



Yuexiu Property Monthly Update

Issue 6 2014

Highlights:

- P.1 Operating Data
- P.2 Other News
- P.2 Project Introduction
- P.3 Recent Research Reports
- P.4 Investor and Media Events

I. Operating Data (Unaudited)

Contracted Sales Value Grew 23% Year-on-Year to RMB10.63 billion in First Half of 2014
With 48% of Full Year Target Accomplished

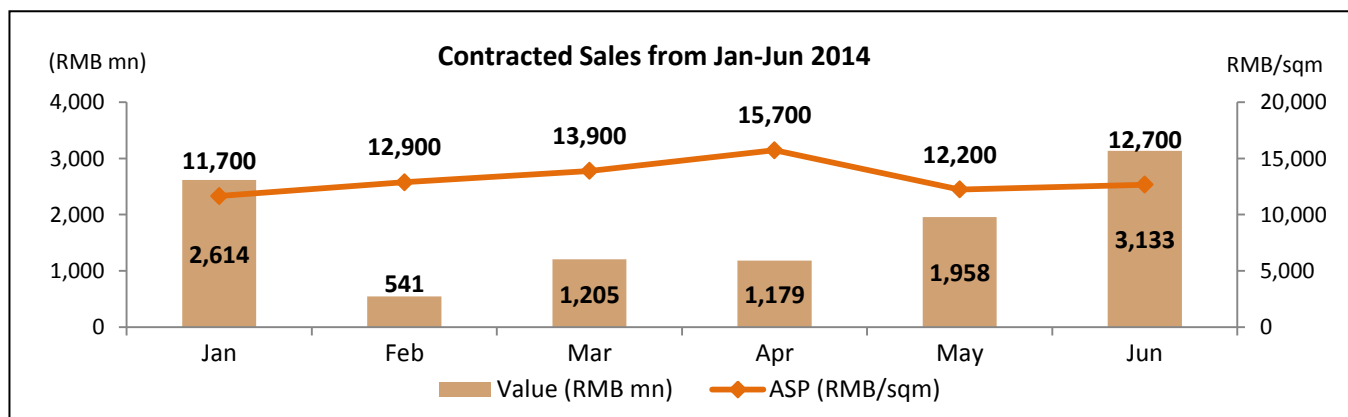
For the month of June 2014, Yuexiu Property Company Limited (“Yuexiu Property” or the “Company”) (HKEx Stock Code: 00123) registered contracted sales (“contracted sales” include contracted sales by joint venture projects) value of approximately RMB3.133 billion, representing a year-on-year increase of 192% and a month-on-month increase of 60%. The corresponding contracted sales gross floor area (“GFA”) amounted to approximately 247,400 sq.m., representing a year-on-year increase of 174% and a month-on-month increase of 55%.

For January to June 2014, the aggregate contracted sales value amounted to approximately RMB10.63 billion, representing a year-on-year growth of 23%. The corresponding contracted sales GFA amounted to 835,600 sq.m., representing a year-on-year increase of 35%. The aggregate contracted sales value accounted for approximately 48% of the 2014 sales target of RMB22 billion. Both the contracted sales value and contracted sales GFA reached record levels in the first half of the year.

In January to June 2014, the aggregate value of contracted sales and preliminary sales (formal sales contracts which are expected to be entered into soon) was approximately RMB11.075 billion and the GFA of contracted sales and preliminary sales totaled approximately 873,000 sq.m.. *(cont’d on P.2)*



Multiple Projects of the Company Sustained Robust Sales Momentum In the First Half



(cont'd from P.1) During the first half of the year, multiple projects of the Company recorded strong sales performance. Sales at the three property projects located at the Science and Technology City in Guangzhou, namely Lingnan Hillside, Lingnan Villas and Lingnan Wood, continued to be buoyant, contributing an aggregate contracted sales value of nearly RMB2.0 billion in the first half of the year. Meanwhile, Guangzhou Southern Le Sand and Guangzhou Starry Golden Sands also received positive feedback from the market, achieving contracted sales value of approximately RMB1.1 billion and RMB800 million in the first half of the year, respectively. Located in the Central region, Wuhan Starry Winking and Wuhan Starry Emperor achieved an aggregate semiannual contracted sales value of nearly RMB1.1 billion. Kunshan Paradiso Pavilion in the Yangtze River Delta also contributed nearly RMB800 million in contracted sales value in the first half of the year.

The management of Yuexiu Property said, "Despite the complicated and volatile property market in the first half of the year, the Company achieved decent sales performance through an accurate forecast of market trends, diversified marketing strategies as well as flexible sales tactics. According to the Company's project launch schedule for 2014, the contracted sales performance for the first half of 2014 was in line with the expectation of the management. In the second half, the Company will continue to promote its current projects and opportunely launch new projects within and outside the Guangdong province according to prevailing market conditions. We are fully confident of accomplishing this year's sales target."

II. Other News

Guangzhou Fortune Center Renamed Yuexiu Financial Tower

Guangzhou Fortune Center, which is an international Grade-A office building located in Zhujiang New Town, Guangzhou, has recently been renamed the "Yuexiu Financial Tower". Yuexiu Financial Holdings Group, a subsidiary of Yuexiu Group (Yuexiu Property's parent company), will move to Yuexiu Financial Tower in the future, along with its financial subsidiaries. The move will help boost the business of Yuexiu Financial Tower.

Lying on the central axis of Zhujiang New Town of Guangzhou's central business district, and positioned as an international grade-A office building, the 68-storey Yuexiu Financial Tower is 310 meters high. Its main structure was topped out in June 2013 and the whole project is expected to be completed in 2015.

Yuexiu Financial Tower is another international grade-A office building of Yuexiu Property following the completion of Guangzhou International Finance Center. Stringent international standards were applied to the construction, design and service management of the project. The building's international business image and high-end positioning have attracted various premium tenants.

III. Project Introduction

Guangzhou Paradiso Riverside Launches Latest Units with Riparian View

Enjoying an exclusive riparian view of Shawan Waterway to the south, Guangzhou Paradiso Riverside is only a 10-minute drive from Shiqiao center, Panyu District in Guangzhou. The project is built on a rare low-density site by the bank of the waterway, in a simple and contemporary architectural style which also exudes the unique charm of Lingnan culture. The project comprises about 50,000 sq.m. of large commercial facilities, 70,000 sq.m. of modern Chinese garden and 20,000 sq.m. of sports facilities. Lifestyle needs are also fully met by such facilities as the nearby Panyu Secondary School, a first-class school in Guangdong Province, a hospital and a supermarket. Recently, the Company has launched a number of 140 sq.m. to 190 sq.m. riverview units and received overwhelming response from the market.

Yuexiu Financial Tower



Guangzhou Paradiso Riverside



Guangzhou Starry Wenhua Launches New Phase of Luxury Project

Guangzhou Starry Wenhua, one of Yuexiu Property's masterpieces of the "Starry Series", is a model luxury residential property project for the new era. It is located within the Guangzhou Higher Education City, which enjoys rich cultural heritage, natural resources and geographical advantage. Starry Wenhua faces the Pearl River and Lingnan Impression Garden to the south, and is adjacent to South China University of Technology to the east and Guangzhou University of Technology to the west. Surrounded by ten of the top universities and colleges, the property project basks in the surrounding academic ambience. It is also highly accessible because it is situated next to the University City South Station on the No. 4 Guangzhou Metro Line and can be reached by rail from the city center of Guangzhou in only 15 minutes. With a design that combines traditional Lingnan culture with modern simplicity, Starry Wenhua serves as a benchmark for innovative architecture of small and medium-sized residential flats in an elite community.

The latest phase of Starry Wenhua is a grand project of Yuexiu Property in the University City, and renowned designer Mr. Steve Leung was invited to create a large island living space with a poetic touch for the project. The project comprises three residential buildings which contain 15 to 16 storeys each, with greenery covering 60% of the area and an average of 1.8 parking spaces for each unit. The facilities allow the residents to enjoy quality and private living in the University City.

IV. Latest Research Reports on Yuexiu Property

Date of Report	Broker
2014-07-08	DBS Vickers
2014-06-26	Citi
2014-05-20	Deutsche Bank
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

Guangzhou Starry Wenhua



Research Report on Yuexiu Property Issued by Citi

citi
Citi Research
Equities

26 June 2014 | 7 pages Risk Rating: Property
Asia | China

Yuexiu Property (0123.HK)

Alert: Takeaways from AP Property Conference

- 1H14E sales RMB16bn, 40% sales target hit — Yuexiu achieved RMB7.5bn contracted sales in 1H14. Adding our estimate of RMB1.0bn for June, contracted sales in 1H14E should hit RMB8.5bn, thereby achieving 55% YOY growth and 45% of its RMB20bn target (based on earlier average 38%). High is consistent with the sales trend and feels confident in achieving its target of RMB22bn in 2H14 (up 50% YoY), given its track record in meeting targets. It sees the June sales pick-up from May due to increased launches in Guangzhou/Chongqing. In 2H14, Yuexiu expects to have six new launches with key sales scheduled in Chongqing. Our expect recognized margin for 2H14 will be maintained at similar level to the 26.3% in 2H13. Price cut was not introduced in 1H but possible in 2H for slow-moving products.
- AIG: RMB6.5bn land acquired in 1H; believes 2H a period for replenishment; in 1H14, Yuexiu Property acquired 152.3m sqm landbank in Guangzhou, Nanjing for residential, RMB2.1bn while rig sees more opportunities in 2H14 with the land market being cooling down. AIG expects 1H14 gearing will rise to 70% (FY12: 61.6%) with around RMB1bn cash on hand. AIG guided 60-70% gearing by end-14 on an unchanged outflow budget of RMB6.5bn, land premium (RMB) after tax cost and RMB1bn for new lands. RMB1.2bn capex. Cash inflow could see upside potential if cash collection reaches 60% for full year (vs currently over 70% in 1H14). GFA targets for FY14 is unchanged at 1.71m sqm. GFA in FY14, after the drop-off of GFA sales in FY13 (3.0m vs. 2.07m) target.
- Stable borrowing cost with increased gross yields. FY14 earnings highly looked-into: After optimizing the debt structure in 2013, borrowing cost should slightly drop down in 1H14 from the 5.55% in FY13. In our view, that borrowing has all been repaid in Sep 2013 with no new addition in 1H14. Over 50% of the debt maturing in 2014 was secured through renews/refinancing. The RMB2.7bn on-book debt of commercial units at Guangzhou, Shenyang could potentially complete in 1H14. In our view, while the announced RMB1.5bn profit before tax could be recognized in 1H14, adding the anticipated asset/ RMB2.5bn by Jan-14, we believe FY14 earnings have targets been exceeded.
- Growth quality is important: Needs to defend margin deterioration: AIG expects a mid-range recovery to 30% in FY14. That said, around 20% of the unrecognized sales are from projects in cities outside Guangdong Province (ie Guangzhou, Wuhan, Shenzhen, Yantai) and acquisitions on constructive terms in FY13 could potentially transform into a decline in profit margin in the LT. While rig's efforts on geographic expansion and sales growth sustainability have not gone unnoticed, we see the need to focus on defending margin deterioration. We believe Yuexiu's promising sales growth in 1H should sustain in 2H14, but we believe greater turning of its future profitability is needed to trigger a re-rating.

Measure/High Risk	2013
Price (26 Jun 14)	HK\$1.48
Target price	HK\$1.80
Expected share price return	21.6%
Expected dividend yield	1.5%
Expected total return	23.1%
Market cap	HK\$12.98B
	US\$1.750B

Price Performance (RMB: 0123.HK, US: 123.HK)

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See Appendix A.1 for Analyst Certification, Important Disclosures and non-IGD research analyst disclosures.
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V. Recent Investor and Media Events

Event	Date	Location
Credit Suisse China Property Corporate Day	2014-06-30	Singapore
Citi Asia Pacific Property Conference	2014-06-26	Hong Kong
JP Morgan Global China Summit	2014-06-10	Beijing
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
Yuexiu Property 2014 Interim Results Announcement	2014-08	Hong Kong
Yuexiu Property 2014 Interim Results Roadshow	2014-08	Hong Kong

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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