



Yuexiu Property Monthly Update

Issue 5 2014

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I. Operating Data (Unaudited)

Contracted Sales Value Grew 72% Year-on-Year to RMB1.958 billion in May 2014

Aggregate Contracted Sales Value Reached RMB7.497 billion from January to May 2014

For the month of May 2014, Yuexiu Property Company Limited (“Yuexiu Property” or the “Company”) (HKEx Stock Code: 00123) registered contracted sales value of approximately RMB1.958 billion, representing a year-on-year increase of 72% and a month-on-month increase of 66%. The corresponding contracted sales gross floor area (“GFA”) amounted to approximately 160,100 sq.m., representing a year-on-year increase of 72% and a month-on-month increase of 114%.

For January to May 2014, the aggregate contracted sales value amounted to approximately RMB7.497 billion, representing a year-on-year decrease of 1%. The corresponding contracted sales GFA amounted to 588,200 sq.m., representing a year-on-year increase of 11%. The aggregate contracted sales value accounted for approximately 34% of the 2014 sales target of RMB22 billion.

In January to May 2014, the aggregate value of contracted sales and preliminary sales (formal sales contracts which are expected to be entered into soon) was approximately RMB8.262 billion and the GFA of contracted sales and preliminary sales totaled approximately 654,900 sq.m..

According to the Company’s project launch schedule for 2014, the contracted sales performance for the period from January to May 2014 was in line with the expectation of the management.

II. Other News

Yuexiu Property Held its 2014 Annual General Meeting

Yuexiu Property held its 2014 Annual General Meeting on 29 May 2014. All the proposed resolutions set out in the Notice of Annual General Meeting have been duly passed by the company’s shareholders by way of poll. For the full text of the resolutions and poll results, please refer to the Hong Kong Stock Exchange website.

Yuexiu Property Held its 2014 Annual General Meeting



Leaders of Shenyang Visits Yuexiu Property's Shenyang Company on a Research Tour

On 21 April, Shenyang's Vice Mayor Mr. Tong Jingshi visited Yuexiu Property's Shenyang Company on a research tour. Vice Mayor Mr. Tong Jingshi praised Yuexiu Property's Shenyang Company for its rapid development and involvement in Shenyang's economic development, and encouraged Yuexiu Property to continue to be actively involved in Shenyang's economic development. Vice Mayor Mr. Tong Jingshi also stated that the Shenyang government is actively promoting the improvement of work mechanisms to provide higher-quality service for enterprises.

Shenyang is one of the twelve cities covered by Yuexiu Property's nationwide network. Currently Yuexiu Property has three projects in the city, namely the Shenyang Yuexiu Hill Lake, Shenyang Starry Blue Sea, and Shenyang Starry Winking. The former two have been launched into the market and received positive response from the citizens of Shenyang.

III. Project Introduction

Shenyang Yuexiu Hill Lake

Shenyang Yuexiu Hill Lake is situated in Puhe New Town, a core area of Shenyang's national economic development zone – Shenbei New District. As a rare high-end and low-density estate in Shenyang, this project is principally composed of villas. The residential property is nearby Qipanshan National Forest Park, a four "A" tourist spot in China, and is interspersed with streams and lush plants. Framed by two lakes and a range of mountains, the project provides villas on a variety of land forms by the slopes, peninsulas, and lakesides.

Adjacent to Shen-Qi Highway, a landscaped two-way road with six lanes that the municipal government of Shenyang has invested heavily to build, Shenyang-Harbin Expressway, and National Highway 102, the project is only 30 minutes' drive from the downtown area of Shenyang. Puhe New Town is a new green residential area of Shenyang. As the traffic network and supporting facilities improve, the area has emerged as a high-end residential zone.

Shenyang Starry Blue Sea

Shenyang Starry Blue Sea has a gross floor area of approximately 180,000 sq.m., and is located on the northern side of Changbai Wu Road of Changbai Island in Heping district, Shenyang city, Liaoning Province. The city's main road Shengli Avenue is on the eastern side and a green belt is on the northern side, giving the area scenic views and a pleasant surrounding environment. Changbai Island is a new residential township and a key development in Shenyang city, which is currently under the development stage. Surrounding facilities are constantly being developed with vast future development potential. The project is bold and innovative in development concept, planning, product design, landscaping, facilities and services. With a trendy concept in mind in terms of movies, music and leisure, the project fully meets the urban needs of young metropolitan homebuyers.

Leaders of Shenyang Visits Yuexiu Property's Shenyang Company



Shenyang Yuexiu Hill Lake



Shenyang Starry Blue Sea



Guangzhou Lingnan Hillside

Lingnan Hillside is located at Luogang Science and Technology City in Guangzhou. The project has total gross floor area of approximately 320,000 sq.m., and is planned to house 13 high-rise apartments and a commercial centre. Situated at the junction of Kexiang Road and Kaichuang Avenue, it is nearby the Jinfeng Station of Line 6 of the Guangzhou Metro, which is currently under construction. Lingnan Hillside has a convenient transportation network and is well served by large-scale supermarkets as well as sports and entertainment commercial facilities. The Lingnan style project adopts a dotted architectural layout, which emphasizes the traditional heritage of courtyard space, forming a “gardens in a park and gardens within woods” landscape. Lingnan Hillside has recorded overwhelming sales response since its launch in 2013. Contracted sales value for the period of January to May this year totaled over RMB900 million.

Guangzhou Lingnan Hillside



IV. Latest Research Reports on Yuexiu Property

Date of Report	Broker
2014-03-25	Daiwa Securities
2014-03-24	Citi
2014-03-24	BOCOM
2014-03-24	CIMB
2014-03-24	Morgan Stanley
2014-03-24	Mizuho Securities
2014-03-24	DBS Vickers
2014-03-24	BOCI
2014-03-22	First Shanghai
2014-03-22	Standard Chartered
2014-03-10	First Shanghai
2014-03-06	Daiwa Securities
2014-02-24	UOB KayHian
2014-01-30	DBS Vickers
2014-01-29	BOCOM
2014-01-20	Mizuho Securities
2014-01-14	Citi
2014-01-06	BOCI
2013-12-12	Kim Eng
2013-12-06	Deutsche Bank
2013-11-25	Citi
2013-11-01	ICBC International

Research Report on Yuexiu Property Issued by DBS Vickers

China / Hong Kong Company Focus
Yuexiu Property

Monday, 10th March 2014 10:58 AM
Refer to important disclosures at the end of this report

24 March 2014

BUY HK\$1.55 HSI : 21,437

Better-than-expected sales target despite weak market sentiment

- Targeting 50% growth in sales in 2014, which looks challenging, but underlines management's confidence
- PY13 core earnings in line with our estimate but below consensus; FY14 margins disappointed and expected to stay at c.30% in FY14, but 50%+ efficiency improved
- Less cash burn in FY14, as no JV projects will be bought back
- BUY on underpinning valuations and better sales outlook, TP first raised to HK\$2.00

Targets 50% sales growth in 2014 - above expectations. The company continues to focus on improving its development project cycle, with higher targets to start construction and pre-sale within 6 months and 12 months after acquisitions, respectively. This is supported by new GPM starts of \$3.8bn, against its previous target of 2.7m sqm. It is aiming at a sales target of Rmb250n, based on estimated available resources of Rmb400n and a targeted sell-through rate of 55% (vs. 55% in 2013). It will launch 11 new projects (vs. 7 in 2013) in 2014, with a total of 4.40 projects for sale.

But margins disappointed. GPM came in at 28.3% in FY13, below our expectations of 30.0%, mainly dragged by projects outside Guangdong (13% of GPM in FY13) as these projects are only at an early phase. Management expects margins to improve gradually in subsequent phase and is looking at a 30% blended GPM in FY14. But, we think FY15 GPM could be under pressure if it buys back JV projects under the property fund.

Half of full year development leaves have been booked in FY14. Yuexiu has a budget of Rmb4.2bn for landbank in FY14 vs Rmb4.8bn in FY13, which could be either on its own or via the JV property fund. Given a stronger sales outlook, we see less cash pressure in FY14. But, it may face cash pressure in FY15 if it buys back JV projects. The timetable for injecting Fortune World Plaza into Yuexiu REIT is still uncertain. We expect this could take place as early as 4Q14, which, if successful, should ease cash pressure in 2015.

Maintain BUY. We cut PY14F earnings by 1.5% due to lower margin assumptions. Accordingly, TP was fine-tuned to HK\$2.00. The stock is trading at 0.2x PY14F PE and 0.6x FV, against the mid-cap average of 0.5x and 0.6x, respectively. Yuexiu's share price is underpinning at a 10% discount to NAV (27% if including Yuexiu REIT). Maintain BUY for better sales outlook.

Key Data:

Market Capital (m HK\$)	9,322
Major Shareholders (%)	14,492 (1.88)
Guangzhou Yun Yu HSI 10d	49.73
Free Float (%)	50.27
Div. Yield (%)	1.8

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V. Recent Investor and Media Events

Event	Date	Location
JP Morgan Global China Summit	2014-06-10	Beijing
Yuexiu Property 2014 Annual General Meeting	2014-05-29	Hong Kong
DB Access Asia Conference	2014-05-19	Singapore
Barclays Asia Financial and Property Conference	2014-05-16	Hong Kong
Morgan Stanley Fifth Annual HK Summit	2014-05-15	Hong Kong
DBSV Pulse of Asia Conference	2014-05-13	Hong Kong
Macquarie Greater China Conference	2014-05-07	Hong Kong
Yuexiu Property 2013 Annual Results Roadshow	2014-03	Hong Kong, Singapore, Beijing, Shanghai
Yuexiu Property 2013 Annual Results Announcement Conference	2014-03-21	Hong Kong
5th Annual Borrowers & Investors Forum, North Asia	2014-03-06	Hong Kong
Barclays China Property Day	2014-01-06	Hong Kong
HKIRA & HKEx Investor Relations Forum	2013-12-12	Hong Kong
<i>The Asset</i> "Corporate Governance Awards 2013" Award Ceremony	2013-12-10	Hong Kong
RHB OSK Securities Investor Luncheon	2013-12-10	Hong Kong
IR Magazine Greater China Investor Relations Forum	2013-12-05	Hong Kong

VI. Upcoming Investor and Media Events

Event	Date	Location
Citi Asia Pacific Property Conference	2014-06-26	Hong Kong
Credit Suisse China Property Corporate Day	2014-06-30	Singapore

About Yuexiu Property

Yuexiu Property Company Limited (HKEx Stock Code: 00123) was listed in Hong Kong in December 1992. The Company's main business is property development with its operations mainly concentrated in the Guangzhou area. Its business is gradually expanding to Pearl River Delta, and branching out to selective locations in the Yangtze River Delta, Bohai Rim Economic Zone and Central China. As of 31 December 2013, the Company's combined GFA of properties under development and undeveloped properties was approximately 15.26 million sq.m..

Disclaimer

The Company wishes to remind investors that the above operational statistics are based on the Group's internal records which are unaudited. Differences may arise between such statistics and the data disclosed in subsequent audited financial statements. Such statistics are provisional and for reference purposes only. Investors are cautioned not to rely unduly on such statistics.

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