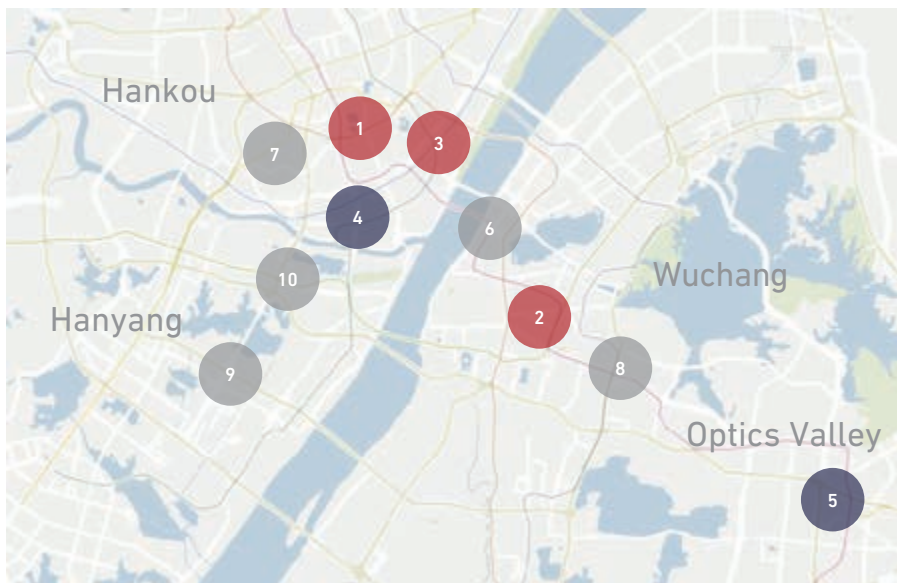


Source: Wuhan Statistics Bureau

WUHAN OFFICE MARKET

MAJOR OFFICE SUBMARKETS

Throughout the years, Wuhan's Grade A office market has been evolved and expanded from its traditional central business districts to emerging areas such as Wuchang Riverside and Jiedao Kou in Wuchang, and more lately to Sixin (四新) Eco-city in Hanyang District and new office district in Hanyang. The core business districts in Wuhan include Jianshe Avenue submarket, the traditional financial street where most of the big domestic and foreign banks, insurance companies and financial institutions have a presence; Hankou Riverside, the area which commands the highest rent in Wuhan with high-quality buildings and management; and Zhongnan-Zhongbei Road submarket, Wuchang district's oldest business area benefitting from easy public transport access with tenants comprise mainly domestic financial and real estate companies. The secondary business districts include, inter alia, Wuchang Riverside submarket which is a developing area just across the Yangtze River catering to a mix of SOEs, international companies and domestic private companies.



Core Business Districts

1. Jianshe Avenue
2. Zhongnan-Zhongbei Road
3. Hankou Riverside

Secondary Business Districts

4. Hangkong Road
5. Optics Valley

Emerging Business Districts

6. Wuchang Riverside
7. Wuhan CBD
8. Jiedao Kou
9. Sixin
10. Hanyang

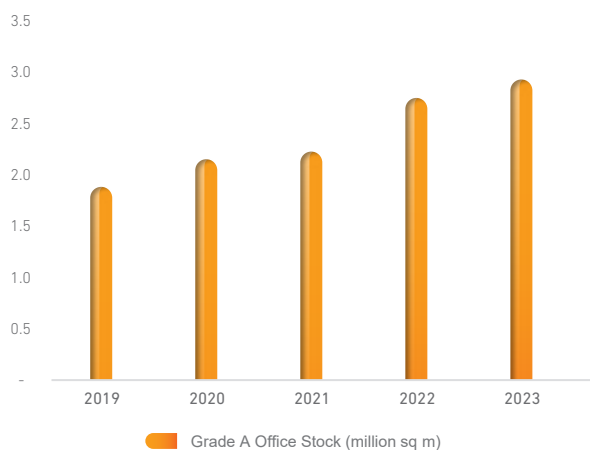
Source: Savills Research (plan for identification purposes only).

PROPERTY VALUATION REPORT

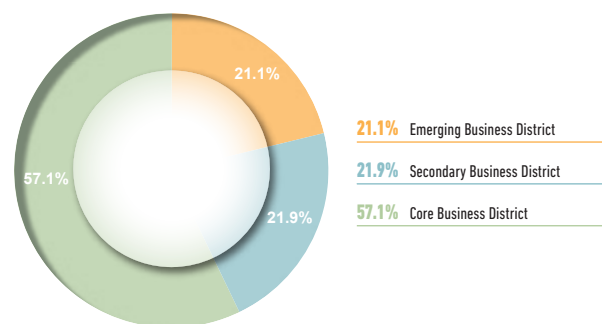
Stock

Total stock of Grade A office in Wuhan increased 5.8% y-o-y to approximately 2.92 million sq m in 2023. Core business districts, i.e. Jianshe Avenue, Zhongnan-Zhongbei Road and Hankou Riverside accounted for approximately 57.1% of total stock.

GRADE A OFFICE STOCK, 2019 - 2023



GRADE A OFFICE STOCK BY SUBMARKETS



Source: Savills Research

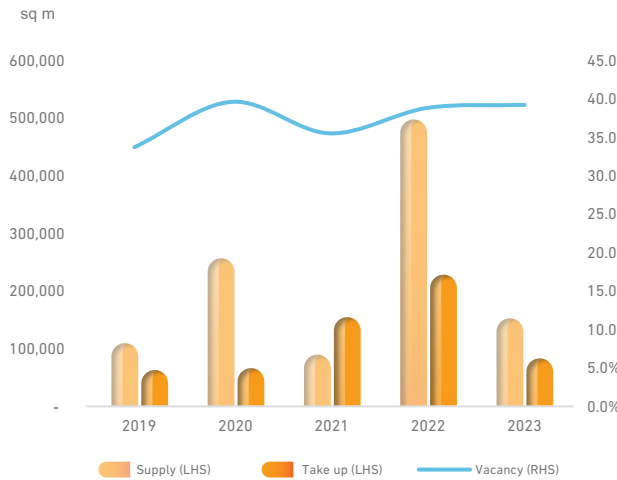
Supply, Demand and Vacancy

New office supply contracted to 160,000 sq m in 2023, down 68.1% from the supply peak of last year. All three new office projects were located in Zhongnan-Zhongbei Road and Optics Valley, with no new supply in Hankou in 2023. Total Grade A office stock increased 5.8% y-o-y and reached 2.92 million sq m by the end of 2023.

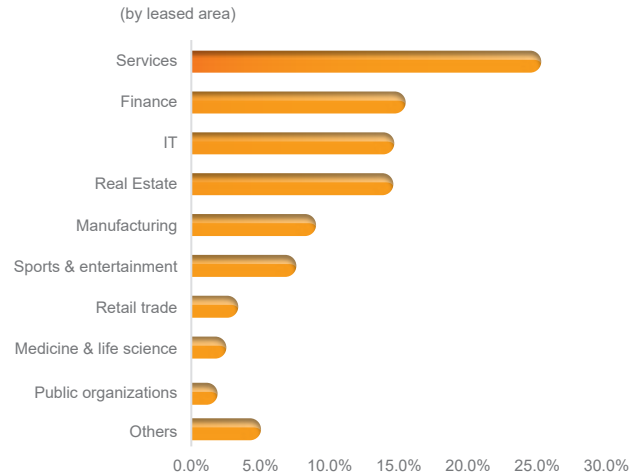
Total net absorption down 62.6% y-o-y to 86,000 sq m in 2023. The majority of take-up took place in 4Q 2023 and accounted for approximately 38% of absorption for the whole year. Upgrades and expansions were the main drivers of new leasing demand, contributing 71.1% of total net absorption. Relocations and new set ups accounted for the remaining 28.9%. Leasing demand in 2023 was mainly driven by the services sector, represented by law firms and legal services, accounting for 25.4%. Finance and IT sectors ranked second and third with active leasing demand throughout 2023, taking up 15.6% and 14.7% respectively.

In 4Q 2023, the average vacancy rate of Grade A office dropped by 1.2 ppts q-o-q but increased 0.4 ppts y-o-y to 39.2%.

GRADE A OFFICE SUPPLY, DEMAND AND VACANCY



OFFICE DEMAND BY INDUSTRY

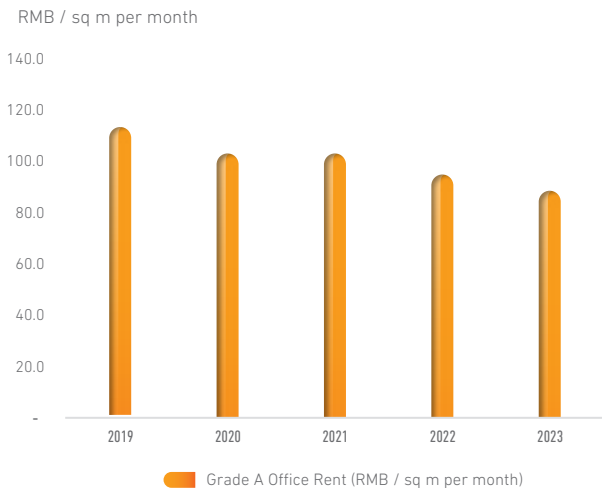


Source: Savills Research

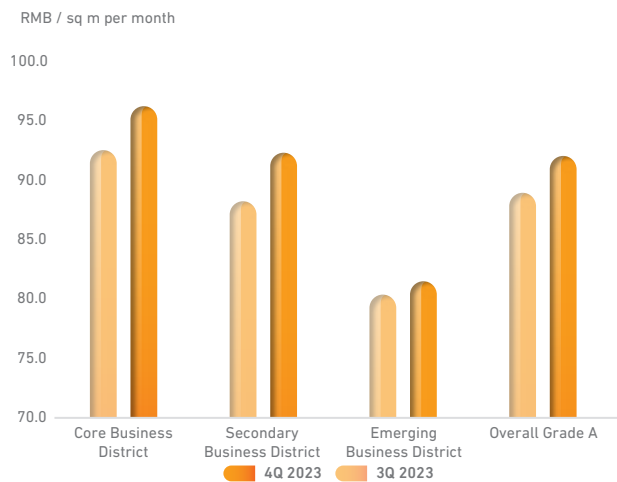
Office Rents

Average Grade A office rent accelerated its downward trend in 2023 and edged down 3.4% q-o-q and 7.7% y-o-y to RMB89.0 per sq m per month in 4Q 2023. Average rent in core business districts dropped 3.8% q-o-q and 8.2% y-o-y to RMB92.7 per sq m per month.

GRADE A OFFICE RENTS, 2019 - 2023



GRADE A OFFICE RENT BY SUBMARKET PER MONTH



Source: Savills Research

PROPERTY VALUATION REPORT

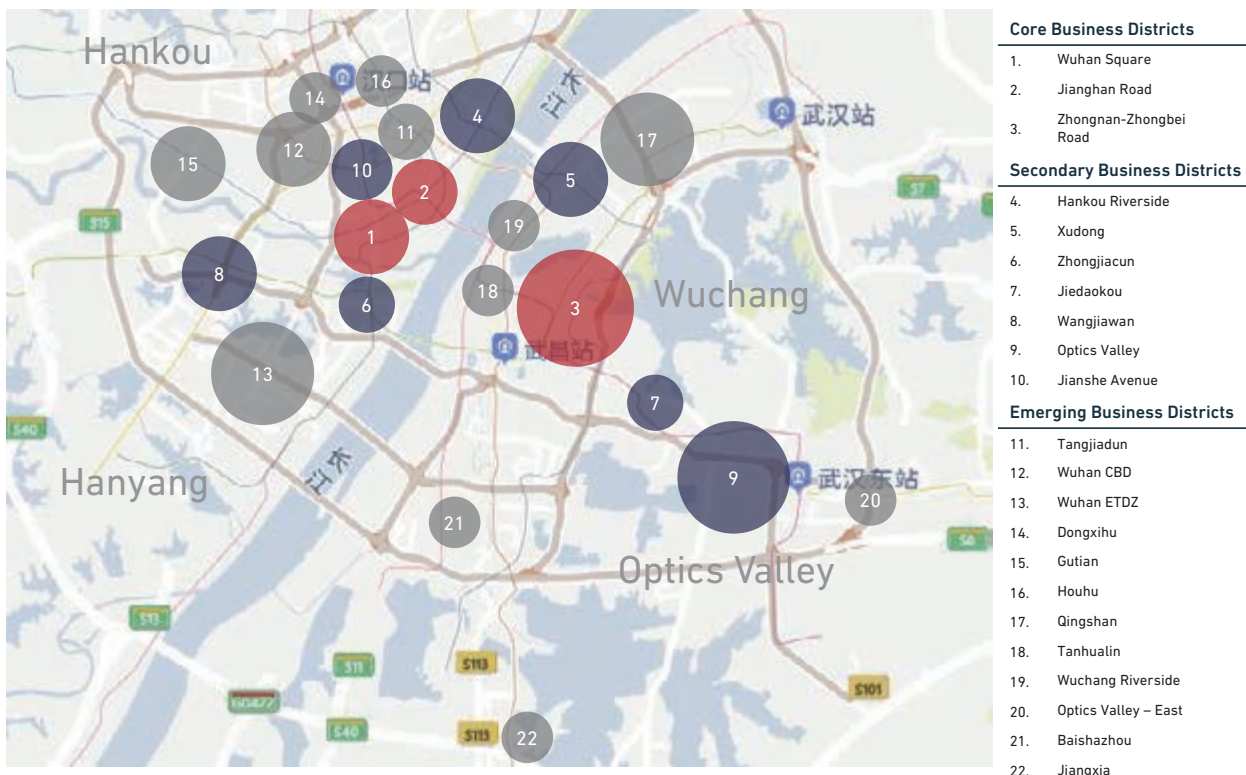
Future Supply and Outlook

Grade A office in Wuhan is anticipated a double increase of new supply to 310,000 sq m in 2024, with the majority of new supply concentrated in in Hankou area. Future supply in the next three years is expected to reach 1.85 million sq m and will put pressure on both vacancy and rental levels. Vacancy rate of Grade A office is expected to stay at current level or even surpass 40%, while a downward trend for rents will continue in 2024.

WUHAN RETAIL MARKET

MAJOR RETAIL SUBMARKETS

Wuhan’s retail market has been traditionally dominated by prime retail catchment areas in Wuhan Square precinct, Jiangnan Road precinct and Zhongnan-Zhongbei Road precinct. With connectivity improvements throughout years of development, a number of new catchment areas have sprung up in non-prime retail precincts or even in fringe areas of the city. Major non-prime retail areas include Hankou Riverside and Jianshe Avenue in Hankou District, Zhongjiacun and Wangjiawan in Hanyang District, and Xudong, Jiedaokou and Optics Valley in Wuchang District. The extension of the Wuhan Metro has enabled formation of new retail catchments in peripheral areas such as Baishazhou and Jiangxia, which has gained popularity through connectivity improvements and rental discounts these emerging retail areas offered.

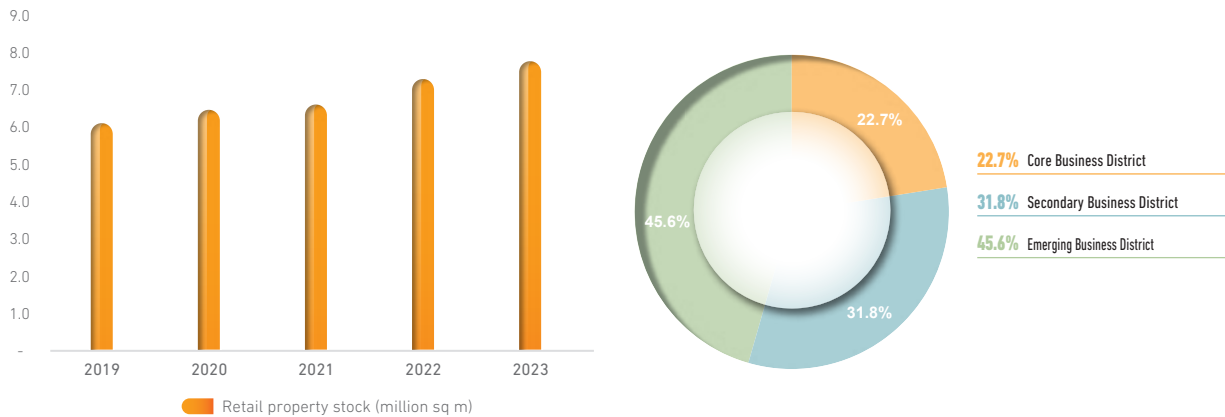


Source: Savills Research (plan for identification purposes only).

Stock

Total retail property stock of Wuhan increased 4.5% y-o-y to approximately 7.7 million sq m in 2023. Core business districts accounts for approximately 22.7% of total stock.

WUHAN RETAIL PROPERTY STOCK, 2019 - 2023 WUHAN RETAIL STOCK BY SUBMARKET



Source: Savills Research

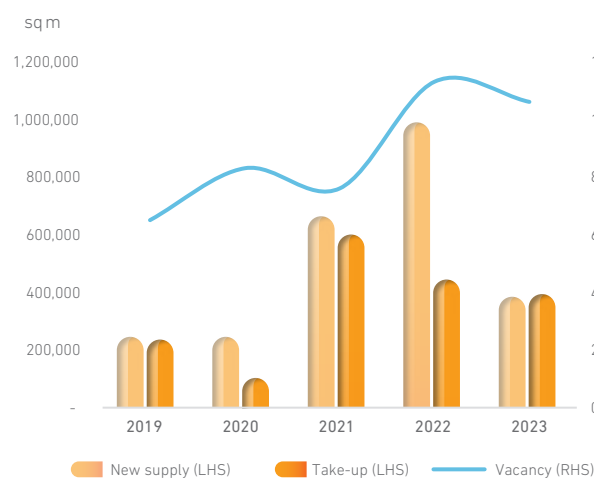
Supply, Demand and Vacancy

A total of two shopping malls with an aggregate GFA of approximately 402,000 sq. m. were put into the market in 2023. New supply included the YIFC Shopping Mall (武漢國金天地) in Wuguang submarket and the Aeon Mall (永旺夢樂城武漢江夏店), the biggest Aeon Mall in China and the first shopping mall in Jiangxia District.

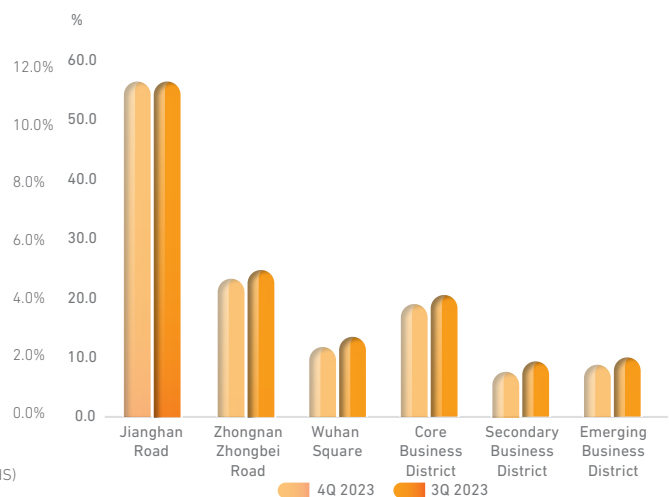
With the gradual recovery of both the macro-economy and consumer demand, leasing activities continued picking up in 2023, driving the citywide vacancy rate down by 1.5 pts q-o-q and 0.7% pts y-o-y to 10.6% in 4Q 2023. Leasing activities were active in different retail submarkets, as vacancy rates of core, secondary and emerging business district submarkets dropped 1.4 pts, 1.5 pts and 1.3 pts q-o-q to 19.4%, 8.0% and 9.0%, respectively, in 4Q 2023.

Passenger traffic is on course back to the pre-pandemic level and in turn its gradual recovery continues to boost sentiment for consumption. Total net take-up of shopping mall space reached 399,000 sq m in 2024, with service industry and retail industry accounting for 34% and 33% of net take-up.

WUHAN RETAIL PROPERTY SUPPLY, DEMAND AND VACANCY



RETAIL VACANCY BY SUBMARKET



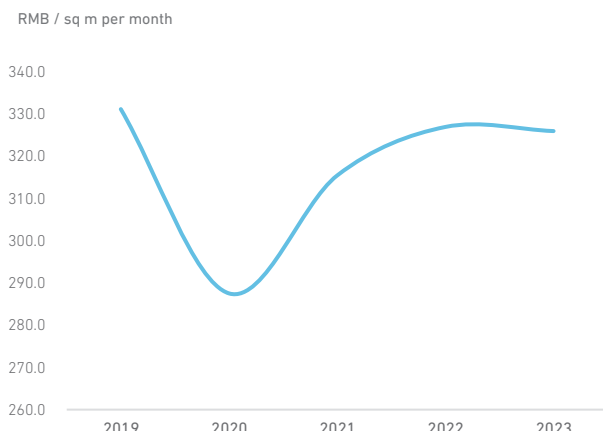
Source: Savills Research

PROPERTY VALUATION REPORT

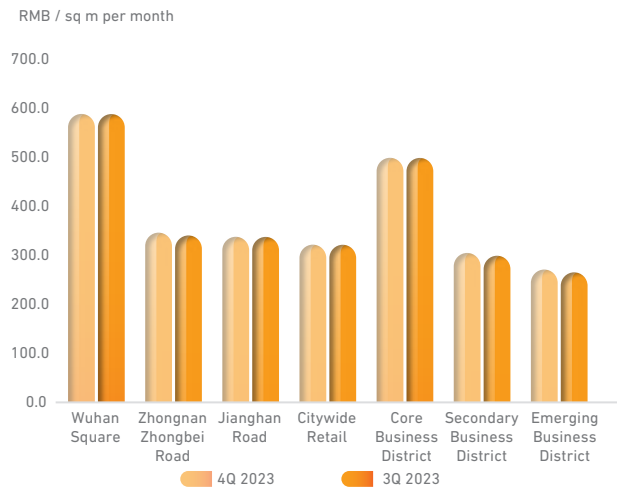
Rents

As the market gradually recovered, shopping mall first-floor rents edged up 0.2% QoQ to an average of RMB 325.9 psm pmth by Q4/2023, down 0.3% YoY. The prime area was affected by particular under-performed projects, with average rent down 1.5% QoQ, while the market was active in secondary and emerging areas with average rent steady.

WUHAN RETAIL PROPERTY RENT, 2019 - 2023



WUHAN RETAIL PROPERTY RENT BY SUBMARKET



Source: Savills Research

Future Supply and Outlook

Looking forward, pipeline retail properties scheduled for completion in 2024 will include up to 10 quality shopping malls with a combined GFA of over 1.3 million sq m. These quality shopping malls include, among others, Wuhan SKP (武漢SKP), Wuhan MixC (武昌萬象城) and Citylane (武漢遠洋里) which will be well received with high pre-commitment rates and committed occupancies. The entry of quality projects together with continued consumption recovery will help boost retail sentiment and it is forecasted that net absorption will reach 1.23 million sq m in 2024, whereas overall vacancy be edged down to 10.4% in the next four quarters.

GUANGZHOU

OVERVIEW

Guangzhou is the capital city of Guangdong Province, located on the northern edge of the Pearl River Delta. A major South China Sea port, Guangzhou is China's southern gateway to the world as well as a hub city of the Belt and Road Initiative and has a central role in the development blueprint for the Greater Bay Area (GBA). The tier-one city is one of the largest cities in China behind the likes of Beijing and Shanghai, with a population of approximately 18.73 million in 2022. It is also one of China's nine 'National Central Cities'.

Guangzhou is an important political, economic, industrial, and cultural center as well as a major transportation hub in the South China region. The Port of Guangzhou was the fifth and the sixth busiest port in China and the world respectively, for its throughput of 20.78 million TEU in 2023. The Guangzhou Baiyun International Airport ranked the tenth busiest international airport for 2023 with 43.4 million seats according to OAG.

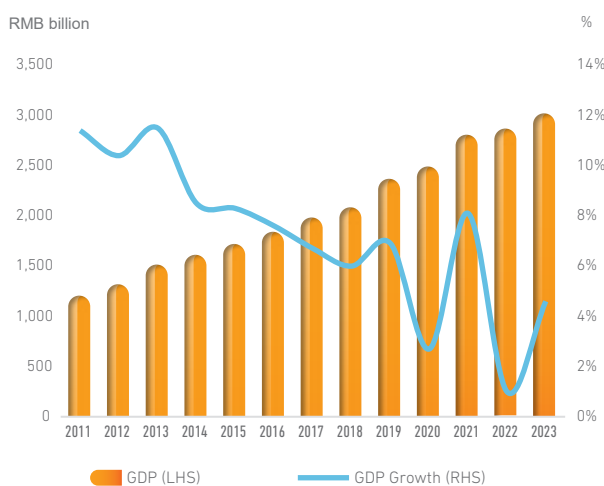
The vibrant economic growth and the strategic advantages enjoyed by Guangzhou have made the city one of the most important investment destinations in the region. According to a survey conducted by the American Chamber of Commerce in South China (AmCham in South China), Guangzhou tops in the most preferred investment destinations of China for six consecutive years, followed by other tier-1 cities as Shenzhen, Shanghai and Beijing. It is reported by the municipal government that, for the first ten months of 2023, a total of 5,150 new foreign-funded enterprises were established in Guangzhou, representing an increase of 83.1% from the year earlier. Guangzhou has also attracted up to 345 Fortune 500 companies to invest in the city over the years.

GUANGZHOU ECONOMIC OVERVIEW

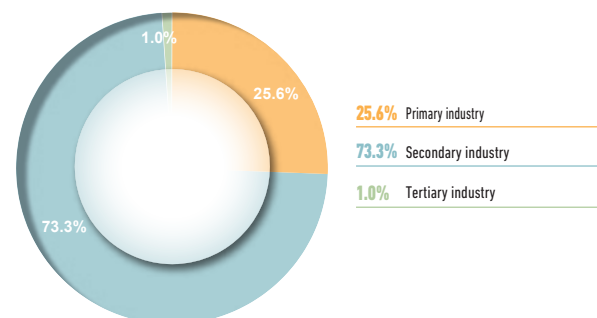
GDP

GDP of Guangzhou grew 4.6% y-o-y to RMB3,035.6 billion in 2023 and the city became the fourth city in China to have an economy larger than RMB3.0 trillion. The manufacturing industry, in particular from the private sector, plays an essential role in driving GDP growth. The city will continue to strive for improvement in technology innovation in the future, as the added value of the core industries in the digital economy of the city accounted for 13% of GDP in 2023, whereas the added value of strategic emerging industries represented over 30% of the city's GDP.

GUANGZHOU GDP AND GDP GROWTH



GDP COMPOSITION



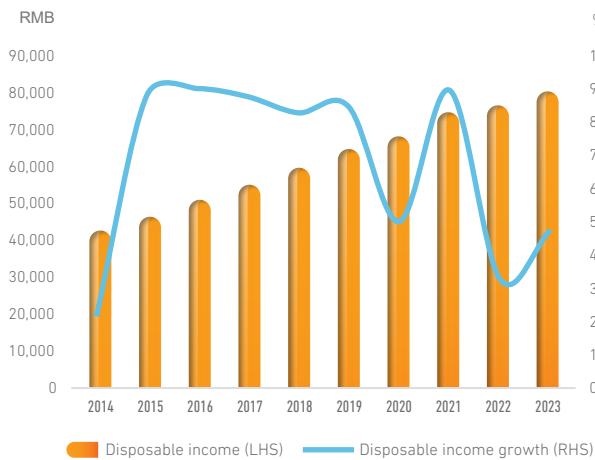
Source: Guangzhou Statistics Bureau

PROPERTY VALUATION REPORT

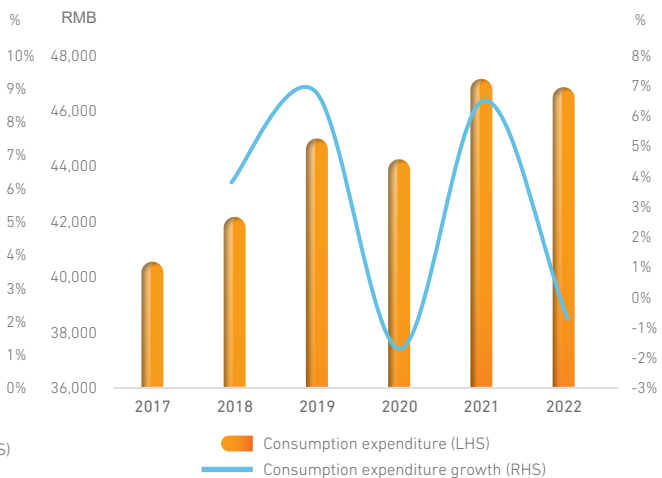
Disposable Income and Expenditure

Per capita disposable income of urban households in Guangzhou rose 4.8% y-o-y to RMB80,501 in 2023.

GUANGZHOU DISPOSABLE INCOME PER CAPITA



GUANGZHOU CONSUMPTION EXPENDITURE PER CAPITA



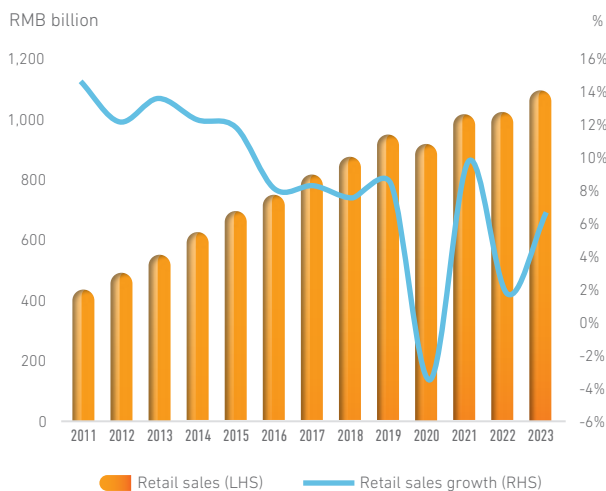
Source: Guangzhou Statistics Bureau

Note: Figure of per capita consumption expenditure of urban residents in Guangzhou in 2023 is not available in the public domain

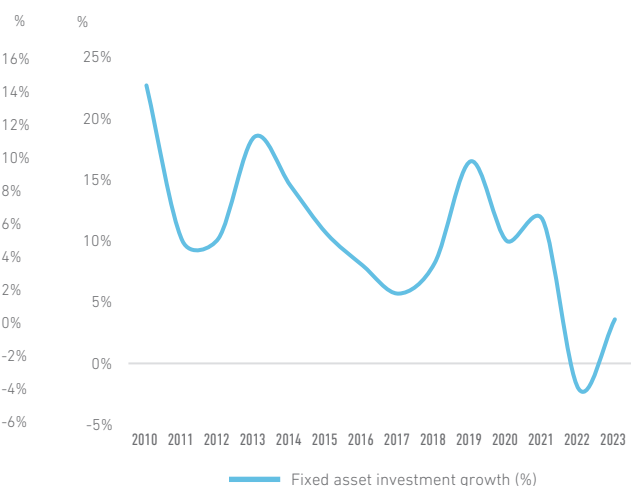
Retail Sales and Fixed Asset Investment

Retail sales of consumer goods in Guangzhou reached RMB1,101.3 billion in 2023, representing a growth of 6.7% y-o-y and surpassing the threshold of one trillion-yuan mark for three consecutive years. In retail sales term, Guangzhou is the largest retail market in Southern China and the third largest in China after Shanghai and Beijing. Meanwhile, fixed asset investment grew 3.6% over last year to RMB862.1 billion in 2023.

GUANGZHOU RETAIL SALES



GUANGZHOU FIXED ASSET INVESTMENT



Source: Guangzhou Statistics Bureau

GUANGZHOU OFFICE MARKET

Major Office Submarkets

Grade A office market in Guangzhou originates from the traditional business area of Yuexiu District, which emerged in the late 1990s. The market rapidly spread out and developed along the Tianhe North (Tianhe Bei) area in the early- and mid-2000s, which hosts a number of state-owned enterprises, government agencies and institutes; and afterwards Zhujiang New Town, the central business district of Guangzhou with a large cluster of high-quality Grade A office buildings since 2010 and many new high-end residential projects. This area continues to attract tenants as it further develops into a cluster area for global Fortune 500 enterprises. The prime office area in Guangzhou also includes the Pazhou submarket, which starts out as an exhibition area with a strong hotel market and gradually evolved into a business area and home to the Pazhou E-commerce headquarter zone, an emerging master-planned area targeting large domestic IT/e-commerce related companies; and Guangzhou International Financial City, a master-planned area to the east of Zhujiang New Town, with development since late 2018 and targeting tenants in the finance sector.

A number of new emerging Grade A office submarkets developed in other fringe areas taking advantage of urban renewal schemes and development of metro transportation facilities. These include the Baiyun New Town in Baiyun District, Lijao in Haizhu District, Yuzhu in Huangpu District, Guangzhou South Station and Changlong-Wanbo in Panyu District, which have a total stock of approximately 2.08 million sq m in 2023.



Core Business Districts

1. Zhujiang New Town
2. Tianhe Bei
3. Yuexiu

Sub-core Business Districts

4. Pazhou
5. International Financial City

Non-core Business Districts

6. Changlong – Wanbo
7. Yuzhu
8. Baiyun New Town
9. Lijao
10. Guangzhou South Station

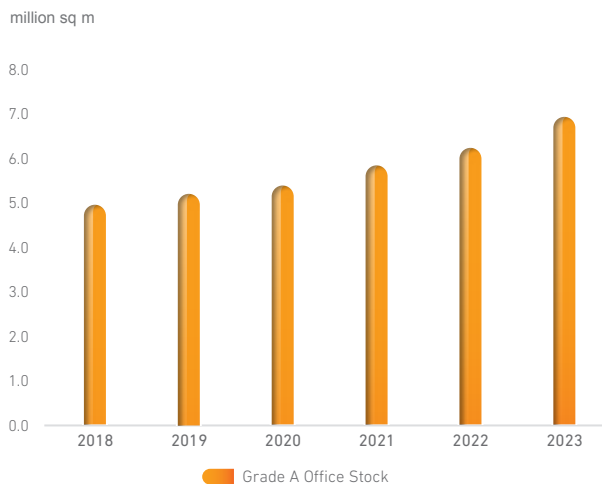
Source: Savills Research (plan for identification purposes only)

PROPERTY VALUATION REPORT

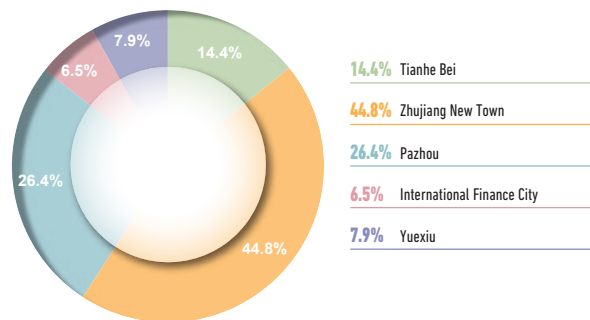
Stock

Total stock of Grade A office in core business districts and sub-core business districts of Guangzhou grew 10.7% y-o-y to approximately 6.9 million sq m in 2023. Zhujiang New Town is the largest submarket in area terms and accounted for approximately 44.8% of total stock.

GRADE A OFFICE STOCK IN GUANGZHOU



GUANGZHOU GRADE A OFFICE BY SUBMARKET



Source: Savills Research

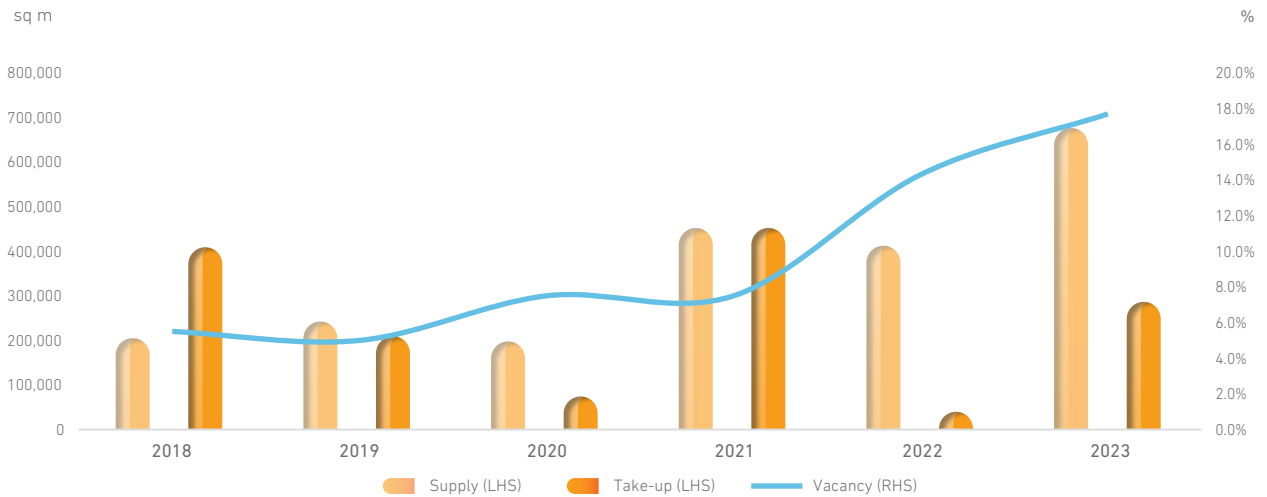
Supply, Demand and Vacancy

New supply of Grade A office in 2023 was at a seven-year peak since 2016 as 10 new projects with a combined GFA of approximately 676,000 sq m were put into market. In the emerging non-core business district submarket, a supply peak was recorded in 2023 as well, with total stock increased 21.7% y-o-y to approximately 2.08 million sq m.

Leasing demand remained relatively weak in 2023, as net take-up reached 290,241 sq m, 15.2% lower than the average level for the past ten years. Relocation was the major driver of leasing demand, accounting for 83.4% of total take-up, while demand from finance, retail and trade, and professional services was the most active, which accounted for 82.7% of demand in terms of leased area. Pazhou and International Finance City submarket were the two most active in office leasing in 2023, with net absorption amounting to 120,000 sq m and 115,000 sq. m, respectively.

With market picked up in 4Q 2023 when a number of notable leasing transactions were recorded in Pazhou and Zhujiang New Town submarket, the vacancy rate for Grade A office dropped 1.0 ppt as compared to the previous quarter but edged up 4.3 ppt y-o-y to 17.7% during 4Q 2023. The vacancy rate of Zhujiang New Town submarket dropped 0.8% q-o-q and 1.3% y-o-y to 12.5% during the corresponding period.

GRADE A OFFICE SUPPLY, DEMAND AND VACANCY

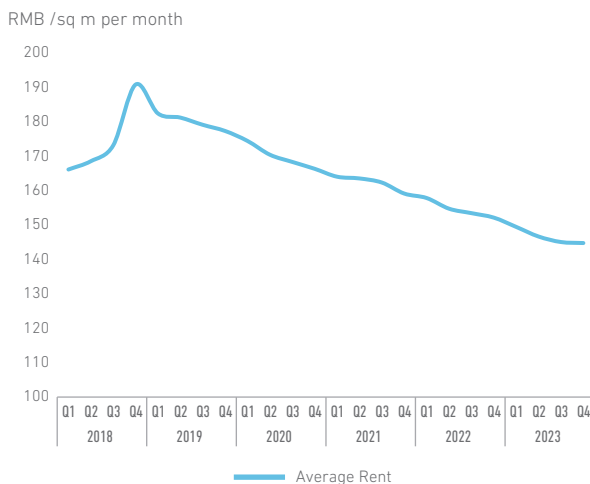


Source: Savills Research

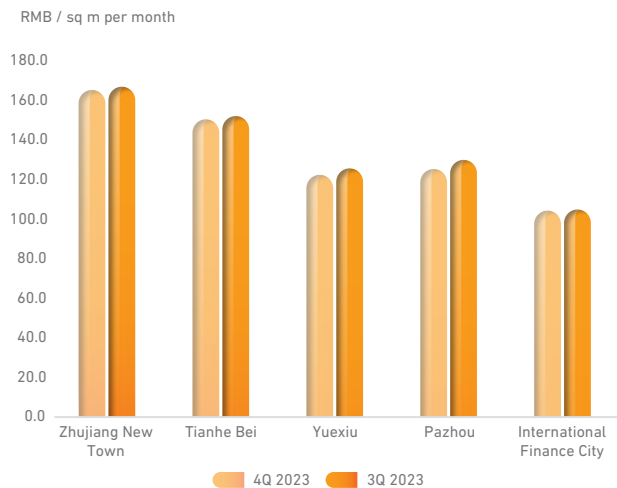
Office Rents

Tenant-favoured office market conditions continued throughout 2023 given the current economic contexts, subdued leasing demand, and the impact of over 1.0 million sq m of new supply scheduled for completion in 2024. Landlords are willing to negotiate rent down to remain competitive in the market. The average rent of Grade A office in Guangzhou continued its downward trend with a 1.4% q-o-q and 4.0% y-o-y drop to RMB144.8 per sq m per month. The average rent for Zhujiang New Town submarket dropped to approximately RMB166.1 per sq m per month, down 0.7% q-o-q and 2.9% y-o-y.

GRADE A OFFICE RENT, 1Q 2018 - 4Q 2023



GRADE A OFFICE RENT BY SUBMARKET



Source: Savills Research

PROPERTY VALUATION REPORT

Future Supply and Outlook

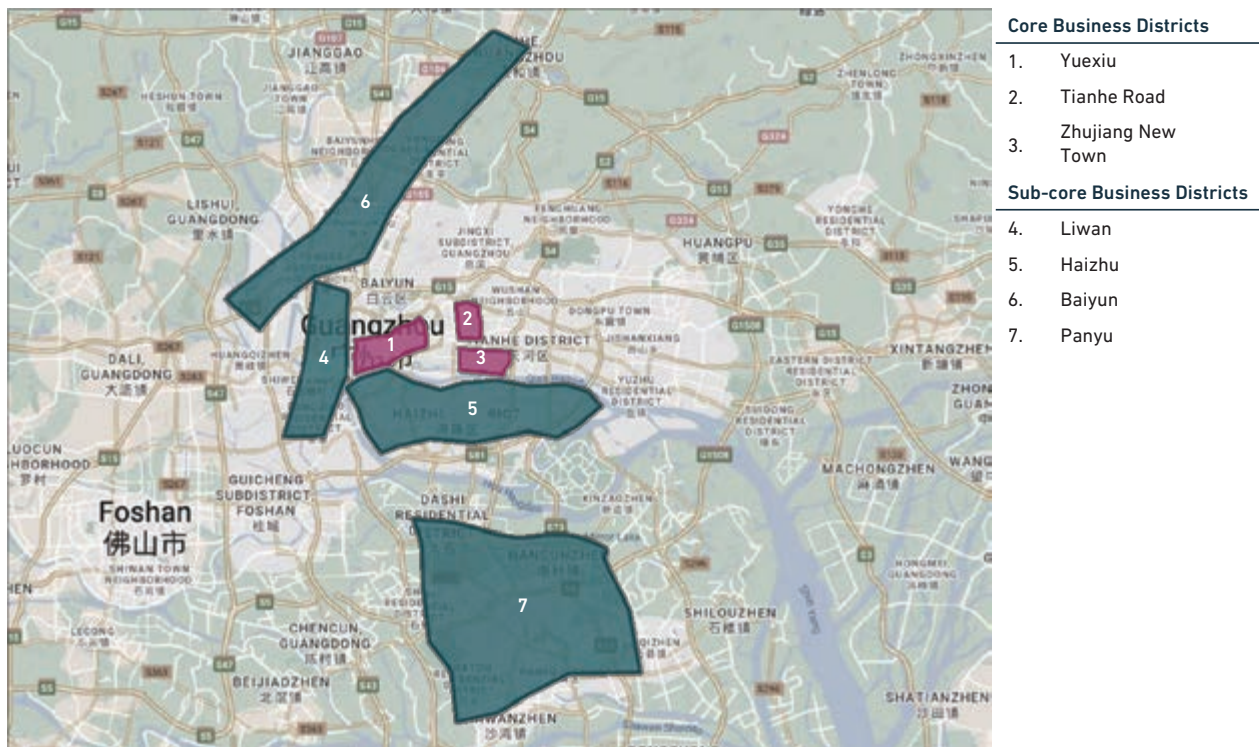
Future supply is expected to remain abundant in 2024, with an estimated supply of approximately 1.08 million and 0.22 million sq m available to core & sub-core business districts and emerging non-core business districts, representing an increase of 15.5% and 10.7% to these submarkets, respectively.

The economic challenges and prudent occupier sentiment in Guangzhou should continue at least over the next two quarters. The introduction of various measures and incentives by the government to stabilize growth should help boost market confidence, with leasing demand from various industry segments stabilized and starting to pick up moderately in the second half of 2024. It is expected however that landlords of both existing and new properties will continue offering more incentives, such as extending the rent-free period and/or offering office space with fit-out in order to remain competitive in the market. Average Grade A office rent is expected to hover at the current market level.

GUANGZHOU RETAIL MARKET

Major Retail Submarkets

Throughout the years, the Guangzhou retail market has evolved from a department store-led market to a shopping mall-led market with the gradual establishment of three prime retail catchments in Tianhe Road, Zhujiang New Town, and Yuexiu district. With improved transportation and metro development, a number of new retail precincts in non-prime and more remote districts such as Haizhu, Liwan, Baiyun and Panyu emerged rapidly over the last decade, and have now accounted for over 70% share in area terms.

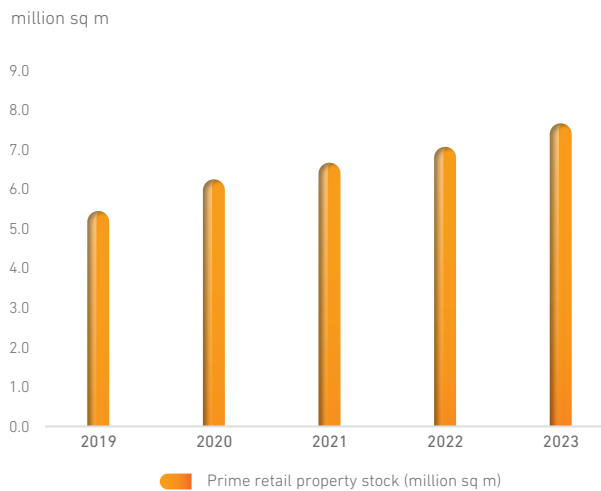


Source: Savills Research (for identification purposes only)

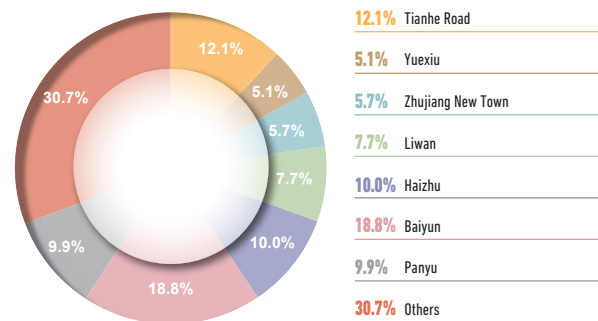
Stock

A total of seven mall openings, of which four new mall openings were taken place in 4Q 2023, were registered in 2023. These new mall openings introduced a combined 360,000 sq m of new supply to the prime retail market, with total stock expanded by 8.0% y-o-y to 7.66 million sq m by the end of 2023.

PRIME RETAIL PROPERTY STOCK IN GUANGZHOU, 2019 - 2023



PRIME RETAIL STOCK IN GUANGZHOU BY SUBMARKET



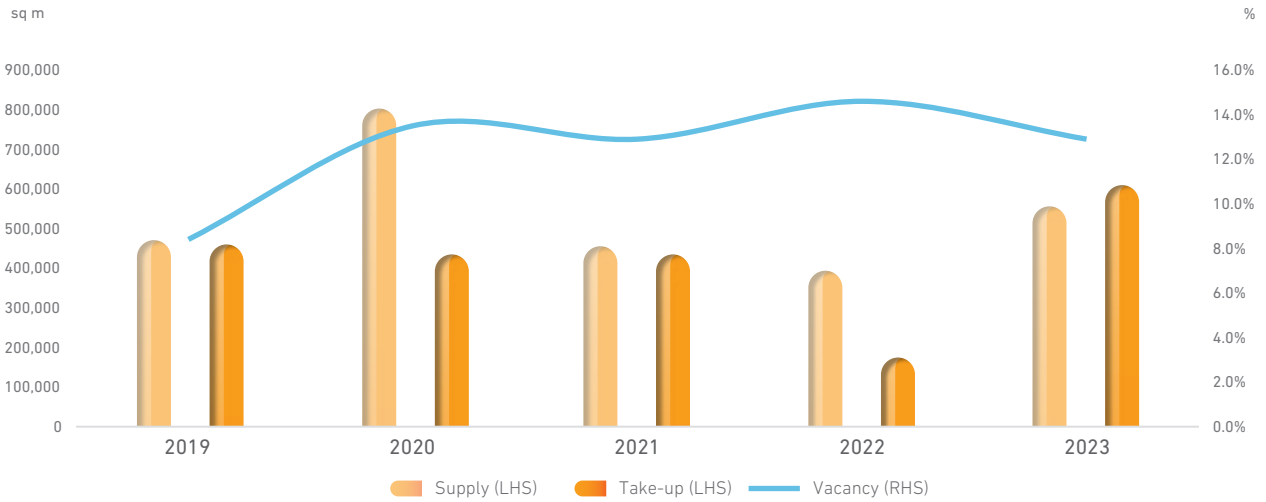
Source: Savills Research

Supply, Demand and Vacancy

The continued rebound of tourism and the revival of consumption in 2023, which boost further demands for lifestyle, leisure and F&B, the retail market of Guangzhou witnessed increasing new and pending store enquiries and openings. The F&B sector was the most active while leasing demand from fashion, accessories and cosmetics categories was also strong. In addition, retail upgrades proceeded in a number of prime retail properties with the introduction of quality brands or first-stores. Total net absorption reached 610,000 sq m in 2023, representing a 260% increase y-o-y. The vacancy rate of prime retail properties in Guangzhou recorded a steady drop over the last four quarters of 2023, falling 1.1% q-o-q and 1.7% y-o-y to 12.9% in 4Q 2023, the lowest level since 1Q 2022.

PROPERTY VALUATION REPORT

PRIME RETAIL PROPERTY SUPPLY, DEMAND AND VACANCY

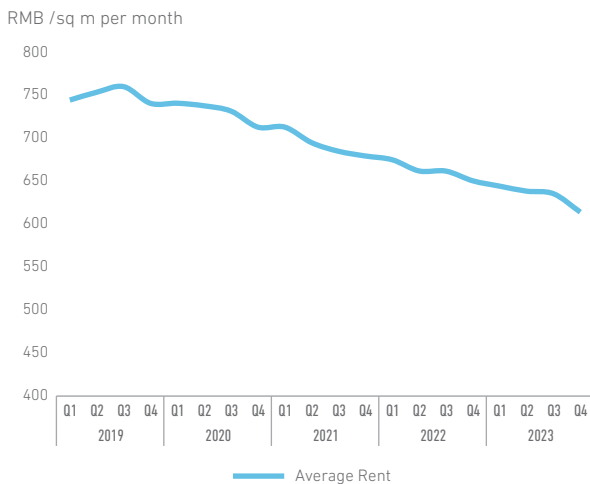


Source: Savills Research

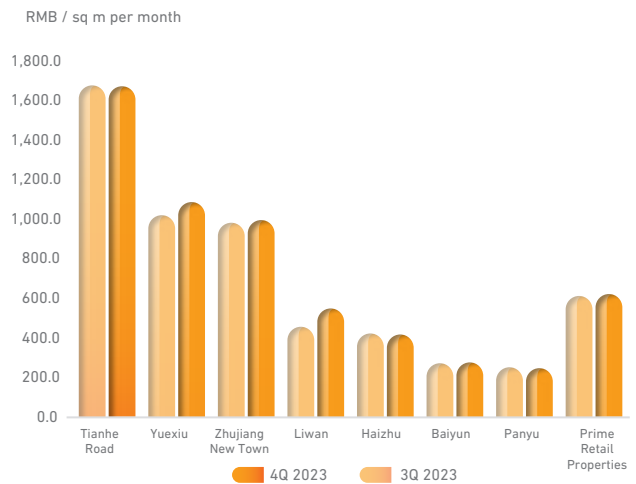
Rents

Retailers remained cost sensitive despite improved market sentiment and retail confidence. Broadly speaking, the prime retail market remained a retailer-favoured market and average rents of most shopping malls remained steady, while average rents for new mall openings were typically low. The average first-floor rents of prime retail properties dropped 3.4% q-o-q and 4.7% y-o-y to RMB614.0 per sq m per month in 4Q 2023, whereas average first-floor rent of prime retail properties in Zhujiang New Town remained stable and unchanged at RMB991.7 per sq m per month during the corresponding period.

PRIME RETAIL PROPERTY RENT, 1Q 2019 - 4Q 2023



PRIME RETAIL RENT BY SUBMARKET



Source: Savills Research

Future Supply and Outlook

Projected new mall openings in 2024 will reach 346,000 sq m, with total stock of prime retail properties increased 4.5% to 8 million sq m. In the next three years, however, Guangzhou's prime retail property market will see an ample supply of over 1.0 million sq m, mainly in the emerging retail submarkets.

The steady growth in pedestrian traffic in various retail submarkets will help boost retailers' confidence and help drive leasing enquiries and store openings. Leasing demand from the catering, fashion, accessories and cosmetic categories is thus expected to remain steady and active. With incessant competition expected in emerging retail submarkets, however, it is anticipated that average rents in emerging retail areas will face continued downward pressure, whereas average rents in prime retail areas will remain stable in 2024.

GUANGZHOU HOTEL MARKET

Tourism market Overview

The removal of China's pandemic control measures at the end of 2022 and the re-opening for international travel were major boosts to the tourism industry of Guangzhou. Overnight tourist arrivals to Guangzhou reached 55.4 million in 2023, representing 45.0% growth y-o-y, whereas international tourists and domestic tourists arrivals increased 144.9% and 40.8% y-o-y to 3.8 million and 51.7 million, respectively. Domestic travellers continued to occupy as Guangzhou's largest source market, contributing 93.2% to overnight visitor arrivals in 2023.

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Overnight tourist arrivals (million)	56.6	59.4	62.8	65.3	67.7	41.8	43.1	38.2	55.4
Domestic visitors arrivals (million)	48.5	50.8	53.8	56.3	58.7	39.7	41.4	36.7	51.7
International visitors arrivals (million)	8.0	8.6	9.0	9.0	9.0	2.1	1.6	1.5	3.8
Total tourism receipts (RMB billion)	287.2	321.7	361.4	400.8	445.5	267.9	288.6	224.6	N/A
Domestic tourism receipts (RMB billion)	252.1	280.0	318.8	357.9	400.3	257.8	281.7	217.7	N/A

Source: Guangzhou Statistics Bureau. 2023 figures from Culture, Radio & Television and Tourism Administration of Guangzhou Municipality (廣州市文化廣電旅遊局)

Total number of star-rated hotels in Guangzhou dropped from 135 in 2021 to 125 in 2022. During the same period, total number of 5-star hotels increased from 22 to 24, whereas total number of 4-star hotels remained even at 29. Total number of guestrooms dropped 16.0% y-o-y to 66,128 in 2022.

	2015	2016	2017	2018	2019	2020	2021	2022
Number of Star-rated hotels	204	188	180	170	160	152	135	125
Number of 5-Star hotels	23	22	22	22	22	23	22	24
Number of 4-Star hotels	38	38	34	35	29	28	29	29
Number of guestrooms	77,893	88,335	92,568	91,962	91,004	91,004	78,764	66,128

Source: Guangzhou Statistics Bureau. 2023 figures are not available in the public domain

PROPERTY VALUATION REPORT

Existing Supply

Supply of 5-star hotels was largely concentrated in Baiyuan district in 2023. New supply of 5-star hotel in Guangzhou included, among others, the New World Guangzhou Hotel (廣州新世界酒店) (a total of 283 guestrooms, Baiyun, opened in 4Q 2023), Hotel Indigo Guangzhou Haixinsha (廣州海心沙英迪格酒店) (a total of 108 guestrooms, Tianhe, opened in 3Q 2023), Four Points by Sheraton Guangzhou, Dongpu (廣州東圃合景福朋喜來登酒店) (a total of 346 guestrooms, Tianhe, opened in 2Q 2023), the three Marriott brand hotels opened in Baiyun in May 2023, namely, Guangzhou Marriott Hotel Baiyun (廣州白雲國際會議中心越秀萬豪酒店), Element Guangzhou Baiyun (廣州白雲國際會議中心越秀源宿酒店) and Four Points by Sheraton Guangzhou, Baiyun (廣州白雲國際會議中心越秀福朋喜來登酒店) which altogether provided a total of 1,601 guestrooms.

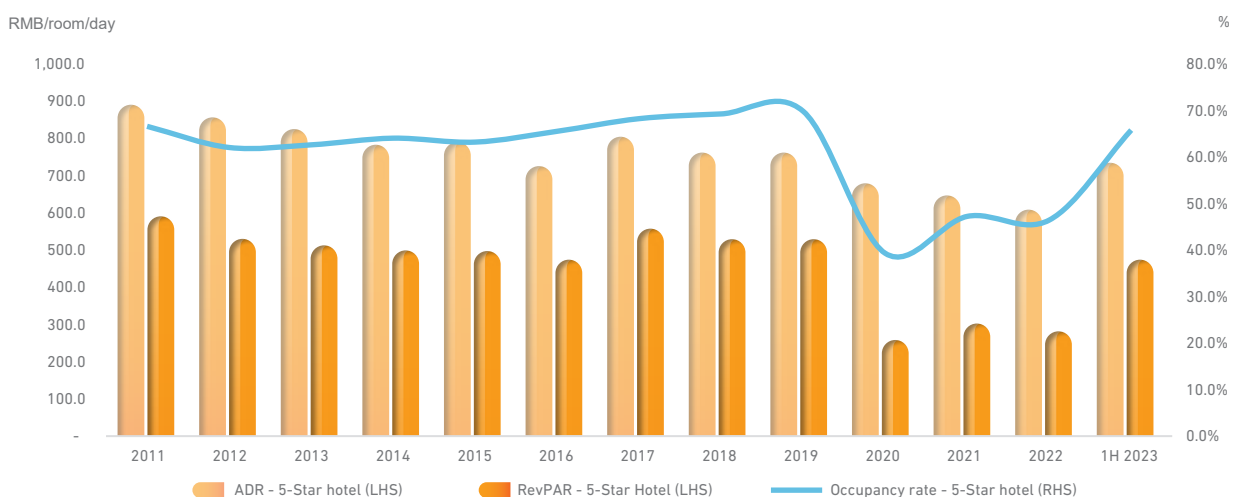
Future Supply

Notable upscale hotels in the next three year's supply pipeline include ME Guangzhou (廣州美利亞酒店), the first ME by Meliá brand hotel in Guangzhou, which will be located at Guangzhou Macau Place within the Guangzhou International Financial City area and is set to open in 2027 featuring 120 exquisitely appointed rooms and suites.

Hotel Market Performance

Guangzhou has been one of the major business and conference hubs in southern China for the past few decades. The Canton Fair and Spring fair and other conferences support Guangzhou's hotel market and have been one of the major impetus to impact the performance of 5-star hotels in Guangzhou. In 1H 2023, average ADR and RevPAR of 5-star hotels in Guangzhou reached RMB735.1 and RMB484.1 per room per day respectively, indicating a rising trajectory and almost back to pre-pandemic level in 2019. Occupancy rate reached 68% during 1H 2023, or a 19.4 pts increase as compared to 2022 average. The luxury hotel segment in Guangzhou has been resilient throughout the pandemic and its ADR growth is expected to continue to outperform the broader hotel market.

PERFORMANCE OF 5-STAR HOTELS IN GUANGZHOU



Source: Ministry of Culture and Tourism of the PRC, compiled by Savills

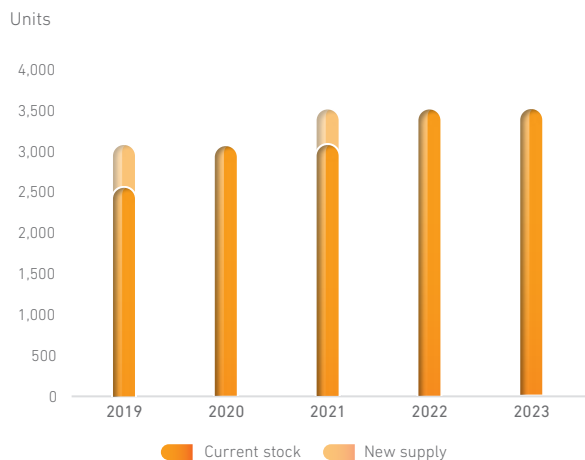
GUANGZHOU SERVICED APARTMENT MARKET

The Guangzhou serviced apartment market has developed for more than two decades since the entry of Oakwood Gold Arch Residence Guangzhou (廣州金亞花園奧克伍德華庭酒店公寓) on Ersha Island to the market in 2000. The city has experienced rapid growth and international trade since China’s reform and opening up, which fueled the sectoral market development and attracted a series of internationally well-known serviced apartment operators such as Ascott, Frasers, and Oakwood as well as several leading hotel brands such as the Ritz-Carlton and Rosewood to tap into the market.

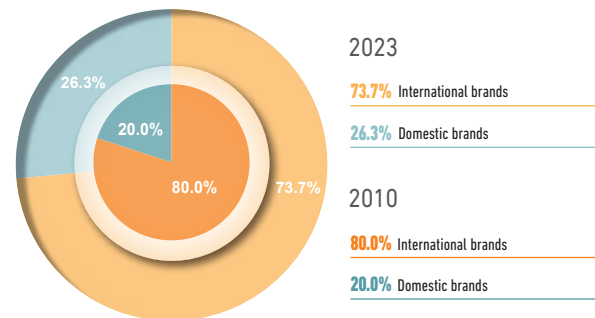
International operators continue to dominate the market, accounting for 73.7% of serviced apartments under operation, while local players such as LN Hospitality and Yuexiu Group accounting for 26.3% of total stock in 2023. With the development of Guangzhou throughout this period, leasing demand has evolved and shifted from Huanshi East Road to Tianhe Road and afterwards Zhujiang New Town.

The Guangzhou serviced apartment market consists of four major submarkets of Tianhe Road, Zhujiang New Town, Huanshi East Road and Ersha Island. The citywide stock reached 3,530 units in 2023, with Zhujiang New Town accounting for 44.7%.

NEW SUPPLY AND TOTAL STOCK OF SERVICED APARTMENT MARKET IN GUANGZHOU



GUANGZHOU SERVICED APARTMENT MARKET PLAYERS, 2010 VS 2023



Source: Savills Research

Existing Supply

No new supply was registered in 2023. Total stock remained at 3,530 units in 2023.

PROPERTY VALUATION REPORT

Future Supply

New supply is expected to be significant with eight new projects adding 1,872 units scheduled to be completed in the next three years, increasing stock by 53.0%.

Future Supply for the Serviced Apartment Market, 2024 - 2026

Name of Project	Location	No. of Units
Frasers Suites Pazhou	Haizhu	251
Yuexiu Hotel Guangzhou by The Crest Collection	Yuexiu	196
Ascott Pazhou Guangzhou	Haizhu	400
Ascott Yuexiu Guangzhou	Yuexiu	210
Citadines Knowledge City Guangzhou	Huangpu	240
Citadines Huadi River Guangzhou	Liwan	200
Citadines Huadu Lake Guangzhou	Huadu	203
Ascott Ouhao Guangzhou	Nansha	192

Source: Savills Research

Serviced Apartment Market Performance

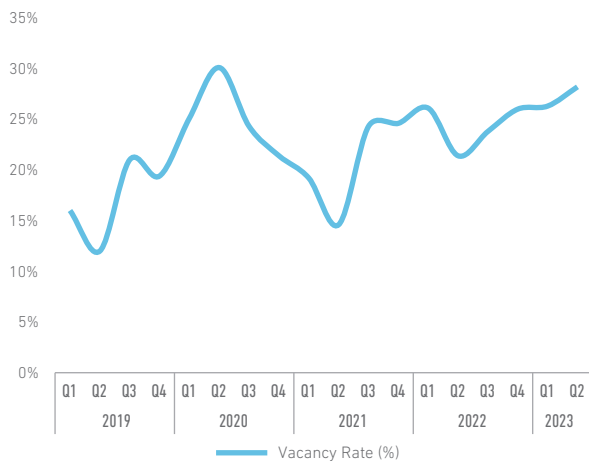
Leasing demand initially derived from long-term stay hotel expatriate tenants that desired larger units, greater privacy and tailored services and amenities. This demand base created a relatively stable market with the citywide vacancy rate remaining below 20% from 2010 to 2019.

The outbreak of COVID in 2020 and stricter border controls greatly dented demand from the expatriate community that was unwilling or unable to return to China, pushing up the citywide vacancy rate to a historical high of 30.1% in Q2/2020. Domestic demand helped fill the shortfall to an extent, with individuals with the financial means or unable to acquire properties due to purchases restrictions, choosing to splurge on experiential living. Serviced apartments also proved popular with live streamers utilizing the space as a luxury home office. Other creative uses also emerged, with some units occupied by postnatal care centres. As a result, the vacancy rate started falling but remained elevated compared to pre-COVID levels.

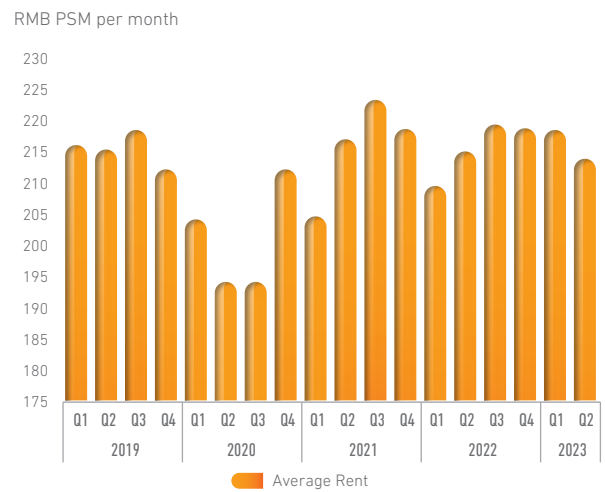
China eased travel restrictions in early 2023, with more international business travellers returning to Guangzhou though it will take time to fully recover, if it ever does, and will unlikely have a meaningful impact in the short term. The citywide average vacancy rate edged up 0.3 ppt in 1Q 2023 to 26.3% and higher in the second quarter to 28.2%.

Landlords and operators in the past have tended to rely upon rental discounts to attract new tenants, which partly explained rental falls from 2018 to 2021. Giving rising operational costs, especially additional COVID related operational burdens, however, landlords and operators have more recently turned to offering non-financial incentives and benefits, such as service package upgrades (i.e. including breakfasts or more room cleaning services) to retain existing occupiers and attract new tenants. Rents remained stable in 1Q 2023 at an average of RMB218.5 per sq m per month but dropped 1.97% in the second quarter to an average of RMB214.2 per sq m per month.

**AVERAGE VACANCY RATE,
1Q 2019 - 2Q 2023**



**AVERAGE VACANCY RATE,
1Q 2019 - 2Q 2023**



Source: Savills Research

Serviced Apartment Market Outlook

The market will remain challenging in the short-term and landlords should continue to focus on operational efficiencies on maintaining occupancy rates, ideally a mix of short and long stay tenants with the former paying higher rates and the latter supporting more stable occupancy.

PROPERTY VALUATION REPORT

HONG KONG

HONG KONG'S OFFICE PROPERTY MARKET

Introduction

In 2023, Hong Kong's economy rebounded to less-than-expected growth of 3.2% from a contraction in 2022, as weak global demand cast a shadow on the city's post-pandemic recovery. China's slowdown and higher interest rates abroad will remain the biggest challenge facing the city's post-pandemic recovery road.

The Hong Kong office leasing market faces several headwinds and negative factors that could potentially accelerate its decline. Factors such as high interest rates, geopolitical tensions, and financial stress among Mainland corporates pose challenges to the market. These factors may lead to a deeper decline in office rents than expected over the next few years.

Supply

According to the Rating and Valuation Department, total office stock increased 1.2% y-o-y to approximately 140.7 million square feet (sq ft) (internal floor area) in 2023. Grade A, Grade B and Grade C office space account for 65.8%, 23.0% and 11.3% of total stock, respectively.

In 2024, it is estimated that approximately 1.14 million sq ft of private office will be due for completion, of which Grade A offices account for 81.9%, or approximately 0.93 million sq ft, of this potential new supply. Kwun Tong will contribute almost half of the forecast completion in 2024.

Leasing Trend

Demand remains subdued throughout 2023 reflecting continued economic uncertainty. The office market was weak given increased availability due to vacancy and new supply. During 1Q 2023, leasing activity has picked up since the reopening of the border, with increased inspections. However, the market turned weak on the back of increased availability from new supply, leading to increasing competition from Central and Kowloon East. The market continued to be dominated by cost-saving moves since 2H 2023, as landlords offered flexible leasing arrangements and were willing to provide capital expenditure for office units. Throughout 2023, office leasing demand was mainly driven from relocation and consolidation moves (or flight-to-quality) from existing occupiers.

Despite the overall decline in demand, certain sectors have shown resilience in the Hong Kong office leasing market. Quantitative trading firms, which are known for their ability to generate profits even in challenging market conditions, have contributed to the demand. These firms are not restricted by geography and can trade in various markets. In addition, high-end retail sectors such as watches and art-pieces have remained stable compared to other retail sectors. The demand from these sectors has provided some support to the office leasing market.

Vacancy

During 2Q 2023, there were more than 9 million sq ft net of vacant office space in the market. While overall vacancy rate eased to 12.9% in 3Q 2023, the slower-than-expected take-up rates of new completions entering into the market during 4Q 2023 has led to the continuous rise of vacancy rates across most sub-districts. Notably, Kowloon West witnessed a significant increase in vacancy rates, surging from 8.0% to 33.5% due to the completion of two office projects situated in Cheung Sha Wan, with a combined gross floor area of approximately 1.37 million sq ft. Consequently, the overall vacancy rate reached 14.7% in 4Q 2023, with a total of 10.3 million sq ft of net vacant space.

Vacancy rate turned soft in Wanchai/CWB submarket and saw an increase of 0.9ppts q-o-q to 10.6% in 4Q 2023.

Rental Trend

Overall Grade A office rent in 3Q 2023 dropped 2% q-o-q and 5% y-o-y and remained soft in the final quarter of 2023. According to Rating and Valuation Department, Grade A office rent in Wan Chai/Causeway Bay dropped 5.3% q-o-q and 6.4% y-o-y to HK\$55.93 per sq ft in 4Q 2023.

Outlook

With another 8.0 million sq ft net of office supply coming on stream between 2024 and 2027, office vacancy rates are expected to increase to around 17.4% by 2025, assuming take-up over the period to resume to pre-COVID level of around 1.3 million sq ft net per annum. As such, office rents would likely to decline by another 10% to 20% from 2023 to 2025, with an anticipated decline of 5% to 10% in 2024.

LIMITING CONDITIONS

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

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

REMARKS

We thereby confirm that:

1. We have no present or prospective interest in Yuexiu REIT Properties and are not a related corporation of nor have relationship with the Manager, the Trustee or any other party or parties which Yuexiu REIT is contracting with;
2. We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties;
3. Our opinion has been given on fair and unbiased basis; and
4. We are acting as an independent valuer as defined in "HKIS Valuation Standards 2020" published by The Hong Kong Institute of Surveyors, which incorporates the IVS.

PROPERTY VALUATION REPORT

CURRENCY

Unless otherwise stated, all money amounts in Group I are stated in Renminbi ("RMB") and the money amounts in Group II are stated in Hong Kong Dollars ("HK\$").

We enclose herewith our summary of values and valuation report.

Yours faithfully,
For and on behalf of

Savills Valuation and Professional Services Limited

Charles C K Chan

MSc FRICS FHKIS MCI Arb RPS(GP)

Managing Director

FREDDIE K W LING

MRICS MHKIS RPS(GP)

Senior Director

Note: Mr. Charles C K Chan is a professional surveyor who has over 39 years' experience in valuation of properties in Hong Kong and 34 years' experience in valuation of properties in the PRC.

Mr. Freddie K W Ling is a professional surveyor who has over 38 years' experience in valuation of properties in the PRC.

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SUMMARY OF VALUES

No.	Property	Market Value in existing state as at 31 December 2023
Group I – Properties located in the PRC		
1.	Guangzhou International Finance Centre, No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB19,001,000,000
2.	Various Units in White Horse Building, Nos. 14, 16 and 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	RMB4,805,000,000
3.	Various Units and 110 Car Parking Spaces at Basement Levels 1 and 2 in Fortune Plaza, Nos. 114, 116 and 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB1,248,000,000
4.	Various Units and 179 Car Parking Spaces at Basement Levels 1 and 2 in City Development Plaza, Nos. 185, 187 and 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB1,028,000,000
5.	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB956,000,000

PROPERTY VALUATION REPORT

No.	Property	Market Value in existing state as at 31 December 2023
Group I – Properties located in the PRC		
6.	Tower 2 and 315 car parking spaces (including 80 mechanical car parking spaces and 23 public car parking spaces) at Basement Levels 1 and 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jiangan District, Hangzhou, Zhejiang Province, the PRC	RMB624,000,000
7.	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Street, Pudong New District, Shanghai, the PRC	RMB2,992,000,000
8.	Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and various car parking spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province the PRC	RMB3,481,400,000
9.	Yuexiu Financial Tower, No. 28 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	RMB8,315,000,000
TOTAL		RMB42,450,400,000

No.	Property	Market Value in existing state as at 31 December 2023
Group II – Properties located in Hong Kong		
10.	Units 1 to 3 on 17/F, Yuexiu Building, Nos. 160-174 Lockhart Road, Wanchai Hong Kong	HK\$59,000,000
11.	Units 1 to 3 on 23/F, Yuexiu Building, Nos. 160-174 Lockhart Road, Wanchai Hong Kong	HK\$61,000,000
TOTAL		HK\$120,000,000

PROPERTY VALUATION REPORT

VALUATION REPORT

GROUP I – PROPERTIES LOCATED IN THE PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023
1.	Guangzhou International Finance Centre, No. 5 Zhu Jiang West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in 2010 and 2011 in stages, the Property, named "Guangzhou International Finance Centre" ("GZ-IFC") comprises a comprehensive mix-user development ("main building") with a 103-storey above the ground, a 4-storey underground and a 28-storey annex building erected over a site of about 27,508.00 sq. m. consisting of a shopping mall, office, serviced apartment, a luxury hotel and 1,679 below ground car parking spaces having a total gross floor area of about 457,356.68 sq. m.</p> <p>Retail The retail portion of the Property comprises the 6-storey shopping mall podium from Basement 1 to Level 5 of GZ-IFC with a total gross floor area of about 46,989.16 sq. m. including a staff canteen of about 2,698.93 sq. m. on Level 4.</p> <p>Office The office portion of the Property is provided on Levels 4 to Level 65 of GZ-IFC as well as Levels 27 and 28 of annex building having a total gross floor area of about 183,539.65 sq. m.</p> <p>Serviced Apartment The serviced apartment portion of the Property is currently operated as a serviced apartment under the tradename of "Ascott IFC Guangzhou" at Levels 6 to 28 of the annex building of GZ-IFC with 314 apartment units having a total gross floor area of about 51,102.26 sq. m. including a clubhouse on Level 6 of about 2,866.96 sq. m.</p> <p>Hotel The hotel portion of the Property is currently operated as a luxury hotel under the tradename of "Four Seasons Hotel Guangzhou" providing 344 hotel guestrooms at Levels 68 to 100 of GZ-IFC with ancillary facilities such as food and beverage, conference rooms, fitness centre, SPA, swimming pool and so on provided therein having a gross floor area of about 89,198.83 sq. m.</p> <p>Carpark & Ancillary Areas The Property also includes a total of 1,679 below ground car parking spaces as well as ancillary areas for refuge floor, machine and facilities' room having a gross floor area of about 71,082.79 sq. m. and 15,443.99 sq. m. respectively.</p> <p>The Property is held under granted land use rights for a term of 40 years from 23 June 2008 for commercial, tourism and entertainment uses; and a term of 50 years from 23 June 2008 for office use.</p>	As at the Valuation Date, retail, office and carpark portions of the Property having the occupancy rates of 98.23%, 85.73% and 100.00% respectively were let to various tenants at an aggregate monthly rent of approximately RMB45,000,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 28 February 2031; whilst the serviced apartment and hotel portions of the Property were operated by 3rd parties under respective management agreement(s) and consultancy agreement(s).	RMB19,001,000,000 (RENMINBI NINETEEN BILLION AND ONE MILLION)

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the ownership of the Property is vested in 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd).
- Pursuant to a set copy of various Certificates of Real Estate Ownership, part of the Property, including Unit 620, Unit 720, Unit 730, Unit 820, Unit 830, Unit 920, Unit 930, Unit 1020, Unit 1030, Unit 1120, Unit 1130, Unit 1220, Unit 1230, Unit 1320, Unit 1330, Unit 1420, Unit 1430, Unit 1520, Unit 1530, Unit 1620, Unit 1630, Unit 1720, Unit 1730, Unit 1820, Unit 1830, Unit 1920, Unit 1930, Unit 2020, Unit 2030, Unit 2120, Unit 2130, Unit 2220, Unit 2230, Unit 2320, Unit 2330, Unit 2420, Unit 2430, Unit 2520, Unit 2530, Unit 2620, Unit 2630, Unit 2720, Unit 2730, Unit 2820, Unit 2830, Unit 4501, Unit 4502, Unit 4503, Unit 4504, Unit 4505, Unit 4506, Unit 4601, Unit 4602, Unit 4603, Unit 4604, Unit 4605, Unit 4606, Unit 4701, Unit 4702, Unit 4703, Unit 4704, Unit 4705, Unit 4706, Unit 5001, Unit 5002, Unit 5003, Unit 5004, Unit 5005, Unit 5006, Unit 5101, Unit 5102, Unit 5103, Unit 5104, Unit 5105, Unit 5106, Unit 5201, Unit 5202, Unit 5203, Unit 5204, Unit 5205, Unit 5206, Unit 5301, Unit 5302, Unit 5303, Unit 5304, Unit 5305, Unit 5306, Unit 5307, Unit 5401, Unit 5402, Unit 5403, Unit 5404, Unit 5405, Unit 5406, Unit 5407, Unit 5501, Unit 5502, Unit 5503, Unit 5504, Unit 5505, Unit 5506, Unit 5507, Unit 5601, Unit 5602, Unit 5603, Unit 5604, Unit 5605, Unit 5606, Unit 5607, Unit 5701, Unit 5702, Unit 5703, Unit 5704, Unit 5705, Unit 5706, Unit 5707, Unit 5801, Unit 5802, Unit 5803, Unit 5804, Unit 5805, Unit 5806, Unit 5807, Unit 6101, Unit 6201, Unit 6301, Unit 6401, Unit 6501, Unit 6801, Unit 6901, Units 7001 to 7201, Units 7401 to 8001 and Units 8201 to 10001 with an aggregate gross floor area of about 183,963.34 sq. m. are subject to mortgages.
- The serviced apartment portion of the Property is subject to and carries the benefits to an operation contract for an initial term of 10 years renewable for a further term of 10 years from the date of opening at a basic management fee of 2.0% on total revenue and an incentive management fee varied from 3.0% to 6.0% on adjusted Gross Operating Profits in each financial year.
- The hotel portion of Property is subject to and carries the benefits to a hotel operating agreement and a hotel consultancy agreement for an initial term of 15 years renewable for a further term of 10 years from the date of opening at a consultancy fee of 1.75% on total revenue, a basic management fee of 0.25% on total revenue and an incentive management fee varied from 2.0% to 8.0% on adjusted Gross Operating Profits in each financial year.
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Retail	46,727.28	45,898.42	RMB94,200,000
Office	183,539.65	157,349.76	RMB430,700,000
Carpark	71,082.79	71,082.79	RMB16,700,000
Total	301,349.72	274,330.97	RMB541,600,000

- Annual net property income exclusive of value-added tax as at the Valuation Date and gross floor area breakdown of the serviced apartment and hotel portions of the Property are tabulated as follows:

Use	Gross Floor Area (sq. m.)	No. of Unit/ Guestroom	Annual Net Property Income (Approximately)
Serviced Apartment	51,102.26	314	RMB68,800,000
Hotel	89,198.83	344	RMB124,500,000
Total	140,301.09	658	RMB193,300,000

PROPERTY VALUATION REPORT

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	6.03%
1	2	7.95%
2	3	4.91%
3	4	4.51%
4	5	11.08%
5	6	4.78%
6	7	0.00%
7	8	2.90%
8	9	57.84%
9	10	0.00%
10	Or more	0.00%
Total		100.00%

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

Year of Expiry	Proportion by Floor Area
In 2024	11.78%
In 2025	72.52%
In 2026	7.83%
In 2027	4.92%
In 2028 and afterward	2.95%
Total	100.00%

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	2.28%
1	2	4.14%
2	3	51.71%
3	4	11.42%
4	5	15.90%
5	Or more	14.55%
Total		100.00%

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

Year of Expiry	Proportion by Floor Area
In 2024	31.93%
In 2025	21.56%
In 2026	29.68%
In 2027	3.73%
In 2028 and afterward	13.10%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalization Approach	Term Yield	4.75% per annum
		Reversionary Yield	5.25% per annum
Office	Income Capitalization Approach	Term Yield	4.50% per annum
		Reversionary Yield	5.00% per annum
Serviced Apartment	Discounted Cash Flow Analysis	Average Daily Rate	RMB1,160 per room per night
		Occupancy Rate	90.00% in Year-1 of Projection
		Discount Rate	6.00% per annum
Hotel	Discounted Cash Flow Analysis	Average Daily Rate	RMB2,320 per room per night
		Occupancy Rate	80% in Year-1 of Projection
		Discount Rate	9.00% per annum
Carpark	Income Capitalization Approach	Term Yield	4.75% per annum
		Reversionary Yield	5.25% per annum

14. Breakdown market values of the Property as at the Valuation Date are listed as follows:

Portion	Income Capitalization Approach	Discounted Cash Flow Analysis	Market Value
Retail	RMB2,868,000,000	Not Applicable	RMB2,868,000,000
Office	RMB10,745,000,000	Not Applicable	RMB10,745,000,000
Serviced Apartment	Not Applicable	RMB2,202,000,000	RMB2,202,000,000
Hotel	Not Applicable	RMB2,586,000,000	RMB2,586,000,000
Carpark	RMB600,000,000	Not Applicable	RMB600,000,000
Total			RMB19,001,000,000

PROPERTY VALUATION REPORT

15. The estimated net yield of the Property is 3.87% which is derived from the estimated rental received for the retail, office and carpark portion as well as annual net property income from the serviced apartment and hotel portions in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.
16. We have been requested to provide the notional apportionment of land and building elements of the serviced apartment portion of the Property based on the market value of the serviced apartment portion of the Property as at the Valuation Date. Our opinion of the building element of the serviced apartment portion of the Property represents our estimate of the new replacement cost of such portion including professional fees and finance charges, from which deductions are then made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The land element of the serviced apartment portion of the Property is arrived at by deducting the building element of the serviced apartment portion of the Property from its market value. We are of the opinion that the notional apportionment the land and building elements of the serviced apartment portion of the Property based on the market value as at the Valuation Date are RMB1,482,000,000 (RENMINBI ONE BILLION FOUR HUNDRED AND EIGHTY TWO MILLION) and RMB720,000,000 (RENMINBI SEVEN HUNDRED AND TWENTY MILLION) respectively. Kindly note that the said apportioned values should not be used other than financial reporting purpose.
17. We have been requested to provide the notional apportionment of land and building elements of the hotel portion of the Property based on the market value of the hotel portion of the Property as at the Valuation Date. Our opinion of the building element of the hotel portion of the Property represents our estimate of the new replacement cost of such portion including professional fees and finance charges, from which deductions are then made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The land element of the hotel portion of the Property is arrived at by deducting the building element of the hotel portion of the Property from its market value. We are of the opinion that the notional apportionment the land and building elements of the hotel portion of the Property based on the market value as at the Valuation Date are RMB1,175,000,000 (RENMINBI ONE BILLION ONE HUNDRED AND SEVENTY FIVE MILLION) and RMB1,411,000,000 (RENMINBI ONE BILLION FOUR HUNDRED AND ELEVEN MILLION) respectively. Kindly note that the said apportioned values should not be used other than financial reporting purpose.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023																						
2.	Various Units in White Horse Building, Nos. 14, 16 and 18 Zhan Nan Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	<p>The Property comprises large majority portion in White Horse Building which is a 10-storey (including a lower ground floor mainly for management office and storage uses and a basement carpark) commercial wholesale centre completed in or about 1990 with two extensions furnished in between 1995 to 1997 and 1998 to 2000 respectively.</p> <p>The Property has a total gross floor area of approximately 50,199.35 sq. m. with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Approximate Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Lower Ground (Storage)</td> <td>1,121.68</td> </tr> <tr> <td>Level 1 (Commercial)</td> <td>7,667.04</td> </tr> <tr> <td>Level 2 (Commercial)</td> <td>7,199.80</td> </tr> <tr> <td>Level 3 (Commercial)</td> <td>7,684.91</td> </tr> <tr> <td>Level 4 (Commercial)</td> <td>7,695.56</td> </tr> <tr> <td>Level 5 (Commercial)</td> <td>7,466.39</td> </tr> <tr> <td>Level 6 (Commercial)</td> <td>7,443.90</td> </tr> <tr> <td>Level 7 (Commercial)</td> <td>2,003.54</td> </tr> <tr> <td>Level 8 (Commercial)</td> <td>1,916.53</td> </tr> <tr> <td>Total</td> <td>50,199.35</td> </tr> </tbody> </table> <p>The Property is held under granted land use rights for a term of 40 years from 7 June 2005 for commercial use on Level 1 to Level 3 with aggregate gross floor area of about 22,551.75 sq. m. and portion of Level 4 with aggregate gross floor area of about 7,164.20 sq. m.; and a term of 50 years from 23rd June 2008 for office and storage use on Lower Ground Floor with aggregate gross floor area of about 1,121.68 sq. m., portion of Level 4 with aggregate gross floor area of about 531.36 sq. m., and Level 5 to Level 8 with aggregate gross floor area of about 18,830.36 sq. m.</p>	Level (Use)	Approximate Gross Floor Area (sq. m.)	Lower Ground (Storage)	1,121.68	Level 1 (Commercial)	7,667.04	Level 2 (Commercial)	7,199.80	Level 3 (Commercial)	7,684.91	Level 4 (Commercial)	7,695.56	Level 5 (Commercial)	7,466.39	Level 6 (Commercial)	7,443.90	Level 7 (Commercial)	2,003.54	Level 8 (Commercial)	1,916.53	Total	50,199.35	As at the Valuation Date, the Property having an occupancy rate of 95.84% was let to various tenants at an aggregate monthly rent of approximately RMB21,200,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 31 December 2027.	RMB4,805,000,000 (RENMINBI FOUR BILLION EIGHT HUNDRED AND FIVE MILLION)
Level (Use)	Approximate Gross Floor Area (sq. m.)																									
Lower Ground (Storage)	1,121.68																									
Level 1 (Commercial)	7,667.04																									
Level 2 (Commercial)	7,199.80																									
Level 3 (Commercial)	7,684.91																									
Level 4 (Commercial)	7,695.56																									
Level 5 (Commercial)	7,466.39																									
Level 6 (Commercial)	7,443.90																									
Level 7 (Commercial)	2,003.54																									
Level 8 (Commercial)	1,916.53																									
Total	50,199.35																									

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the ownership of the Property is vested in 柏達投資有限公司 (Partat Investment Limited).
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Commercial	50,128.90	48,044.09	RMB254,600,000
Total	50,128.90	48,044.09	RMB254,600,000

PROPERTY VALUATION REPORT

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	0.3%
1	2	31.76%
2	3	21.48%
3	4	15.38%
4	5	12.74%
5	6	11.01%
6	7	7.33%
Total		100.00%

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

Year of Expiry	Proportion by Floor Area
In 2024	33.35%
In 2025	26.80%
In 2026	37.99%
In 2027	1.86%
In 2028 and afterward	0.00%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalization Approach	Term Yield	7.00% per annum
		Reversionary Yield	7.50% per annum

8. The estimated net yield of the Property is 5.30% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023										
3.	Various Units and 110 car parking spaces at Basement Levels 1 and 2 in Fortune Plaza, Nos. 114, 116 and 118 Ti Yu East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in or about 2003, the Property comprises large majority portion in Fortune Plaza which consists of a 30-storey office tower ("East Tower") and a 20-storey office tower ("West Tower"), and is erected over a 6-storey retail commercial podium and a 2-storey basement carpark.</p> <p>The Property has a total gross floor area of approximately 42,763.50 sq. m. including 110 car parking spaces of approximately 1,408.29 sq. m. at Basement Levels 1 and 2 and with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Approximate Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>16,678.37</td> </tr> <tr> <td>Office</td> <td>24,676.84</td> </tr> <tr> <td>Carpark</td> <td>1,408.29</td> </tr> <tr> <td>Total</td> <td>42,763.50</td> </tr> </tbody> </table> <p>The Property is held under granted land use rights for a term of 40 years from 26 November 2002 for commercial use; and a term of 50 years for office use.</p>	Level (Use)	Approximate Gross Floor Area (sq. m.)	Commercial	16,678.37	Office	24,676.84	Carpark	1,408.29	Total	42,763.50	<p>As at the Valuation Date, the Property having an occupancy rate of 92.41% was let to various tenants at an aggregate monthly rent of approximately RMB5,800,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 31 March 2029; whilst the remaining portion of the Property was vacant.</p> <p>The car parking spaces were subject to a master lease agreement expiring on 18 December 2026 at a monthly rent of approximately RMB186,500.</p>	RMB1,248,000,000 (RENMINBI ONE BILLION TWO HUNDRED AND FORTY EIGHT MILLION)
Level (Use)	Approximate Gross Floor Area (sq. m.)													
Commercial	16,678.37													
Office	24,676.84													
Carpark	1,408.29													
Total	42,763.50													

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the ownership of the retail and office portions of the Property having an aggregate gross floor area of about 40,356.19 sq. m. is vested in 金峰有限公司 (Moon King Limited).
- Pursuant to a set copy of Certificate of Real Estate Ownership, the ownership of part of the Property (i.e. Unit 1701 of East Tower) having a gross floor area of about 999.01 sq. m. is vested in 廣州越秀城建國際金融中心有限公司 (Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd).
- Pursuant to a set copy of various Realty Title Certificates, the ownership of the carpark portion of the Property having an aggregate gross floor area of about 1,408.29 sq. m. is vested in 廣州市城市建設開發有限公司 (Guangzhou City Development Construction Development Company Limited).

PROPERTY VALUATION REPORT

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

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

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

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Retail	16,678.37	16,419.02	RMB33,100,000
Office	24,676.84	21,796.84	RMB36,300,000
Carpark	1,408.29	1,408.29	RMB2,200,000
Total	42,763.50	39,624.15	RMB71,600,000

6. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail and office portions of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	1.63%
1	2	4.55%
2	3	27.71%
3	4	15.31%
4	5	26.33%
5	Or more	24.47%
Total		100.00%

7. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the retail and office portions of the Property is set out below:

Year of Expiry	Proportion by Floor Area
In 2024	30.12%
In 2025	26.60%
In 2026	18.66%
In 2027	13.27%
In 2028 and afterward	11.35%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalization Approach	Term Yield	6.00% per annum
		Reversionary Yield	6.50% per annum
Office	Income Capitalization Approach	Term Yield	6.00% per annum
		Reversionary Yield	6.50% per annum
Carpark	Income Capitalization Approach	Term Yield	6.00% per annum
		Reversionary Yield	6.50% per annum

11. The estimated net yield of the Property is 5.75% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.
12. We are of the opinion that the market value of the Property under the ownership of Guangzhou Yue Xiu City Construction Finance Centre Co., Ltd (i.e. Unit 1701 of East Tower) as at the Valuation Date is RMB26,400,000 (RENMINBI TWENTY SIX MILLION AND FOUR HUNDRED THOUSAND).

PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023
4.	Various Units and 179 Car Parking Spaces at Basement Levels 1 and 2 in City Development Plaza, Nos. 185, 187 and 189 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	Completed in or about 1997, the Property comprises large majority portion in City Development Plaza which consists of a 28-storey office commercial building erected over a 2-storey basement carpark. The Property has a total gross floor area of approximately 44,501.61 sq. m. including 179 car parking spaces of approximately 2,104.25 sq. m. at Basement Levels 1 and 2 with breakdown as follows:	As at the Valuation Date, the Property having an occupancy rate of 88.77% was let to various tenants at an aggregate monthly rent of approximately RMB5,200,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 30 September 2029; whilst the remaining portion of the Property was vacant. The car parking spaces were subject to a master lease agreement expiring on 18 December 2026 at a monthly rent of approximately RMB290,000.	RMB1,028,000,000 (RENMINBI ONE BILLION AND TWENTY EIGHT MILLION)
			Approximate Gross Floor Area (sq. m.)	
		Level (Use)		
		Commercial	11,757.54	
		Office	30,639.82	
		Carpark	2,104.25	
		Total	44,501.61	
		The Property is held under granted land use rights for a term of 40 years from 27 January 1997 for commercial use; and a term of 50 years from 27 January 1997 for office use.		

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the ownership of the retail and office portions of the Property is vested in 福達地產投資有限公司 (Full Estate Investment Limited).
- Pursuant to a set copy of various Realty Title Certificates, the ownership of the carpark portion of the Property having an aggregate gross floor area of about 2,104.25 sq m is vested in 廣州市城市建設開發有限公司 (Guangzhou City Development Construction Development Company Limited).

3. Yuexiu REIT holds the following units in City Development Plaza as of the Valuation Date.

Use	Level/Unit
Carpark	Basement Levels 1 and 2
Commercial	Unit 101, Unit 102, Unit 103, Unit 201, Unit 202
Commercial (Not a Retail Unit Nor for Permanent Lease)	Portion of Level 1 (Atrium)
Commercial	Level 3
Office	Unit 6A, Unit 6C, Unit 6D, Unit 6E, Unit 6F, Unit 6G, Unit 6I, Unit 6J, Unit 7A, Unit 7H, Unit 7I, Unit 7J, Unit 8C, Unit 8D, Unit 8E, Unit 8F, Unit 8G, Unit 8H, Unit 9D, Unit 9E, Unit 9F, Unit 9G, Unit 9H, Unit 10A, Unit 10C, Unit 10D, Unit 10E, Unit 10F, Unit 10G, Unit 10H, Unit 10I, Unit 11A, Unit 11B, Unit 11C, Unit 11D, Unit 11E, Unit 11F, Unit 11G, Unit 11H, Unit 11I, Unit 11J, Level 16, Unit 17A, Unit 17B, Unit 17C, Unit 17D, Unit 17E, Unit 17F, Unit 17G, Unit 17I, Unit 17J, Unit 18A, Unit 18B, Unit 18C, Unit 18D, Unit 18E, Unit 18F, Unit 18G, Unit 18H, Unit 18I, Unit 18J, Unit 19A, Unit 19B, Unit 19C, Unit 19D, Unit 19E, Unit 19F, Unit 19G, Unit 19H, Unit 19I, Unit 19J, Unit 20A, Unit 20B, Unit 20C, Unit 20D, Unit 20E, Unit 20F, Unit 20G, Unit 20H, Unit 20J, Unit 21A, Unit 21B, Unit 21C, Unit 21D, Unit 21E, Unit 21F, Unit 21G, Unit 21H, Unit 21I, Unit 22A, Unit 22B, Unit 22C, Unit 22D, Unit 22E, Unit 22F, Unit 22G, Unit 22H, Unit 22I, Unit 22J, Unit 23A, Unit 23B, Unit 23C, Unit 23D, Unit 23E, Unit 23F, Unit 23G, Unit 23H, Unit 23I, Unit 23J, Unit 24A, Unit 24B, Unit 24C, Unit 24D, Unit 24E, Unit 24F, Unit 24G, Unit 24H, Unit 24I, Unit 24J, Unit 25A, Unit 25B, Unit 25C, Unit 25D, Unit 25E, Unit 25F, Unit 25G, Unit 25H, Unit 25I, Unit 25J, Unit 26A, Unit 26B, Unit 26C, Unit 26D, Unit 26E, Unit 26F, Unit 26G, Unit 26H, Unit 26I, Unit 26J, Unit 27A, Unit 27B, Unit 27C, Unit 27D, Unit 27E, Unit 27F, Unit 27G, Unit 27H, Unit 27I, Unit 27J, Unit 28A, Unit 28B, Unit 28C, Unit 28D, Unit 28E, Unit 28F, Unit 28G, Unit 28H, Unit 28I and Unit 28J

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

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Commercial	11,757.54	10,664.02	RMB20,800,000
Office	30,639.82	26,972.13	RMB41,300,000
Carpark	2,104.25	2,104.25	RMB3,500,000
Total	44,501.61	39,740.40	RMB65,600,000

PROPERTY VALUATION REPORT

5. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail and office portions of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	6.02%
1	2	2.09%
2	3	29.18%
3	4	12.76%
4	5	32.02%
5	Or more	17.93%
Total		100.00%

6. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the retail and office portions of the Property is set out below:

Year of Expiry	Proportion by Floor Area
In 2024	12.05%
In 2025	25.52%
In 2026	47.44%
In 2027	4.23%
In 2028 and afterward	10.76%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalization Approach	Term Yield	6.50% per annum
		Reversionary Yield	7.00% per annum
Office	Income Capitalization Approach	Term Yield	6.50% per annum
		Reversionary Yield	7.00% per annum
Carpark	Income Capitalization Approach	Term Yield	6.50% per annum
		Reversionary Yield	7.00% per annum

10. The estimated net yield of the Property is 6.39% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023																						
5.	Various Units in Victory Plaza, No. 101 Ti Yu West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in or about 2003, the Property comprises the commercial retail podium named "Victory Plaza" from portion of Basement 1 to Level 6.</p> <p>The Property has a total gross floor area of approximately 27,698.14 sq. m. with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Level/Unit</th> <th>Approximate Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Basement 1 (Part of)</td> <td>1,809.21</td> </tr> <tr> <td>Level 1 (101)</td> <td>473.71</td> </tr> <tr> <td>Level 1 (102)</td> <td>1,553.52</td> </tr> <tr> <td>Level 1 (Others)</td> <td>1,006.22</td> </tr> <tr> <td>Level 2</td> <td>3,968.92</td> </tr> <tr> <td>Level 3</td> <td>4,756.74</td> </tr> <tr> <td>Level 4</td> <td>4,756.74</td> </tr> <tr> <td>Level 5</td> <td>4,769.85</td> </tr> <tr> <td>Level 6</td> <td>4,603.23</td> </tr> <tr> <td>Total</td> <td>27,698.14</td> </tr> </tbody> </table>	Level/Unit	Approximate Gross Floor Area (sq. m.)	Basement 1 (Part of)	1,809.21	Level 1 (101)	473.71	Level 1 (102)	1,553.52	Level 1 (Others)	1,006.22	Level 2	3,968.92	Level 3	4,756.74	Level 4	4,756.74	Level 5	4,769.85	Level 6	4,603.23	Total	27,698.14	As at the Valuation Date, the Property having an occupancy rate of 93.53% was let to various tenants at an aggregate monthly rent of approximately RMB5,700,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 31 May 2029; whilst the remaining portion of the Property was vacant.	RMB956,000,000 (RENMINBI NINE HUNDRED AND FIFTY SIX MILLION)
Level/Unit	Approximate Gross Floor Area (sq. m.)																									
Basement 1 (Part of)	1,809.21																									
Level 1 (101)	473.71																									
Level 1 (102)	1,553.52																									
Level 1 (Others)	1,006.22																									
Level 2	3,968.92																									
Level 3	4,756.74																									
Level 4	4,756.74																									
Level 5	4,769.85																									
Level 6	4,603.23																									
Total	27,698.14																									
		The Property is held under granted land use rights for a term of 40 years from 8 March 2004 for commercial use.																								

Note:

- Pursuant to a set copy of various Certificates of Real Estate Ownership, the ownership of the Property is vested in 京澳有限公司 (Keen Ocean Limited).
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Commercial	27,262.27	25,498.69	RMB68,000,000
Total	27,262.27	25,498.69	RMB68,000,000

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

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	1.04%
1	2	0.00%
2	3	1.45%
3	4	0.53%
4	5	10.11%
5	Or more	86.87%
Total		100.00%

PROPERTY VALUATION REPORT

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

Year of Expiry	Proportion by Floor Area
In 2024	6.08%
In 2025	9.05%
In 2026	6.90%
In 2027	49.77%
In 2028 and afterward	28.20%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalization Approach	Term Yield	6.00% per annum
		Reversionary Yield	6.50% per annum

8. The estimated net yield of the Property is 7.60% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023										
6.	Tower 2 and 315 car parking spaces (including 80 mechanical car parking spaces and 23 public car parking spaces) at Basement Levels 1 and 2, Hangzhou Victory Business Center, No. 9 Jiangxiu Street, Qianjiang New Town, Jianggan District, Hangzhou, Zhejiang Province, the PRC	<p>Completed in 2017, the Property comprises the Tower 2 of Hangzhou Victory Business Center which consists of an 18-storey office building (including retail units on both Levels 1 and 2) over-mounting a 2-storey Basement car park.</p> <p>The Property has a total gross floor area of approximately 40,148.41 sq. m. including 315 car parking spaces (including 80 mechanical car parking spaces and 23 public car parking spaces) at Basement Levels 1 and 2 with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Approximate Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>2,353.21</td> </tr> <tr> <td>Office</td> <td>20,131.62</td> </tr> <tr> <td>Carpark</td> <td>17,663.58</td> </tr> <tr> <td>Total:</td> <td>40,148.41</td> </tr> </tbody> </table> <p>As advised, a mechanical car parking system is installed in 48 car parking spaces at Basement Level 1 of the Property. The said mechanical car parking system can provide a total of 80 mechanical car parking spaces.</p> <p>The land use rights of the Property have been granted for a term due to expire on 3 July 2054 for commercial services use.</p>	Level (Use)	Approximate Gross Floor Area (sq. m.)	Retail	2,353.21	Office	20,131.62	Carpark	17,663.58	Total:	40,148.41	<p>As at the Valuation Date, the retail and office portions of the Property having an occupancy rate of 98% was let to various tenants at an aggregate monthly rent of approximately RMB2,500,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 2 December 2028; whilst the remaining portion of the Property was vacant.</p> <p>The car parking spaces were subject to a master lease agreement expiring on 31 December 2026 at a monthly rent of RMB187,500.</p>	<p>RMB624,000,000 (RENMINBI SIX HUNDRED AND TWENTY FOUR MILLION)</p> <p>(See Note 3)</p>
Level (Use)	Approximate Gross Floor Area (sq. m.)													
Retail	2,353.21													
Office	20,131.62													
Carpark	17,663.58													
Total:	40,148.41													

Note:

- Pursuant to the State-owned Land Use Rights Certificate No. Hang Jiang Guo Yong (2014) Di 100062 dated 2 August 2014, the land use rights of a parcel of land with a site area of approximately 12,132.00 sq. m. have been granted to 杭州越輝房地產開發有限公司 (Hangzhou Yuehui Real Estate Development Co., Ltd.) ("Project Company") for a term due to expire on 3 July 2054 for commercial services use.

PROPERTY VALUATION REPORT

2. Pursuant to the following Realty Title Certificates, the land use rights and the ownership of the Property with a total gross floor area of approximately 22,484.83 sq. m. are vested in the Project Company for a term due to expire on 3 July 2054 for commercial services use. Details of the certificates are as follows:

	Certificate No.	Address	Gross Floor Area (sq. m.)	Usage
1	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159197	Shop 1 on Level 1 of Tower 2	142.58	Retail
2	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159196	Shop 2 on Level 1 of Tower 2	149.92	Retail
3	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159198	Shop 3 on Level 1 of Tower 2	111.99	Retail
4	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159200	Shop 4 on Level 1 of Tower 2	108.68	Retail
5	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159199	Shop 5 on Level 1 of Tower 2	108.69	Retail
6	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159201	Shop 6 on Level 1 of Tower 2	93.57	Retail
7	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0263273	Unit 201 of Tower 2	18.97	Store
8	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159132	Shop 202 of Tower 2	660.16	Restaurant
9	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159131	Shop 203 of Tower 2	958.65	Restaurant
10	Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159179	Levels 3 to 18 of Tower 2	20,131.62	Office
Total			22,484.83	

3. Pursuant to the Realty Title Certificate No. Zhe (2018) Hang Zhou Shi Bu Dong Chan Quan Di 0159179, Levels 3 to 18 of Tower 2 of the Property is not permitted for strata-title sale. As the shareholders of the Project Company can transfer Levels 3 to 18 through the sale of all equity interest in the Project Company, we are thus instructed by the Manager to value the Property on the hypothetical assumption that it is freely transferrable in the market.
4. Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Retail	2,353.21	2,353.21	RMB3,214,000
Office	20,131.62	19,454.37	RMB29,976,000
Carpark	17,663.58	17,663.58	RMB2,250,000
Total	40,148.41	39,471.16	RMB35,440,000

5. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail and office portions of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	0.09%
1	2	10.55%
2	3	45.33%
3	4	2.19%
4	5	16.78%
5	Or more	25.06%
Total		100.00%

6. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the retail and office portions of the Property is set out below:

Year of Expiry	Proportion by Floor Area
In 2024	51.21%
In 2025	33.19%
In 2026	2.24%
In 2027	2.68%
In 2028 and afterward	10.68%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalization Approach	Term Yield	5.0% per annum
		Reversionary Yield	5.5% per annum
Office	Income Capitalization Approach	Term Yield	5.0% per annum
		Reversionary Yield	5.5% per annum
Carpark	Income Capitalization Approach	Term Yield	5.0% per annum
		Reversionary Yield	5.5% per annum

10. The estimated net yield of the Property is 5.67% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value of as at the Valuation Date.

PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023																
7	Yuexiu Tower, No. 388 Fushan Road, Lot No. Qiu 2/9 Jiefang 302, Weifang Xincun Street, Pudong New District, Shanghai, the PRC	<p>Completed in 2010, the Property, namely "Yuexiu Tower", is a 25-storey (including refuge floor on 14th floor) commercial building with a 2-level basement carpark. Portion of Basement 1 as well as 1st and 2nd floors of the Property is devoted to retail use; whilst the upper floors (except 14th Floor) are designed for office use.</p> <p>The Property has a site area of approximately 10,641.00 sq. m. and a total gross floor area of approximately 62,139.35 sq. m. with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>6,256.70</td> </tr> <tr> <td>Office</td> <td>39,769.63</td> </tr> <tr> <td>Carpark</td> <td>13,502.58</td> </tr> <tr> <td>Bicycle Carpark</td> <td>1,296.18</td> </tr> <tr> <td>Management Office</td> <td>276.53</td> </tr> <tr> <td>Refuge Floor</td> <td>1,037.73</td> </tr> <tr> <td>Total</td> <td>62,139.35*</td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq. m.)	Retail	6,256.70	Office	39,769.63	Carpark	13,502.58	Bicycle Carpark	1,296.18	Management Office	276.53	Refuge Floor	1,037.73	Total	62,139.35*	<p>As at the Valuation Date, the retail and office portions of the Property having an occupancy rate of 83.42% was let to various tenants at an aggregate monthly rent of approximately RMB6,700,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 31 August 2028; whilst the remaining portion of the Property was vacant.</p> <p>The car parking spaces were subject to a master lease agreement expiring on 31 December 2026 at a monthly rent of approximately RMB142,857.</p>	RMB2,992,000,000 (RENMINBI TWO BILLION NINE HUNDRED AND NINETY TWO MILLION)
Use	Approximate Gross Floor Area (sq. m.)																			
Retail	6,256.70																			
Office	39,769.63																			
Carpark	13,502.58																			
Bicycle Carpark	1,296.18																			
Management Office	276.53																			
Refuge Floor	1,037.73																			
Total	62,139.35*																			
<p><i>*Note: The gross floor areas of the Property for retail, office and carpark uses are quoted from Shanghai Certificate of Real Estate Ownership of the Property; whilst the remainder is quoted from Registers of Real Estate of Shanghai Municipality of the Property.</i></p> <p>The Property provides 273 private car parking spaces on basement and 27 above-ground private car parking spaces.</p> <p>The Property is held under granted land use rights from 7 January 2005 to 6 January 2055 for commercial and office uses.</p>																				

Note:

- Pursuant to a copy of Realty Title Certificate No. Hu (2019) Pu Zi Bu Dong Chan Quan Di 129581 Hao, the land use rights and the ownership of the Property with site area and total gross floor area of approximately 10,641.00 sq.m. and 59,528.91 sq. m. are vested in 上海宏嘉房地產開發有限公司 for a term due to expire on 6 January 2055 for commercial and office uses.
- Annual rental income exclusive of value-added tax as at the Valuation Date and lettable area breakdown of the Property are tabulated as follows:

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Retail	6,256.70	6,256.70	RMB15,840,000
Office	39,769.63	32,138.78	RMB80,400,000
Carpark	13,502.58	13,502.58	RMB1,710,000
Total	59,528.91	55,934.43	RMB97,950,000

3. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail and office portions of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	7.05%
1	2	10.65%
2	3	38.84%
3	4	21.69%
4	5	20.09%
5	Or more	1.68%
Total		100.00%

4. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the office and retail portions of the Property is set out below:

Year of Expiry	Proportion by Floor Area
In 2024	38.71%
In 2025	31.96%
In 2026	20.79%
In 2027	5.63%
In 2028 and afterward	2.91%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalization Approach	Term Yield	4.00% per annum
		Reversionary Yield	4.50% per annum
Office	Income Capitalization Approach	Term Yield	4.00% per annum
		Reversionary Yield	4.50% per annum
Carpark	Income Capitalization Approach	Term Yield	4.00% per annum
		Reversionary Yield	4.50% per annum

8. The estimated net yield of the Property is 3.28% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.

PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023														
8.	Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and various car parking spaces, No. 1 Zhongshan Avenue, Qiaokou District, Wuhan, Hubei Province, the PRC	<p>The Property is a commercial development comprising a 68-storey office tower, namely Wuhan Yuexiu Fortune Centre; a 5-storey shopping arcade (inclusive of a storey of Basement) known as Starry Victoria Shopping Centre; 1,134 car parks for office and retail portions ("Commercial Carpark") together with 375 car parks for residential portion ("Residential Carpark"). The Property was completed in between 2015 to 2016.</p> <p>The Property has a total gross floor area of about 248,194.22 sq. m. with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>43,546.60</td> </tr> <tr> <td>Office</td> <td>129,446.74</td> </tr> <tr> <td>Commercial Carpark</td> <td>47,182.94</td> </tr> <tr> <td>Residential Carpark</td> <td>15,602.82</td> </tr> <tr> <td>Ancillary facilities</td> <td>12,415.12</td> </tr> <tr> <td>Total</td> <td>248,194.22</td> </tr> </tbody> </table> <p>The Property is held under granted land use rights from 27th May 2011 to 26th May 2051 for commercial, and financial and commercial services uses.</p>	Use	Approximate Gross Floor Area (sq. m.)	Retail	43,546.60	Office	129,446.74	Commercial Carpark	47,182.94	Residential Carpark	15,602.82	Ancillary facilities	12,415.12	Total	248,194.22	<p>As at the Valuation Date, portion of the retail of the Property having an occupancy rate of 88.7% was subject to various tenancies with the latest one due to expire on 11 November 2035 at a total monthly rent of approximately RMB1,541,000 (exclusive of value-added tax, management fees and utility charges); whilst the remaining portion of the retail portion was vacant.</p> <p>Portion of the office tower of the Property having an occupancy rate of 56.360% was subject to various tenancies with the latest one due to expire on 31 July 2028 at a total monthly rental of approximately RMB5,937,000 (exclusive of value added tax, management fees and utility charges); whilst the remaining portion of the office tower was vacant.</p> <p>The commercial and residential car parking spaces were subject to two master lease agreements expiring on 31 December 2024 at a total monthly rent of approximately RMB915,000.</p>	RMB3,481,400,000 (RENMINBI THREE BILLION FOUR HUNDRED ONE MILLION AND FOUR HUNDRED THOUSAND)
Use	Approximate Gross Floor Area (sq. m.)																	
Retail	43,546.60																	
Office	129,446.74																	
Commercial Carpark	47,182.94																	
Residential Carpark	15,602.82																	
Ancillary facilities	12,415.12																	
Total	248,194.22																	

Note:

- Pursuant to a State-owned Land Use Rights Certificate No.: Wu Guo Yong (2011) Di No. 380 dated 15 August 2011, the land use rights of the Property is vested in 武漢越秀地產開發有限公司 (Wuhan Yuexiu Property Development Limited) ("Wuhan Yuexiu").
- Pursuant to 455 Real Estate Title Certificates dated between 21 November 2017 and 8 December 2017, the ownership of the aboveground portion of the Property with an aggregate gross floor area of 169,524.88 sq. m. is vested in Wuhan Yuexiu.
- Annual rental income exclusive of value-added tax of the retail and office portions of the Property as at the Valuation Date are tabulated as follows:

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Retail	43,546.60	38,633.46	RMB19,820,000
Office	129,446.74	72,958.66	RMB71,240,000
Carpark	62,785.76	62,785.76	RMB10,980,000
Total	235,779.14	203,207.10	RMB102,040,000

4. Based on the tenancy information provided by Wuhan Yuexiu, our analysis of the tenancy duration profile for the retail portion of the Property as at the Valuation Date is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	9.99%
1	2	7.04%
2	3	14.60%
3	4	2.02%
4	5	15.63%
5	Or more	50.72%
Total		100.00%

5. Based on the tenancy information provided by Wuhan Yuexiu, our analysis of the tenancy expiry profile for the retail portion of the Property as at the Valuation Date is set out below:

Year of Expiry	Proportion by Floor Area
In 2024	19.31%
In 2025	16.03%
In 2026	23.99%
In 2027	13.99%
In 2028 and afterward	26.68%
Total	100.00%

6. Based on the tenancy information provided by Wuhan Yuexiu, our analysis of the tenancy duration profile for the office portion of the Property as at the Valuation Date is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	14.08%
1	2	16.29%
2	3	21.19%
3	4	23.88%
4	5	15.24%
6	Or more	9.32%
Total		100.00%

PROPERTY VALUATION REPORT

7. Based on the tenancy information provided by Wuhan Yuexiu, our analysis of the tenancy expiry profile for the office portion of the Property as at the Valuation Date is set out below:

Year of Expiry	Proportion by Floor Area
In 2024	42.44%
In 2025	31.94%
In 2026	15.26%
In 2027	1.80%
In 2028 and afterward	8.56%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Retail	Income Capitalization Approach	Term Yield	5.50% per annum
		Reversionary Yield	6.00% per annum
Office	Income Capitalization Approach	Term Yield	5.00% per annum
		Reversionary Yield	5.50% per annum
Commercial Carpark Spaces	Income Capitalization Approach	Term Yield	5.50% per annum
		Reversionary Yield	6.00% per annum
Residential Carpark	Income Capitalization Approach	Term Yield	5.50% per annum
		Reversionary Yield	6.00% per annum

11. The estimated net yield of the Property is 2.94% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023												
9.	Yuexiu Financial Tower, No. 28 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>Completed in 2015, the Property consists of a 68-storey office commercial building erected over a 4-storey basement.</p> <p>The Property has a total gross floor area of approximately 210,282.94 sq. m. including 827 car parking spaces of approximately 10,289.05 sq. m. at Basement Levels 1 and 4 with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Level (Use)</th> <th>Approximate Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>3,818.19</td> </tr> <tr> <td>Office</td> <td>166,378.62</td> </tr> <tr> <td>Carpark</td> <td>10,289.05</td> </tr> <tr> <td>Ancillary facilities</td> <td>29,797.08</td> </tr> <tr> <td>Total</td> <td>210,282.94</td> </tr> </tbody> </table> <p>The Property is held under granted land use rights for a term of 40 years from 16 April 2007 for commercial use; and a term of 50 years from 16 April 2007 for office and carpark uses.</p>	Level (Use)	Approximate Gross Floor Area (sq. m.)	Commercial	3,818.19	Office	166,378.62	Carpark	10,289.05	Ancillary facilities	29,797.08	Total	210,282.94	<p>As at the Valuation Date, the Property having an occupancy rate of 88.95% was let to various tenants at an aggregate monthly rent of approximately RMB30,000,000 (exclusive of value-added tax, management fees and utility charges) with the last expiry date on 31 July 2030; whilst the remaining portion of the Property was vacant.</p> <p>The car parking spaces were subject to a master lease agreement expiring on 31 December 2024 at a monthly rent of approximately RMB1,120,000.</p>	RMB8,315,000,000 (RENMINBI EIGHT BILLION THREE HUNDRED AND FIFTEEN MILLION)
Level (Use)	Approximate Gross Floor Area (sq. m.)															
Commercial	3,818.19															
Office	166,378.62															
Carpark	10,289.05															
Ancillary facilities	29,797.08															
Total	210,282.94															

Note:

- Pursuant to Yue (2017) Guangzhou Shi Bu Dong Chan Quan Di 00051478 Hao and eight hundred and eighty eight copies of real estate ownership certificate, the ownership of the Property is vested in 廣州佳耀置業有限公司 (Guangzhou Jiayao Property Development Co., Ltd.) ("Guangzhou Jiayao"), 廣州譽耀置業有限公司 (Guangzhou Yuyao Property Development Co., Ltd.) ("Guangzhou Yuyao"), 廣州景耀置業有限公司 (Guangzhou Jingyao Property Development Co., Ltd.) ("Guangzhou Jingyao") and 廣州晉耀置業有限公司 (Guangzhou Jinyao Property Development Co., Ltd.) ("Guangzhou Jinyao"), (together as "Yuexiu Financial Tower Project Companies") with details as below:

Owner	Gross Floor Area (sq m)			Lettable Area (sq m)		
	Retail	Office	Carpark	Retail	Office	Carpark
Guangzhou Jiayao	3,818.19	40,002.01	2,850.98	2,859.51	29,855.08	2,850.98
Guangzhou Yuyao	—	38,197.68	2,835.48	—	27,918.98	2,835.48
Guangzhou Jingyao	—	43,840.57	2,934.87	—	30,865.34	2,934.87
Guangzhou Jinyao	—	44,338.36	1,667.72	—	30,959.37	1,667.72
Total	3,818.19	166,378.62	10,289.05	2,859.51	119,598.77	10,289.05

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

Use	Lettable Area (sq. m.)	Leased Lettable Area (sq. m.)	Annual Rental Income (Approximately)
Commercial	3,818.19	3,818.19	RMB10,200,000
Office	166,378.62	147,569.03	RMB350,300,000
Carpark	10,289.05	10,289.05	RMB14,200,000
Total	44,501.61	42,949.11	RMB374,700,000

PROPERTY VALUATION REPORT

3. Based on the tenancy information provided by the Manager, our analysis of the tenancy duration profile for the retail and office portions of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	4.43%
1	2	3.04%
2	3	39.99%
3	4	8.41%
4	5	24.37%
5	Or more	19.76%
Total		100.00%

4. Based on the tenancy information provided by the Manager, our analysis of the tenancy expiry profile for the retail and office portions of the Property is set out below:

Year of Expiry	Proportion by Floor Area
In 2024	27.38%
In 2025	28.84%
In 2026	33.46%
In 2027	2.46%
In 2028 and afterward	7.86%
Total	100.00%

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

Portion	Valuation Approach	Parameter	Assumption
Commercial	Income Capitalization Approach	Term Yield	4.50% per annum
		Reversionary Yield	5.00% per annum
Office	Income Capitalization Approach	Term Yield	4.50% per annum
		Reversionary Yield	5.00% per annum
Carpark	Income Capitalization Approach	Term Yield	4.75% per annum
		Reversionary Yield	5.25% per annum

8. The estimated net yield of the Property is 4.50% which is derived from the estimated rental received in Year-2023 excluding the valued-added tax divided by the market value as at the Valuation Date.

GROUP II – PROPERTIES LOCATED IN HONG KONG

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023
10.	Units 1 to 3 on 17/F, Yuexiu Building, Nos. 160-174 Lockhart Road, Wanchai, Hong Kong An aggregate of 48/1,294 equal and undivided shares of and in The Remaining Portions of Sections A, B and C of Inland Lot No. 2794 and The Remaining Portions of Inland Lot Nos. 2793, 5685, 5686 and 5687	Yue Xiu Building is situated on the southern side of Lockhart Road between O'Brien Road and Fleming Road. It comprises a 27-storey (including basement) commercial building completed in July 1985. The Property comprises all 3 office units on the 17/F of Yue Xiu Building. It has a total marketing gross floor area of about 4,694 sq.ft (436.08 sq.m). Vertical transportation within Yue Xiu Building is facilitated by 4 lifts and 2 staircases. Inland Lot No. 2794 is held from the Government under Government Lease with a term of 99 years renewable for 99 years commencing from 6 March 1929 whilst Inland Lot Nos. 2793, 5685, 5686 and 5687 are held from the Government under respective Government Leases with terms of 99 years renewable for 99 years commencing from 25 May 1929.	The Property is currently partitioned into two offices, which are subject to two tenancies expiring on 31 May 2024 as at the Valuation Date. As per the tenancy agreements, the total monthly rental receivable for the Property is HK\$154,400.	HK\$59,000,000 (HONG KONG DOLLARS FIFTY NINE MILLION)

Note:

- The registered owner of the Property is Artform Investment Limited.
- The property, inter alia, is subject to the following encumbrances: -
 - Management Undertaking in favor of The Government of Hong Kong dated 2 March 1987 vide Memorial no. UB3310418
 - Deed of Mutual Covenant and Management Agreement dated 2 March 1987 vide Memorial no. UB3321663 and re-registered on the same date vide Memorial no. UB4395115
- The Property lies within an area zoned "Commercial" under the approved Wan Chai District Outline Zoning Plan No. S/H5/31 dated 2 May 2023.
- Based on the tenancy information provided by the Manager, our analysis of the tenancy of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Floor Area
0	1	0.00%
1	2	0.00%
2	3	100.00%
3	Or more	0.00%
Total		100.00%

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

Year of Expiry	Proportion by Floor Area
In 2024	100.00%
In 2025	0.00%
In 2026	0.00%
In 2027	0.00%
In 2028 and afterward	0.00%
Total	100.00%

PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2023
11.	Units 1 to 3 on 23/F, Yuexiu Building, Nos. 160-174 Lockhart Road, Wanchai, Hong Kong	<p>Yue Xiu Building is situated on the southern side of Lockhart Road between O'Brien Road and Fleming Road. It comprises a 27-storey (including basement) commercial building completed in July 1985.</p> <p>The Property comprises all 3 office units on the 23/F of Yue Xiu Building. It has a total marketing gross floor area of about 4,694 sq.ft (436.08 sq.m).</p> <p>Vertical transportation within Yue Xiu Building is facilitated by 4 lifts and 2 staircases.</p> <p>Inland Lot No. 2794 is held from the Government under Government Lease with a term of 99 years renewable for 99 years commencing from 6 March 1929 whilst Inland Lot Nos. 2793, 5685, 5686 and 5687 are held from the Government under respective Government Leases with terms of 99 years renewable for 99 years commencing from 25 May 1929.</p>	The Property is currently partitioned into two offices, which are subject to two tenancies expiring on 30 November 2025 as at the Valuation Date. As per the tenancy agreements, the total monthly rental receivable for the Property is HK\$154,000.	HK\$61,000,000 (HONG KONG DOLLARS SIXTY ONE MILLION)
	An aggregate of 48/1,294 equal and undivided shares of and in The Remaining Portions of Sections A, B and C of Inland Lot No. 2794 and The Remaining Portions of Inland Lot Nos. 2793, 5685, 5686 and 5687			

Note:

- The registered owner of the Property is Blow Light Investments Limited.
- The property, inter alia, is subject to the following encumbrances: -
 - Management Undertaking in favor of The Government of Hong Kong dated 2 March 1987 vide Memorial no. UB3310418
 - Deed of Mutual Covenant and Management Agreement dated 2 March 1987 vide Memorial no. UB3321663 and re-registered on the same date vide Memorial no. UB4395115
- The Property lies within an area zoned "Commercial" under the approved Wan Chai District Outline Zoning Plan No. S/H5/31 dated 2 May 2023.
- Based on the tenancy information provided by the Manager, our analysis of the tenancy of the Property is set out below:

Lease Term Greater Than (Year)	Lease Term Less Than or Equal To (Year)	Proportion by Lettable Area
0	1	0.00%
1	2	0.00%
2	3	100.00%
3	Or more	0.00%
Total		100.00%

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

Year of Expiry	Proportion by Floor Area
In 2024	0.00%
In 2025	100.00%
In 2026	0.00%
In 2027	0.00%
In 2028 and afterward	0.00%
Total	100.00%

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

To the Unitholders of Yuexiu Real Estate Investment Trust

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Yuexiu Real Estate Investment Trust ("Yuexiu REIT") and its subsidiaries (the "Group") set out on 205 to 275, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated distribution statement, the consolidated statement of net assets attributable to unitholders and changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties and the building portions of hotel and serviced apartments included in property, plant and equipment</p> <p>The Group's investment properties amounting to approximately RMB37,771 million and the building portions of hotel and serviced apartments included in property, plant and equipment amounting to approximately RMB2,131 million (together the "Subject Properties") were carried at fair value at 31 December 2023. Changes in the fair values of the investment properties and the building portions of hotel and serviced apartments included in property, plant and equipment during the year ended 31 December 2023 were recorded in profit or loss and other comprehensive income of approximately RMB28 million and RMB18 million respectively.</p>	<p>We assessed the Valuer's independence and objectivity by reading their terms of engagement with the Group and considering their fee arrangements and any other services provided to the Group. We assessed the Valuer's competence and capabilities by understanding their experience, reputation and professional certification.</p> <p>We read the Valuer's report and understood the valuation was carried out in accordance with HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors, incorporating the International Valuation Standards and the requirements set out in Chapter 6.8 of the Code on Real Estate Investment Trusts (the "REIT Code").</p> <p>We checked, on a sample basis, the data used by the Valuer to perform the valuation to appropriate supporting documents, including key terms of lease agreements, rental income schedules, gross floor area information for investment properties and the year of completion for the building portions of hotel and serviced apartments included in property, plant and equipment.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The valuations were carried out by an independent professional valuer (the "Valuer") engaged by Yuexiu REIT Asset Management Limited, the Manager of Yuexiu REIT (the "Manager").</p> <p>We identified the valuations of the Subject Properties as a key audit matter due to the significance of the Subject Properties and the valuations of the Subject Properties involved significant judgements and estimations.</p> <p>Relevant disclosures are included in notes 2(e)(i), 2(f), 4(a), 13 and 15 to the consolidated financial statements.</p>	<p>We involved our internal valuation specialists in assessing the valuation methodologies, inputs and key assumptions with the Valuer and the Manager. We assessed the reasonableness of the inputs and key assumptions applied in the valuations of the Subject Properties by comparing them to published industry reports, comparable market transactions, and with reference to the age, nature and location of each property.</p> <p>We evaluated the adequacy of disclosures related to the valuation of investment properties and the building portions of hotel and serviced apartments included in property, plant and equipment.</p>

Other Information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

INDEPENDENT AUDITOR'S REPORT

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

In addition, the Manager is required to ensure that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the trust deed dated 7 December 2005, as amended by the first supplemental deed on 25 March 2008, the second supplemental deed on 23 July 2010, the third supplemental deed on 25 July 2012, the fourth supplemental deed on 3 April 2020 and the fifth supplemental deed on 28 May 2021 (the "Trust Deed") and the relevant disclosure provisions of Appendix C of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

The engagement partner on the audit resulting in this independent auditor's report is Benny Bing Yin Cheung.

Ernst & Young

Certified Public Accountants

Hong Kong

7 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue	5	2,086,855	1,872,860
Operating expenses, net	6	(978,938)	(951,551)
Fair value gains/(losses) on investment properties	15	27,579	(95,813)
Net gains on derivative financial instruments	19	145,327	397,763
Finance income	9	36,180	25,511
Finance expenses	10	(1,069,506)	(1,521,724)
Profit/(loss) before income tax and transactions with unitholders		247,497	(272,954)
Income tax expense	11	(251,452)	(237,986)
Loss after income tax before transactions with unitholders		(3,955)	(510,940)
Transactions with unitholders	27	187,476	1,086,845
Profit after income tax after transactions with unitholders		183,521	575,905
Other comprehensive income for the year:			
<u>Items that will not be reclassified to profit or loss</u>			
Change in fair value of property, plant and equipment			
– Gross	13	18,258	95,951
– Tax		(5,114)	(26,873)
		13,144	69,078
<u>Items that may be reclassified to profit or loss</u>			
Exchange differences on translation of foreign operations		(205,109)	(626,159)
Other comprehensive income for the year, net of tax		(191,965)	(557,081)
Total comprehensive income for the year		(8,444)	18,824

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to				
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (note 27) RMB'000	Unitholders after transactions with unitholders RMB'000	Non- controlling interests RMB'000	Total RMB'000
(Loss)/profit for the year ended					
31 December 2022	(529,044)	1,086,845	557,801	18,104	575,905
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	68,358	—	68,358	720	69,078
<u>Items that may be reclassified to profit or loss</u>					
Exchange differences on translation of foreign operations	(626,159)	—	(626,159)	—	(626,159)
Total comprehensive income for the year ended 31 December 2022	(1,086,845)	1,086,845	—	18,824	18,824
Profit/(loss) for the year ended					
31 December 2023	4,625	187,476	192,101	(8,580)	183,521
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	13,008	—	13,008	136	13,144
<u>Items that may be reclassified to profit or loss</u>					
Exchange differences on translation of foreign operations	(205,109)	—	(205,109)	—	(205,109)
Total comprehensive income for the year ended 31 December 2023	(187,476)	187,476	—	(8,444)	(8,444)

Notes:

- (i) In accordance with the trust deed dated 7 December 2005, as amended by the first supplemental deed on 25 March 2008, the second supplemental deed on 23 July 2010, the third supplemental deed on 25 July 2012, the fourth supplemental deed on 3 April 2020 and the fifth supplemental deed on 28 May 2021 (the "Trust Deed"), Yuexiu REIT is required to distribute to the unitholders not less than 90% of its total distributable income for each financial year. Yuexiu REIT has a limited life of 80 years from the date of establishment. Accordingly, the units contain contractual obligations to pay cash distributions and also upon termination of the trust, a share of all net cash proceeds derived from the sale or realisation of the assets of Yuexiu REIT less any liabilities, in accordance with unitholders' proportionate interests in Yuexiu REIT at the date of 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 recognised in the consolidated statement of comprehensive income. The classification does not have an impact on the net assets attributable to unitholders. It only affects how unitholders' funds are disclosed in the consolidated statement of financial position and how distributions are disclosed in the consolidated statement of comprehensive income. Total distributable income is determined in the consolidated distribution statement on page 209.
- (ii) Earnings/(losses) per unit, based upon profit/(loss) after income tax before transactions with unitholders attributable to unitholders and the average number of units in issue, are presented in Note 12.

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	13	2,131,642	2,183,683
Right-of-use assets	14	1,156,361	1,215,748
Investment properties	15	37,771,146	37,702,232
Deferred assets, prepayments, deposits and other receivables	17	203,236	235,425
Goodwill	18	859,868	859,868
Bank deposits	22	—	30,000
		42,122,253	42,226,956
Current assets			
Inventories	21	3,077	3,080
Trade and lease receivables	20	22,229	32,673
Amounts due from related parties	29	58,450	45,228
Deferred assets, prepayments, deposits and other receivables	17	88,967	100,579
Derivative financial instruments	19	12,015	100,005
Tax recoverable		11,363	4,138
Bank deposits	22	110,000	20,000
Cash and cash equivalents	22	1,417,727	1,333,773
		1,723,828	1,639,476
Total assets		43,846,081	43,866,432
Equity			
Reserves		(327,358)	(135,257)
Retained earnings		327,358	135,257
Non-controlling interests		1,206,832	1,217,242
Total equity		1,206,832	1,217,242
Current liabilities			
Trade payables	24	14,263	25,190
Rental deposits, current portion	25	216,442	186,238
Receipts in advance	25	111,392	96,553
Accruals and other payables	25	489,511	453,448
Amounts due to related parties	29	123,829	142,036
Borrowings	26	5,844,681	4,364,124
Lease liabilities	14	11,965	10,485
Tax payable		58,741	89,062
		6,870,824	5,367,136

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
Non-current liabilities, other than net assets attributable to unitholders			
Rental deposits, non-current portion	25	192,097	209,987
Borrowings	26	14,409,875	15,541,033
Deferred tax liabilities	23	5,521,648	5,380,971
Derivative financial instruments	19	—	23,151
Lease liabilities	14	11,826	22,517
		20,135,446	21,177,659
Total liabilities, other than net assets attributable to unitholders		27,006,270	26,544,795
Net assets attributable to unitholders	27	15,632,979	16,104,395
Total equity and liabilities		43,846,081	43,866,432
Net current liabilities		(5,146,996)	(3,727,661)
Units in issue ('000)	27	4,915,738	4,783,780
Net assets attributable to unitholders per unit (RMB)		RMB 3.18	RMB 3.37

On behalf of the Board of Directors of Yuexiu REIT Asset Management Limited, as the manager of Yuexiu REIT (the "Manager")

Director

Director

CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders		4,625	(529,044)
Adjustments for the total distributable income (i)			
– Fair value (gains)/losses on investment properties		(66,879)	83,785
– Deferred taxation in respect of fair value gains on investment properties charged to profit or loss		41,773	27,591
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under China Accounting Standards (“CAS”)		(392,673)	(393,752)
– Fair value gains on derivative financial instruments	19	(145,327)	(397,763)
		(558,481)	(1,209,183)
Additional items (ii)			
– Different depreciation and amortisation charge on investment properties, property, plant and equipment and land use rights under CAS		392,673	393,752
– Depreciation and amortisation of property, plant and equipment and land use rights under HKFRSs		138,464	135,408
– Deferred taxation in respect of the depreciation and amortisation of investment properties, property, plant and equipment and land use rights		101,357	102,464
– Manager’s fee paid and payable in units in lieu of cash		170,273	166,530
– Foreign exchange losses on financing activities	10	143,659	944,353
– Discretionary distribution		21,897	—
Distributable income after additional items		409,842	533,324
Distributable amount at 1 January		190,680	457,990
Distributions paid during the year (iii)	27	(451,772)	(800,634)
Final distribution declared		148,750	190,680
Distribution per unit, declared (iv)		RMB0.0303	RMB0.0399

CONSOLIDATED DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit/(loss) after income tax before transactions with unitholders attributable to unitholders adjusted to eliminate the effects of certain non-cash adjustments which have been recorded in the consolidated statement of comprehensive income for the relevant year.
- (ii) Pursuant to the circular dated 30 June 2012, the Manager intends to distribute certain additional items on top of the total distributable income under the Trust Deed.
- (iii) A final distribution for the period from 1 July 2022 to 31 December 2022 of RMB0.0394 (equivalent to HK\$0.0448) per unit and an interim distribution for the period from 1 January 2023 to 30 June 2023 of RMB0.0534 (equivalent to HK\$0.0583) per unit, totalling RMB451,772,000 (2022: RMB800,634,000), were paid to unitholders on 25 May 2023 and 26 October 2023, respectively.
- (iv) A final distribution for the period from 1 July 2023 to 31 December 2023 of RMB0.0303 (equivalent to HK\$0.0334) per unit, totalling RMB148,750,000 (equivalent to HK\$164,186,000), was declared by the Board of the Manager on 7 March 2024.

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

FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity				
	Net assets attributable to unitholders RMB'000	(Accumulated losses)/ retained earnings RMB'000	Reserves RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2022	14,717,852	(422,544)	422,544	1,206,026	15,923,878
Issuance of units (Note 27)	3,359,022	—	—	—	3,359,022
Profit/(loss) for the year ended 31 December 2022 attributable to:					
– Unitholders	(1,086,845)	—	—	—	(1,086,845)
– Equity holders	—	557,801	—	18,104	575,905
Distributions paid to					
– Unitholders	(885,634)	—	—	—	(885,634)
– Equity holders	—	—	—	(7,608)	(7,608)
Change in fair value of property, plant and equipment, net of tax	—	—	68,358	720	69,078
Exchange differences on translation of foreign operations	—	—	(626,159)	—	(626,159)
At 31 December 2022	16,104,395	135,257	(135,257)	1,217,242	17,321,637
At 1 January 2023	16,104,395	135,257	(135,257)	1,217,242	17,321,637
Issuance of units (Note 27)	167,832	—	—	—	167,832
(Loss)/profit for the year ended 31 December 2023 attributable to:					
– Unitholders	(187,476)	—	—	—	(187,476)
– Equity holders	—	192,101	—	(8,580)	183,521
Distributions paid to					
– Unitholders	(451,772)	—	—	—	(451,772)
– Equity holders	—	—	—	(1,966)	(1,966)
Change in fair value of property, plant and equipment, net of tax	—	—	13,008	136	13,144
Exchange differences on translation of foreign operations	—	—	(205,109)	—	(205,109)
At 31 December 2023	15,632,979	327,358	(327,358)	1,206,832	16,839,811

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	28(a)	1,452,090	1,033,418
Interest paid		(854,716)	(539,957)
Income tax paid		(146,263)	(139,317)
Net cash generated from operating activities		451,111	354,144
Cash flows from investing activities			
Additions of investment properties		(45,726)	(54,243)
Additions of property, plant and equipment		(22,302)	(15,421)
Payment for acquisition of subsidiaries, net of cash acquired		—	(3,640,741)
Disposal of property, plant and equipment		41	13
Interest received		36,180	25,511
Increase in bank deposits		(90,000)	(73,196)
Redemption on maturity of bank deposits		30,000	46,720
Net cash used in investing activities		(91,807)	(3,711,357)
Cash flows from financing activities			
Distributions paid		(453,738)	(893,242)
Proceeds from borrowings, net of transaction costs	28(c)	6,776,240	5,445,263
Repayment of borrowings	28(c)	(6,797,528)	(4,591,568)
Issuance of units		—	3,221,968
Settlement of derivative financial instruments	28(c)	210,258	102,748
Payment of lease liabilities		(12,207)	(10,847)
Net cash (used in)/generated from financing activities		(276,975)	3,274,322
Net increase/(decrease) in cash and cash equivalents		82,329	(82,891)
Cash and cash equivalents at beginning of the year		1,333,773	1,453,356
Effects of exchange rate changes on cash and cash equivalents		1,625	(36,692)
Cash and cash equivalents at end of the year	22	1,417,727	1,333,773

The notes on pages 213 to 275 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 the People’s Republic of China (the “PRC”).

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 the First Supplemental Deed dated 25 March 2008, the Second Supplemental Deed dated 23 July 2010, the Third Supplemental Deed dated 25 July 2012, the Fourth Supplemental Deed dated 3 April 2020 and the Fifth Supplemental Deed dated 28 May 2021) and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to the applicable conditions imposed by Securities and Futures Commission of Hong Kong 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.

These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements of Yuexiu REIT have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, these consolidated financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the Code on Real Estate Investment Trusts (the “REIT Code”). The consolidated financial statements have been prepared under the historical cost basis, except for the investment properties, hotel, serviced apartments and derivative financial instruments which are carried at fair value.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

As at 31 December 2023, the Group's current liabilities exceeded its current assets by RMB5,147 million (31 December 2022: RMB3,728 million) due to the borrowings of RMB5,845 million which will fall due within twelve months from the balance sheet date (31 December 2022: borrowings of RMB4,364 million 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"), and the available debts and notes limit, 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 in preparing the consolidated financial statements on a going concern basis.

(i) Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Issued but not yet effective Hong Kong Financial Reporting Standards

The following revised standards have been issued but are not yet effective for the year ended 31 December 2023 and have not been early adopted by the Group. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments") ¹	1 January 2024
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments") ¹	1 January 2024
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to HKAS 21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	No mandatory effective date yet determined but available for adoption

¹ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The directors of the Manager anticipate that the adoption of these revised standards would not result in any significant impact on the results and financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Consolidation

(i) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by Yuexiu REIT. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Generally, there is a presumption that a majority of voting rights results in control. When Yuexiu REIT has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(ii) Business combinations

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 MATERIAL ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) Investment properties

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

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. The carrying value of the investment property is reviewed every six months and is independently valued by external valuer at least annually. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Any gain or loss arising on disposal of the investment property (calculated as the difference between the disposal proceeds and the carrying amount including revaluation of the asset) is recognised in the consolidated statement of comprehensive income in the period in which the investment property is disposed of. Changes in fair values are recorded in the profit or loss.

(g) Goodwill

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

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

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

(h) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The derivative financial instruments is classified as a non-current asset or liability when the remaining maturity is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets

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

(j) Offsetting of financial instruments

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

(k) Inventories

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

(l) Financial assets

(i) Classification

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

(i) Classification (continued)

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

(ii) Impairment

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

For trade and lease receivables, the Group applies the HKFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Cash and cash equivalents are also subject to the impairment requirements of HKFRS 9.

(m) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(m) Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases of less than twelve months and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income.

Lease income from operating leases where the Group as a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(n) Rental deposits

Rental deposits are financial liabilities with fixed or determinable repayments. They arise when the Group enters into lease agreements directly with tenants. They are included in current liabilities, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current liabilities.

Rental deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. At initial recognition, the difference between the carrying amount of the financial liability and the actual consideration received is treated as initial premiums and recognised as rental income over the lease term, on a straight-line basis.

2 MATERIAL ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC where Yuexiu REIT and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 MATERIAL ACCOUNTING POLICIES (continued)

(t) Current and deferred income tax (continued)

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Revenue recognition

(i) Rental income

Operating lease rental income is recognised on a straight-line basis over the period of the lease. When the Group provides incentives to its tenants, the cost of incentives will be recognised over the lease term, on a straight-line basis, as a reduction of rental income. The difference between the gross receipt of rental and operating lease rental recognised over the lease term is recognised as deferred assets.

(ii) Hotel and serviced apartment income

Hotel and serviced apartment income is recognised in the accounting period in which the services are rendered.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Distributions to unitholders

In accordance with the Trust Deed, Yuexiu REIT is required to distribute to unitholders not less than 90% of the Group's profit for each financial year subject to adjustments allowed under the REIT Code and the Trust Deed. Yuexiu REIT has a limited life of 80 years from the date of establishment. These units are therefore classified as financial liabilities and presented under "net assets attributable to unitholders" in accordance with HKAS 32 and, accordingly, the distributions to unitholders are therefore presented as "transactions with unitholders" in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

(w) Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Manager of Yuexiu REIT identifies and evaluates financial risks. The Manager provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

(i) Market risk

(a) Foreign exchange risk

The Group operates principally in the Chinese Mainland with most of the transactions denominated in RMB. The Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents, short-term bank deposits, bank borrowings and an amount due to the Manager denominated primarily in Hong Kong dollar ("HK\$") and United States dollar ("USD"). The Group uses certain derivative financial instruments to manage foreign exchange risk.

At 31 December 2023 and 2022, if RMB had weakened/strengthened by 1% against HK\$ and USD with all other variables held constant, reserves and profit or loss before income tax and transactions with unitholders for the year ended 31 December 2023 would have been approximately RMB121,382,000 lower/higher (2022: RMB168,538,000 lower/higher).

(b) Cash flow interest rate risk

The Group's cash flow interest rate risk mainly arises from borrowings and derivatives with variable rates which expose the Group to cash flow interest rate risk.

With regard to cash flow interest rate risk of borrowings, when opportunities arise, the Group considers the use of interest rate swaps to fix the interest costs for the long term. At 31 December 2023, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit before income tax and transactions with unitholders for the year ended 31 December 2023 would have been approximately RMB96,151,000 lower/higher (At 31 December 2022, if interest rates on borrowings and derivative financial instruments had been 1% higher/lower with all other variables held constant, profit before income tax and transactions with unitholders for the year ended 31 December 2022 would have been approximately RMB148,853,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(b) Cash flow interest rate risk (continued)

The exposures of the Group's borrowings to interest rate changes are as follows:

	As at 31 December 2023 RMB'000	% of total borrowings	As at 31 December 2022 RMB'000	% of total borrowings
Variable rate borrowings	9,615,113	47%	14,885,374	75%
Fixed rate borrowings	10,639,443	53%	5,019,783	25%
Total	20,254,556	100%	19,905,157	100%

The percentage of total borrowings shows the proportion of borrowings that are currently at variable rates in relation to the total amount of borrowings.

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, amounts due from related parties, other receivables and deposits with banks and financial institutions, as well as credit exposures to tenants and hotel customers, including outstanding receivables.

The table below shows the bank deposit balance of the major banks at the balance sheet date. The credit risk for bank deposits and bank balances is considered by the Group to be minimal as such amounts are generally placed with reputable banks with good ratings.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
DBS Bank	377,081	501,197
Bank of China	488,411	402,707
China Construction Bank	233,348	161,879
Industrial and Commercial Bank of China	170,901	65,126
Chong Hing Bank	4,688	54,304
Other banks	252,948	198,210
	1,527,377	1,383,423

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

The Group has no policy to limit the amount of credit exposure to any financial institution.

In respect of credit exposures to tenants, which include lease receivables and certain tenant-related other receivables, credit risk exposure is minimised by undertaking transactions with a large number of counterparties and conducting credit reviews on prospective tenants. The Group also has policies in place to ensure that rental deposits equivalent to 2 to 3 months' rentals are required from tenants prior to the commencement of leases. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Accordingly, management considered that the expected credit loss on a collective basis is minimal. In addition, the Group regularly reviews the recoverable amount of each long overdue receivable on an individual basis to ensure that adequate provision for impairment losses is made for potentially irrecoverable amounts, which uses a lifetime expected loss allowance for lease receivables. The Group has also incorporated forward-looking information, which takes into account the macroeconomic factors in estimating the expected credit loss. The Group has no significant concentrations of credit risk. The carrying amount of the receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to these financial assets.

Other receivables mainly represented the property maintenance fund paid to local governments under enacted laws and regulations. The counterparties have strong financial capabilities and there is no history of default. The Group has assessed that there is no significant increase of credit risk for other receivables and the expected credit losses for other receivables are minimal.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding from committed credit facilities and operating cash flow. The Group has short-term bank deposits and cash and cash equivalents of RMB1,507,727,000 as at 31 December 2023 (2022: RMB1,353,773,000). Due to the nature of the underlying business, the Manager maintains flexibility by adjusting the amount of distributions to be paid for the percentage in excess of 90% of the distributable income. The Group also maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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FOR THE YEAR ENDED 31 DECEMBER 2023

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000	Total RMB'000
As at 31 December 2023					
Rental deposits	216,642	108,431	105,062	4,052	434,187
Trade payables	14,263	—	—	—	14,263
Accruals and other payables	489,511	—	—	—	489,511
Amounts due to related parties	123,829	—	—	—	123,829
Bank borrowings					
– Principal to be repaid	4,829,882	3,958,331	6,126,462	—	14,914,676
– Interest payables	767,284	356,874	268,575	—	1,392,733
Other borrowings					
– Principal to be repaid	1,014,799	—	4,325,081	—	5,339,880
– Interest payables	152,142	137,327	20,658	—	310,127
Lease liabilities	12,695	12,063	—	—	24,758

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000	Total RMB'000
As at 31 December 2022					
Rental deposits	186,238	106,751	127,100	11,002	431,091
Trade payables	25,190	—	—	—	25,190
Accruals and other payables	356,115	—	—	—	356,115
Amounts due to related parties	142,036	—	—	—	142,036
Bank borrowings					
– Principal to be repaid	4,364,124	5,355,356	6,400,294	—	16,119,774
– Interest payables	839,200	641,966	289,405	—	1,770,571
Other borrowings					
– Principal to be repaid	—	999,905	2,785,478	—	3,785,383
– Interest payables	109,841	88,626	80,797	—	279,264
Derivative financial instruments	—	23,151	—	—	23,151
Lease liabilities	11,516	11,977	11,380	—	34,873

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders.

Consistent with others in the industry, the Manager monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings (including current and non-current borrowings) divided by the total asset value as shown in the consolidated balance sheet.

During 2023, the Group's strategy was to maintain a gearing ratio not exceeding 50% (2022: 50%). The gearing ratios at 31 December 2023 and 2022 were as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Total borrowings (note 26)	20,254,556	19,905,157
Total asset value	43,846,081	43,866,432
Gearing ratio	46%	45%

(c) Fair value estimation

The carrying amounts of the Group's current financial assets and current financial liabilities approximate to their fair values due to their short maturities.

The fair value of non-current financial assets and financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

See Note 13 for disclosures of property, plant and equipment, Note 15 for investment properties, and Note 19 for derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4 CRITICAL ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of property, plant and equipment and investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the directors of the Manager determine the amount within a range of reasonable fair value estimates. In making their judgement, the directors of the Manager consider information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition. These valuations are reviewed annually by external valuers.

The fair value of property, plant and equipment and investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 13 and 15 respectively.

(b) Estimate of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(g). The assessment of recoverable amount calculations requires the use of estimates.

(c) Estimates of fair values of derivative financial instruments

Fair values are arrived at using valuations provided by the counterparty banks/valuer for each reporting period with reference to market data. Actual results may differ when assumptions and market conditions changes.

5 REVENUE AND SEGMENT INFORMATION

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

The executive directors consider the business by nature of business activities and assess the performance of hotel and serviced apartments, office rental and wholesale and shopping mall.

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

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

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

	Hotel and serviced apartments RMB'000	Office RMB'000	Wholesale and shopping mall RMB'000	Total RMB'000
Year ended 31 December 2023				
Revenue from external customers	535,634	1,204,633	346,588	2,086,855
Segment results	34,020	1,057,083	273,048	1,364,151
Depreciation	139,877	—	—	139,877
Fair value gains/(losses) on investment properties	—	45,916	(18,337)	27,579

	Hotel and serviced apartments RMB'000	Office RMB'000	Wholesale and shopping mall RMB'000	Total RMB'000
Year ended 31 December 2022				
Revenue from external customers	350,531	1,275,385	246,944	1,872,860
Segment results	(62,261)	1,128,701	57,164	1,123,604
Depreciation	146,858	19	—	146,877
Fair value gains/(losses) on investment properties	—	55,324	(151,137)	(95,813)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5 REVENUE AND SEGMENT INFORMATION (continued)

	Hotel and serviced apartments RMB'000	Office RMB'000	Wholesale and shopping mall RMB'000	Total RMB'000
As at 31 December 2023				
Total reportable segment assets	3,642,780	30,036,284	9,280,305	42,959,369
As at 31 December 2022				
Total reportable segment assets	3,735,044	29,863,243	9,321,980	42,920,267

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Segment results	1,364,151	1,123,604
Changes in fair value of derivative financial instruments	145,327	397,763
Finance income	36,180	25,511
Finance expenses	(1,069,506)	(1,521,724)
Unallocated operating costs (Note)	(228,655)	(298,108)
Profit/(loss) before income tax and transactions with unitholders	247,497	(272,954)

Note: Unallocated operating costs include mainly the manager's fee, legal and professional expenses and other operating expenses.

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Total reportable segment assets	42,959,369	42,920,267
Unallocated assets	886,712	946,165
Total assets	43,846,081	43,866,432

5 REVENUE AND SEGMENT INFORMATION (continued)

	Revenue		Total assets	
	Year ended 31 December		As at 31 December	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese Mainland and Hong Kong	2,086,855	1,872,860	42,959,369	42,920,267
Unallocated assets			886,712	946,165
			43,846,081	43,866,432

Note: Unallocated assets include mainly cash and cash equivalents of the holding company and goodwill.

The Group's revenue by nature is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Hotel and serviced apartment operations		
– Room	319,532	215,068
– Food and beverages	117,330	123,588
– Others	98,772	11,875
Property rentals	1,551,221	1,522,329
	2,086,855	1,872,860

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue recognised at a point in time	213,221	128,312
Revenue recognised over time	319,794	219,928
Other sources	1,553,840	1,524,620
	2,086,855	1,872,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6 EXPENSES BY NATURE, NET

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Property management fees (i)(Note 29(a))	47,469	46,713
Employee benefit expenses (Note 7)	116,149	97,196
Real estate tax	203,286	193,544
Flood prevention fee, urban construction and maintenance tax, education surcharge and local education surcharge	10,623	10,042
Withholding tax (ii)	40,633	29,468
Depreciation of property, plant and equipment (Note 13)	90,592	87,509
Depreciation of staff quarters (Note 14)	10,102	10,086
Depreciation of land use rights (Note 14)	49,285	49,282
Cost of inventories sold or consumed in operation	114,007	88,871
Other direct expenses on hotel and serviced apartments	101,424	63,899
Manager's fee (Note 8) (Note 29(a))	170,273	166,530
Trustee's fee (Note 29(a))	12,734	12,703
Valuation fees	1,162	856
Legal and professional fee	4,063	14,056
Auditor's remuneration	2,400	3,889
Bank charges	442	386
Foreign exchange (gains)/losses arising from operating activities	(23,402)	48,564
Others	27,696	27,957
Total operating expenses, net	978,938	951,551

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") (formerly named as Guangzhou Yuexiu Asset Management Company Limited ("GZ AM")).
- (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%.

7 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Wages, salaries and bonus	75,904	59,671
Pension costs	8,518	8,301
Social security costs and staff welfare	31,727	29,224
	116,149	97,196

Pension scheme arrangements

Certain subsidiaries of Yuexiu REIT in Chinese Mainland are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Governments. The Group has no further obligation for the actual payment of pensions beyond its contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

8 MANAGER'S FEE

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as the manager of Yuexiu REIT, which is the aggregate of a base fee of 0.3% per annum of the carrying value of the deposited property; a service fee of 3% per annum of net property income; a transaction fee of 1% of the consideration for the acquisition of any real estate from an external party and a transaction fee of 0.5% of the gross sale price of the disposal of any part of a deposited property comprising Real Estate, as defined in the Trust Deed.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Manager's fee:		
In the form of units	170,273	166,530

Pursuant to the circular of Yuexiu REIT dated 13 November 2021 ("2021 Circular") and subsequent announcement dated 14 January 2022, all of the manager's fee for the year ended 31 December 2022, was paid in the form of units. Pursuant to the announcement dated 13 January 2023, all of the manager's fee for the year ended 31 December 2023, will be paid in the form of units. In accordance with the Trust Deed, the Manager fee units for the year ended 31 December 2023 are expected to be issued on 22 March 2024. Also in accordance with the Trust Deed, the issue price of the units (and consequentially the number of units to be issued to the Manager) will be calculated based on the higher of (i) the closing price of the units on the trading day immediately preceding 22 March 2024 and (ii) the average closing price of the units in the 10 trading days immediately preceding 22 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9 FINANCE INCOME

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest income from bank deposits	32,727	22,058
Interest income from a related company (Note 29(a))	3,453	3,453
	36,180	25,511

10 FINANCE EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest expense for bank borrowings	743,441	440,751
Interest expense for other borrowings	159,324	105,580
Interest and finance charges paid/payable for lease liabilities (Note 14)	1,185	342
Amortisation of transaction costs for borrowings	21,897	27,079
Interest expense due to a related party (Note 29(a))	—	3,619
Foreign exchange losses on financing activities	143,659	944,353
	1,069,506	1,521,724

11 INCOME TAX EXPENSE

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

For other subsidiaries with operations in China, the corporate income tax was paid by way of withholding tax as disclosed in Note 6 (ii).

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Current income tax		
– corporate income tax	72,225	53,518
– withholding tax	43,664	31,885
Deferred income tax (Note 23)	135,563	152,583
	251,452	237,986

The tax on the Group's profit/(loss) before income tax and transactions with unitholders differs from the theoretical amount that would arise using the corporate income tax rate of Chinese Mainland as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax and transactions with unitholders	247,497	(272,954)
Tax calculated at the domestic tax rate of 25%	61,874	(68,239)
Expenses not deductible for tax purposes	1,221	1,864
Under provision in prior years	2,027	7,390
Withholding tax on unremitted earnings of subsidiaries (Note a)	63,929	61,297
Utilisation of previously unrecognised tax losses	(831)	(539)
Tax losses for which no deferred income tax asset was recognised	52,281	46,191
Effect of different tax rates	148,109	265,878
Other tax deduction	(77,158)	(75,856)
	251,452	237,986

Note a:

According to the China CIT Law, a withholding tax of 10% or 5% will be levied on the immediate holding companies outside Chinese Mainland when their Chinese Mainland subsidiaries pay dividends out of profits earned after 1 January 2008. Accordingly, deferred income tax liabilities of RMB656,414,000 (31 December 2022: RMB635,601,000) were recognised for the withholding tax that would be payable on the unremitted earnings of the Group's Chinese Mainland subsidiaries.

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12 EARNINGS/(LOSS) PER UNIT BASED UPON PROFIT/(LOSS) AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

(a) Basic

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

	Year ended 31 December	
	2023	2022
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	4,625	(529,044)
Weighted average number of units in issue ('000)	4,842,400	4,596,839
Basic earnings/(loss) per unit (RMB)	0.001	(0.115)

(b) Diluted

Diluted earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units. Yuexiu REIT has deferred units (Note 27) outstanding and the manager's fee in form of units during the year which are dilutive potential units. The number of units calculated as above is compared with the number of units that would have been issued assuming the exercise of the units. For the purpose of calculating diluted earnings per unit, the number of units calculated for the manager's fee in form of units was calculated based on the closing price of Yuexiu REIT as at 31 December 2023.

	Year ended 31 December	
	2023	2022
Profit/(loss) after income tax before transactions with unitholders attributable to unitholders (RMB'000)	4,625	(529,044)
Weighted average number of units in issue ('000)	4,842,400	4,596,839
Adjustments for deferred units ('000)	232,809	—
Adjustments for manager's fee in form of units ('000)	149,122	—
Weighted average number of units for diluted earnings/(losses) per unit ('000)	5,224,331	4,596,839
Diluted earnings/(losses) per unit (RMB)	0.001	(0.115)

13 PROPERTY, PLANT AND EQUIPMENT

	Hotel and serviced apartments RMB'000	Office supplies RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2022				
Cost	2,406,151	13,083	8,977	2,428,211
Accumulated depreciation	(841,264)	(12,820)	(8,526)	(862,610)
Fair value gains on revaluation	593,113	—	—	593,113
Net book amount	2,158,000	263	451	2,158,714
Year ended 31 December 2022				
Opening net book amount	2,158,000	263	451	2,158,714
Additions	16,618	—	—	16,618
Disposal	(79)	—	(12)	(91)
Depreciation (Note 6)	(87,490)	(19)	—	(87,509)
Fair value gains on revaluation	95,951	—	—	95,951
Closing net book amount	2,183,000	244	439	2,183,683
At 31 December 2022				
Cost	2,421,202	13,083	8,747	2,443,032
Accumulated depreciation	(927,266)	(12,839)	(8,308)	(948,413)
Fair value gains on revaluation	689,064	—	—	689,064
Net book amount	2,183,000	244	439	2,183,683
Year ended 31 December 2023				
Opening net book amount	2,183,000	244	439	2,183,683
Additions	20,340	—	—	20,340
Disposal	(6)	—	(41)	(47)
Depreciation (Note 6)	(90,592)	—	—	(90,592)
Fair value gains on revaluation	18,258	—	—	18,258
Closing net book amount	2,131,000	244	398	2,131,642
At 31 December 2023				
Cost	2,441,406	13,083	7,922	2,462,411
Accumulated depreciation	(1,017,728)	(12,839)	(7,524)	(1,038,091)
Fair value gains on revaluation	707,322	—	—	707,322
Net book amount	2,131,000	244	398	2,131,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13 PROPERTY, PLANT AND EQUIPMENT (continued)

If hotel and serviced apartments had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of RMB1,308,624,000 (2022: RMB1,428,462,000).

As at 31 December 2023, property, plant and equipment with an aggregate carrying amount of RMB1,897 million (2022: RMB1,944 million) were pledged as collateral for the Group's bank borrowings (Note 26).

The following table illustrates an analysis of the property, plant and equipment carried at fair value:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance	2,183,000	2,158,000
Additions	20,340	16,618
Disposal	(6)	(79)
Depreciation	(90,592)	(87,490)
Unrealised gains recognised in reserves	18,258	95,951
Closing balance	2,131,000	2,183,000
Unrealised gains for the year included in other comprehensive income at the end of the year	18,258	95,951

Valuation processes of the Group

The Group measures hotel and serviced apartments at fair value. Hotel and serviced apartments were revalued by Savills Valuation and Professional Services Limited ("Savills"), being an independent qualified valuer not related to the Group as at 31 December 2023 (2022: Colliers International (Hong Kong) Limited ("Colliers")).

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 senior management. Discussions of valuation processes and results are held between management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

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

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques

Fair value measurements using significant unobservable inputs

The fair value of the building portions of hotel and serviced apartments of Guangzhou International Finance Centre ("Guangzhou IFC") is derived using the depreciated replacement cost method.

The depreciated replacement cost method involves estimation of the market redevelopment costs of the building portions of hotel and serviced apartments of Guangzhou IFC which include 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 the lack of land transactions in market, the fair value of land, for disclosure purposes only as set out in Note 14, is therefore calculated as the difference between the overall fair value (including land and building portions) under the discounted cash flow analysis and the fair value of building portions under the depreciated replacement cost method.

The building portions of hotel and serviced apartments in property, plant and equipment are included in Level 3 (2022: Level 3) of the fair value hierarchy.

Significant inputs used to determine fair value

Building costs are estimated by reference to market construction costs of other similar buildings. The higher the building costs, finance costs and professional fee, the higher the fair value will be.

Discount rates are estimated by Savills Valuation and Professional Services Limited (2022: Colliers International (Hong Kong) Limited) based on the risk profile of hotel and serviced apartments being valued. The higher the rates, the lower the fair value will be. Prevailing market room rents are estimated based on recent lettings for hotel and serviced apartments in Chinese Mainland, within the subject properties and other comparable properties. The lower the rents, the lower the fair value will be.

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

As at 31 December 2022

	Depreciated replacement cost method		
	Building cost (RMB/m ²)	Finance costs (% of construction costs)	Professional fee (% of construction costs)
Hotel	21,090	4.65	6
Serviced apartments	17,205	4.65	6

As at 31 December 2023

	Depreciated replacement cost method		
	Building cost (RMB/m ²)	Finance costs (% of construction costs)	Professional fee (% of construction costs)
Hotel	19,000	4.75	3
Serviced apartments	17,100	4.75	3

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FOR THE YEAR ENDED 31 DECEMBER 2023

14 LEASES

The consolidated balance sheet shows the following amounts relating to leases:

	Land use rights RMB'000	Staff quarter RMB'000	Total RMB'000
Right-of-use assets			
At 1 January 2022	1,232,114	9,146	1,241,260
Addition	—	33,856	33,856
Depreciation (Note 6)	(49,282)	(10,086)	(59,368)
At 31 December 2022	1,182,832	32,916	1,215,748
At 1 January 2023	1,182,832	32,916	1,215,748
Depreciation (Note 6)	(49,285)	(10,102)	(59,387)
At 31 December 2023	1,133,547	22,814	1,156,361

On 22 November 2022, the Group entered into a renewal lease contract with Guangzhou Yuexiu Star Apartment Management Co., Ltd. in respect of the staff quarters used as accommodation for some of the hospitality staff for a further term of three years with effect from 1 December 2022.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Lease liabilities		
Current portion	11,965	10,485
Non-current portion	11,826	22,517
	23,791	33,002

As at 31 December 2023, the fair value of land use rights was approximately RMB2,657 million (2022: RMB2,474 million). The change in fair value is not reflected in the consolidated financial statements.

As at 31 December 2023, right-of-use assets were pledged with an aggregate net book amount of approximately RMB1,050 million (2022: RMB1,101 million) as collateral for the Group's bank borrowings (Note 26).

14 LEASES (continued)

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets (Note 6)		
Land use rights	49,285	49,282
Staff quarters	10,102	10,086
	59,387	59,368
Interest expense (included in finance expenses) (Note 10)	1,185	342
	1,185	342

The total cash outflows for leases in 2023 was RMB12,207,000 (2022: RMB11,189,000).

15 INVESTMENT PROPERTIES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance	37,702,232	37,657,000
Addition from acquisition of subsidiaries	—	113,207
Capitalisation of transaction costs for the acquisition of subsidiaries	—	1,653
Exchange differences	1,619	(601)
Capitalised expenditure	39,716	26,786
Fair value gains/(losses) during the year, included in profit or loss under "Fair value gains/(losses) on investment properties"	27,579	(95,813)
Closing balance	37,771,146	37,702,232
Fair value gains/(losses) for the year included in profit or loss for assets held at the end of the year, under "Fair value gains/(losses) on investment properties"	27,579	(95,813)

In the consolidated statement of comprehensive income, direct operating expenses relating to investment properties in 2023 amounted to RMB291,931,000, among which, RMB32,036,000 was related to investment properties that were vacant.

As at 31 December 2023, investment properties with an aggregate carrying value of approximately RMB3,753 million (2022: RMB3,847 million) were pledged as collateral for the Group's bank borrowings (Note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15 INVESTMENT PROPERTIES (continued)

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Savills, being an independent qualified valuer not related to the Group as at 31 December 2023 (2022: Colliers).

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 senior management. Discussions of valuation processes and results are held between management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

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

Valuation techniques

(a) *Investment properties in Chinese Mainland*

As at 31 December 2023 and 2022, Savills and Colliers relied on the income capitalisation method as the primary approach and cross-checked by the direct comparison approach. The use of the income capitalisation method is in line with the 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 income of contractual tenancies. It has also taken into account the reversionary market rent after the expiry of tenancies in capitalisation. The prevailing market rents adopted in the valuation have made reference to recent lettings and other similar comparable properties in the vicinity.

(b) *Investment properties in Hong Kong*

As at 31 December 2023 and 2022, Savills and Colliers 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 (2022: Level 3) of the fair value hierarchy.

15 INVESTMENT PROPERTIES (continued)

Significant inputs used to determine fair value

(a) Investment properties in Chinese Mainland

Capitalisation rates are estimated by Savills and Colliers as at 31 December 2023 and 2022 based on the risk profile of the properties being valued. The higher the rates, the lower the fair value will be.

Prevailing market rents are estimated based on recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value will be.

The adopted valuation assumptions in the income capitalisation method are summarised as follows:

As at 31 December 2023

	Fair value (RMB'000)	Monthly market unit rent (RMB per sq.m.)	Capitalisation rate (per annum)
Office	27,246,400	78 to 275	4.50% to 7.00%
Wholesale and shopping mall	10,416,000	33 to 1,023	4.50% to 7.50%

As at 31 December 2022

	Fair value (RMB'000)	Monthly market unit rent (RMB per sq.m.)	Capitalisation rate (per annum)
Office	28,322,000	90 to 319	4.00% to 6.25%
Wholesale and shopping mall	9,265,000	65 to 1,035	4.00% to 7.25%

(b) Investment properties in Hong Kong

Sales prices are estimated based on recent market transactions. The higher the prices, the higher the fair value will be.

The adopted valuation assumption in the direct comparison approach is as follows:

As at 31 December 2023

	Fair value (RMB'000)	Unit sales price (HKD per sf.)
17/F, Hong Kong Yue Xiu Building	53,467	15,365
23/F, Hong Kong Yue Xiu Building	55,279	15,885

As at 31 December 2022

	Fair value (RMB'000)	Unit sales price (HKD per sf.)
17/F, Hong Kong Yue Xiu Building	56,544	16,400
23/F, Hong Kong Yue Xiu Building	58,688	17,040

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16 SUBSIDIARIES

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
GZI REIT (Holding) 2005 Company Limited ³	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	100%
Yuexiu REIT 2012 Company Limited ³	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT MTN Company Limited ("REIT MTN") ³	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT 2013 Company Limited ³	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Partat Investment Limited ⁴	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Moon King Limited ⁴	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Full Estates Investment Limited ⁴	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Keen Ocean Limited ⁴	British Virgin Islands, limited liability company	Leasing of commercial properties in Chinese Mainland	1 ordinary share of USD1	100%
Tower Top Development Ltd. ("Tower Top") ⁴	British Virgin Islands, limited liability company	Investment holding	10,000 ordinary shares of USD1	99.99%
Bliss Town Holdings Ltd. ⁴	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%

16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
Hoover Star International Ltd. ⁴	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Miller Win Group Ltd. ⁴	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Shinning Opal Management Ltd. ⁴	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	99.99%
Ever Joint Investment International Limited ⁴	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	99.99%
Long Grace Holdings Limited ⁴	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
Profit Link Investment International Limited ⁴	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
San Bright Holdings Limited ⁴	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	99.99%
Guangzhou Yuecheng Industrial Ltd. ^{1,4}	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK\$300 million	99.99%
Guangzhou Yuesheng Industrial Ltd. ^{1,4}	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK\$300 million	99.99%
Guangzhou Yuehui Industrial Ltd. ^{1,4}	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK\$300 million	99.99%
Guangzhou Yueli Industrial Ltd. ^{1,4}	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of HK\$300 million	99.99%

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FOR THE YEAR ENDED 31 DECEMBER 2023

16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
Guangzhou Yue Xiu City Construction International Finance Centre Co., Ltd ⁴	Chinese Mainland, limited liability company	Property management and property leasing in Chinese Mainland	Registered capital of RMB2,650 million	98.99%
Guangzhou IFC Hospitality Management Co., Ltd ⁴	Chinese Mainland, limited liability company	Hospitality management in Chinese Mainland	Registered capital of RMB5 million	98.99%
Shanghai Hong Jia Real Estate Development Co., Ltd. ^{1,4}	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of USD28.5 million	100%
Bestget Enterprises Limited ⁴	Hong Kong, limited liability company	Investment holding in Hong Kong	257,614,000 ordinary shares of HK\$257,614,000	100%
Fully Cheer Management Ltd. ⁴	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Sure Win International Holdings Limited ⁴	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	100%
Wuhan Yuexiu Property Development Limited ^{2,4}	Mainland China, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB2,200,000,000	67%
Yuexiu REIT 2017 Company Limited ³	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Wealthy Reach Holdings Limited ⁴	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%

16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
Prime Glory Group Holdings Limited ⁴	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary share of HK\$1	100%
Guangzhou Xiujiang Industries Development Co., Limited ^{1,4}	Chinese Mainland, limited liability company	Investment holding in Chinese Mainland	Registered capital of RMB550,000,000	100%
Hangzhou Yuehui Real Estate Development Co., Limited ⁴	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB470,000,000	100%
Yuexiu REIT 2018 Company Limited ³	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
廣州晉耀置業有限公司 ⁴	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州譽耀置業有限公司 ⁴	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州景耀置業有限公司 ⁴	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州佳耀置業有限公司 ⁴	Chinese Mainland, limited liability company	Leasing of commercial properties in Chinese Mainland	Registered capital of RMB1,000,000	100%
廣州匯盛實業投資合夥企業(有限合夥) ⁴	Chinese Mainland, limited liability company	Investing holding	Registered capital of RMB8,100,000,000	100%

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16 SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/registered capital	Interest held (Note)
廣州駿盛經濟資訊諮詢有限公司 ^{1,4}	Chinese Mainland, limited liability company	Investing holding	Registered capital of RMB1,000,000	100%
Legend Smart (China) Limited ⁴	Hong Kong, limited liability company	Investment holding	1 ordinary share of HK\$1	100%
Gain Force Investments Limited ("Gain Force") ⁴	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Yuexiu REIT Secure Shell Limited ("Secure Shell") ³	British Virgin Islands, limited liability company	Investment holding	1 ordinary share of USD1	100%
Blow Light Investments Limited ⁴	Hong Kong, limited liability company	Leasing of commercial properties in Hong Kong	Registered capital of HK\$10,000	100%
Artform Investment Limited ⁴	Hong Kong, limited liability company	Leasing of commercial properties in Hong Kong	Registered capital of HK\$100,000	100%

The non-controlling interests in respect of each subsidiary are not individually or collectively material to the Group.

Notes:

¹ These companies are registered as wholly foreign owned enterprises under PRC law.

² These companies are registered as Sino-foreign equity joint ventures under PRC law.

³ Shares of these companies are held directly by Yuexiu REIT.

⁴ Shares of these companies are held indirectly by Yuexiu REIT.

17 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 denominated in RMB.

18 GOODWILL

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cost	859,868	859,868
Accumulated impairment	—	—
Net book amount	859,868	859,868

Goodwill is monitored by management. The goodwill is presented below:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
The PRC	859,868	859,868

Goodwill of the Group mainly represents the deferred income tax liabilities in relation to the investment properties acquired through business combinations. In assessing whether goodwill has suffered any impairment, the carrying values of the respective investment properties as at year end are compared with their fair values as at the acquisition completion dates. Key assumptions used for goodwill impairment are consistent with those used in the valuation of investment properties. The results of the tests undertaken as at 31 December 2023 and 2022 indicated no impairment existed.

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FOR THE YEAR ENDED 31 DECEMBER 2023

19 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Current assets		
Interest rate swap contracts	—	37,254
Foreign exchange contracts	12,015	62,751
	12,015	100,005
Non-current liabilities		
Foreign exchange contracts	—	23,151

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

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2022 were HK\$2,800,000,000 due on 21 August 2023. The interest rate swap contracts have been settled in 2023.

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 (31 December 2022: HK\$500,000,000 due on 21 December 2023 and HK\$1,120,000,000 due on 28 May 2024).

The notional principal amounts of the outstanding capped foreign exchange forward contracts at 31 December 2022 were HK\$1,500,000,000 due on 21 December 2023 and HK\$2,800,000,000 due on 18 August 2023. The capped foreign exchange forward contracts have been settled in 2023.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair values of foreign exchange forward contracts are based on valuation of the instruments provided by the counterparty banks, which are determined by reference to the present values of the estimated future cash flows, taking into account market observable interest rate yield curves and forward exchange rates at each reporting date. As significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2 of the fair value hierarchy.

The following amounts were recognised in profit or loss in relation to derivatives:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Unrealised fair value changes of derivative financial instruments	35,277	104,142
Net realised gains from derivative financial instruments	110,050	293,621
	145,327	397,763

20 TRADE AND LEASE RECEIVABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trade and lease receivables	23,523	33,438
Loss allowance	(1,294)	(765)
Trade and lease receivables, net	22,229	32,673

Due to the short-term nature of the current receivables, the fair values of trade and lease receivables approximate to their carrying amounts.

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000
0 - 30 days	16,902	19,520
31 - 90 days	4,339	12,025
91 - 180 days	572	925
181 - 365 days	257	318
Over 1 year	1,453	650
	23,523	33,438

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

The Group's trade and lease receivables are mainly denominated in RMB.

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21 INVENTORIES

The balance of inventories mainly consists of food, beverage, consumables and operating supplies.

22 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash at banks and on hand	1,233,148	1,154,625
Bank deposits with original maturity of less than three months	184,579	179,148
Cash and cash equivalents	1,417,727	1,333,773
Bank deposits with original maturity of more than three months and less than twelve months	90,000	20,000
Bank deposits with original maturity of more than twelve months	20,000	30,000
Total	1,527,727	1,383,773
Maximum exposure to credit risk	1,527,377	1,383,423

As at 31 December 2023, included in the bank deposits and cash and cash equivalents of the Group are bank deposits of approximately RMB1,289,621,000 (2022: RMB949,818,000) denominated in RMB, which is not a freely convertible currency in the international market. 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 as disclosed in Note 3(a)(ii). The existing counterparties do not have defaults in the past.

The carrying amounts of bank deposits and cash and cash equivalents approximate to their fair values.

The effective interest rates (per annum) of the deposits at the balance sheet date were as follows:

	As at 31 December	
	2023	2022
Bank deposits with original maturity of more than twelve months	2.60%	2.60%
Bank deposits with original maturity of less than twelve months	1.70% to 4.90%	2.00% to 4.50%

22 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (continued)

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000
RMB	1,289,971	950,168
HK\$	221,353	378,224
USD	16,403	55,381
	1,527,727	1,383,773

23 DEFERRED TAX LIABILITIES

The movements in the net deferred tax liabilities are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Beginning of the year	5,380,971	5,201,515
Deferred taxation charged to profit or loss (Note 11)	135,563	152,583
Deferred taxation charged to reserves	5,114	26,873
End of the year	5,521,648	5,380,971

The movements in deferred tax assets (prior to offsetting the balances within the same taxation jurisdiction) during the year are as follows:

	Tax losses and others RMB'000
At 1 January 2022	27,517
Charged to profit or loss	(8,884)
At 31 December 2022	18,633
At 1 January 2023	18,633
Charged to profit or loss	(5,029)
At 31 December 2023	13,604

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FOR THE YEAR ENDED 31 DECEMBER 2023

23 DEFERRED TAX LIABILITIES (continued)

The movements in deferred tax liabilities (prior to offsetting the balances within the same taxation jurisdiction) during the year are as follows:

	Fair value change RMB'000	Withholding tax in respect of unremitted earnings of subsidiaries RMB'000	Accelerated depreciation allowance and others RMB'000	Total RMB'000
Year ended 31 December 2022				
At 1 January 2022	3,762,763	603,304	862,965	5,229,032
Charged to profit or loss	18,303	29,412	95,984	143,699
Charged to reserves	23,988	2,885	—	26,873
At 31 December 2022	3,805,054	635,601	958,949	5,399,604
Year ended 31 December 2023				
At 1 January 2023	3,805,054	635,601	958,949	5,399,604
Charged to profit or loss	30,667	20,264	79,603	130,534
Charged to reserves	4,565	549	—	5,114
At 31 December 2023	3,840,286	656,414	1,038,552	5,535,252

24 TRADE PAYABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trade payables	14,263	25,190

The fair values of trade payables approximate to their carrying amounts.

The ageing analysis of the trade payables, based on their invoice date, is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
0 - 30 days	7,796	15,038
31 - 90 days	3,443	7,630
91 - 180 days	970	2,402
180 - 365 days	761	115
Over 1 year	1,293	5
	14,263	25,190

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

25 RENTAL DEPOSITS, RECEIPTS IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Rental deposits		
Current portion	216,442	186,238
Non-current portion	192,097	209,987
	408,539	396,225
Receipts in advance		
Current portion	111,392	96,553
Accrued urban real estate tax	54,137	60,702
Accrued withholding tax payable	7,050	11,285
Accrued surcharge tax	15,568	16,753
Construction payable	179,854	186,625
Transaction costs payable for the acquisition of Gain Force (the "Acquisition") (i)	7,731	7,731
Accruals for other operating expenses	132,065	125,295
Accrued interest expenses	93,106	45,057
Accruals and other payables	489,511	453,448
	1,009,442	946,226

- (i) On 23 December 2021, the Group completed the acquisition of the 100% equity interests in Gain Force and its subsidiaries, which are 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 to their fair values. The majority of the Group's rental deposits, receipts in advance and accruals and other payables are denominated in RMB.

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FOR THE YEAR ENDED 31 DECEMBER 2023

26 BORROWINGS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Current portion of long-term borrowings		
Bank borrowings		
– Secured (Note a)	165,000	85,000
– Unsecured	4,664,882	4,279,124
Other borrowings, unsecured (Note b)	1,014,799	—
	5,844,681	4,364,124
Long-term borrowings		
Bank borrowings		
– Secured (Note a)	5,110,233	1,234,400
– Unsecured (Note c)	9,804,443	14,885,374
Other borrowings, unsecured (Note b)	5,339,880	3,785,383
Total long-term borrowings	20,254,556	19,905,157
Less: current portion of long-term borrowings	(5,844,681)	(4,364,124)
Non-current portion of long-term borrowings	14,409,875	15,541,033
Analysed into:		
Unsecured	15,144,323	18,670,757
Secured	5,110,233	1,234,400
	20,254,556	19,905,157

Note a:

As at 31 December 2023, bank loans of approximately RMB5,110 million (2022: RMB1,234 million) are secured by certain parts of Guangzhou IFC with a carrying value of RMB6,700 million (2022: RMB6,892 million).

The Group's borrowings are repayable as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within one year	5,844,681	4,364,124
Between one year and five years	14,409,875	15,541,033
	20,254,556	19,905,157

26 BORROWINGS (continued)

The effective interest rates (per annum) of the borrowings at the balance sheet date were as follows:

	As at 31 December	
	2023	2022
RMB	3.49%	3.45%
HK\$	6.39%	5.31%
USD	2.72%	2.72%

The carrying amounts of the borrowings are denominated in RMB, HK\$ and USD and approximate to their fair values.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
RMB	7,954,404	1,234,400
HK\$	9,473,012	15,885,279
USD	2,827,140	2,785,478
	20,254,556	19,905,157

Note b:

On 2 February 2021, REIT MTN, a wholly owned subsidiary of Yuexiu REIT, issued and sold a total principal amount of USD\$400 million 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 amounts of 3.6% additional notes both due in May 2024 to investors under the MTN Programme.

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

Note c:

Among the balance, an outstanding borrowing was HK\$260,000,000 due to Yue Xiu Investment Consultants Limited ("YXIC") as of 31 December 2023. The borrowing is at an interest rate of HIBOR plus 1.5% with a five-year term commencing on 29 April 2020, which was originally drawn down under the facility agreement between Secure Shell (as borrower) and several banks (as lenders) (the "Facility Agreement") and was subsequently transferred from one of the original lenders to YXIC on 17 August 2023. Pursuant to the Facility Agreement, Yuexiu REIT and Secure Shell were not parties to or otherwise involved in the transfer.

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FOR THE YEAR ENDED 31 DECEMBER 2023

27 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance	16,104,395	14,717,852
Issuance of units	167,832	3,359,022
Transfer to the consolidated statement of comprehensive income	(187,476)	(1,086,845)
Distributions paid during the year	(451,772)	(800,634)
Special distribution for the Acquisition	—	(85,000)
Closing balance	15,632,979	16,104,395

The movements in the number of existing units are as follows:

	Year ended 31 December	
	2023	2022
Units in issue ('000)		
Opening balance	4,783,780	3,417,224
Manager's fee in form of units (Note a)	109,958	57,153
Issuance of deferred units during the year (Note b)	22,000	75,000
Rights issue for the Acquisition (the "Rights Issue") (Note c)	—	1,234,403
Closing balance	4,915,738	4,783,780

Note a:

During 2023, 109,957,846 units were issued for payment of the manager's fee (2022: 57,152,859 units).

Note b:

Pursuant to the terms disclosed in the circular dated 30 June 2012, Yuexiu REIT will, on 31 December of each year, issue to YXP a 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. Accordingly, 22,000,000 Deferred Units were issued on 31 December 2023 (2022: 75,000,000 Deferred Units).

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

Note c:

On 26 January 2022, a total of 1,234,403,038 units were issued on the basis of 37 units for every 100 units held on the Rights Issue record date for HK\$3.20 per unit.

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) before income tax and transactions with unitholders to cash generated from operations:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax and transactions with unitholders	247,497	(272,954)
Adjustments for:		
– Depreciation expenses of property, plant and equipment	90,592	87,509
– Depreciation of right-of-use assets	59,387	59,368
– Amortisation of transaction costs for bank borrowings	21,897	27,079
– Foreign exchange losses on financing activities	143,659	944,353
– Fair value (gains)/losses on investment properties	(27,579)	95,813
– Fair value gains on derivative financial instruments	(145,327)	(397,763)
– Exchange (gains)/losses on operating activities	(23,402)	33,343
– Loss on disposal of property, plant and equipment	6	78
– Impairment allowance for trade and lease receivables	529	115
– Interest income	(36,180)	(25,511)
– Interest and finance charges paid/payable for lease liabilities	1,185	342
– Interest expenses	902,765	549,950
Changes in working capital:		
– Deferred assets	36,525	44,572
– Inventories	3	174
– Trade and lease receivables	10,444	(6,507)
– Amounts due from related parties	(13,222)	16,861
– Prepayments, deposits and other receivables	7,276	(7,347)
– Trade payables	(10,927)	(2,371)
– Rental deposits	12,314	(29,474)
– Receipts in advance	14,839	(24,108)
– Accruals and other payables	28,647	(94,070)
– Amounts due to related parties	131,162	33,966
Cash generated from operations	1,452,090	1,033,418

(b) Major non-cash transaction:

During the year ended 31 December 2023, 109,957,846 units (2022: 57,152,859 units) amounting to RMB167,832,130 (2022: RMB137,054,000) were issued for payment of the manager's fee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Debt reconciliation

	Liabilities from financing activities				
	Lease liabilities RMB'000	Derivative financial instruments, net RMB'000	Borrowings - repayable within one year RMB'000	Borrowings - repayable after one year RMB'000	Total RMB'000
Debt as at 1 January 2022	(9,993)	(213,933)	(2,893,984)	(14,728,455)	(17,846,365)
Cash flows	10,847	(102,748)	—	—	(91,901)
Proceeds from new borrowings	—	—	—	(5,445,263)	(5,445,263)
Repayment of borrowings	—	—	3,307,568	1,284,000	4,591,568
Additions of lease liabilities	(33,856)	—	—	—	(33,856)
Other non-cash movements	—	393,535	(4,777,708)	3,348,685	(1,035,488)
Debt as at 31 December 2022	(33,002)	76,854	(4,364,124)	(15,541,033)	(19,861,305)

	Liabilities from financing activities				
	Lease liabilities RMB'000	Derivative financial instruments, net RMB'000	Borrowings - repayable within one year RMB'000	Borrowings - repayable after one year RMB'000	Total RMB'000
Debt as at 1 January 2023	(33,002)	76,854	(4,364,124)	(15,541,033)	(19,861,305)
Cash flows	12,207	(210,258)	—	—	(198,051)
Proceeds from new borrowings	—	—	—	(6,776,240)	(6,776,240)
Repayment of borrowings	—	—	4,449,197	2,348,331	6,797,528
Additions of lease liabilities	(2,996)	—	—	—	(2,996)
Other non-cash movements	—	145,419	(5,929,754)	5,559,067	(225,268)
Debt as at 31 December 2023	(23,791)	12,015	(5,844,681)	(14,409,875)	(20,266,332)

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2023, the Group was significantly influenced by YXP (incorporated in Hong Kong), which owns approximately 38% (2022: 41%) of Yuexiu REIT's units. The remaining 62% (2022: 59%) of the units are widely held.

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2023:

Connected/related companies	Relationship with Yuexiu REIT
YXP	A major unitholder of Yuexiu REIT
The Manager	An associate of YXP
GZ IFC Management ¹	An associate of YXP
Yicheng BM ¹	A subsidiary of YXP
Guangzhou White Horse Clothings Market Ltd. ("White Horse JV")	A subsidiary of YXP
Baima BM	A subsidiary of YXP
Guangzhou Yuexiu Xingye Property Agent Ltd. ("Xingye") ¹	A subsidiary of YXP
Guangzhou City Construction and Development Co., Ltd. ("GCCD") ¹	A subsidiary of YXP
Guangzhou Construction & Development Holdings (China) Limited ("GCD (China)")	A subsidiary of YXP
Guangzhou Yuexiu Holdings Limited ("GZYX") ¹	Immediate holding company of Yue Xiu
Guangzhou Yuexiu Enterprises (Holdings) Ltd. ("YXE") ¹	A subsidiary of GZYX
Guangzhou Yuexiu Capital Holdings Group Co., Ltd. ("GZYCHG")	A subsidiary of GZYX
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	A major shareholder of YXP
Guangzhou City Construction and Development Group Co., Ltd. ("GCCD BVI")	A subsidiary of YXE
Guangzhou Grandcity Development Ltd.	A subsidiary of YXP
Guangzhou Yue Xiu City Construction Jones Lang LaSalle Property Services Co., Ltd. ("GZ JLL") ¹	A subsidiary of YXP
Guangzhou Suiqiao Development Co., Ltd. ("Suiqiao") ¹	A subsidiary of Yue Xiu
Yue Xiu Investment Consultants Limited ("YXIC") ¹	A subsidiary of YXE
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. ¹	A subsidiary of GZYCHG
Guangzhou Yuexiu Financial Leasing Co., Ltd. ¹	A subsidiary of GZYCHG
Guangzhou Yuexiu Capital Holdings Co., Ltd. ¹	A subsidiary of GZYCHG
Guangzhou Yue Xiu Enterprises Development Ltd.	A subsidiary of YXE
Guangzhou Yue Tong Expressway Operations and Management Company Limited ("Yue Tong") ¹	A subsidiary of Yue Xiu
Guangzhou Yue Peng Information Ltd. ("Yue Peng") ¹	A subsidiary of Yue Xiu
Yuexiu (China) Transport Infrastructure Investment Company Limited ¹	A subsidiary of Yue Xiu
Yuexiu Transport Infrastructure Limited ("Yuexiu Transport")	A subsidiary of Yue Xiu
Chong Hing Bank Limited ("Chong Hing Bank") ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Guangzhou Sub-Branch ("Chong Hing Guangzhou") ¹	A subsidiary of Yue Xiu
Chong Hing Bank Limited Shanghai Branch ("Chong Hing Shanghai") ¹	A subsidiary of Yue Xiu

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FOR THE YEAR ENDED 31 DECEMBER 2023

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2023 (Continued):

Connected/related companies	Relationship with Yuexiu REIT
Guangzhou Paper Group Ltd. ¹	A subsidiary of YXE
Guangzhou Futures Co., Ltd. ¹	A subsidiary of GZYCHG
廣州市祥港房地產開發有限公司	A subsidiary of YXP
廣州市宏錦房地產開發有限公司	A subsidiary of YXP
廣州東耀房地產開發有限公司	A subsidiary of YXP
廣州市城建開發集團名特網絡發展有限公司 ¹	A subsidiary of GZYX
廣州鵬燁貿易有限公司 ¹	A subsidiary of YXP
Guangzhou Yuexiu Financial Technology Co., Ltd. ¹	A subsidiary of GZYCHG
Shanghai Yuexiu Finance Leasing Co., Ltd. ¹	A subsidiary of GZYCHG
武漢康景實業投資有限公司 ¹	A subsidiary of YXP
廣州城建開發設計院有限公司 ¹	A subsidiary of GZYX
廣州越秀商業地產經營管理有限公司 ¹	A subsidiary of YXP
Yue Xiu Consultants (Shenzhen) Co., Ltd.	A subsidiary of Yue Xiu
杭州越秀房地產開發有限公司 ¹	A subsidiary of YXP
杭州越榮房地產開發有限公司	A subsidiary of YXP
杭州盛寅房地產開發有限公司	A subsidiary of YXP
杭州豐勝房地產開發有限公司	A subsidiary of YXP
杭州杭秀房地產開發有限公司 ¹	A subsidiary of YXP
杭州越嘉房地產開發有限公司 ¹	A subsidiary of YXP
武漢越秀商業管理有限公司 ¹	A subsidiary of YXP
廣州市品秀房地產開發有限公司	A subsidiary of YXP
Guangzhou Yuexiu Business Operation Management Co., Ltd. ¹	A subsidiary of YXP
廣州越秀星寓公寓管理有限公司	A subsidiary of YXP
廣州馮越房地產開發有限責任公司	A subsidiary of YXP
廣州越秀資本投資管理有限公司 ¹	A subsidiary of GZYCHG
Guangzhou Yuexiu Kunpeng Private Equity Fund Management Co., Ltd.	A subsidiary of GZYCHG
廣州悅秀智訊科技信息有限公司 ¹	A subsidiary of YXP
廣州白馬電子商務股份有限公司	A subsidiary of YXE
廣州城建開發裝飾有限公司 ¹	A subsidiary of YXP
廣州越秀城開房地產開發有限公司 ¹	A subsidiary of YXP
廣州城建開發工程造價諮詢有限公司 ¹	A subsidiary of YXP
廣期資本管理(上海)有限公司 ¹	A subsidiary of GZYCHG
廣州資產管理有限公司 ¹	A subsidiary of GZYCHG
廣州東秀房地產開發有限公司 ¹	A subsidiary of YXP
廣州越秀華城房地產開發有限公司 ¹	A subsidiary of YXP
廣州皇上皇集團股份有限公司 ¹	A subsidiary of YXE

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The table set forth below summarised the names of connected/related companies and nature of relationship with Yuexiu REIT as at 31 December 2023 (Continued):

Connected/related companies	Relationship with Yuexiu REIT
廣州風行乳業股份有限公司 ¹	A subsidiary of YXE
金鷹基金管理有限公司 ¹	A subsidiary of GZYCHG
廣州宏勝房地產開發有限公司 ¹	A subsidiary of YXP
廣州裕秀房地產開發有限公司 ¹	An associate of YXP
廣州越冠房地產開發有限公司 ¹	A subsidiary of YXP
廣州匯城實業發展有限公司 ¹	A subsidiary of YXP
廣州敏秀房地產開發有限公司 ¹	A joint venture of YXP
廣州南方智媒產業園有限公司 ¹	A subsidiary of YXP
廣州樾富房地產開發有限公司 ¹	A subsidiary of YXP
廣州市品薈房地產開發有限公司 ¹	A subsidiary of YXP
廣州越宏房地產開發有限公司 ¹	An associate of YXP
廣州市佰城投資發展有限公司 ¹	A subsidiary of YXP
Guangzhou Yuexiu Foods Group Co., Ltd. ("Yuexiu Foods") ¹	A subsidiary of YXE
廣州越秀發展集團有限公司 ¹	A subsidiary of YXE
廣州越創智數信息科技有限公司 ¹	A subsidiary of YXP
廣州皇上皇食品商貿有限公司 ¹	A subsidiary of YXE
廣州市品輝房地產開發有限公司 ¹	A subsidiary of YXP
廣州市品悅房地產開發有限公司 ¹	A subsidiary of YXP
廣州鳴泉居會議中心有限公司 ¹	A subsidiary of GZYX
廣州市悅冠智能科技有限公司 ¹	A subsidiary of YXP
廣州悅秀會信息科技有限公司 ¹	A subsidiary of YXP
輝山乳業(瀋陽)銷售有限公司 ¹	A subsidiary of YXE
廣州市品臻房地產開發有限公司 ¹	An associate of YXP
廣州越秀物業發展有限公司 ¹	A Subsidiary of Yuexiu Services
廣州越建工程管理有限公司 ¹	A subsidiary of YXP
廣州市穗港澳合作交流促進會 ¹	A subsidiary of YXP
湖北悅秀薈房地產經紀有限公司 ¹	A subsidiary of YXP
廣州越達投資有限責任公司 ¹	A subsidiary of Yue Xiu
Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd. ¹	A subsidiary of GZYCHG
廣州越創房地產開發有限公司 ¹	An associate of YXP
Dragon Yield Holding Limited ("Dragon Yield")	A subsidiary of YXP
The Trustee	The Trustee of Yuexiu REIT
The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries (the "HSBC Group")	Associates of the Trustee
Yue Xiu Securities Company Limited	A subsidiary of GZYX

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

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29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Transactions with connected/related companies

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Asset management fee paid/payable to – the Manager	170,273	166,530
Property management fees paid/payable to – Yicheng BM	25,284	26,095
– Baima BM	5,517	2,798
– GZ IFC Management	16,668	17,820
Rental income received/receivable from – Xingye	2,677	6,019
– Yicheng BM	7,760	7,720
– GCCD	16,363	16,226
– YXE	9,416	17,385
– Suiqiao	569	569
– Guangzhou Futures Co., Ltd.	860	2,188
– Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	995	1,008
– GZ JLL	19,646	17,389
– Guangzhou Yuexiu Financial Leasing Co., Ltd.	13,572	13,170
– GZ IFC Management	10,727	11,074
– Guangzhou Yuexiu Capital Holdings Co., Ltd.	23,474	21,785
– Yue Tong	2,072	1,242
– Yue Peng	756	756
– Yuexiu (China) Transport Infrastructure Investment Company Limited	—	829
– Guangzhou Paper Group Ltd.	279	281
– Chong Hing Guangzhou	16,315	14,286
– Chong Hing Shanghai	5,303	—
– 廣州市城建開發集團名特網絡發展有限公司	1,278	1,781
– 廣州鵬燁貿易有限公司	1,870	1,196
– Guangzhou Yuexiu Financial Technology Co., Ltd.	406	365
– Shanghai Yuexiu Finance Leasing Co., Ltd.	5,965	6,212

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income received/receivable from		
– 武漢越秀商業管理有限公司	3,095	3,737
– 武漢康景實業投資有限公司	—	3,021
– 廣州城建開發設計院有限公司	1,676	1,675
– 廣州越秀商業地產經營管理有限公司	651	671
– 廣州越秀資本投資管理有限公司	4,227	4,182
– 杭州越秀房地產開發有限公司	5,337	5,599
– Guangzhou Yuexiu Business Operation Management Co., Ltd.	6	18
– 廣州悅秀智訊科技信息有限公司	2,290	2,210
– 廣州匯城實業發展有限公司	—	3,540
– 廣州城建開發工程造價諮詢有限公司	667	—
– 廣州城建開發裝飾有限公司	303	733
– 廣期資本管理(上海)有限公司	3,182	4,119
– 廣州資產管理有限公司	17,705	16,936
– 廣州越達投資有限責任公司	7,227	7,227
– Guangzhou Yuexiu Venture Investment Fund Management Co., Ltd.	4,297	1,610
– YX Foods	—	117
– 廣州東秀房地產開發有限公司	—	2,717
– 湖北悅秀薈房地產經紀有限公司	—	11
– 廣州越秀城開房地產開發有限公司	10,824	10,241
– 廣州越秀華城房地產開發有限公司	40,271	36,429
– 廣州越宏房地產開發有限公司	8,808	8,808
– 廣州市佰城投資發展有限公司	8,794	8,794
– GZYX	55,790	40,140
– 廣州越秀發展集團有限公司	279	163
– 廣州越創智數信息科技有限公司	358	332
– 廣州皇上皇集團股份有限公司	—	345
– 廣州風行乳業股份有限公司	—	413
– 杭州杭秀房地產開發有限公司	1,066	1,066
– 杭州越嘉房地產開發有限公司	2,163	2,163
– 金鷹基金管理有限公司	8,011	8,011
– 廣州宏勝房地產開發有限公司	4,732	4,732
– 廣州裕秀房地產開發有限公司	—	825
– 廣州市品輝房地產開發有限公司	818	2,492
– 廣州越冠房地產開發有限公司	6,225	6,059
– 廣州敏秀房地產開發有限公司	—	2,368
– 廣州南方智媒產業園有限公司	—	1,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income received/receivable from		
– 廣州越創房地產開發有限公司	—	626
– 廣州樾富房地產開發有限公司	—	1,012
– 廣州市品悅房地產開發有限公司	1,636	3,028
– 廣州市穗港澳合作交流促進會	387	379
– 廣州市品薈房地產開發有限公司	404	3,697
– 廣州皇上皇食品商貿有限公司	—	476
– 廣州鳴泉居會議中心有限公司	35	23
– 廣州市品臻房地產開發有限公司	8,433	—
– 廣州市悅冠智能科技有限公司	522	—
– 廣州悅秀會信息科技有限公司	11	—
– 輝山乳業(瀋陽)銷售有限公司	491	—
– Chong Hing Bank	—	4,683
– 廣州越建工程管理有限公司	2,982	—
– 廣州越秀物業發展有限公司	26	—
	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income received/receivable from		
– YXP	1,848	28
– the Manager	926	28
– Yuexiu Transport	926	28

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Transactions with connected/related companies (continued)

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Naming right income received/receivables from – YXP	20,000	20,000
Interest income received/receivable from – GCCD	3,453	3,453
– Chong Hing Guangzhou	592	882
– the HSBC Group	54	5
Trustee's fee paid/payable to – the Trustee	12,734	12,703
Principal element of lease payments paid to – 廣州越秀星寓公寓管理有限公司	12,207	10,847
Interest expense paid/payable to – the HSBC Group	18,429	17,616
– Chong Hing Guangzhou	—	2,496
– YXP	—	3,619
Bond underwriter's fee paid/payable to – the HSBC Group	2	2
– the Chong Hing Bank	36	—
– Yue Xiu Securities Company Limited	47	—

Note:

- (i) All transactions with connected/related companies were carried out in accordance with the terms of the relevant agreements governing the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with connected/related companies

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Amount due from GCCD (i)	42,063	42,063
Amount due from YXP	10,000	—
Amount due from GCD (China)	6,387	3,165
Amount due to Yicheng BM	6,535	4,992
Amount due to Baima BM	13,990	36,337
Amount due to the Manager	87,110	84,670
Amount due to GZ IFC Management	3,653	3,517
Amount due to GCD (China)	1,540	1,519
Amount due to GCCD BVI	10,000	10,000
Amount due to YXP	1,001	1,001
Bank deposit in Chong Hing Bank	4,688	54,304
Bank deposit in HSBC Group	8,012	3,140
Bank borrowing from the HSBC Group	312,574	348,375
Derivative financial instrument from the HSBC Group	1,206	8,476
Rental income receivables from related companies	1,141	2,294
Receipts in advance from related companies	4,507	4,538
Rental deposits from related companies (ii)	78,728	88,012
Trade payables to related companies	1,196	2,387
Borrowing from the YXIC (iii)	235,617	—

Except for the borrowing from YXIC as disclosed in (iii) below and an amount due from GCCD of approximately RMB40 million (31 December 2022: RMB40 million) which is unsecured, interest bearing at 9% per annum and repayable on settlement of the related construction fee payable, all other balances with related companies are unsecured, interest-free and repayable on demand. All the balances are denominated in RMB and reasonable approximations to their fair values.

29 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with connected/related companies (continued)

Notes:

- (i) Pursuant to the settlement agency agreement entered into between GCCD and Tower Top, GCCD would be responsible for settling the outstanding construction costs related to the construction of Guangzhou IFC. The receivable balance of RMB40 million (2022: RMB40 million) as at year end represents the initial amount transferred to GCCD less the settlement of construction payable. To the extent that there are residual funds after settlement of all outstanding construction costs, GCCD will be required to refund the surplus cash to Tower Top after the settlement of such costs.
- (ii) Rental deposits from related companies are included as rental deposits in the consolidated statement of financial position.
- (iii) The balance represented the outstanding borrowing of HK\$260,000,000 due to Yue Xiu Investment Consultants Limited ("YXIC") as of 31 December 2023. The borrowing is at an interest rate of HIBOR plus 1.5% with a five-year term commencing on 29 April 2020, which was originally drawn down under the facility agreement between Secure Shell (as borrower) and several banks (as lenders) (the "Facility Agreement") and was subsequently transferred from one of the original lenders to YXIC on 17 August 2023. Pursuant to the Facility Agreement, Yuexiu REIT and Secure Shell were not parties to or otherwise involved in the transfer.

(c) Key management compensation

There was no key management compensation for the year ended 31 December 2023 (2022: Nil).

30 CAPITAL COMMITMENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties		
Contracted but not provided for	35,588	32,404

31 FUTURE MINIMUM RENTAL RECEIVABLES

The future minimum rental receivables under non-cancellable operating leases are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within one year	1,106,763	1,258,688
Between one year and five years	1,448,178	1,705,440
Over five years	21,429	52,519
	2,576,370	3,016,647

PERFORMANCE TABLE

AS AT 31 DECEMBER 2023

	2023	2022	2021	2020	2019
Net assets attributable to Unitholders (RMB)	15,632,979,000	16,104,395,000	14,717,852,000	14,584,563,000	14,599,360,000
Net asset attributable to Unitholders per unit (including net assets attributable to deferred Unitholder) (RMB)	3.18	3.37	4.31	4.42	4.55
(Equivalent to HK\$)	3.51	3.77	5.27	5.25	5.08
The highest premium of the traded price to net asset value (HK\$)	N/A	N/A	N/A	0.10	0.55
The highest discount of the traded price to net asset value (HK\$)	2.41⁽ⁱ⁾	2.45 ⁽ⁱ⁾	2.07	2.05	0.13
Net yield/(loss) per unit	0.1%⁽ⁱⁱ⁾	(6.07)% ⁽ⁱⁱ⁾	5.9%	4.7%	5.9%
Number of units in issue (units)	4,915,738,171	4,783,780,325	3,417,224,428	3,303,113,665	3,205,856,551

Notes:

- (i) The highest premium is calculated based on the highest traded price of HK\$2.69 (2022: HK\$3.47) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2023. The highest discount is calculated based on the lowest traded price of HK\$1.10 (2022: HK\$1.32) on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2023.
- (ii) Net yield/(loss) per unit is calculated based on profit/(loss) after tax before transactions with unitholders per unit for the year ended 31 December 2023 over the closing price of HK\$1.26 (2022: HK\$1.97) as at 31 December 2023.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of Yuexiu REIT for the last five financial years is set out below:

	Year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Results					
(Loss)/profit after tax before transactions with Unitholders	(3,955)	(510,940)	674,562	587,121	940,408

	As at 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Assets and Liabilities					
Total assets	43,846,081	43,866,432	43,862,248	36,260,137	36,425,456
Total Liabilities, other than net assets attributable to Unitholders	27,006,270	26,544,795	27,938,370	20,487,471	20,620,701
Net assets attributable to Unitholders	15,632,979	16,104,395	14,717,852	14,584,563	14,599,360

CORPORATE AND INVESTOR RELATIONS INFORMATION

BOARD OF DIRECTORS OF THE MANAGER

EXECUTIVE DIRECTORS

Mr. Lin Deliang (*Chairman*)

Ms. Ou Haijing

NON-EXECUTIVE DIRECTORS

Mr. Li Feng

Mr. Zeng Zhizhao

INDEPENDENT NON-EXECUTIVE DIRECTORS & AUDIT COMMITTEE MEMBERS

Mr. Chan Chi On, Derek

Mr. Chan Chi Fai, Brian

Mr. Cheung Yuk Tong

Mr. Chen Xiaouu

RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Lin Deliang

Ms. Ou Haijing

Mr. Kwan Chi Fai

COMPANY SECRETARY OF THE MANAGER

Mr. Yu Tat Fung

CHIEF FINANCIAL OFFICER OF THE MANAGER

Mr. Kwan Chi Fai

TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

AUDITOR OF YUEXIU REIT

Ernst & Young (Certified Public Accountants and Registered PIE Auditor)

PRINCIPAL VALUER

Savills Valuation and Professional Services Limited

HONG KONG LEGAL ADVISER

Baker & McKenzie

PRINCIPAL BANKERS OF YUEXIU REIT

Bank of China (Hong Kong) Limited

Bank of Communications (Hong Kong) Limited

China Merchants Bank Co., Ltd.

CMB Wing Lung Bank Limited

DBS Bank Ltd.

Industrial and Commercial Bank of China (Asia) Limited

Industrial Bank Co., Ltd.

Nanyang Commercial Bank, Limited

Ping An Bank Co., Ltd.

Shanghai Pudong Development Bank Co., Ltd

The Hong Kong and Shanghai Banking Corporation Limited

WEBSITES TO ACCESS INFORMATION IN RELATION TO YUEXIU REIT

<http://www.yuexiureit.com>

<http://www.hkex.com.hk>

REGISTERED OFFICE OF THE MANAGER

Flat B, 17/F

Yue Xiu Building

160 Lockhart Road

Wanchai, Hong Kong

UNIT REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Center

16 Harcourt Road, Hong Kong

CORPORATE AND INVESTOR RELATIONS INFORMATION

LISTING EXCHANGE

UNITS:

The Stock Exchange of Hong Kong Limited-00405

BOND:

The Stock Exchange of Hong Kong Limited

US\$400,000,000 2.65% Notes due 2026

(Stock code: 40577)

Chongwa (Macao) Financial Asset Exchange Company Limited

RMB1,500,000,000 4.15% Guaranteed Notes due 2026

(Stock code: MOXLB2350)

INVESTOR RELATIONS

For further information about

Yuexiu REIT, please contact:

Mr. Jiang Yongjin

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越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

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Manager



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