



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

WHERE GOOD LIVING
STARTS

2020 INTERIM
RESULTS

24 August 2020





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

Contents

- 1 Interim Results
- 2 Business Updates
- 3 “Railway+Property” Strategy
- 4 Outlook



RESULT HIGHLIGHTS

Contracted Sales
RMB37.56 bn
UP 1.8%

- In 1H, contracted sales value reached RMB37.56 bn, +1.8% y-o-y , achieved 46.8% of full-year target of RMB80.2 bn
- In 1H, contracted sales value in the Greater Bay Area and Eastern China Region were RMB22.39 bn, +0.1% y-o-y and RMB10.24 bn, +9.5% y-o-y respectively
- As of 30 Jun, unrecognized sales value was RMB95.54 bn, +7.9% comparing with the beginning of the year

Core Net Profit
RMB1.99 bn
UP 8.5%

- Profit attributable to equity holders was RMB1.99 bn, +6.7% y-o-y
- Core net profit was RMB1.99 bn, +8.5% y-o-y
- An interim dividend of RMB0.051 per share was declared, +8.5% y-o-y

Cash on Hand
RMB30.16 bn
Ample Liquidity

- As of 30 Jun, the cash on hand was RMB30.16 bn, being flat as comparing with the beginning of the year
- Average borrowing interest rate decreased 5 bpts to 4.71%
- The debt structure was optimized with diversified financing channels and the Group successfully issued RMB1.5 bn onshore corporate bond with a coupon rate of 3.13% for a term of 3+2 year
- Maintain investment grade ratings with stable outlooks of both Moody's and Fitch



RESULT HIGHLIGHTS

New Land of 1.10 mm sq.m. Added by Diversified Means

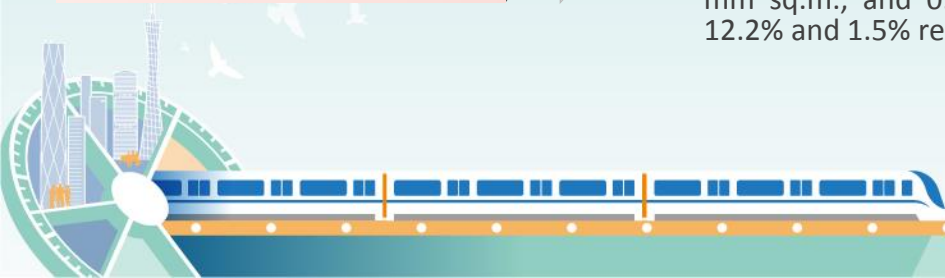
- 5 land parcels located in Guangzhou, Hangzhou and Suzhou with a total GFA of 1.10 mm sq.m. were acquired by diversified means, of which Guangzhou Changlong South Land with a total GFA of 0.44 mm sq.m. was acquired at the bottom price by the model of “Residential+Government Projects”
- As of 30 Jun, The group has project developments in 19 cities, with a total landbank of 23.63 mm sq.m.
- The redevelopments of Guangzhou Panyu Lirendong Village, and Nansha Dongliu Village have been progressing smoothly as planned; SOEs cooperation model for increasing landbank was continuously deepened

“Railway+Property” Strategy Progressed Smoothly

- Contracted sales value of Yue Galaxy, Yue Melody and Yue Infinity was RMB5.05 bn, +141.6% y-o-y. In April and May, Yue Melody won Guangzhou “Topsale” with excellent sales performance
- The Group has secured the right to acquire 51% interest in both Shuixi Project and Zhenlong Project from Guangzhou Yuexiu Group, the acquisitions are expected to be completed in the fourth quarter of this year. Total GFA of both projects was 1.05 mm sq.m.. After Completion, the landbank of TOD projects owned by the Group will increase to approx. 4.19 mm sq.m., accounting for approx. 17.7% of the total landbank

Deepened Penetration of GBA Optimized the Regional Layout Continuously

- Deepened penetration of the Greater Bay Area (GBA), prioritized developments in Eastern China Region, Central China Region, Northern China Region and Western China Region, and further optimized the “1+4” national layout
- As of 30 Jun, the landbank in the Greater Bay Area was 12.73 mm sq.m., accounting for approx. 53.9%. The landbanks in Eastern China Region, Central China Region, Northern China Region and Western China Region were 3.06 mm sq.m., 4.50 mm sq.m., 2.88 mm sq.m., and 0.36 mm sq.m. respectively, accounting for approx. 13.0%, 19.0%, 12.2% and 1.5% respectively



INCOME STATEMENT ITEMS

RMB bn	1H 2020	1H 2019	Y-O-Y
Revenue	23.71	21.79	+8.8%
Gross Profit	6.64	6.55	+1.5%
Gross Profit Margin	28.0%	30.0%	-2.0p.p.t.
Fair Value(Losses)/Gains	(0.02)	(0.02)	-
Net Other Gains	0.01	0.8	-98.7%
SG&A Expenses	1.06	1.02	+4.0%
Profit Attributable to Equity Holders	1.99	1.87	+6.7%
Core Net Profit ⁽¹⁾	1.99	1.83	+8.5%
EPS ⁽²⁾ (Calculated by the weighted average number of ordinary shares)	RMB0.1288	RMB0.1393	-7.5%
Interim Dividend Per Share(RMB)	RMB0.051	RMB0.047	+8.5%
Interim Dividend Per Share(HKD)	HKD0.057	HKD0.053	+7.5%
Dividend Payout Ratio	40%	40%	-

Notes : (1) Excluding the net fair value(losses)/gains of investment properties and the net foreign exchange(losses)/gains

(2) The weighted average number of the ordinary shares in 1H 2019: 13,428,297,900; The weighted average number of the ordinary shares in 1H 2020: 15,482,280,438

BALANCE SHEET ITEMS

RMB bn	30 June 2020	31 December 2019	Change
Cash ⁽¹⁾	30.16	30.19	-0.1%
Total Borrowings	71.43	71.02	+0.6%
Gearing Ratio ⁽²⁾	46.4%	46.3%	+0.1p.p.t.
Net Gearing Ratio ⁽³⁾	71.2%	74.0%	-2.8p.p.t.
Total Assets	235.29	234.70	+0.3%
Shareholders' Equity	41.82	40.72	+2.7%
Net Asset Per Share	RMB2.70	RMB2.63	+2.7%

Note: (1) Including cash, cash equivalents and charged bank deposits

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

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

Cash (RMB bn)

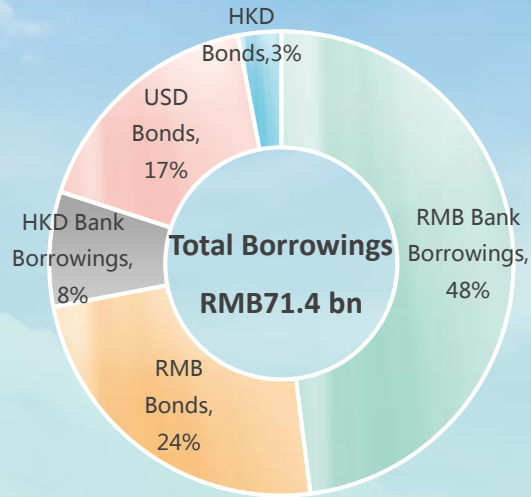


Net Gearing Ratio

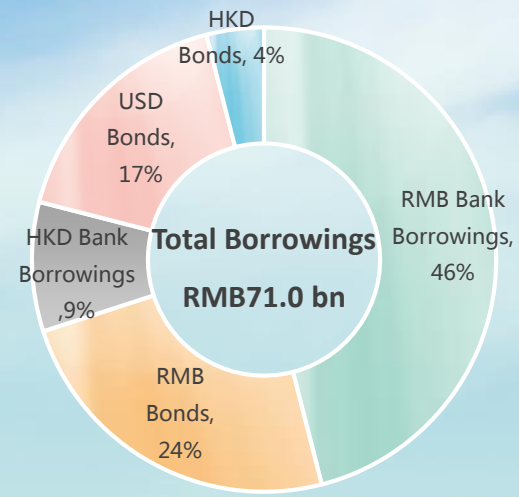


DEBT STRUCTURE ANALYSIS

30 Jun 2020



31 Dec 2019



Debt Maturity



Average Borrowing Interest Rate



CASH FLOW ANALYSIS

RMB bn	1H 2020	1H 2019
Cash at the Beginning of the Year*	30.19	27.16
Cash from Operation	20.53	22.70
Operating Expenses	(20.32)	(22.99)
Development Cost	(6.90)	(6.41)
Land Premium Paid and Auction Deposits	(5.75)	(10.34)
Tax and Administrative and Other Expenses	(7.67)	(6.24)
Cash Inflow (Outflow) from Operating	0.21	(0.29)
Cash Inflow (Outflow) from Investing	(1.11)	(9.14)
Cash Inflow (Outflow) from Financing	0.87	13.85
Cash at 30 June 2020*	30.16	31.58

*Note: Including cash, cash equivalents and charged bank deposits



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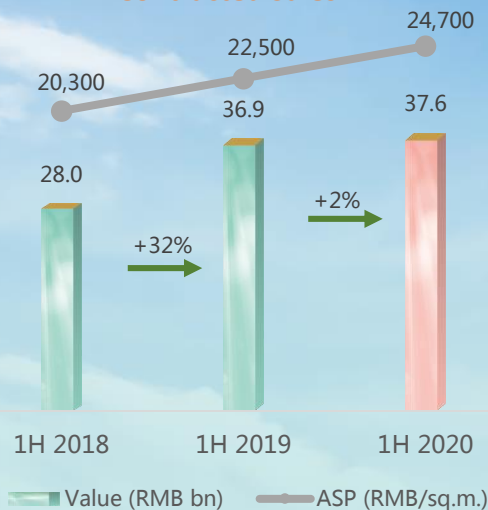
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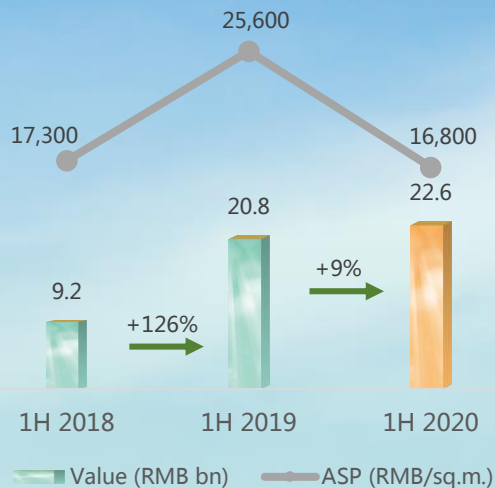


CONTRACTED, RECOGNIZED AND UNRECOGNIZED SALES

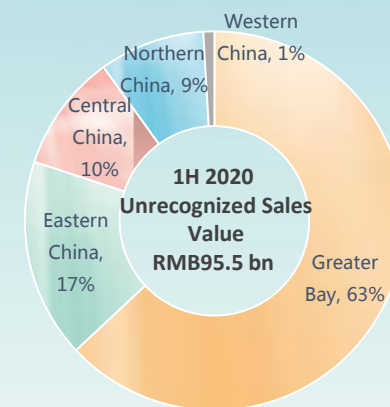
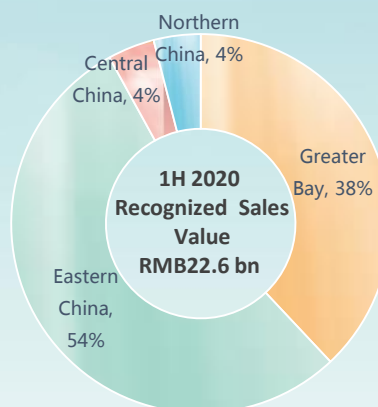
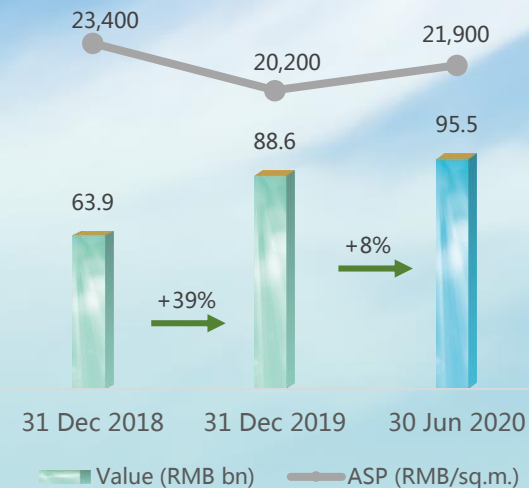
Contracted Sales ⁽¹⁾



Recognized Sales ⁽¹⁾



Unrecognized Sales ⁽¹⁾⁽²⁾



Notes: (1) Including sales from joint venture projects

(2) The consolidated value of 30 June 2020 unrecognized sales was RMB62.2bn, ASP was RMB23,100 per sq.m.

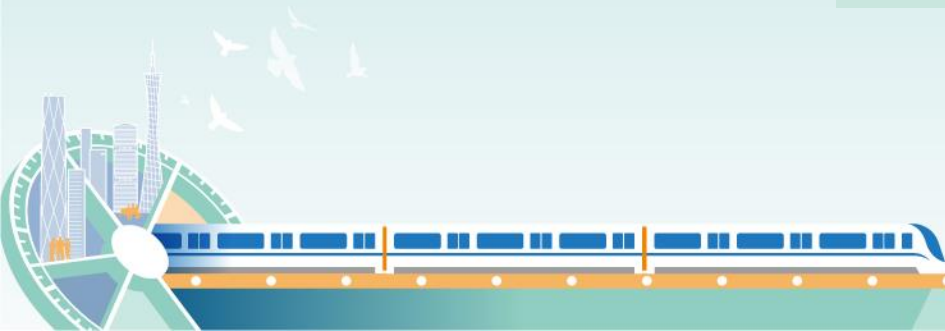
NEW LAND ACQUISITIONS

New Land Acquisitions in 1H 2020

No.	Projects	Total GFA (sq.m.)	Equity Holding	Attributable GFA (sq.m.)
1	Guangzhou Panyu Changlong South Land	442,500	95.48%	422,500
2	Guangzhou Panyu Changlong North Land	402,800	46.79%	188,500
	Subtotal (Greater Bay Area)	845,300 (76.9%)	-	611,000 (71.5%)
3	Suzhou Taicang Shaxi Land	61,100	95.00%	58,000
4	Suzhou Wuzhong Xukou Land	30,700	100.00%	30,700
5	Hangzhou Lin'an Shuanglin Land	162,800	95.00%	154,700
	Subtotal (Eastern China Region)	254,600 (23.1%)	-	243,400 (28.5%)
	Total	1,099,900	-	854,400

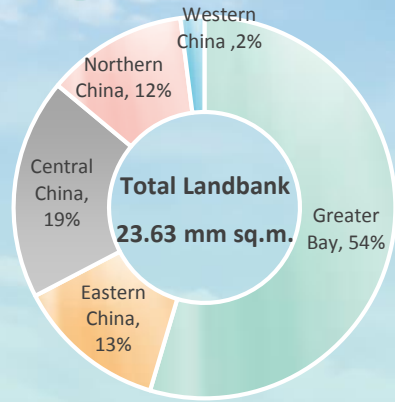
TOD Projects (Options Acquired in 1H 2020)

No.	Projects	Total GFA (sq.m.)	Equity Holding	Attributable GFA (sq.m.)
1	Shuixi Project	338,800	51.00%	172,800
2	Zhenlong Project	706,700	51.00%	360,400
	Total	1,045,500	-	533,200

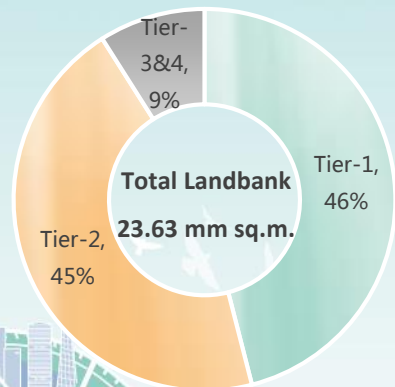


TOTAL LANDBANK

By Region



By Tier



Northern China Region

Cities: Shenyang, Qingdao, Ji'nan, Yantai
Landbank: 2.88 mm sq.m.

Central China Region

Cities: Wuhan, Xiangyang, Changsha, Zhengzhou
Landbank: 4.50 mm sq.m.

Eastern China Region

Cities: Hangzhou, Suzhou, Jiaying
Landbank: 3.06 mm sq.m.

Western China Region

Cities: Chengdu
Landbank: 0.36 mm sq.m.

Greater Bay Area

Cities: Guangzhou, Shenzhen, Foshan, Jiangmen, Zhongshan, Hong Kong
Landbank: 12.73 mm sq.m.



“DUAL PLATFORMS” MODEL FOR COMMERCIALS



Rental Income of Yuexiu Property in 1H 2020 was approx. RMB0.29 bn

	GFA (sq.m.)
Yuexiu Financial Tower	211,500
Nansha Sheraton Hotel	54,600
Xiangkang Commercial Plaza	31,800
Other Guangzhou Commercials	205,600
Hangzhou Starry City (Commercial)	120,600
Other projects	73,500
Subtotal (Major Leasing Projects)	697,600
Guangzhou International Commerce Center	229,400
Wuhan International Financial City (Commercial)	241,800
Nansha IFC	81,500
Subtotal (PUD Projects)	552,700
Nansha Southern Le Sand (Commercial)	200,000
Hangzhou Starry City (Commercial)	88,000
Subtotal (PFD Projects)	288,000
Total	1,538,300



Revenue of Yuexiu REIT* in 1H 2020 was approx. RMB0.83 bn

	GFA (sq.m.)
Guangzhou IFC	457,400
White Horse Building	50,200
Fortune Plaza	42,800
City Development Plaza	44,500
Victory Plaza	27,700
Hangzhou Victory Center	40,100
Shanghai Yuexiu Building	62,100
Wuhan Fortune Center and Starry Victory Shopping Center	248,200
Total	973,000

*Note: Yuexiu Property held 38.37% of Yuexiu REIT as at 30 June 2020





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STRATEGY OF “RAILWAY+PROPERTY”

01



Deepen the strategic cooperation with Guangzhou Metro Group and continuously acquire high-quality TOD projects in the Greater Bay Area

02



Take the Group's TOD Product Research Institute as a platform to comprehensively build unique TOD product lines and secure market leading position and competitive advantages of TOD products

03

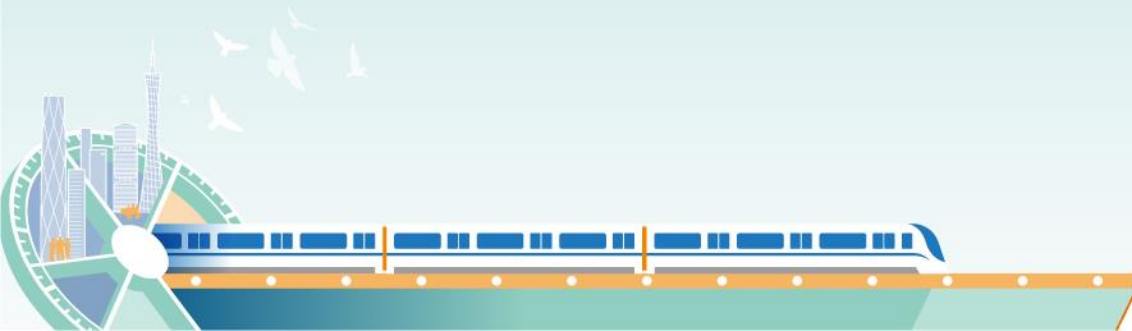


Replicate the matured TOD development model and expand into top-tier cities outside the Greater Bay Area for “Railway+Property” business growth

04



Attract outside and train inside professional managers for TOD operations to support the rapid development of TOD business



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SHUIXI PROJECT (OPTION ACQUIRED ON 4 JUNE 2020)

Project Details

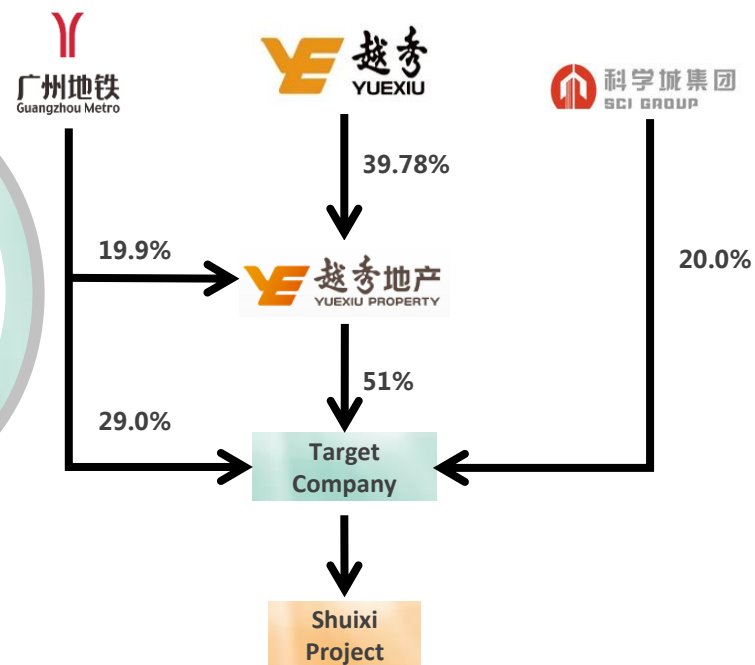
Total Site Area	81,620 sq.m.
Total GFA	338,789 sq.m.
Total Sellable GFA	207,965 sq.m.
Total Attributable Consideration	RMB2.33 bn

Location

- ◆ Located in the Science City in Huangpu District, Guangzhou, above the Shuixi North Station of the No.7 metro line (commence operation in 2023), next to the Shuixi Station of the No.21 metro line (in operation)
- ◆ 2km away from the government site of Huangpu District, 5km away from Huangpu Wanda Plaza, near the entrance and exit of Guanghui Expressway, 30 minutes (about 26km) from Zhujiang New Town. The project surrounded by mountains on three sides with nice natural view

Shuixi Project

After The Acquisition Completed



ZHENLONG PROJECT (OPTION ACQUIRED ON 4 JUNE 2020)

Project Details

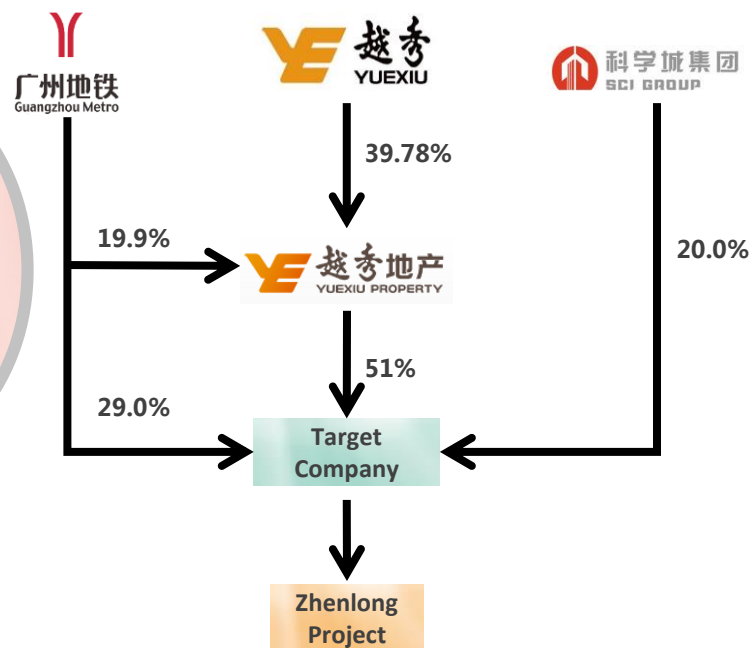
Total Site Area	242,175 sq.m.
Total GFA	706,685 sq.m.
Total Sellable GFA	472,830 sq.m.
Total Attributable Consideration	RMB3.31 bn

Location

- ◆ On the intersection of Xinlong town of Huangpu District and Zhongxin town of Zengcheng District and on the northern side of the Guangshan Expressway, adjacent to the Zhenlong Station of the No.21 metro line (in operation)
- ◆ With Sino-Singapore Knowledge City on the north, Yonghe Development Zone on the south, Science City on the west and Education City on the east, at the center of several key nearby industry towns of Guangzhou. Zhenlong area has become part of the main area of Guangzhou, a strong competitive edge in terms of location
- ◆ 10 minutes from Knowledge City and Zhucun Educational City, 30 minutes from the center of Luogang and Zengcheng, 1 hour from the Guangzhou Zhujiang New Town



After The Acquisition Completed



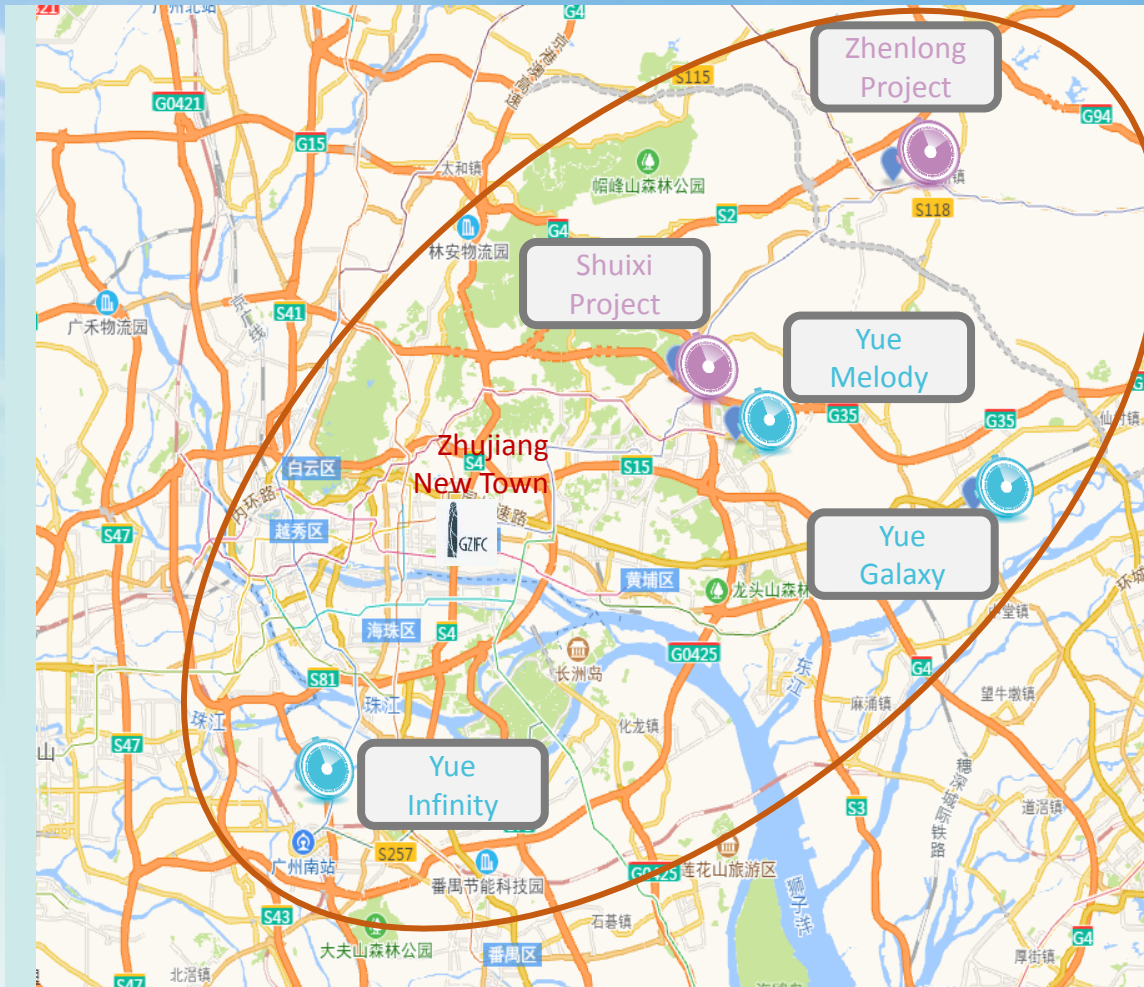
LANDBANK OF “RAILWAY+PROPERTY”

Projects (Acquired)	GFA (sq.m.)	Sellable GFA (sq.m.)	Actual Consideration (RMB bn)
Yue Galaxy	1,355,300	940,200	14.11
Yue Melody	911,900	610,500	4.87
Yue Infinity	878,600	612,200	4.02
Subtotal	3,145,800	2,162,900	23.00
Projects (Options Acquired)	GFA (sq.m.)	Sellable GFA (sq.m.)	Estimated Consideration (RMB bn)
Shuixi Project	338,800	208,000	2.33
Zhenlong Project	706,700	472,800	3.31
Subtotal	1,045,500	680,800	5.64
Total	4,191,300	2,843,700	28.64

The strategy of “Railway+Property” has been implementing smoothly with three projects already launched for sales which are Yue Galaxy, Yue Melody and Yue Infinity, and two projects of Shuixi and Zhenlong with acquisition options in Guangzhou. After the completion of the acquisitions, the total landbank of TOD projects owned by the Group will be 4,191,300 sq.m., accounting for approx. 17.7% of the total landbank



THE LOCATIONS OF TOD PROJECTS IN GZ



Five TOD projects are located in Huangpu, Zengcheng and Panyu of Guangzhou, they all have excellent transportation advantages with the facts that all projects are atop or adjacent to Guangzhou metro stations:

Yue Galaxy - Zengcheng District, Guanhu Station of the No.13 metro line (in operation)

Yue Melody - Huangpu District, Xiangxue Station of the No.6 metro line (in operation)

Yue Infinity - Panyu District, Chentougang Station of the No.22 metro line (commence operation in 2021)

Shuixi Project - Huangpu District, Shuixi North Station of the No.7 metro line (commence operation in 2023)

Zhenlong Project - Huangpu District, Zhenlong Station of the No.21 metro line (in operation)



Projects Acquired



Project Options Acquired



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OUR VIEWS ON PRC PROPERTY MARKET IN 2H 2020

Maintain “Housing is for living in rather than for speculation”, implement city-specific policies and establish long-term market regulatory mechanisms; stabilize land price, housing price and expectation targeting to keep healthy and steady growth of property market; reasonably adjust control policies by each city in response to coronavirus status and the changes in the local market

Policy

The market is expected to continue recovery with obvious differentiations for cities in the second half of the year due to the effective control of coronavirus; sales volume remains stable and price increase is limited; Tier1-2 cities and cities in Greater Bay Area and Yangtze River Delta with strong fundamentals and demands from first homebuyers and upgraders will outperform

Market

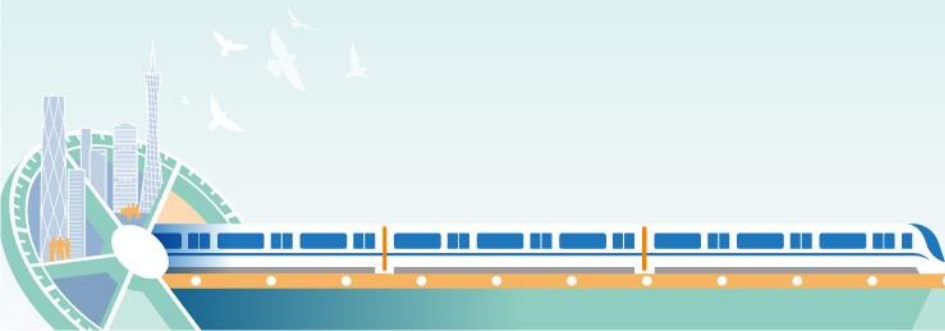


Land

The government will increase supply and implement the categorized controls on land supply by cities to relieve the tension between supply and demand; Differentiation increases between regions and cities; Land markets remain competitive in tier-1&2 cities while competition are weak in tier-3&4 cities; The overall market tends to be more rational

Finance

Maintain relaxing credit policies and financing environment on macroeconomy with stable liquidity; the government will tighten supervision of financing on developers, onshore financing for developers will remain tight in the second half of the year



INVESTMENT STRATEGY

Unique & Diversified Land Acquisition Platform



Leverage our SOEs background to strengthen strategic cooperation with different SOEs and jointly develop their high quality land resources on hand

Deepen the cooperation with Guangzhou Metro Group, Improve the "Railway+Property" Model and continuously acquire TOD projects to increase landbank

Acquire high-quality landbank at lower prices by "Residential+Government Projects" model and enhance cashflow through managing construction process

Acquire renewal projects of "old village, old town and old factory" actively to gain quality land resources for the medium to long term growth

Through internally introducing industrial resources from Guangzhou Yuexiu Group and externally attracting those from third parties to increase high-quality landbank and become an urban developer

Seize the opportunities during the market cycle with thorough feasibility study, and step up efforts for M&A at the company and project levels to gain high-quality land resources

Focus investment on projects with high turnover, return, sell-through and cash collection rates under strict investment standards for optimizing landbank composition and better geographical layout



GROWTH STRATEGY

1

Market Strategy

- Accelerate sales by capturing the windows of market recovery in 2H and expanding sales channels online and offline
- Accelerate sales of TOD projects with good sell-through rate and cash collection rate
- Achieve the annual sales target

2

Product Strategy

- Adhere to the values of “Good product, Good Service, Good Brand”
- Optimize product development and design systems and enhance standardization system. Develop TOD product lines and better service system for “Railway+Property” projects

3

Operation Strategy

- Optimize the 3.5-level operation systems for managing headquarter, regions, cities and projects to improve the efficiency of front line decision-making and management
- Focus on business performance and results targets by optimizing project, product, cost management and procurement

4

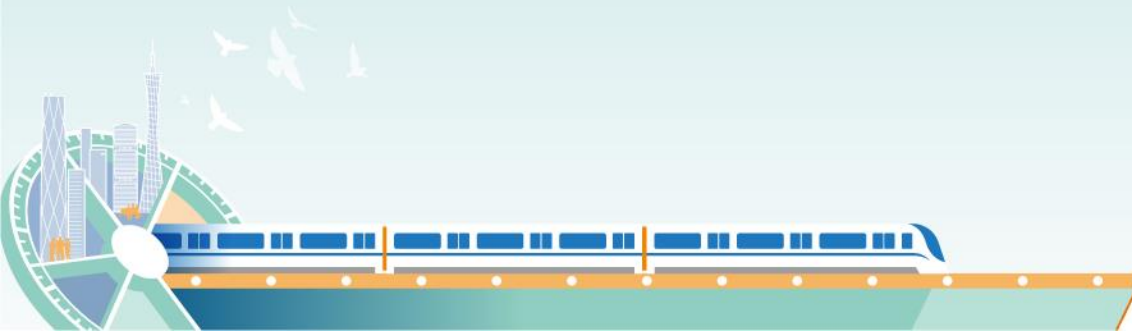
Commercial Strategy

- Implement “Coordinated Residential & Commercial Properties Development ” strategy and “Development +Operations+Securitization” model, enhance interaction between the Group and Yuexiu REIT
- Optimize the tenant structure and refine management to effectively control costs
- Push forward commercial asset management and light asset model

5

Organization Strategy

- Strengthen cultivation and acquisition of core talents for meeting strategy and performance demands to build outstanding talent teams
- Optimize co-investment mechanism and key employee share incentive scheme



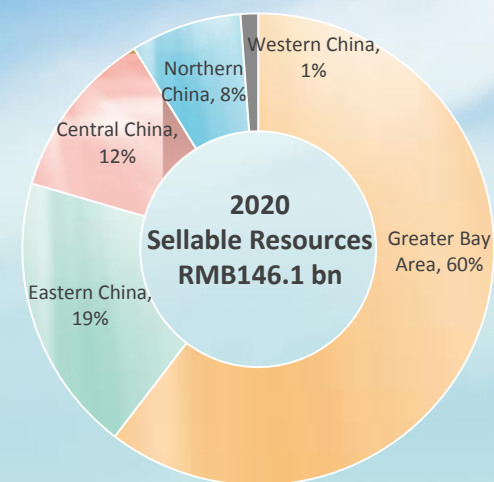
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2020 SALES AND OPERATIONAL TARGETS

2020 Contracted Sales Target: RMB80.2 bn



Total Sellable Resources



Operational Plans⁽¹⁾

GFA (mm sq.m.)	2019A	2020E	1H 2020A
PUD	16.47	17.91	17.40
New Construction Starts	6.90	6.95	2.76
Completion	3.04	5.51 ⁽²⁾	1.83

Notes : (1) Including figures from joint venture projects

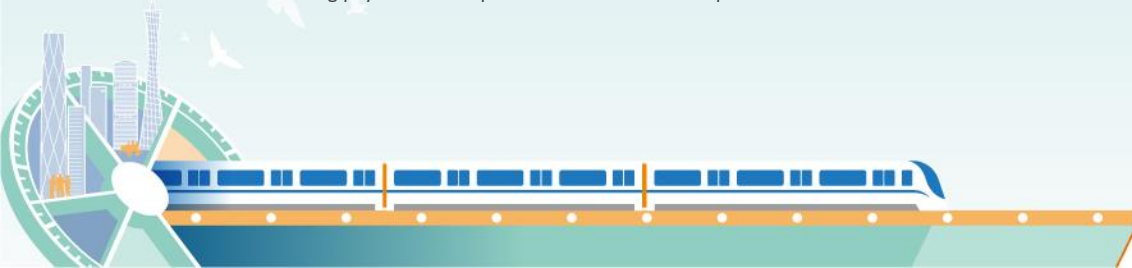
(2) The consolidated completion GFA of 2020E was 3.94 mm sq.m.

2020 KEY OPERATING CASH FLOWS

Cash Inflow (RMB bn)	2020E
Property Sales	58.5
Rental Income and Other	2.7
Total	61.2

Cash Outflow (RMB bn)	2020E
Land Premium and Auction Deposits*	30.0
Construction Cost	14.0
Interest Payment	4.0
Tax and Administrative and Other Expenses	12.0
Total	60.0

*Note : Excluding payment for acquisitions from Yuexiu Group





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Thank you!



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