



越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

WHERE GOOD  
LIVING STARTS

# ANNUAL RESULTS 2015

29 February 2016

 越秀集团  
YUEXIU GROUP

 30  
不斷超越 更加优秀



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# FINANCIAL HIGHLIGHTS

## Revenue and Contracted Sales Historically High

- Revenue of 2015 was RMB22.12 bn, +40.8% y-o-y
- Contracted sales value of 2015 was RMB24.85 bn , +12.9% y-o-y
- Successfully achieved full year sales target of RMB24.80 bn, recorded a new historical high level

## Reinforced Position in Tier 1 & 2 Cities

- In 2015, the Group acquired land parcels located in Guangzhou, Foshan, Jiangmen and Suzhou respectively, which amounted to 2.12 mm sq.m.. The attributable consideration was approx. RMB7.02 bn
- As of 31 December 2015, the total landbank of the Group was approximately 13.69 mm sq.m., of which 88% were located in Tier 1 and Tier 2 cities (Guangzhou accounted for 40%)
- Jointly developed Guangzhou Haizhu Guangzhi Land I with Greenland and jointly developed Jiangmen Xijiang Mansion with Country Garden. The Group will further implement the cooperation model with collaborating partners for win-win results.

## Financial Position Remained Healthy

- In 2015, bank loan financing of RMB15.20 bn was realized, including RMB9.72 bn onshore and RMB5.48 bn offshore
- Moody's, Fitch and Standard & Poor's have all maintained the investment-grade ratings granted to the Group at 「Baa3」, 「BBB-」 and 「BBB-」 respectively. The average borrowing cost was decreased to 4.95%.
- Total cash amounted to RMB15.17 bn, +17.1% y-o-y, the net gearing ratio was 73.1%

## Established Long-term Effective Incentive Scheme

- Guided by the “creating value and sharing value” principle, in 2015 the Group first established management investment profit sharing scheme in Foshan Yuexiu City Box with satisfactory effect, aiming to enhance project returns. As of 31 December 2015, the Group has implemented the scheme successively in other project companies in eight cities.
- Explore to establish and implement long-term effective stock incentive scheme, so that the interests of employees and the interests of the Group were aligned.

# INCOME STATEMENT

RMB bn	2015	2014	Change
Revenue	22.12	15.70	+40.8%
Gross Profit	4.66	4.14	+12.6%
Fair Value Gains	0.44	1.41	-68.7%
SG&A Expenses	1.61	1.49	+8.1%
Net Profit	1.01	2.47	-59.0%
Core Net Profit <sup>(1)</sup>	1.24	1.58	-21.2%
Basic Earning per Share <sup>(2)</sup>	RMB0.0817	RMB0.2329	-64.9%
Proposed Final Dividend per Share	HKD0.019	HKD0.027	-29.6%
Total Dividend per Share	HKD0.048	HKD0.076	-36.8%
Dividend Payout Ratio <sup>(3)</sup>	40%	40%	-

Note: (1) Excluding the net fair value gains of investment properties and the foreign exchange loss/ gain

(2) Weighted average number of ordinary shares in issue for 2015 was 12,401,306,631 (2014:10,610,052,000)

(3) Percentage of Core Net Profit

# BALANCE SHEET

RMB bn	31 Dec 2015	31 Dec 2014	Change
Cash <sup>(1)</sup>	15.17	12.96	+17.1%
Total Borrowings	38.16	32.06	+19.0%
Gearing Ratio <sup>(2)</sup>	47.6%	44.4%	+3.2ppt
Net Gearing Ratio <sup>(3)</sup>	73.1%	63.1%	+10.0ppt
Total Assets	112.02	93.08	+20.4%
Shareholders' Equity	29.62	29.10	+1.8%
Net Asset per Share	RMB2.39	RMB2.35	+1.8%

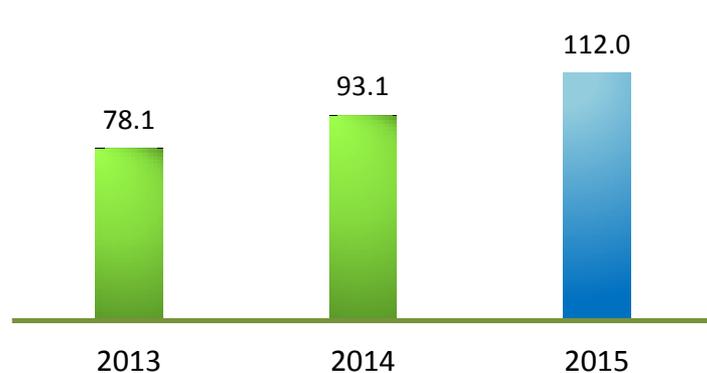
Note :

(1) Including the charged bank deposits of RMB5.62bn as of 31 December 2015 ( 2014 : RMB5.07bn )

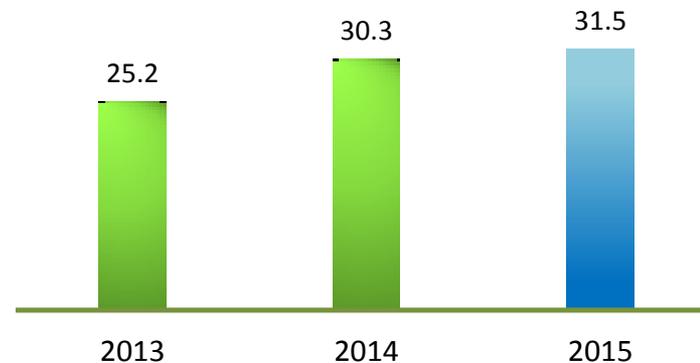
(2) Gearing Ratio = ( Total Borrowings – Cash ) / Total Capitalization

(3) Net Gearing Ratio = ( Total Borrowings - Cash ) / Net Asset

## TOTAL ASSETS (RMB bn)



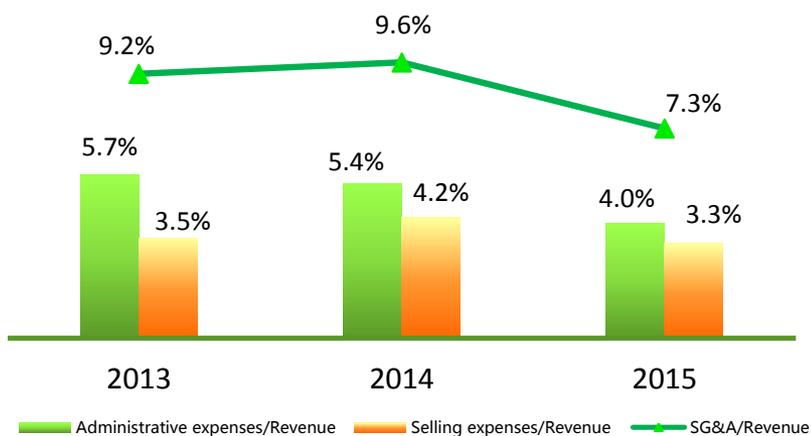
## NET ASSETS (RMB bn)



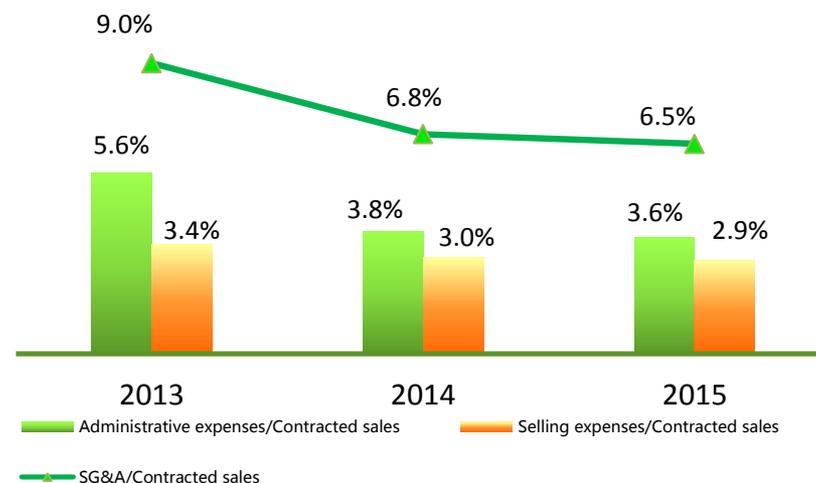
# OPERATING RATIO ANALYSIS

Ratios	2015	2014	2013
Administrative expenses/Revenue	4.0%	5.4%	5.7%
Selling expenses/Revenue	3.3%	4.2%	3.5%
SG&A/Revenue	7.3%	9.6%	9.2%
Administrative expenses/Contracted sales	3.6%	3.8%	5.6%
Selling expenses/Contracted sales	2.9%	3.0%	3.4%
SG&A/Contracted sales	6.5%	6.8%	9.0%

## SG&A RATIOS (REVENUE)



## SG&A RATIOS (CONTRACTED SALES)



# RATINGS

	Initiating Date	Results
S & P	Sep 2014	BBB-
Fitch	Jan 2013	BBB-
Moody's	Jan 2013	Baa3





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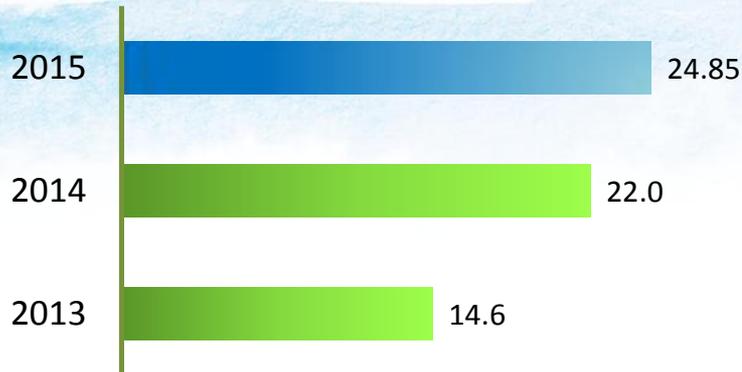
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# 2015 CONTRACTED SALES

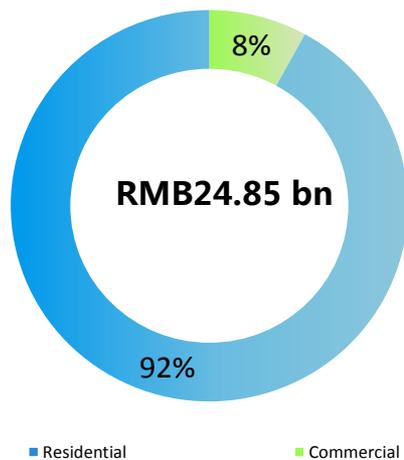


## CONTRACTED SALES (RMB bn)

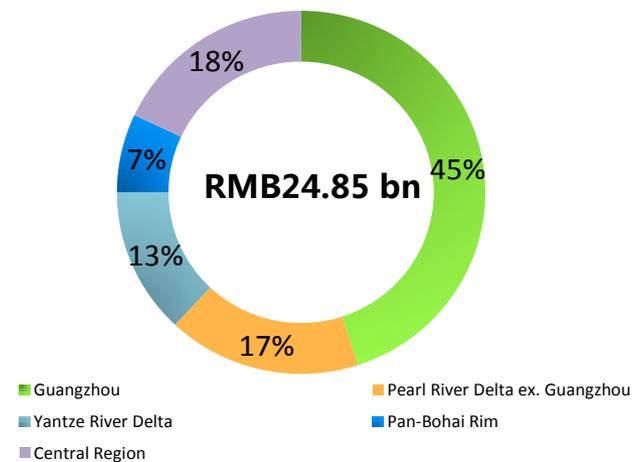


- Contracted sales value amounted to RMB24.85 bn, +12.9% y-o-y, and the contracted sales GFA amounted to 2.27 mm sq.m., +20.5% y-o-y
- Achieved the full year sales target of RMB24.8 bn
- Contributions from Guangzhou and outside Guangzhou accounted for 45% and 55% respectively, which reinforced the nationwide layout
- The ASP of contracted sales was approx. RMB10,900/sq.m.

## BY PRODUCT

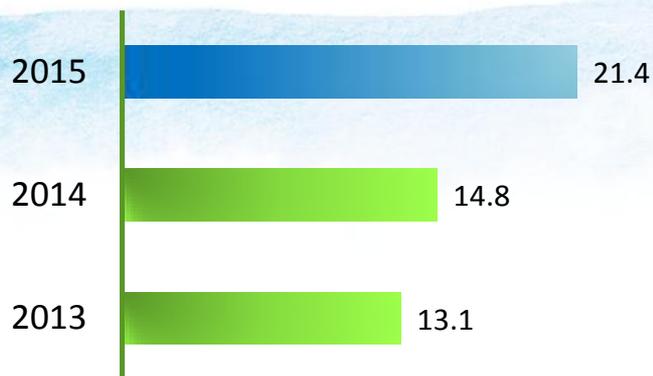


## BY REGION



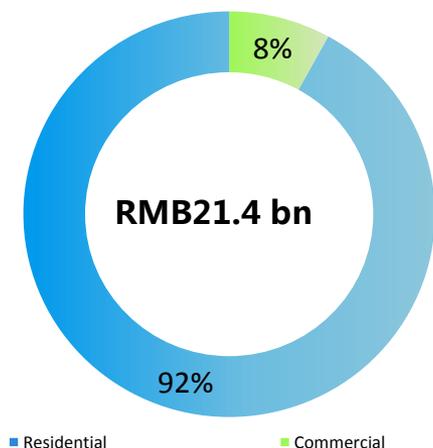
# RECOGNIZED SALES

## RECOGNIZED SALE (RMB bn)

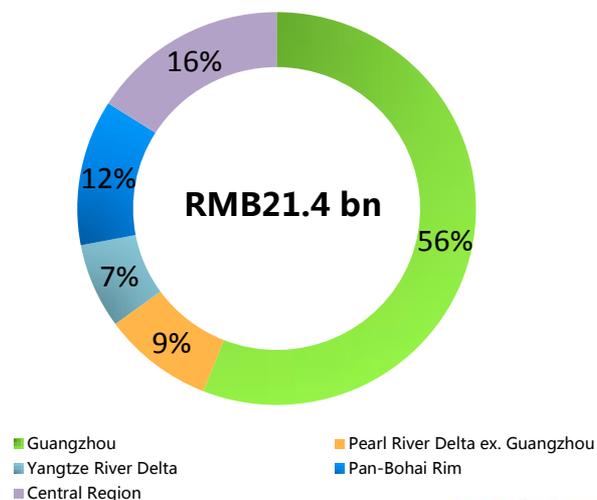


- Recognized sales revenue amounted to RMB21.4bn (including sales of investment properties of RMB0.29 bn), +43.5% y-o-y, recognized sales GFA was 2.0 mm sq.m., +68.1% y-o-y
- Contributions from Guangzhou and outside Guangzhou accounted for 56% and 44% respectively
- The ASP of recognized sales was approx. RMB10,700/sq.m.

## BY PRODUCT



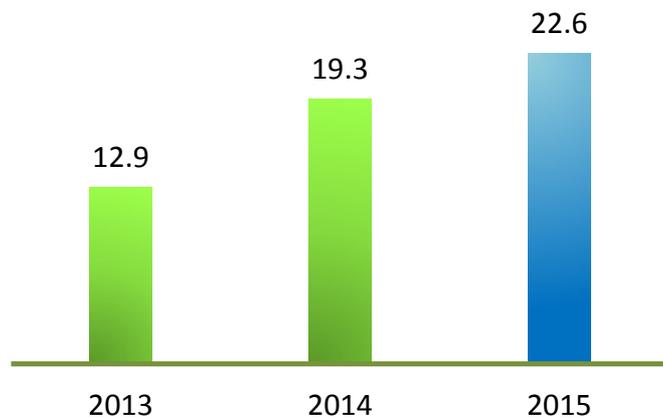
## BY REGION



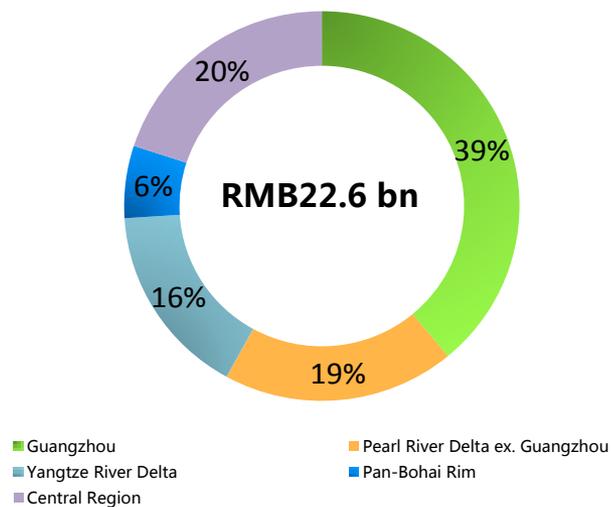
# UNRECOGNIZED SALES

- Unrecognized sales value amounted to approx. RMB22.6 bn , +17.0% y-o-y, corresponding GFA was approx. 2.1 mm sq.m., +15.1% y-o-y
- Contributions from Guangzhou and outside Guangzhou accounted for 39% and 61% respectively

## UNRECOGNIZED SALES (RMB bn)



## BY REGION



# LAND ACQUISITIONS

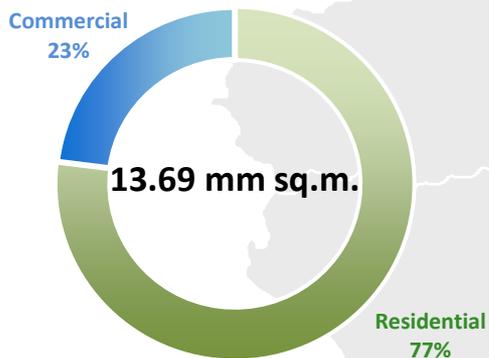
2015 Land Acquisitions	Month	Type	Total GFA (sq.m.)	Total Land Cost (RMB bn)	Attributable Land Cost (RMB bn)	Premium over Initial Price	Equity	Partner
1 Suzhou Starry Pavilion	Jan	R	180,900	0.44	0.21	0.4%	48.5%	Guangdian
2 Foshan Yuexiu City Box (formerly known as Foshan Chancheng Foping Road Project)	Feb	R/C	226,700	0.63	0.59	0%	93.1%	Management
3 Guangzhou Haizhu Guangzhi Land I	Jun	R/C	229,500	2.63	1.25	0%	47.7%	Greenland
4 Guangzhou Yuexiu Starry Haizhu Bay (formerly known as Guangzhou Haizhu Guangzhi Land II)	Jun	R/C	773,300	8.90	4.33	0%	48.7%	Pingan
5 Jiangmen Xijiang Mansion (formerly known as Jiangmen Ganbei Road Land)	Jul & Sep	R/C	469,400	0.70	0.31	0%	44.6%	Country Garden
6 Guangzhou Baiyun Tangcha Road Land	Oct	R	239,400	2.09	0.33	16%	16.0%	CRL, China Rail, Sino-Ocean, Country Garden, Poly
<b>Total</b>			<b>2,119,100</b>	<b>15.39</b>	<b>7.02</b>			



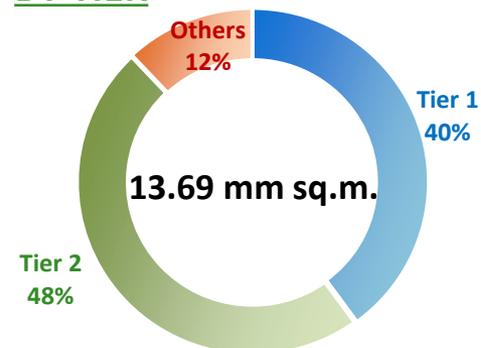
# LANDBANK

Total landbank was approx. 13.69 mm sq.m., attributable landbank was approx. 10.79 mm sq.m.

## BY PRODUCT



## BY TIER



\* Note: Tier 1 cities: Guangzhou, Hong Kong  
Tier 2 cities: Wuhan, Hangzhou, Suzhou, Qingdao, Shenyang, Haikou, Foshan  
Others: Yantai, Jiangmen, Zhongshan

Pan-Bohai Rim 10.8%	
Shenyang	6.0%
Yantai	3.0%
Qingdao	1.8%

Yangtze River Delta 17.4%	
Hangzhou	14.1%
Suzhou	3.3%

Central Region 15.3%	
Wuhan	15.3%

Home Base 39.8%	
Guangzhou	39.8%

Pearl River Delta 15.4%	
Foshan	6.1%
Jiangmen	3.8%
Zhongshan	5.5%

Other Regions 1.3%	
Hong Kong	0.6%
Hainan	0.7%

# UNIQUE COMMERCIAL BUSINESS MODEL

Strong Commercial Development Capability

Strong Commercial Operating Capability

UNIQUE [PROPERTY-REIT] PLATFORM

- Guangzhou IFC: one of the world's best ten buildings as well as the landmark of Guangzhou
- Yuexiu Financial Tower started leasing with smooth progress
- In 2015, Yuexiu Property realized rental income RMB 277 mm and Yuexiu REIT achieved total revenue RMB1.71 bn

- Yuexiu Property holds 37.1% of Yuexiu REIT (405.HK) (as the deferred units are included, will reach approx. 50%)
- The only HK listed PRC developer with a listed REIT platform
- Collecting cash faster with commercial properties injected into the Reits

## COMMERCIAL PROPERTIES OF YUEXIU PROPERTY

	Commercial Properties	GFA (sq.m.)
1	Yuexiu Financial Tower	208,300
2	Guangzhou Fortune World Plaza	180,000
3	Wuhan Starry Emperor	42,100
4	Nanhai Starry Winking (under construction)	112,100
5	Zhongshan Macalline	90,400
6	Xiangkang Commercial Plaza	33,100
7	Guang Yuan Cultural Center	32,000
8	Victory Plaza	21,900
9	Huangshi Garden	21,000
10	HK Yuexiu Plaza	10,800
11	Yuexiu City Plaza	7,300
	Other Projects	183,800
	<b>Total</b>	<b>942,800</b>

## PROPERTIES UNDER LEASING OF YUEXIU REIT

	Projects under Leasing	GFA (sq.m.)
1	White Horse Building	50,200
2	Fortune Plaza	41,400
3	City Development Plaza	42,400
4	Victory Plaza	27,700
5	Neo Metropolis	62,000
6	GZ IFC	457,400
7	Shanghai Hongjia Tower	62,100
	<b>Total</b>	<b>743,100</b>

Note : Yuexiu Property holds 37.1% interest on Yuexiu REIT





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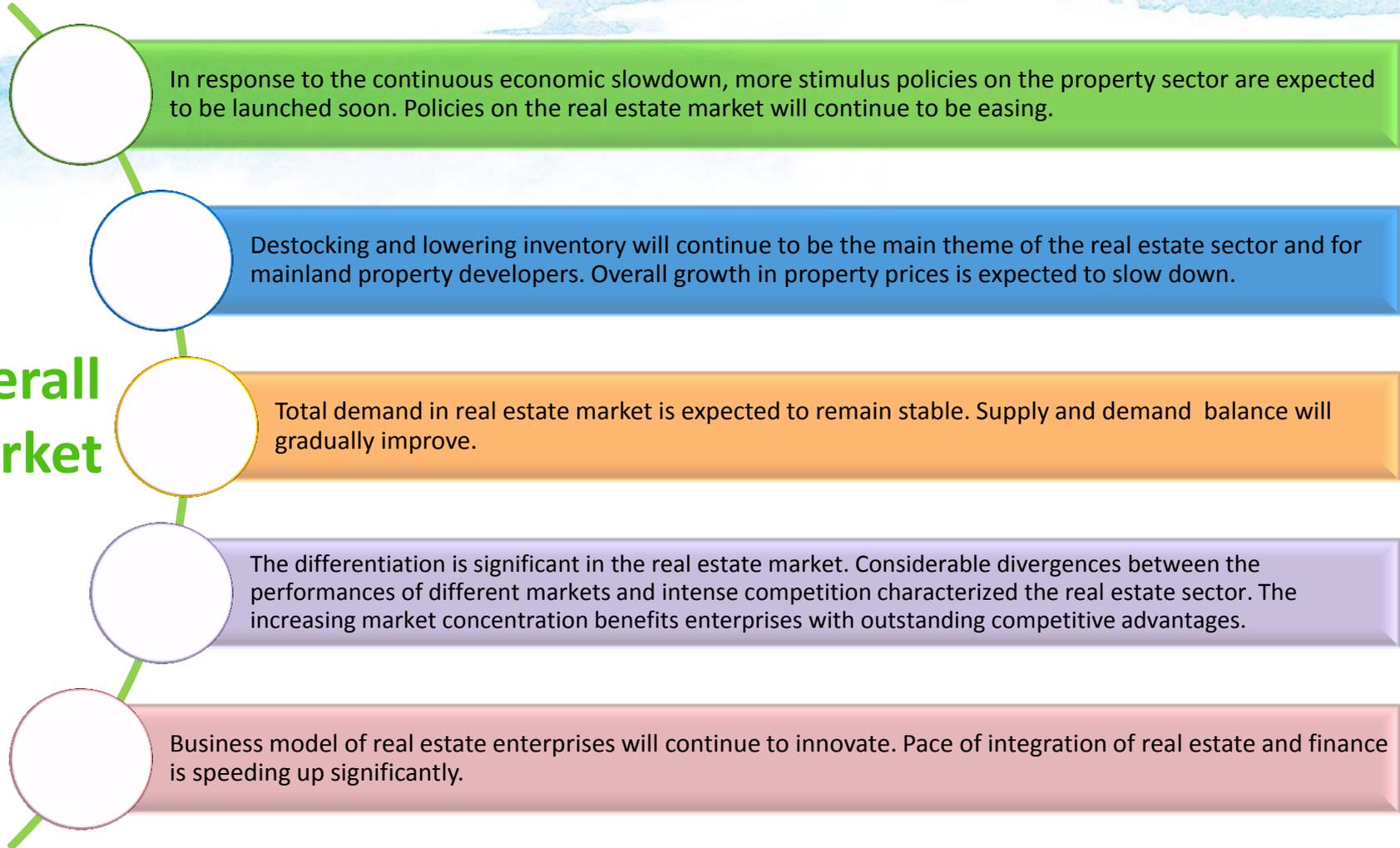
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# OUR VIEWS ON PRC PROPERTY MARKET IN 2016



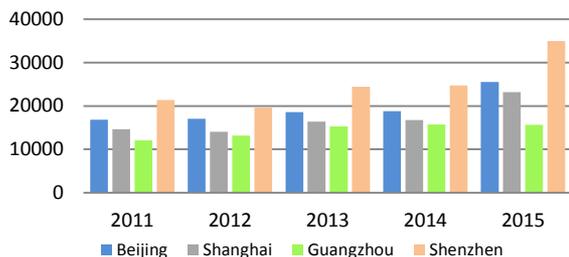
## Overall Market



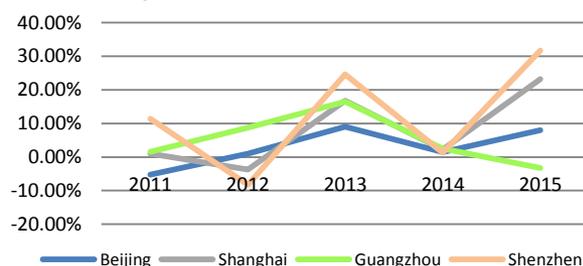
## The Guangzhou Real Estate Market

- Guangzhou aspires to be the hub of international shipping and aviation and national high-speed railway. It is also developing itself into a major city with strong economic strength and a magnet for investment and talent in China.
- Guangzhou's well-developed infrastructure, comprehensive municipal facilities and mature tertiary industry effectively support the development of the markets for residential and commercial properties as well as office buildings.
- The city has a huge permanent resident population, whose growth is accelerating. Its per capita disposable income is at a high level. These factors will lead to a stable demand for properties in the future.
- The property market will continue to grow in volume with price stability. The scarcity of land means that the supply will fail to meet the demand in the future. Guangzhou has higher potential for rise in property prices than other first-tier cities.

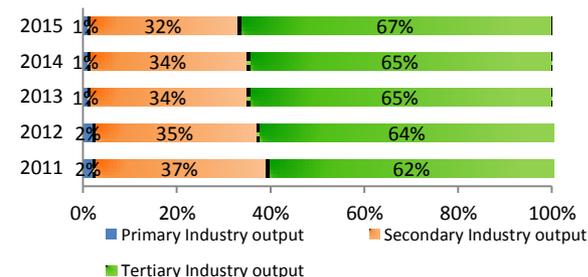
Average housing prices in the top four first-tier cities in 2011-2015



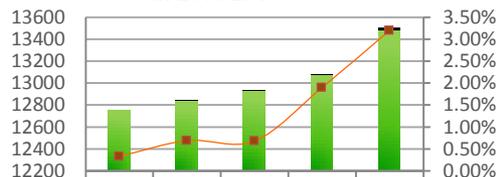
Average growth rate of housing prices in the top four first-tier cities in 2011-2015



Development of Guangzhou industrial structure in 2011-2015

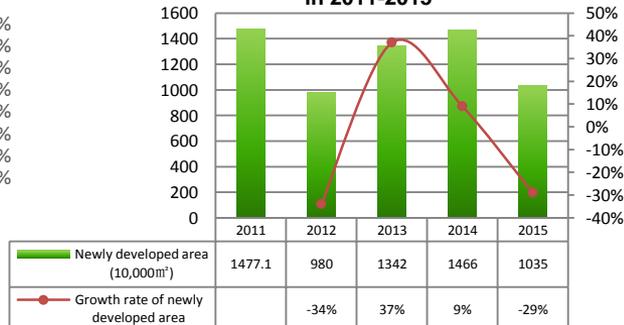


Permanent resident population and its growth rate in Guangzhou in 2011-2015

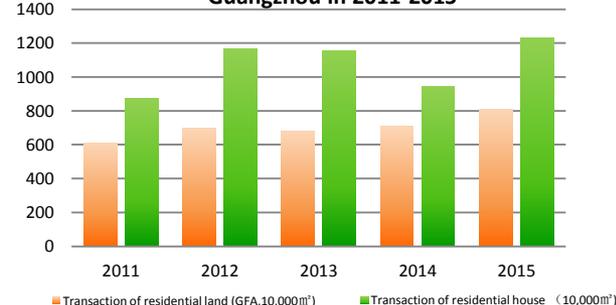


■ Permanent resident population (thousand)  
 — Growth rate of permanent resident population

Newly developed area and its growth rate in Guangzhou in 2011-2015



Transactions of residential land and residential house in Guangzhou in 2011-2015



Data Resource: CRIC

# COMPETITIVE ADVANTAGES OF YUEXIU PROPERTY



Yuexiu Group, the parent company of Yuexiu Property, is a state-owned enterprise in Guangzhou. Yuexiu Property gained the full support from its parent company in terms of business development, resources integration and financial resources.



Yuexiu Property owns a large number of rental properties either directly by itself or indirectly through Yuexiu REIT. The rental income grew steadily and effectively reduced the operational risk.



Adopting the unique model for development that integrates “Development, Operation and Finance”. There is also an enormous potential for synergy between the two listing vehicles, Yuexiu Property and Yuexiu REIT.



88% of the land bank was located in first- and second- tier cities, with 40% of which located in Guangzhou, a first-tier city with huge potential for growth



Having strong financial strength, diverse channels for raising fund at low cost, capability of investing and raising fund as well as investment-grade ratings.



# GROWTH STRATEGIES OF YUEXIU PROPERTY

## 1. Operational Strategy

- Pursuing a sustainable and stable growth in core operations of residential and commercial property development, continuously increasing the proportion of rental income in the Group's revenue and profit
- Invigorating and optimizing existing project resources and putting efforts to enhance the investment return rate of projects
- Continue to press ahead with the effective integrated development model of "Development-Operation-Finance" and the interaction between two listing vehicles, Yuexiu Property and Yuexiu REIT to effectively consolidate internal resources and gain synergies
- With customers as top priority and profit as target, optimizing product mix and enhancing the price-performance ratio of products. Comprehensively boosting the competitiveness of products.

## 3. Financial Strategy

- Optimizing the financial structure, reducing financing costs, maintaining a reasonable debt structure onshore and offshore
- Keeping the major financial indicators at a reasonable level and maintaining investment-grade ratings from international rating organizations
- Improving the operating cash flow to ensure the liquidity and security
- Intensifying the integration of real-estate with finance. Enhancing the efficiency and flexibility of financial resources. Strengthening the financial support to business

## 2. Investment Strategy

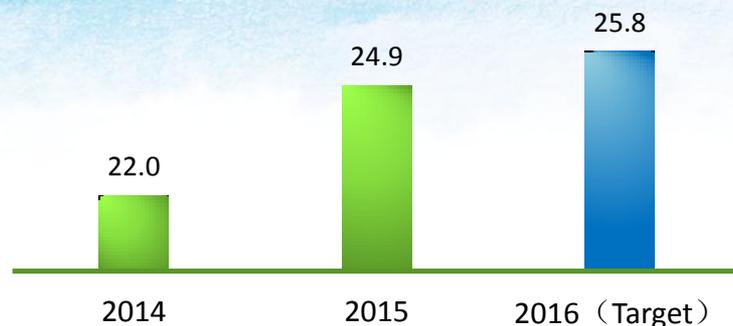
- Sourcing high-quality land reserve by multiple ways with stringent investment standards. Consolidating and integrating the supreme resources within Yuexiu Group, and getting actively involved in the "Three-Old" Urban Renewal Plan to gain high-quality land.
- For the regional market investment, we adopted the strategy of making greater Guangzhou the centre, and Wuhan and Hangzhou the pillars for growth.
- Optimizing land reserve mix, focusing new investment on projects with quick turnover, aiming to increase the ROE of the projects
- Increasing strategic cooperation with state-owned or leading enterprises and well-known financial investors to reduce the cost of land and the investment risk

## 4. Management Strategy

- Aiming to boost investment and operational efficiency. Optimizing structure and procedure management.
- To further develop and press on with a long-term incentive system. To comprehensively promote the plan of profit-sharing investment by project management teams and employee incentive scheme.
- Constructing a cost control system based on value creation, enhancing the cost control capability throughout the entire value chain
- Building a systematic and institutionalized control mechanism to strengthen risk management

# 2016 SALES TARGET AND OPERATIONAL PLAN

## CONTRACTED SALES (RMB bn)



## RESOURCES AVAILABLE FOR SALE IN 2016

Region	RMB (bn)
1 Guangzhou	22.3
2 Pearl River Delta ex. Guangzhou	8.2
3 Yangtze River Delta	5.6
4 Central Region	5.4
5 Pan-Bohai Rim	4.0
6 Hong Kong and Others	1.2
<b>Total</b>	<b>46.7</b>

## 2016 OPERATIONAL PLAN

GFA (mm sq.m.)	2015 Actual	2016 Plan
<b>PUD</b>	7.72	<b>6.48</b>
<b>New Construction Starts</b>	2.64	<b>1.96</b>
<b>Completion</b>	2.78	<b>3.19</b>
<b>Delivery</b>	1.99	<b>1.90</b>

## 2016 NEW LAUNCHES

City	Project	Launch
1 Guangzhou	Guangzhou Yuexiu Starry Haizhu Bay	2H 2016
2 Guangzhou	Guangzhou Starry Sky City	2H 2016
3 Guangzhou	Guangzhou Baiyun Tangcha Road Parcel	2H 2016
4 Foshan	Foshan Yuexiu City Box (formerly known as Foshan Chancheng Foping Road Project)	March 2016
5 Jiangmen	Jiangmen Xijiang Mansion (formerly known as Jiangmen Ganbei Road Parcel)	January 2016



越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

Thank You



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