



越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

香港聯交所股份代號：00123

2013 Interim Results Announcement

www.yuexiuproperty.com

21 August, 2013





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RESULTS HIGHLIGHTS

Substantial Growth in Performance

- 2013 1H Revenue, Net Profit and Core Net Profit increased by 42.1%, 48.2% and 7.8% respectively.
- Core Net Profit Margin was 17.1% in 1H.
- Unrecognized Revenue was RMB14,871mm, of which RMB7,215mm will be recognized in 2H.

Record High Contracted Sales

- 2013 1H Contracted Sales reached RMB8,616mm or 620,400sqm, increases of 20.5% and 8.6% respectively
- The value of Contracted Sales plus Pre-Sales from Jan to Jul 2013 was RMB10,217mm with corresponding GFA of 750,400sqm
- Given sufficient Saleable Resources of 1.43mm sqm in 2H, FY Contracted Sales Target will be raised to RMB14,500mm

Diversified Financing Channels

- Successfully issued a USD350mm 5-year 3.25% and a USD500mm 10-year 4.50% Bonds for the first time
- Rated “Investment Grade” ratings of “BBB-” and “Baa3” by Fitch and Moody’s respectively
- The Average Financing Cost was 5.99% in 1H, representing a decline of 1.33ppts from 2012 1H

Core Capabilities Improved

- Acquired 5 parcels of land with GFA of 1.14mm sqm. As of 21 Aug, 2013, the total landbank is 14.76mm sqm.
- Partnered with an investment fund for property development for the first time
- New Construction Starts reached 2.21mm sqm, representing 82.8% of the FY target

INCOME STATEMENT

RMB mm	2013 1H	2012 1H	CHANGE
Revenue	6,059	4,264	+42.1%
Gross Profit	2,480	2,584	-4.0%
Gross Profit Margin	40.9%	60.6%	-19.7ppts
Fair Value Gains	1,862	904	+106.0%
SG & A Expenses	556	526	+5.7%
Net Finance Costs	196	190	+3.2%
Profit Attributable to Equity Holders	2,341	1,580	+48.2%
Core Net Profit ⁽¹⁾	1,034	960	+7.8%
Core Net Profit Margin ⁽¹⁾	17.1%	22.5%	-5.4ppts
Basic Earning per Share	RMB0.2516	RMB0.1701	+47.9%
Dividend Payout Ratio ⁽²⁾	35%	35%	-
Proposed Interim Dividend per Share	HKD0.049	HKD0.042	+16.7%

Note : ⁽¹⁾ Excluding the fair value gains of investment properties

⁽²⁾ Base on core net profit

BALANCE SHEET

RMB mm	2013 1H	2012	CHANGE
Cash ⁽¹⁾	10,707	9,263	+15.6%
Total Borrowings	24,318	20,131	+20.8%
Gearing Ratio ⁽²⁾	41.4%	37.1%	+4.3ppts
Net Gearing Ratio ⁽³⁾	54.5%	47.0%	+7.5ppts
Total Assets	78,514	69,997	+12.2%
Shareholders' Equity ⁽⁴⁾	24,003	22,158	+8.3%
Net Asset per Share	RMB2.578	RMB2.383	+8.2%

Note :

⁽¹⁾ Including the charged bank deposits of RMB 3,370mm as at the end of 30 June, 2013 (2012 FY: RMB2,203mm)

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

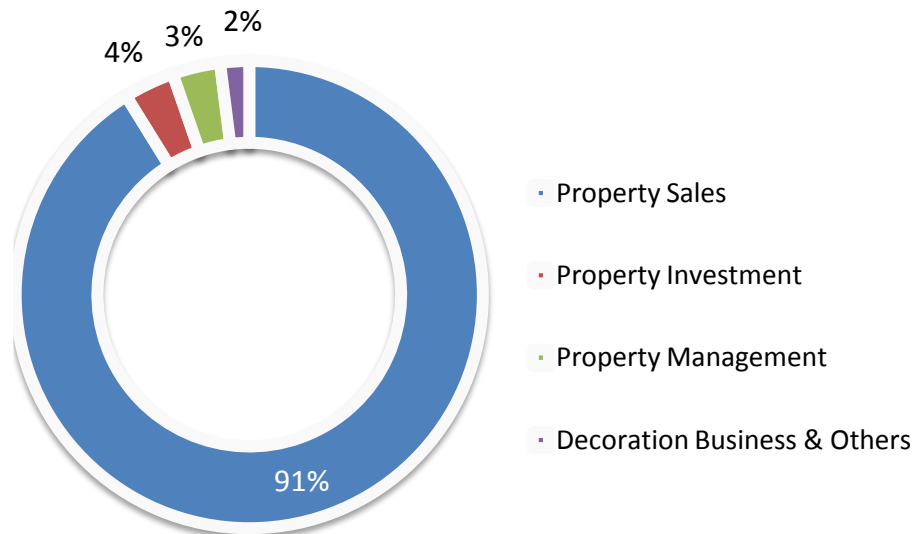
⁽³⁾ Net Gearing Ratio = (Total Borrowings - Cash) / Net Asset

⁽⁴⁾ Excluding the Minority Interest

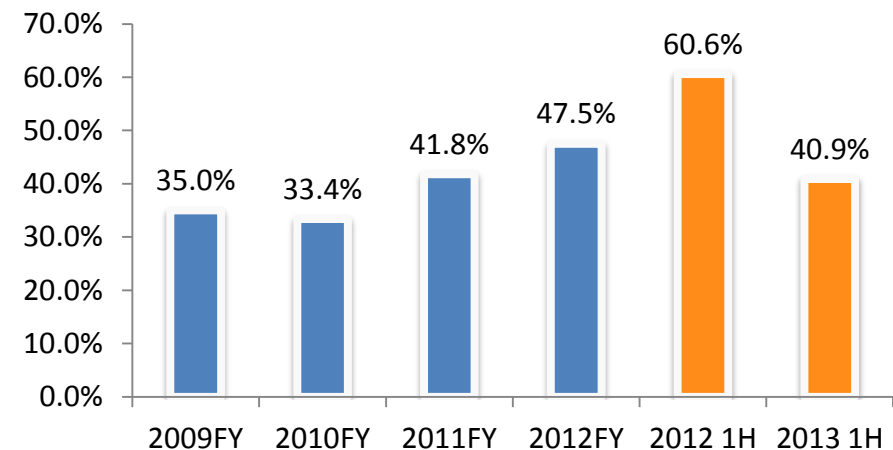
REVENUE AND GROSS PROFIT ANALYSIS

TYPE	REVENUE (RMB mm)		GROSS PROFIT (RMB mm)		GROSS PROFIT MARGIN	
	2013 1H	2012 1H	2013 1H	2012 1H	2013 1H	2012 1H
Property Sales	5,524	3,649	2,228	2,347	40.3%	64.3%
Property Investment	213	274	162	194	76.1%	70.8%
Property Management	201	181	31	20	15.4%	11.0%
Decoration Business & Others	121	160	59	23	48.8%	14.4%
Total Revenue	6,059	4,264	2,480	2,584	40.9%	60.6%

REVENUE ANALYSIS



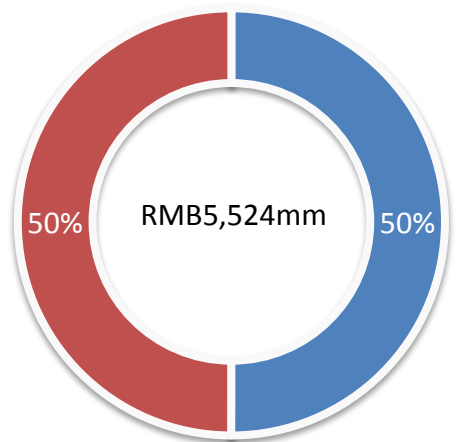
GROSS PROFIT MARGIN



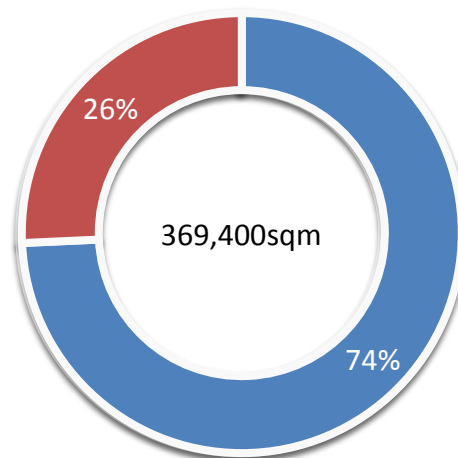
PROPERT SALES ANALYSIS

- 2013 1H Recognized Property Sales Revenue amounted to RMB5,524mm, 51.4% increase y-o-y; GFA was 369,400sqm
- The Average Selling Price was RMB15,000/sqm

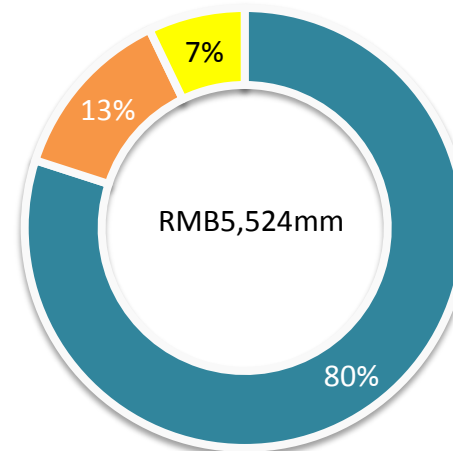
BY PRODUCT



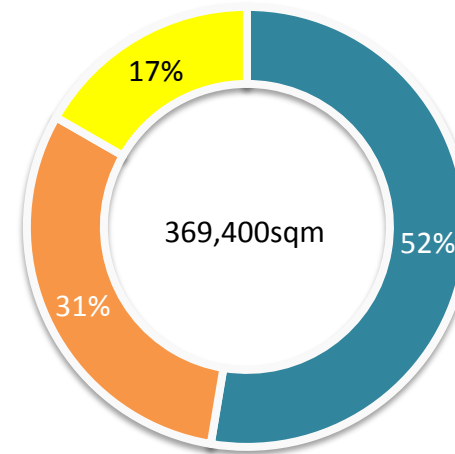
- Residential
- Commercial



BY REGION



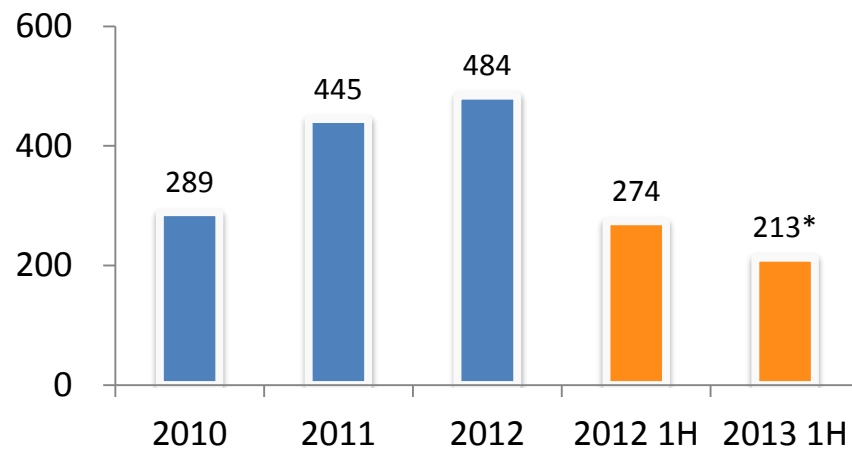
- Guangzhou
- Guangdong (Excl. Guangzhou)
- Outside Guangdong



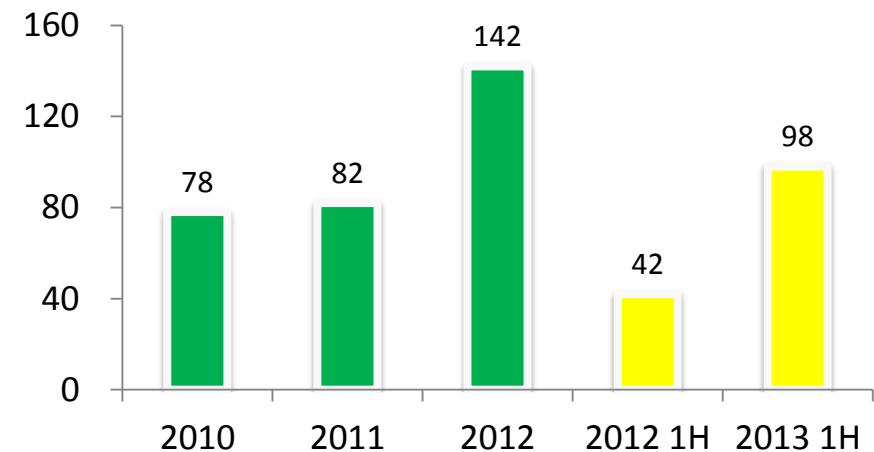
RECURRING INCOME – IP & REIT

	OFFICE	COMMERCIAL	PARKING & OTHERS	TOTAL
Rental Income (RMB mm)	35	139	39	213*
Rental GFA (sqm)	44,900	390,700	195,000	630,600
PUD GFA (sqm)	188,700	128,200	38,700	355,600
Appraised Value (RMB mm)	720	8,265	825	9,810

RENTAL INCOME (RMB mm)



DIVIDEND FROM YUEXIU REIT (RMB mm)



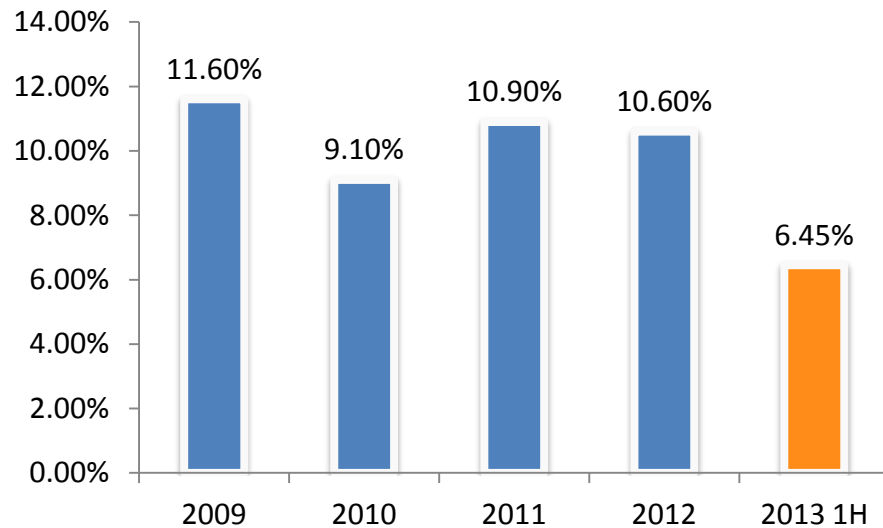
Note: * 2013 1H rental income exclude GZIFC which was sold to Yuexiu REIT in Oct, 2012

OPERATING RATIO ANALYSIS

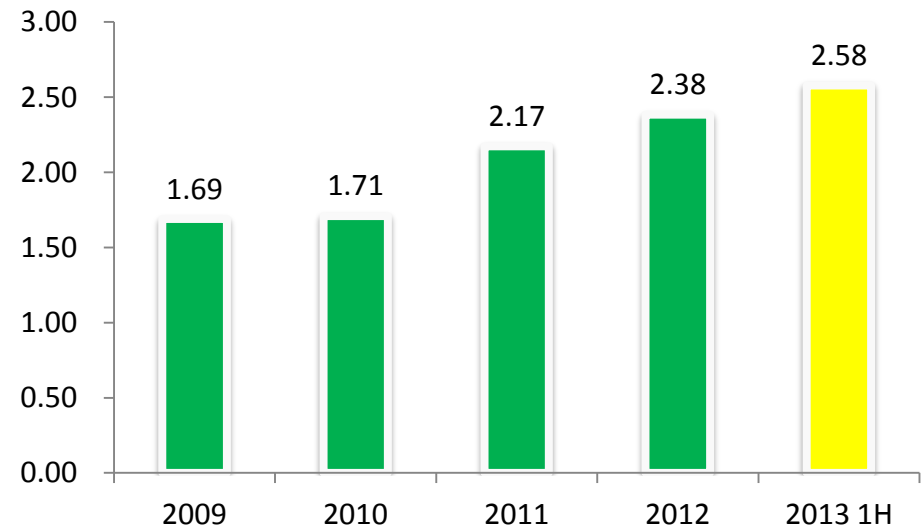
OPERATING RATIO	2013 1H	2012	2011	2010	2009
Administrative Expense Ratio ⁽¹⁾	4.68%	6.80%	8.10%	6.70%	8.50%
Selling Expense Ratio ⁽¹⁾	1.77%	3.80%	2.80%	2.40%	3.10%
ROE ⁽²⁾	9.8%	12%	28%	7%	5.30%
Net Assets per Share (RMB)	2.578	2.383	2.174	1.71	1.69

Note: ⁽¹⁾ Compare to 1H contracted Sales of RMB8,616mm ; ⁽²⁾ Including Minority Interest

SG & A EXPENSE RATIOS



NET ASSETS PER SHARE (RMB)



CAPITAL & FINANCE MANAGEMENT

The Group captured market opportunities and completed financing RMB8.8 bn in 2013 1H.

RATING AND BOND ISSUANCE

COMPANY RATINGS

- Rated “BBB-” by Fitch
- Rated “Baa3” by Moody’s
- Became one of the only three HK listed PRC developers with investment-grade ratings

USD BOND ISSUANCE

- Successfully issued the USD350 mm 3.25% 5 year senior note and USD500 mm 4.5% 10-year senior notes for the first time on 24 Jan, 2013

BANK FINANCING

- Completed bank financing facilities of RMB3.4bn in 1H, of which RMB3.0bn was financed from onshore banks

MOODY’S FitchRatings

USD bn	MATURITY	COUPON (%)
0.35	5 Yrs	3.25
0.50	10Yrs	4.50

LIQUIDITY RATIO

	2013 1H	2012
Cash to Total Asset	14%	13%
Interest Coverage (x)	2.3	1.8

DEBT STRUCTURE ANALYSIS

DEBT PORTFOLIO

- The ratio of onshore and offshore borrowings was 47:53 (2012 year end: 60:40), where bonds 21% and offshore borrowing 32%.
- Fixed-rate financing represented 21% of the total debt (2012 year end: 0)

BORROWING (RMB mm)	2013 1H	RATIO
USD Bonds	5,184	21%
Offshore Bank Borrowings	7,630	32%
Onshore Bank Borrowings	10,575	43%
Onshore High Interest Loans	929	4%
Total	24,318	100%



MATURITY PROFILE

- Maturity over 5 years accounted for 15% of the total debt compared to 3% at the end of 2012.

BY YEAR (RMB mm)	BORROWINGS	RATIO
Within one year	9,339	38%
2 nd year	3,578	15%
3 rd – 5 th year	7,721	32%
Over 5 years	3,681	15%
Total Borrowings	24,318	100%

FINANCE COST

- The effective interest rate was 5.99%, declined by 1.33 percentage points as compared to 1H 2012's 7.32% .

INTEREST COST (RMB mm)	2013 1H	2012 1H
Interest on Borrowings	806	821
Interest Capitalized	594	607
Interest Expensed	212	214
Effective Interest Rate	5.99%	7.32%



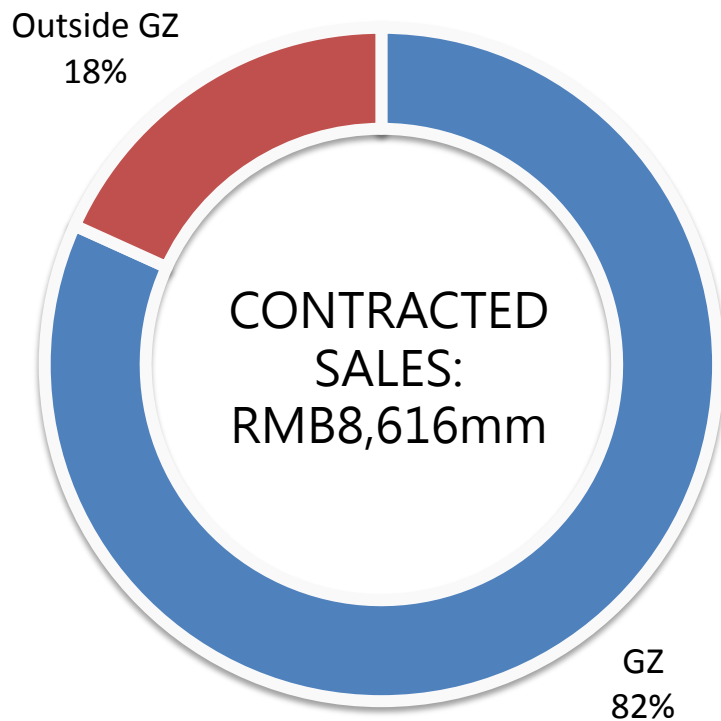
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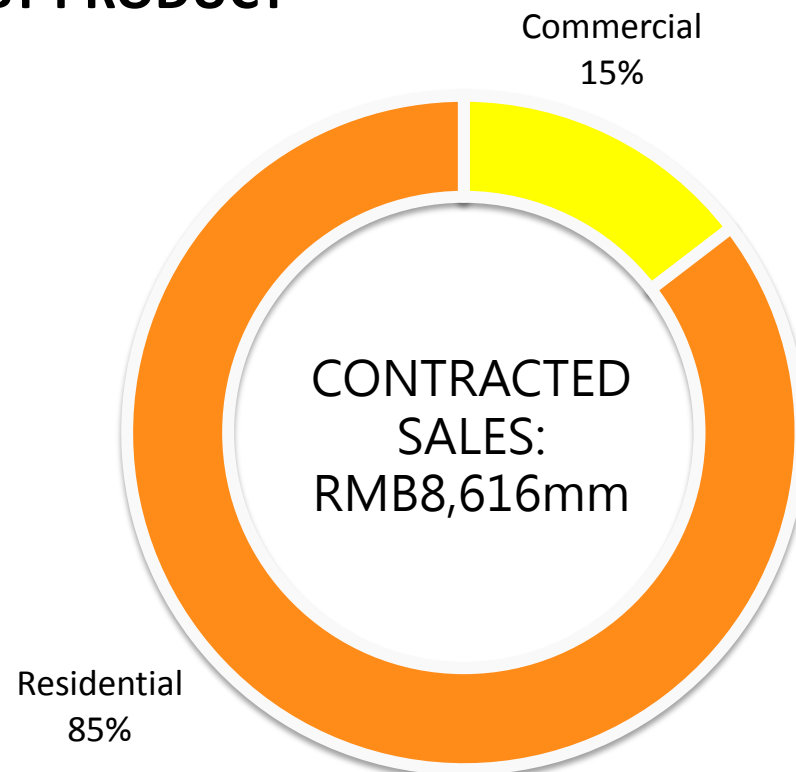
2013 1H CONTRACTED SALES ANALYSIS

- With 24 projects for sale in 2013 1H, the contracted sales value and contracted sales GFA amounted to RMB8,616mm and 620,400sqm respectively, representing increases of 20.5% and 8.6% respectively.
- The ASP was approx. RMB13,900/sqm, an increase of 16.8% compared to FY 2012 ASP of RMB11,900

BY REGION



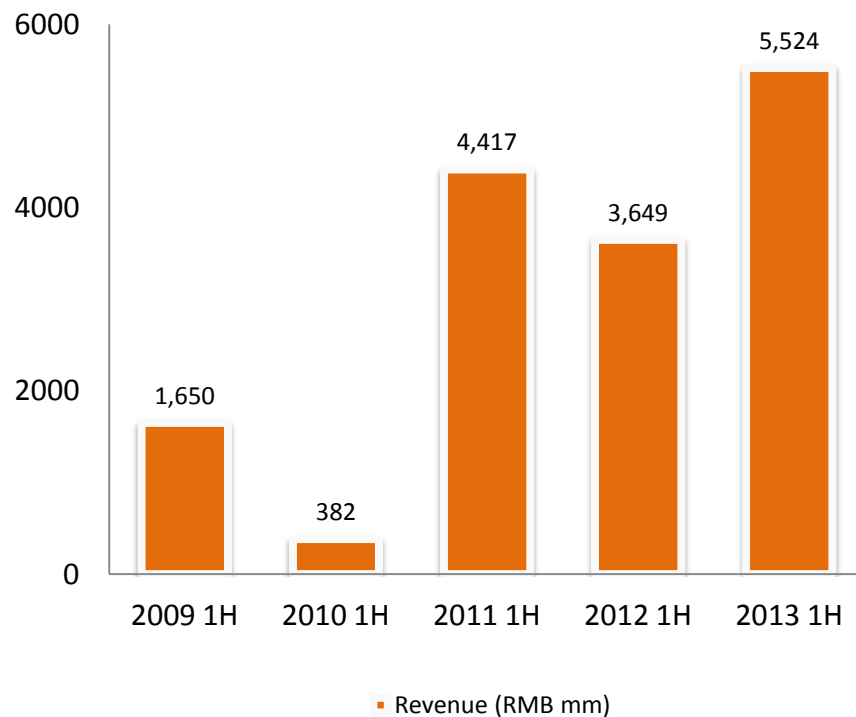
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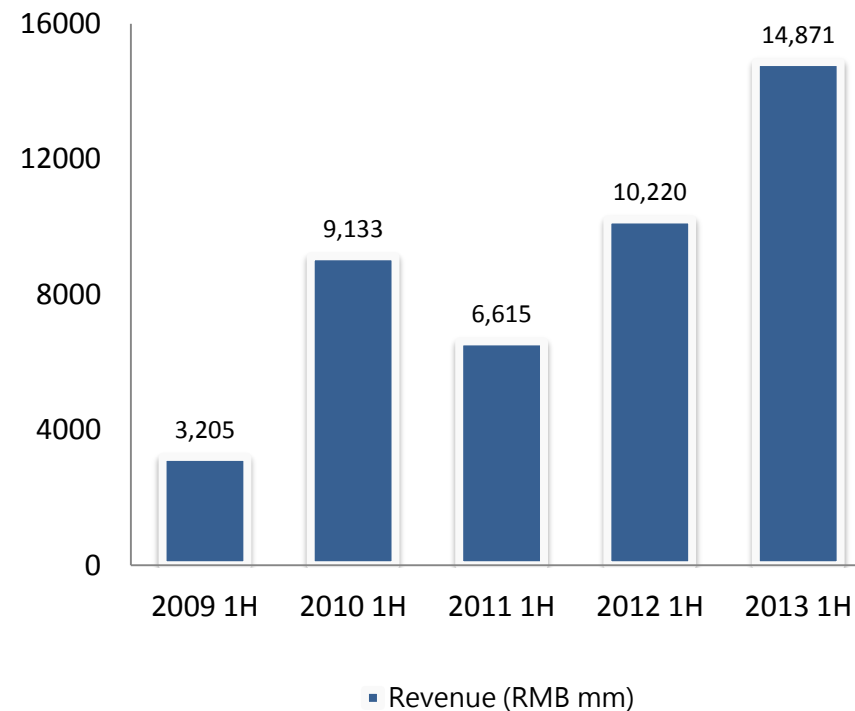
RECORD HIGH UNRECOGNIZED SALES

- Unrecognized sales amounted to approx. RMB14,871mm, with ASP of RMB12,700/sqm.
- GFA was 1,167,200 sqm, of which Guangzhou, Guangdong (excl. Guangzhou) and Outside Guangdong representing 74.8%, 5.9% and 19.3% respectively.

RECONGNIZED SALES



UNRECOGNIZED SALES

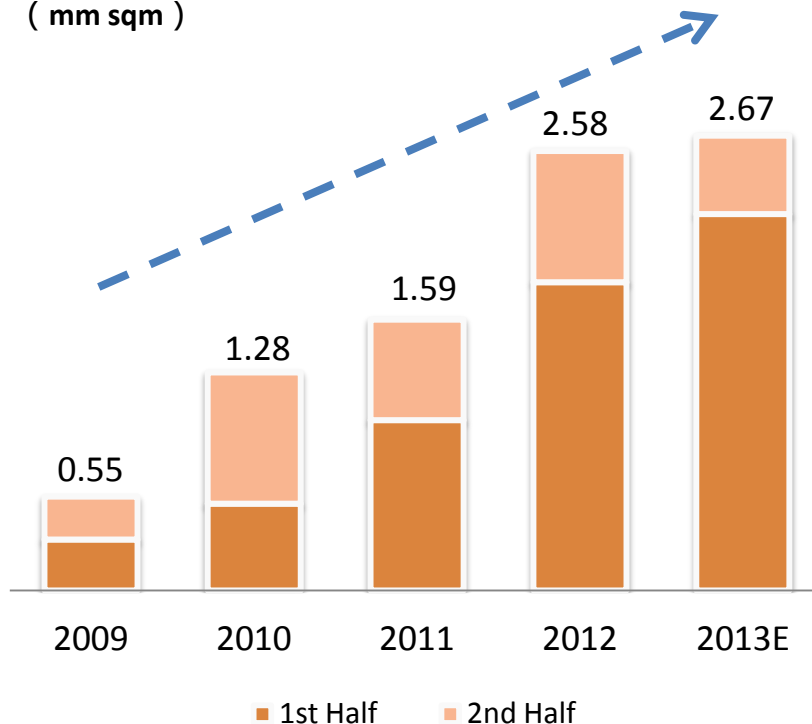


DEVELOPMENT CAPABILITY

- As of 21 Aug, 2013, the total landbank was 14.76mm sqm, 32 projects under construction with GFA of 7.08mm sqm
- New Construction Starts GFA and Completion GFA were 2.21mm sqm and 0.63mm sqm respectively, of which Delivery GFA was 0.37mm sqm
- Objective of “Construction Starts Within Six Months And Pre-sales Within One Year After Acquisition”.

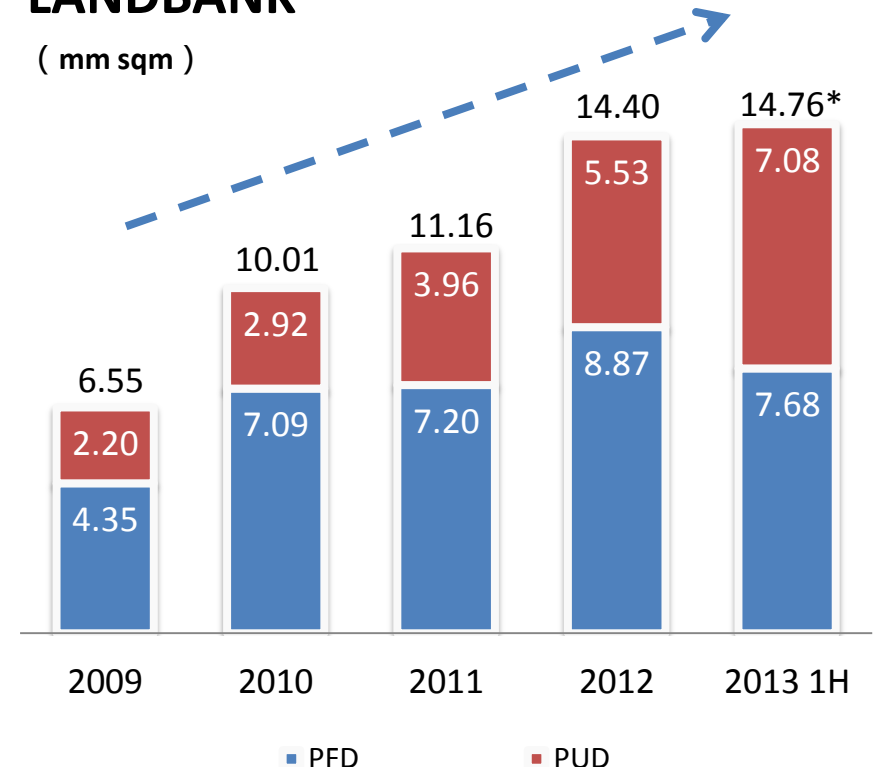
NEW CONSTRUCTION STARTS

(mm sqm)



LANDBANK

(mm sqm)



Note: *As at the end of June, 2013, the total landbank: 14.45mm sqm

2013 LAND ACQUISITIONS

- Strategy of “home base in Guangzhou and strategic expansion nationwide”, and maintained sustainable expansion.
- Partnered with an investment fund for the first time
- Selective expansion through investment Fund partnership will help maintain healthy gearing ratio

2013 1H LAND ACQUISITION		CHINESE NAME	MONTH	TYPE	GFA (sqm)	LAND COST (RMB mm)	DEVELOPMENT MODEL
1	Hangzhou Lin'an Land Phase IV	杭州臨安地塊第四期	JAN	R/C	386,100	339	100%
2	Guangzhou Haizhu Nanzhou Road Land	廣州海珠南洲路地塊	MAY	R	152,600	2,461	95.48%
3	Hangzhou Yuhang Shangyuan Road Land	杭州余杭上園路地塊	MAY	R/C	228,800	1,608	100%
4	Hangzhou Jianggan Sanbao Land	杭州江幹三堡區地塊	JUN	C	63,800	584	20%
2013 1H Subtotal					831,300	4,992	
5	Foshan Chancheng Tongji Road Land	佛山禪城同濟路地塊	JUL	R/C	310,800	1,772	19%
Total					1,142,100	6,764	

INVESTMENT FUND TERMS

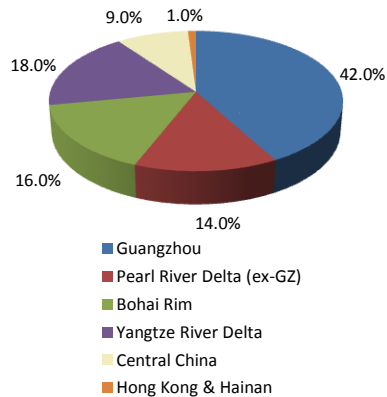
- The Group and the fund will assume 20% and 80% of the project equity interest.
- A call option is exercisable by the Group between 12th to 18th month
- Annual return for the fund capped at 11%

LEADING INTEGRATED DEVELOPMENT & OPERATIONAL CAPABILITIES

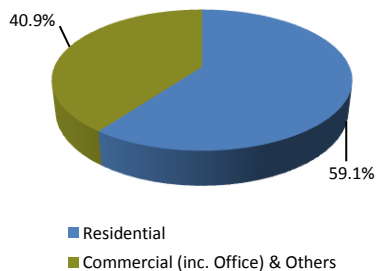
Diversified regional footprint

Diversified regional footprint with land bank of 14.45mm sqm , including PUD of 7.08mm sqm and PFD of 7.37mm sqm as of 30 June, 2013

Land Bank – by Regions



Land Bank – by Type



Total Land Bank: 14.45mm sqm
Total Residential: 8.73mm sqm
Total Commercial and others: 5.72mm sqm
Under Construction: 7.08mm sqm
Undeveloped: 7.37mm sqm

Other Regions

City: Hong Kong and Nanhai
 Land bank: 0.17mm sqm
 Hong Kong: 75,800sqm
 Nanhai: 98,000sqm

Bohai Rim Economic Zone

City: Shenyang , Yantai, Qingdao
 Land bank: 2.30mm sqm
 Residential: 1.54mm sqm
 Commercial and others: 0.76mm sqm

Central Region

City: Wuhan
 Land bank: 1.26mm sqm
 Residential: 0.59mm sqm
 Commercial and others: 0.67mm sqm

Pearl River Delta (ex-GZ)

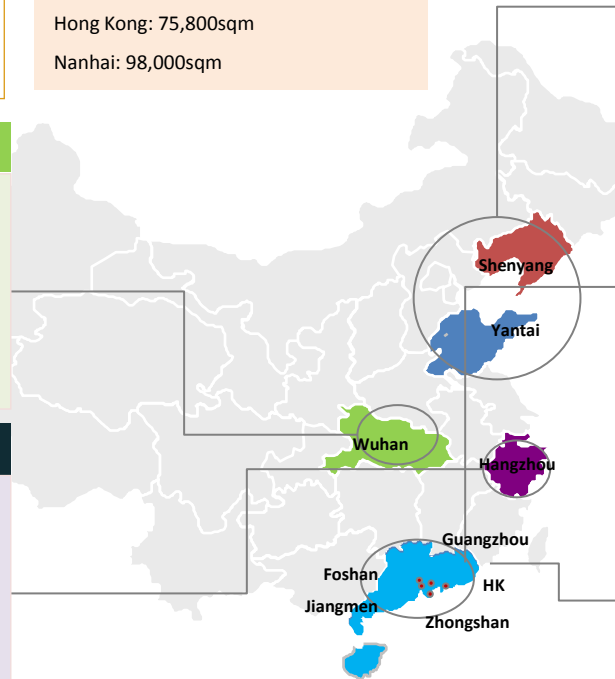
City: Zhongshan, Jiangmen, Nanhai
 Land bank: 2.03mm sqm
 Residential: 1.27mm sqm
 Commercial and others: 0.76mm sqm

Yangtze River Delta

City: Hangzhou
 Land Bank: 2.67mm sqm
 Residential: 1.88mm sqm
 Commercial and others: 0.79mm sqm

Guangzhou

City: Guangzhou, Conghua, Nansha etc.
 Land bank: 6.02mm sqm
 Residential: 3.37mm sqm
 Commercial and others: 2.65mm sqm



INVESTMENT PROPERTY PIPELINE

PROJECT	CHINESE NAME	TYPE	GFA (sqm)	COMPLETION	OPERATIONAL
Fortune World Plaza	財富天地廣場	Wholesale Shopping Mall	266,000	Completed	14 Aug, 2013

PROJECT	CHINESE NAME	TYPE	GFA (sqm)	COMPLETION	OPERATIONAL
Fortune Center	財富中心	Office	210,000	Dec 2015	n/a
Nanhai Starry Winking	南海星匯雲錦	Office/Commercial	111,000	Oct 2015	n/a
Wuhan Starry Winking	武漢星匯雲錦	Office/Commercial	244,000	2016	n/a



IMPROVED COMMERCIAL OPERATION CAPABILITY

- The Commercial Property Department was established in 2012 with an aim to enhance the commercial operation ability
- Fortune World Plaza contracted occupancy rate reached nearly 93% with average monthly rental of RMB150 per sqm
- Guangzhou Fortune Center topped out for the main structure on 19 June 2013 and preliminary leasing had also commenced.



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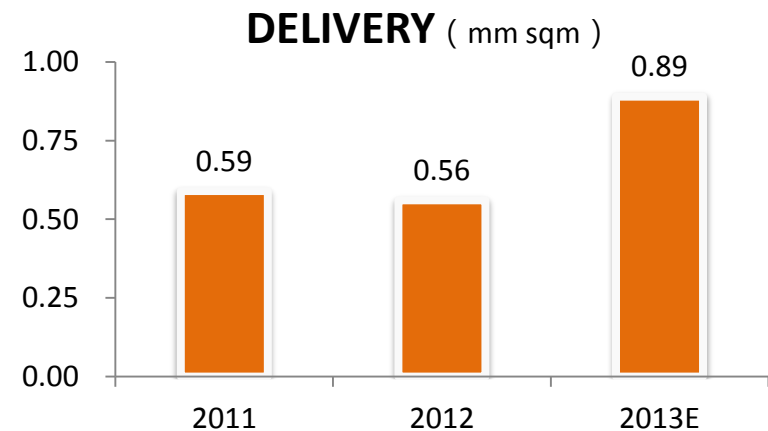
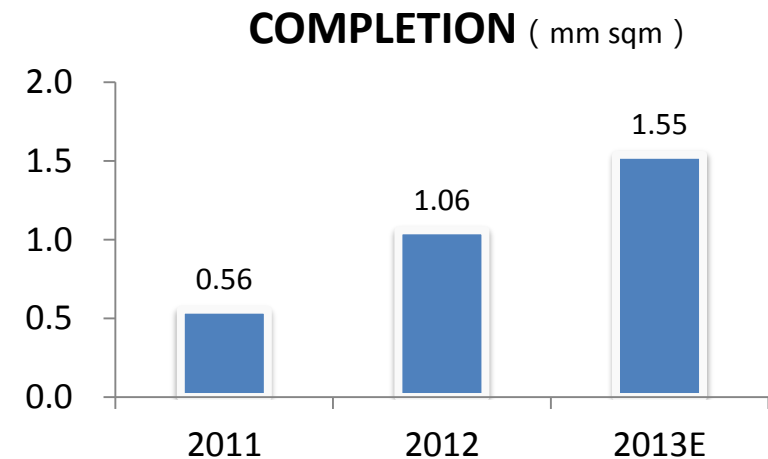
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2013 OPERATIONAL PLAN

- Aim to enhance development and construction capabilities to further shorten the development cycle
- Objective of “Construction Starts Within Six Months and Pre-sales within One Year after Acquisition”
- Aim to improve the quality of asset and operation to enhance asset turnover and ROE

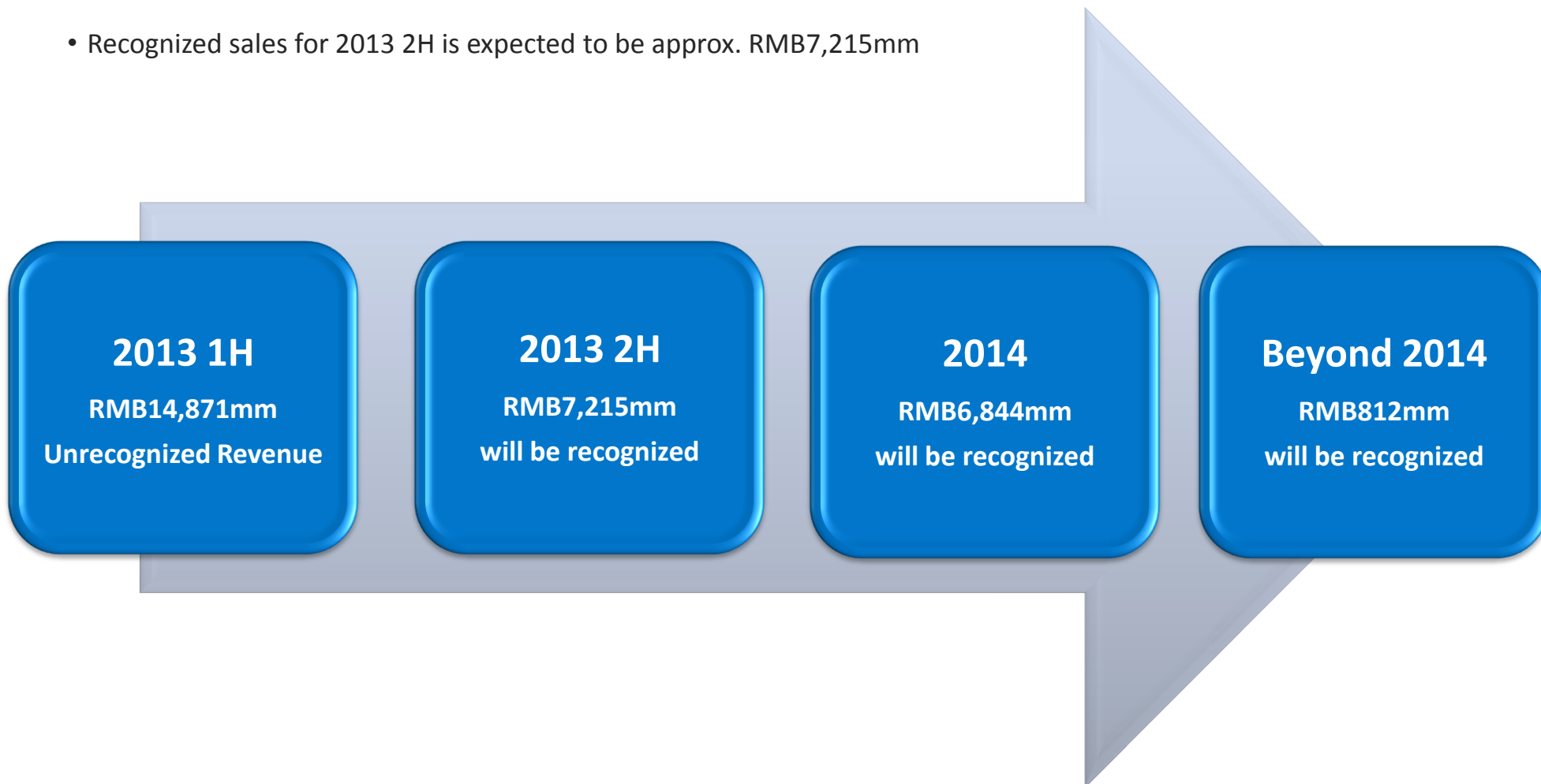
GFA (mm sqm)	2012	2013E
PUD	5.53*	8.19*
New Construction Starts	2.58	2.67
Completion	1.06	1.55
Delivery	0.56	0.89

Note: *Period-end



2013 2H RECOGNITION GUIDANCE

- Recognized sales for 2013 2H is expected to be approx. RMB7,215mm



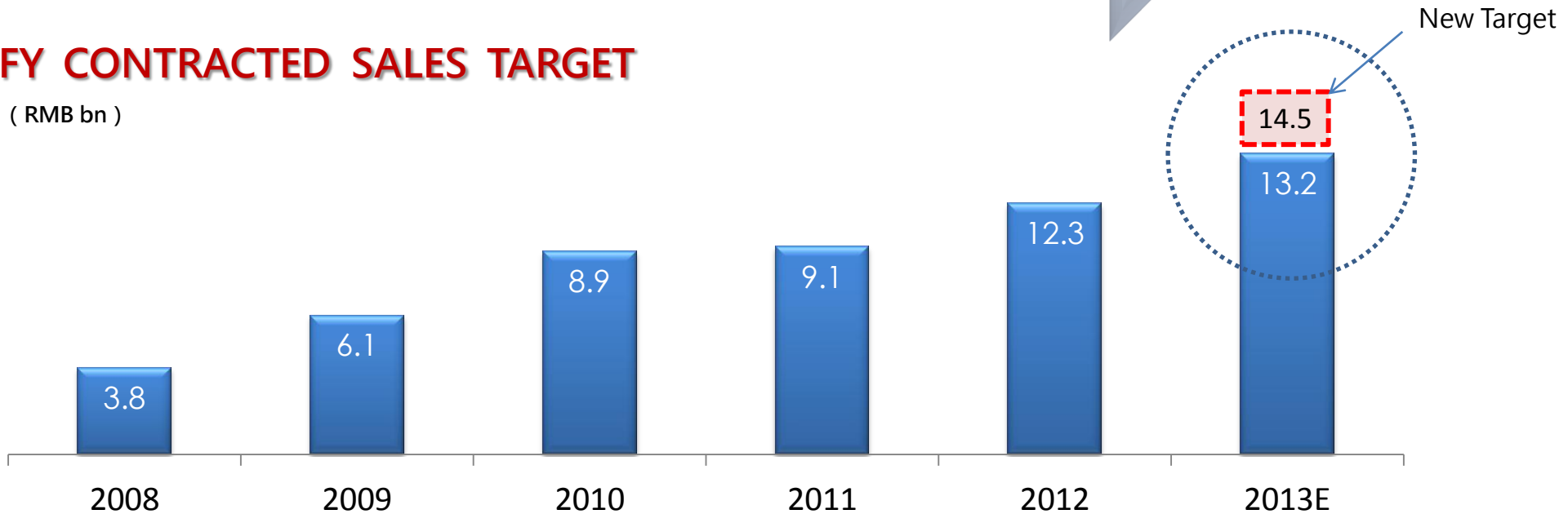
AVAILBALE FOR SALES & SALES TARGET

2H SALEABLE RESOURCES



FY CONTRACTED SALES TARGET

(RMB bn)

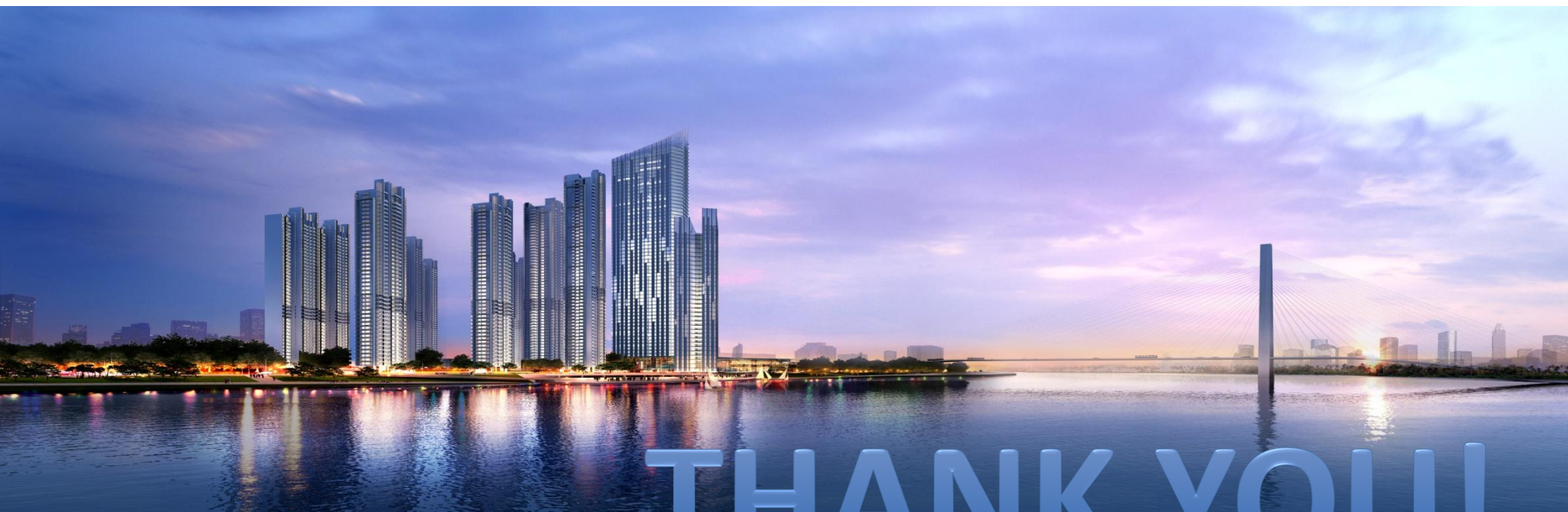


2013 KEY CAPEX

AVAILABLE CAPITAL (RMB bn)	2013	2012
Cash on Hand at Start	9.3	6.1
Contracted Sales	14.5	12.3
GZIFC Transaction	-	4.9
Undrawn Bank Facilities	3.9	2.8
Total	27.7	26.1
KEY CAPEX (RMB bn)	2013	2012
Land Premium Payable	2.7	1.1
Construction Costs	9.4	6.2
Land Acquisition	5.0*	6.5
Total	17.1	13.8

Note : * The Group will adjust land acquisition CAPEX accordingly depending on market and financial condition

 越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED



THANK YOU!
THANK YOU!

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