



越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

Stock Code : 00123

2014

**Interim
Results**

27 August 2014



1. Results Highlights

2. Business Overview

3. Future Prospects



RESULTS HIGHLIGHTS

Operating Results Achieved Stable Growth

- Revenue of 2014 1H was RMB6,326 mm, +4.4% y-o-y
- Gross margin was 34.4%
- Core net profit was RMB992 mm, +10.5% y-o-y
- The Board has resolved to declare an interim dividend of HK\$0.049 per share for 2014, which was equivalent to approx. RMB0.039 per share

Contracted Sales Rose during Market Downturn

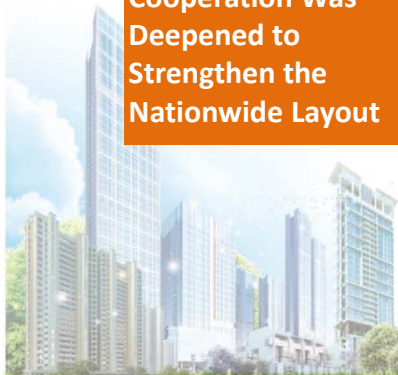
- Contracted sales value of 2014 1H was RMB10.63 bn, +23.4% y-o-y
- Achieved 48% of full year sales target RMB22 bn
- Unrecognized sales value reached a historical high of RMB17.24 bn

The Overall Financial Position Was Satisfactory

- New bank borrowings and refinancing of RMB8.6 bn was completed in 2014 1H
- Debt maturity profile were further optimized with onshore and offshore ratio of 45%:55%, the average interest cost of 2014 1H was reduced by 0.4 ppt to 5.2%
- Total cash on hand remained healthy of RMB9,753 mm, +16.5% comparing with end of 2013

Model of Cooperation Was Deepened to Strengthen the Nationwide Layout

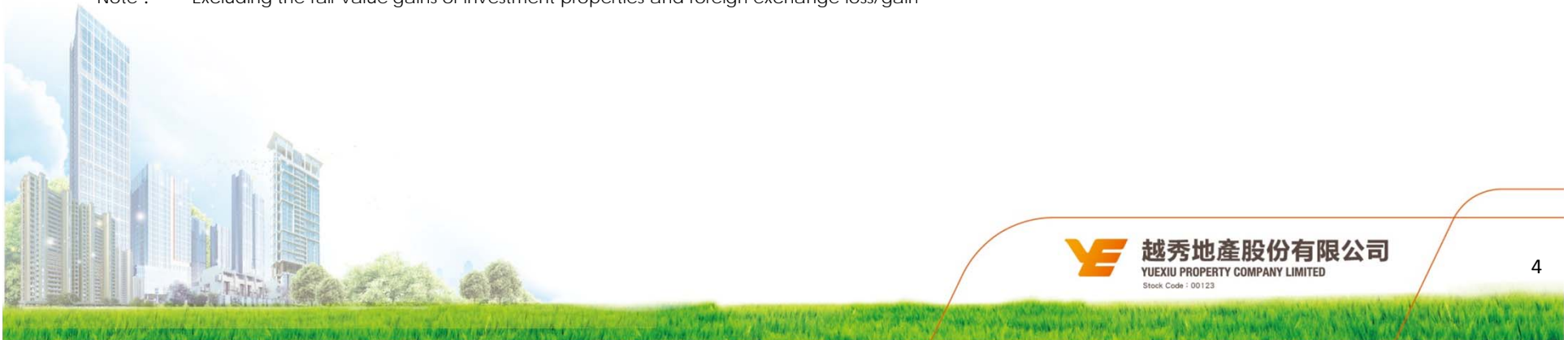
- A land parcel located in Gudun Road, Hangzhou was acquired jointly with an investment fund
- The total landbank of the Group amounted 15.07 mm sqm with 39 projects in 12 cities in Pearl River Delta, Yangtze River Delta, Bohai Rim and Central China Region



INCOME STATEMENT

RMB mm	2014 1H	2013 1H	CHANGE
Revenue	6,326	6,059	+4.4%
Gross Profit	2,176	2,480	-12.3%
Fair Value Gains	1,251	1,862	-32.8%
SG & A Expenses	539	556	-3.1%
Finance Costs	190	212	-10.4%
Profit Attributable to Equity Holders	1,676	2,341	-28.4%
Core Net Profit ⁽¹⁾	992	898	+10.5%
Basic Earning per Share	RMB0.1798	RMB0.2516	-28.5%
Proposed Interim Dividend per Share	HKD0.049	HKD0.049	-

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



BALANCE SHEET

RMB mm	30 Jun 2014	31 Dec 2013	CHANGE
Cash ⁽¹⁾	9,753	8,374	+16.5%
Total Borrowings	26,510	23,865	+11.1%
Gearing Ratio ⁽²⁾	41.4%	42.8%	-1.4 ppt
Net Gearing Ratio ⁽³⁾	62.7%	61.6%	+1.1 ppt
Total Assets	82,027	78,071	+5.1%
Shareholders' Equity ⁽⁴⁾	25,622	24,175	+6.0%
Net Asset per Share	RMB2.75	RMB2.59	+6.0%

Note :

(1) Including the charged bank deposits of RMB 2,141 mm as at the end of 30 June, 2014(end of 2013 : RMB3,319 mm)

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

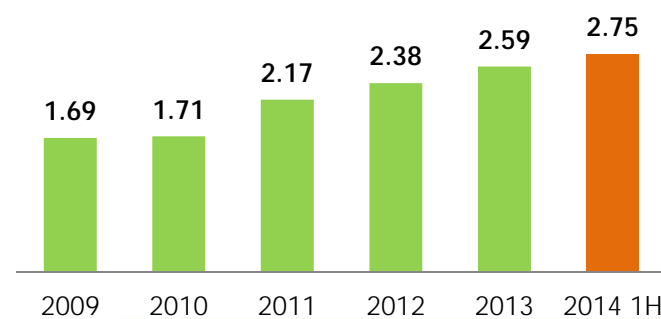
(3) Net Gearing Ratio = (Total Borrowings - Cash - Charged bank deposits) /Net Asset

(4) Excluding the Minority Interest

TOTAL ASSETS (RMB bn)



NET ASSETS PER SHARE (RMB)

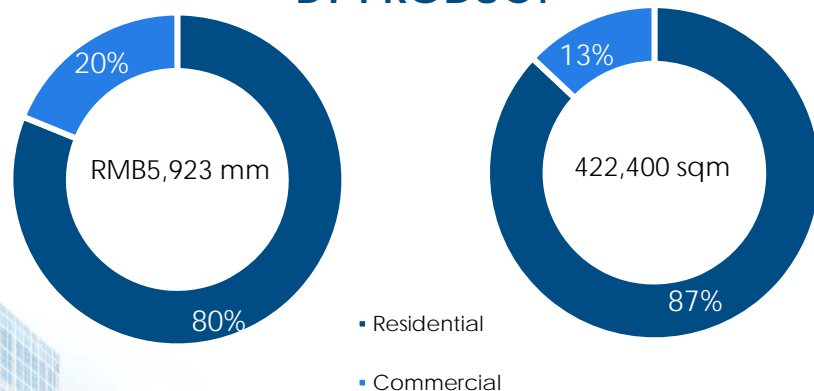


PROPERTY SALES REVENUE ANALYSIS

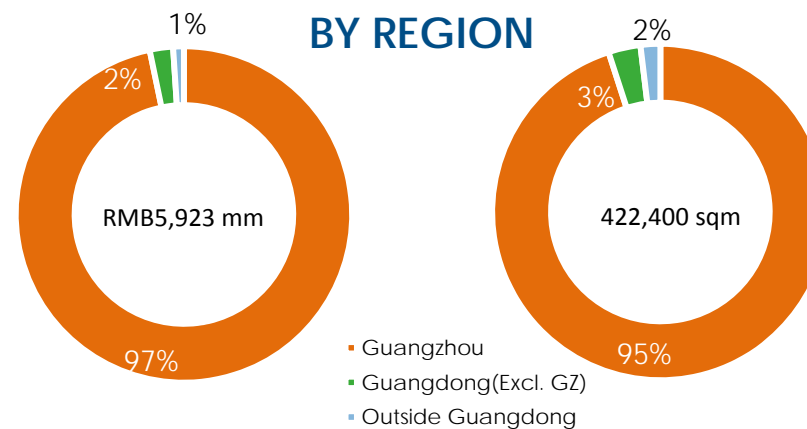
TYPE	REVENUE (RMB mm)		GROSS PROFIT (RMB mm)	
	2014 1H	2013 1H	2014 1H	2013 1H
Property Sales(Including sales of IP)	5,923	5,531	2,109	2,219

- 2014 1H Recognized Sales Value amounted to RMB5,923 mm, +7.1% y-o-y
- Recognized sales GFA was 422,400 sqm, +14.3% y-o-y
- ASP was RMB14,000/sqm

BY PRODUCT



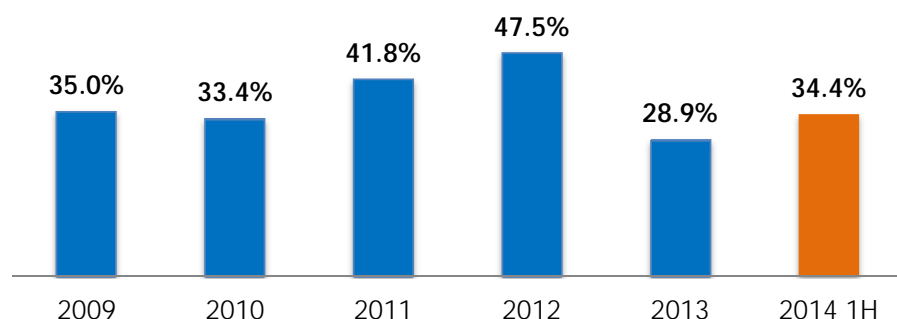
BY REGION



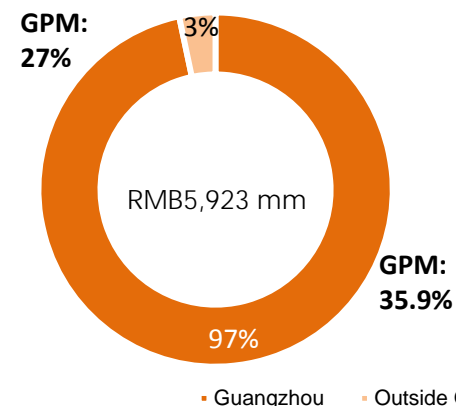
GROSS MARGIN ANALYSIS

- Gross margin for 2014 1H was 34.4%, the gross margin of property sales was 35.6%, and the gross margin of residential property was 31.2%, +1.9 ppt y-o-y
- Higher base in 2011, 2012 and 2013 1H due to more high-margin commercial products recognized

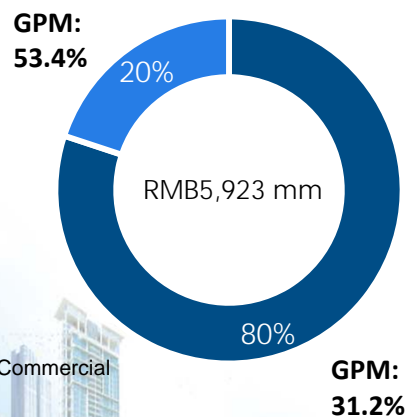
GROSS MARGIN



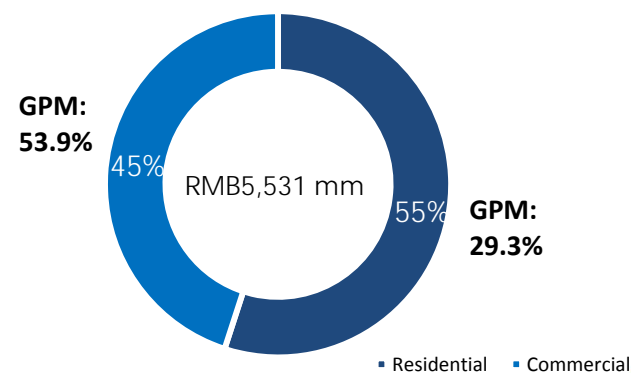
2014 1H GROSS MARGIN ANALYSIS



2014 1H % of recognized sales



2013 1H % of recognized sales

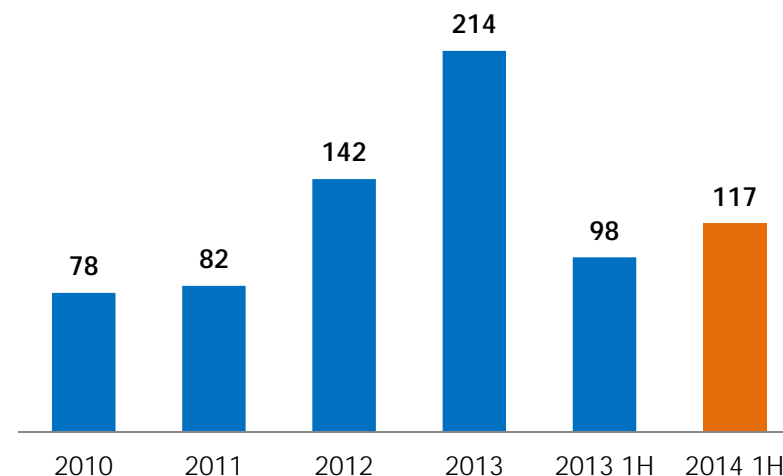


RECURRING INCOME – IP & REIT

	OFFICE	COMMERCIAL	PARKING & OTHERS	TOTAL
Rental Income (RMB mm)	39	50	37	126
Rental GFA (sqm)	53,600	369,600	191,900	615,100
PUD GFA (sqm)	232,600	82,000	-	314,500
Appraised Value (RMB mm)	4,551	6,738	853	12,142

YUEXIU REIT PROPERTIES	REVENUE (RMB mm)		
	2014 1H	2013 1H	changes
White Horse Building	178	168	+6.1%
Fortune Plaza	34	34	+0.3%
City Development Plaza	30	28	+7.6%
Victory Plaza	23	16	+38.9%
Neo Metropolis	31	30	+4.7%
GZIFC	450	364	+23.6%
Total	745	639	+16.6%

DIVIDEND FROM YUEXIU REIT (RMB mm)

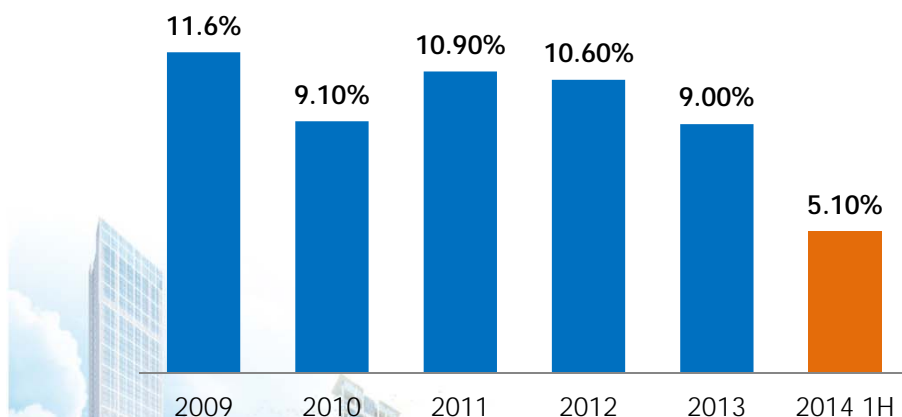


OPERATING RATIO ANALYSIS

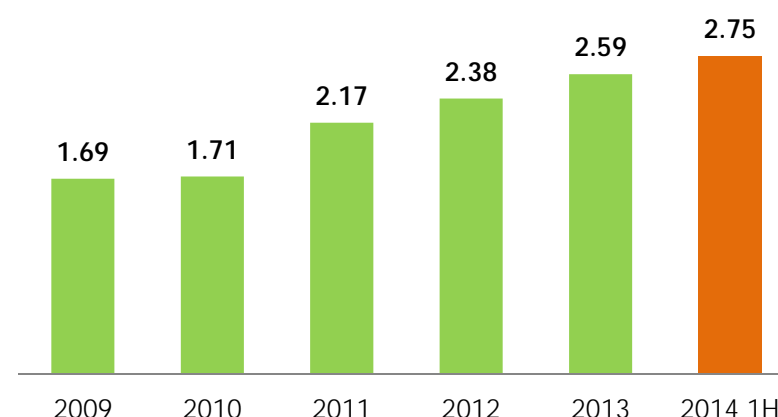
OPERATING RATIO	2014 1H	2013	2012	2011	2010	2009
Administrative Expense Ratio ⁽¹⁾	3.3%	5.6%	6.8%	8.1%	6.7%	8.5%
Selling Expense Ratio ⁽¹⁾	1.8%	3.4%	3.8%	2.8%	2.4%	3.1%
ROE ⁽²⁾	6.9%	12%	12%	28%	7%	5.3%
Net Assets per Share (RMB)	2.75	2.59	2.38	2.17	1.71	1.69

Note: ⁽¹⁾ Compare to contracted sales; ⁽²⁾ Including Minority Interest , it was not annualized for 2014 1H

SG & A EXPENSE RATIOS



NET ASSETS PER SHARE (RMB)



CAPITAL & FINANCE MANAGEMENT

The Group captured market opportunities and completed financing RMB8.6 bn in 2014 1H.

RATING AND BOND ISSUANCE

COMPANY RATINGS

- On Jan 2013,
 - Rated “Baa3” by Moody’s
 - Rated “BBB-” by Fitch
- Became one of the few HK listed PRC developers with investment-grade ratings

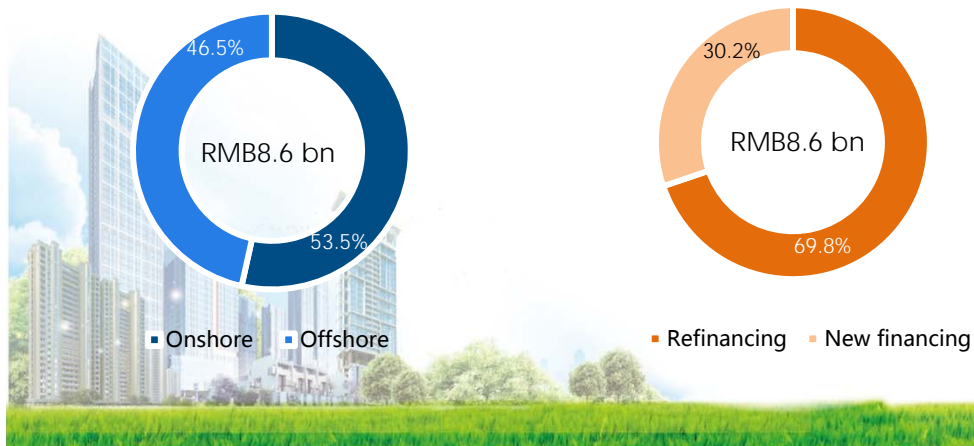
USD BOND ISSUANCE

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

MOODY'S FitchRatings

DATE	USD bn	MATURITY	COUPON (%)
Jan 2013	0.35	5 Yrs	3.25
Jan 2013	0.50	10 Yrs	4.50

2014 1H BANK BORROWINGS



RATING REVIEWS

	DATE	RESULTS
Moody's	Jan 2014	Maintain Baa3, Outlook: Stable
Fitch	Mar 2014	Maintain BBB-, Outlook: Stable

DEBT STRUCTURE ANALYSIS

DEBT PORTFOLIO

- The ratio of onshore and offshore borrowings was 45%:55% (2013 year end: 43%:57%), where bonds 20% and offshore borrowing 35%.

BORROWINGS (RMB mm)	30 Jun 2014	RATIO
USD Bonds	5,173	20%
Offshore Bank Borrowings	9,378	35%
Onshore Bank Borrowings	11,959	45%
Total	26,510	100%



MATURITY PROFILE

- Maturity within one year accounted for 15% of total debt compared to 35% at the end of 2013.

BY YEAR (RMB mm)	BORROWINGS (RMB mm)	30 Jun 2014	31 Dec 2013
Within one year	4,000	15%	35%
2 nd year	7,639	29%	20%
3 rd – 5 th year	10,808	41%	29%
Over 5 years	40,63	15%	16%
Total Borrowings	26,510	100%	100%

INTEREST COST

INTEREST COST (RMB mm)	2014 1H	2013
Interest on Borrowings*	740	1,520
Interest Capitalized	550	1,008
Interest Expensed	190	512
Average Interest Cost	5.2%	5.6%

*Note: including Yuexiu REIT related interest expenses and income support



2014 1H CASH FLOW ANALYSIS

RMB bn		2014 1H
Cash on hand at start		8.37
Cash from Operation		6.97
Operating Expenses		(7.70)
Development Cost	(4.33)	
Tax and Administrative and Other Expenses	(2.69)	
Interest of Borrowings and Bonds	(0.68)	
Bank Loan Repayment		(6.01)
New Bank Loans		8.64
Land Premium Paid		(0.54)
Cash on Hand at 30 June 2014		9.75



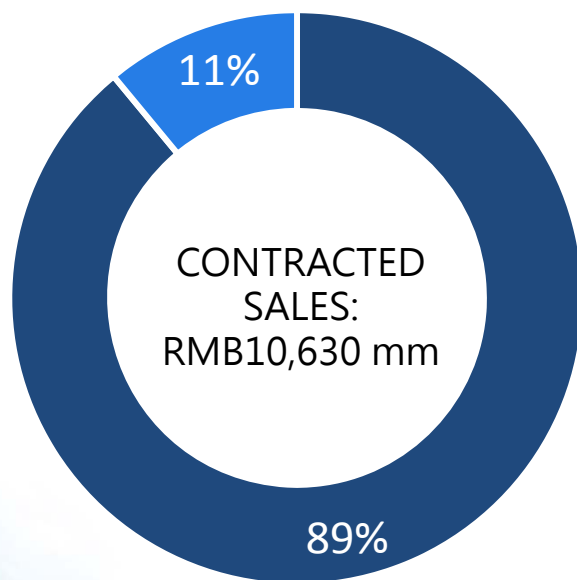
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2014 1H CONTRACTED SALES ANALYSIS

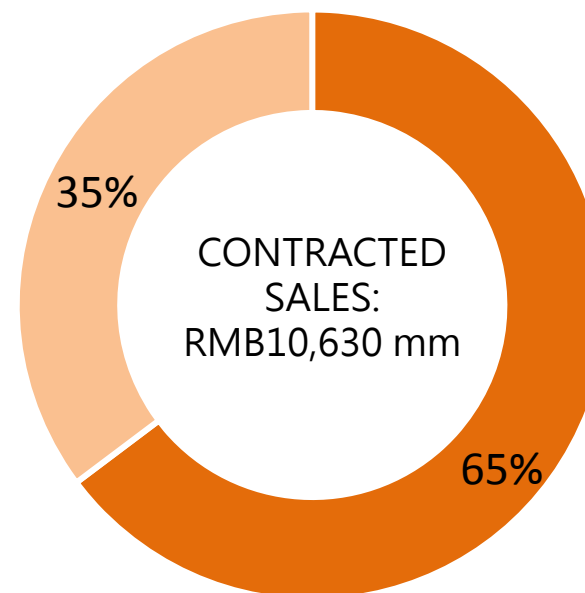
- With 30 projects for sale in 2014 1H, the contracted sales value and contracted sales GFA amounted to RMB10,630 mm and 835,600 sqm respectively, representing increases of 23.4% and 34.7% respectively
- The ASP was approx. RMB12,700/sqm, same with ASP of RMB12,700/sqm in 2013

BY PRODUCT



■ Residential ■ Commercial

BY REGION



■ Guangzhou ■ Outside Guangzhou

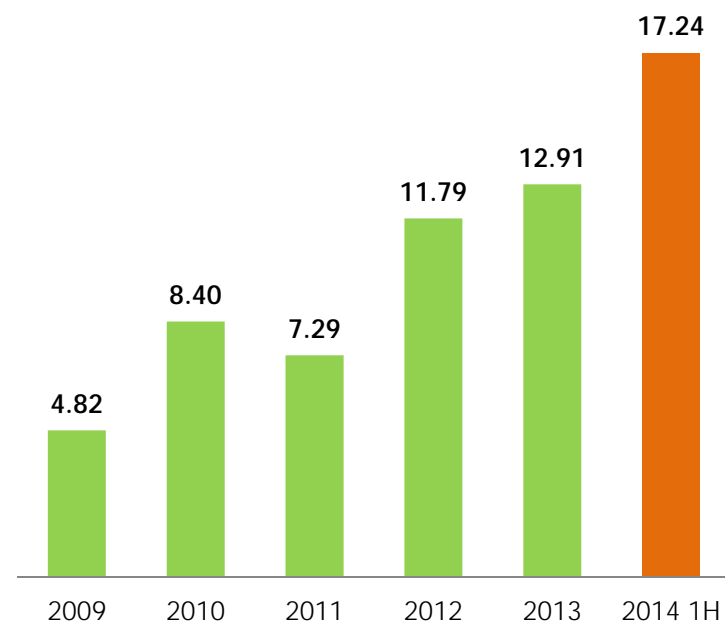
RECORD HIGH UNRECOGNIZED SALES

- Unrecognized sales value amounted to approx. RMB17.24 bn, corresponding GFA was 1,532,600 sqm, with ASP of RMB11,200/sqm

RECONGNIZED SALES (RMB bn)



UNRECOGNIZED SALES (RMB bn)



LAND ACQUISITION AND STRATEGY

2013 LAND ACQUISITION		CHINESE NAME	MONTH	TYPE	GFA (sqm)	LAND COST (RMB mm)	ATTRIBUTABLE LAND COST (RMB mm)	INTEREST
1	Hangzhou Lin'an Land Phase IV	杭州臨安地塊第四期	Jan	R/C	386,100	339	339	100%
2	Guangzhou Haizhu Nanzhou Road Land	廣州海珠南洲路地塊	May	R	152,600	2,461	2,461	95.48%
3	Hangzhou Yuhang Shangyuan Road Land	杭州余杭上園路地塊	May	R/C	227,200	1,608	1,608	100%
4	Hangzhou Jianggan Sanbao Land	杭州江幹三堡區地塊	Jun	C	63,800	584	117	*20%
5	Foshan Changcheng Tongji Road Land	佛山禪城同濟路地塊	Jul	R/C	315,400	1,772	337	*19%
6	Wuhan Jiangnan Jingwu Road Land	武漢江漢精武路地塊	Sept	R/C	950,000	9,010	685	*7.60%
7	Guangzhou Luogang Yunpu Land Parcel	廣州蘿崗雲埔地塊	Oct	R	666,400	4,350	207	*4.77%
Total					2,761,500	20,124	5,754	

2014 LAND ACQUISITION		CHINESE NAME	MONTH	TYPE	GFA (sqm)	LAND COST (RMB mm)	ATTRIBUTABLE LAND COST (RMB mm)	INTEREST
1	Hangzhou Yuhang Gudun Road Land Parcel	杭州余杭古墩路地塊	Jan	R/C	190,500	1,000	100	*10%

Note: * Investment Fund JV

LAND ACQUISITIONS IN RECENT YEARS

Year	LAND COST (RMB bn)	GFA (sqm)	ATTRIBUTABLE LAND COST (RMB bn)	ATTRIBUTABLE GFA (sqm)
2009	5.1	1,379,000	5.1	1,379,000
2010	8.3	3,112,000	8.3	3,112,000
2011	5.5	2,013,000	5.5	2,013,000
2012	8.0	3,775,700	6.7	3,217,000
2013	20.1	2,761,500	5.8	936,000
Total	47.0	13,041,200	31.4	10,657,000

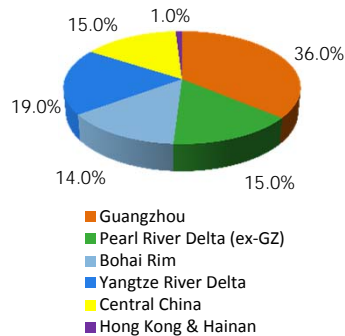
INVESTMENT FUND TERMS

- The Group and the fund will assume 5-20% and 80-95% of the project equity interest respectively.
- A call option is exercisable by the Group between 12th to 24th month
- Annual return for the fund is between 11% - 12%

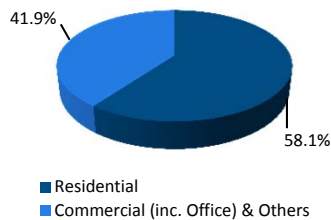
LEADING INTEGRATED DEVELOPMENT & OPERATIONAL CAPABILITIES DIVERSIFIED REGIONAL FOOTPRINT

- As of 30 Jun 2014, landbank was 15.07 mm sqm , including PUD of 8.01 mm sqm and PFD of 7.06 mm sqm

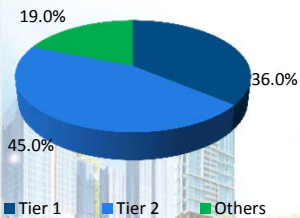
Land Bank – by Region



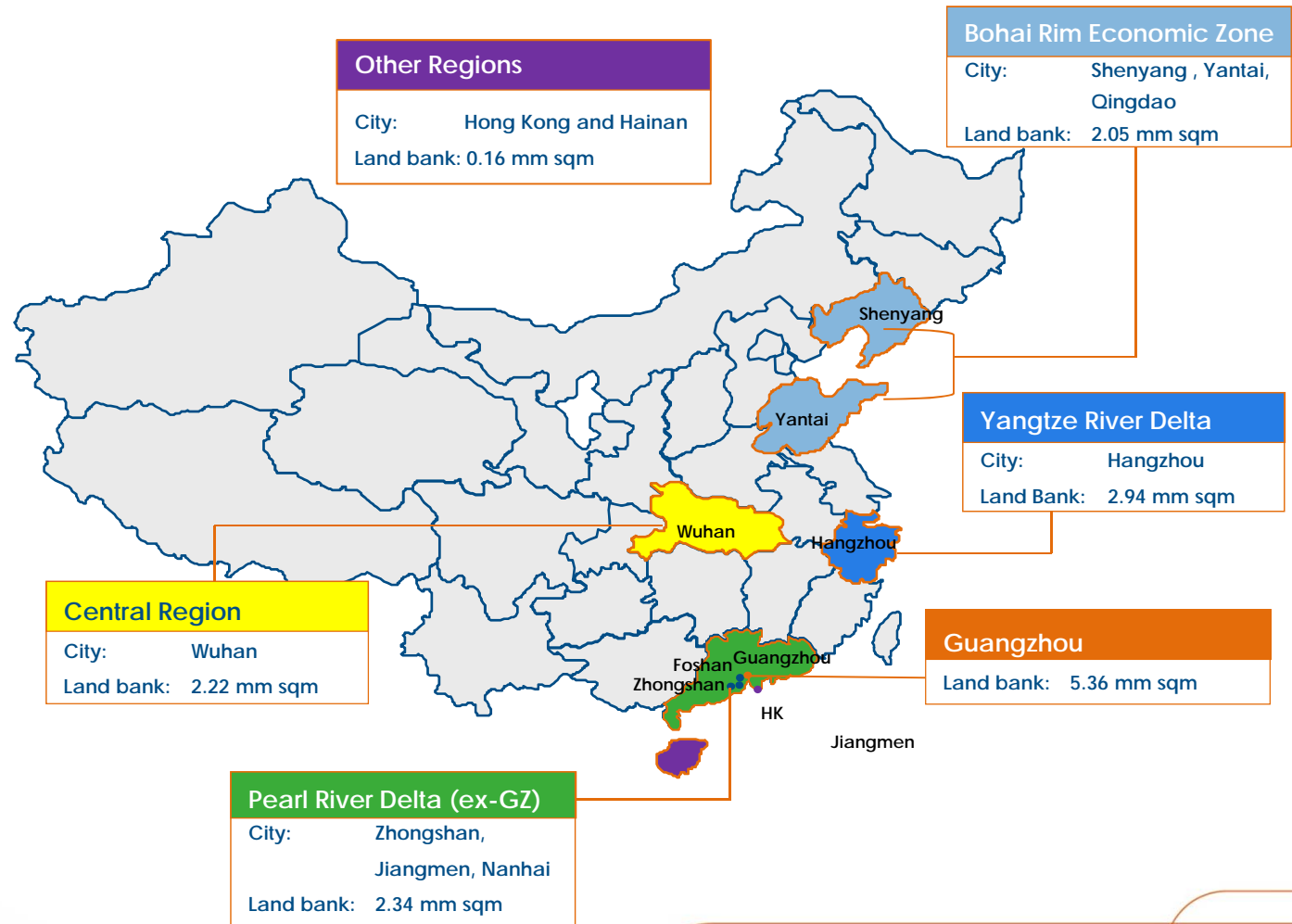
Land Bank – by Type



Land Bank – by Tier*



* Note: Tier 1 cities: Guangzhou, HongKong
Tier 2 cities: Wuhan, Hangzhou, Qingdao, Shenyang, Haikou, Foshan
Others: Yantai, Kunshan, Jiangmen, Zhongshan



INVESTMENT PROPERTY

#	PROJUECTS UNDER LEASING	CHINESE NAME	RENTABLE GFA(sq _m)
1	Guangzhou Fortune World Plaza	廣州財富天地廣場	180,000
2	Zhongshan Macalline	中山紅星美凱龍	90,400
3	Xiangkang Commercial Plaza	祥康商貿大廈	33,100
4	HK Property	香港物業	10,800
5	Guang Yuan Cultural Center	廣源文化中心	32,000
6	Huangshi Garden	黃石花園	21,000
7	Victory Plaza	維多利廣場	21,900
8	Yuexiu City Plaza	越秀城市廣場	18,200
	Other Projects	其他	207,700
TOTAL			615,100

SALES OF NON-CORE IPs IN RECENT YEARS

Year	GFA (sq _m)	VALUE (RMB mm)	COST (RMB mm)	GROSS MARGIN
2009	12,352	236	197	17%
2010	81,012	1,345	876	35%
2011	36,497	703	596	15%
2012	69,674	856	617	28%
2013	20,245	364	288	21%
2014 1H	1,444	16	8	49%
TOTAL	221,224	3,520	2,582	27%

#	MAJOR PROJECTS UNDER CONSTRUCTION	CHINESE NAME	GFA (sq _m)
1	Yuexiu Financial Tower	越秀金融大廈	202,500
2	Nanhai Starry Winking (Commercial)	南海星匯雲錦 (商業)	112,000
TOTAL			314,500



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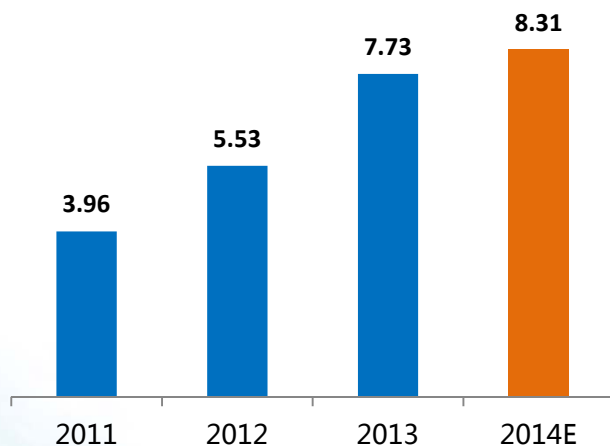
2014 OPERATIONAL PLAN

GFA (mm sqm)	2014 PLAN	2014 1H ACTUAL
*PUD	8.31	8.01
New Construction Starts	1.71	0.67
Completion	1.13	0.39
Delivery	1.04	0.44

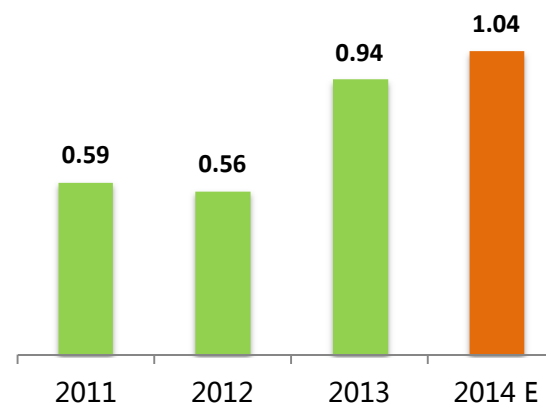
*Note: Period-end

- Aim to enhance development and construction capabilities to further shorten the development cycle
- Achieved the 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

PUD (mm sqm)

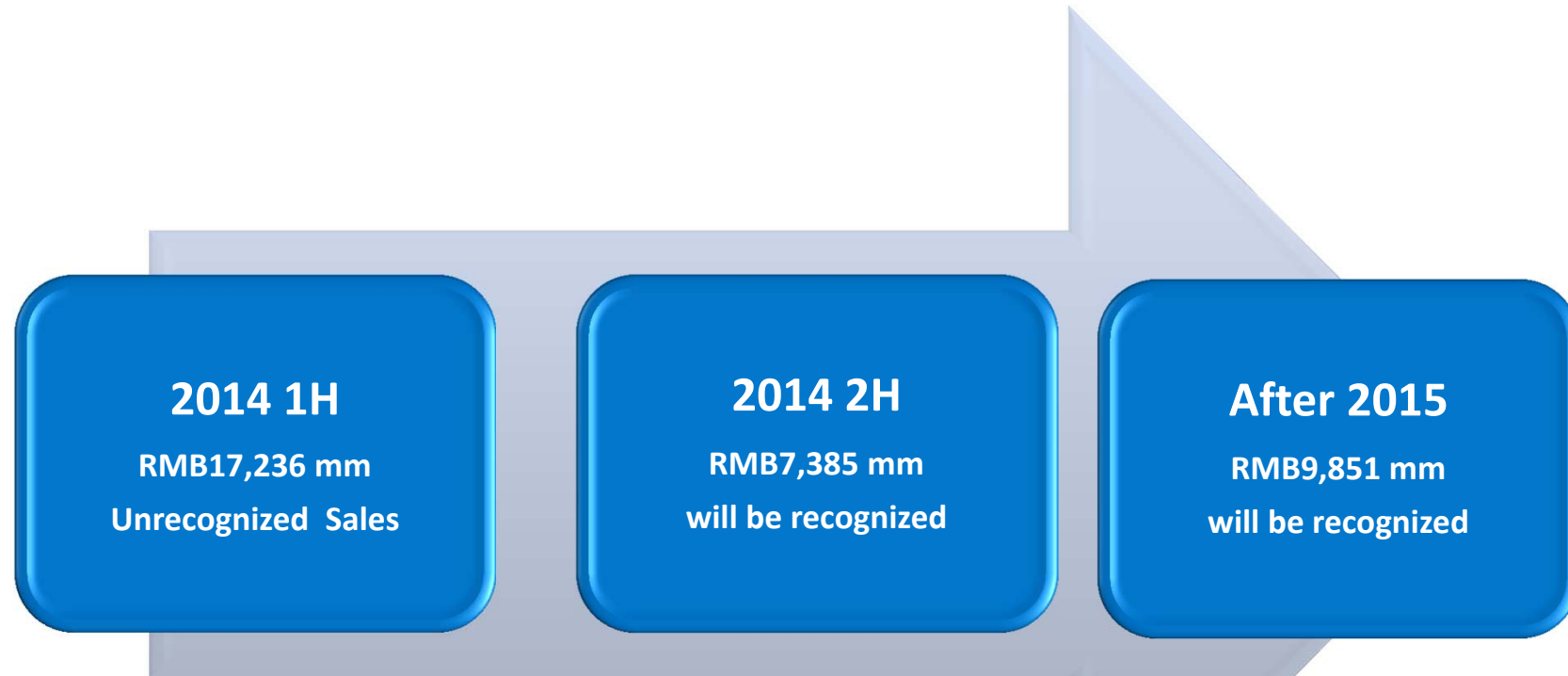


Delivery (mm sqm)



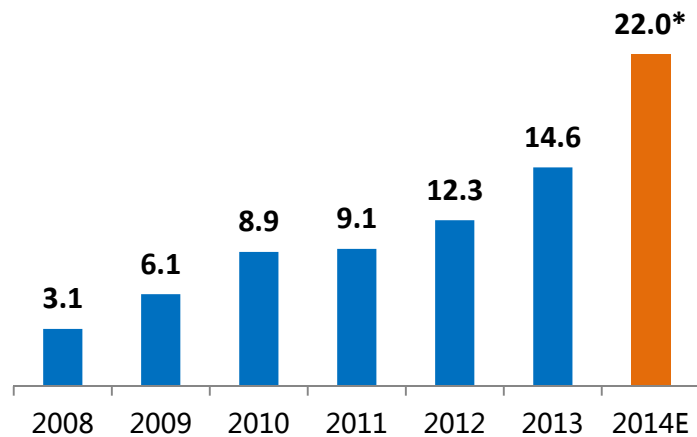
2014 RECOGNITION GUIDANCE

- As of 30 June 2014, unrecognized sales was RMB17,236 mm



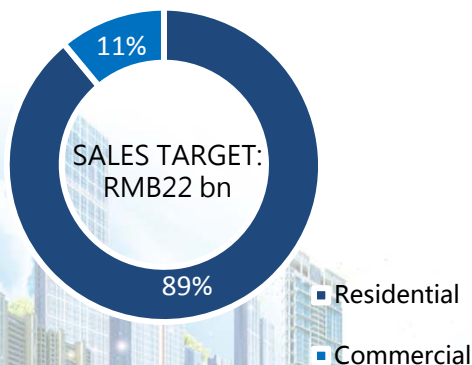
2014 SALES TARGET

CONTRACTED SALES (RMB bn)

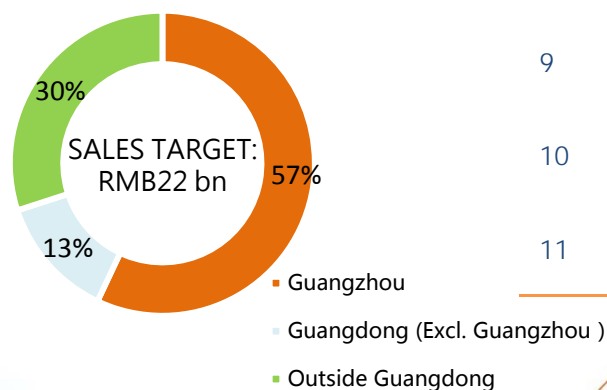


*Sell-through Rate assumed at 50%

2014 SALES TARGET – BY PRODUCT



2014 SALES TARGET – BY REGION

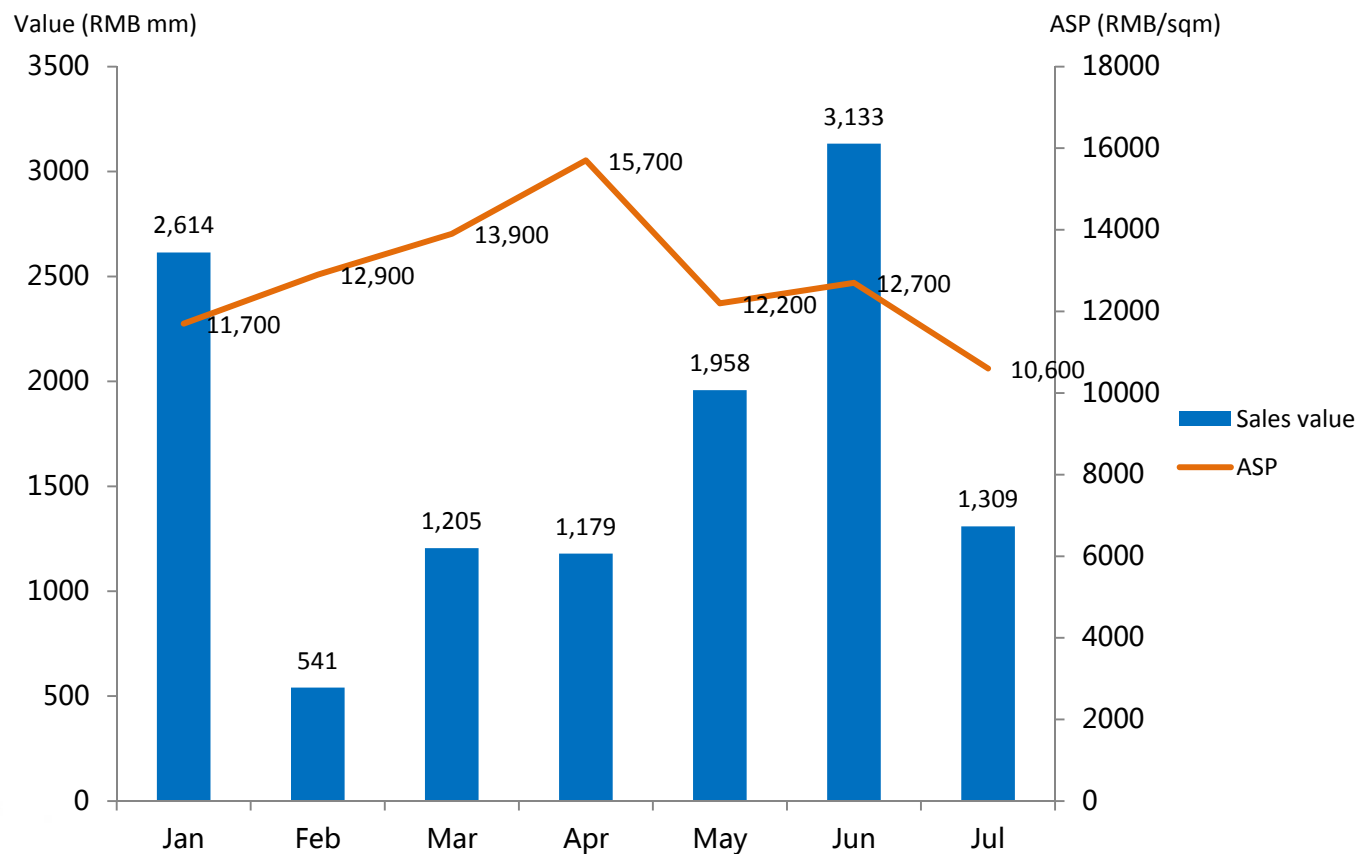


2014 NEW LAUNCHES

#	PROJECT	LAUNCH
1	Guangzhou Lingnan Wood	Jan
2	Qingdao Starry Blue Bay	Mar
3	Guangzhou Starry Cullinan	Mar
4	Zhongshan Starry Peakfield	May
5	Zhongshan Paradiso Jardin	May
6	Foshan Lingnan Junting	Jun
7	Nanhai Starry Winking	2H
8	Hangzhou Starry Joy City	2H
9	Hangzhou Starry Upper City	2H
10	Guangzhou Luogang Yunpu Industrial Park Project	2H
11	Hong Kong Tsing Tai Road Project	2H

JAN-JULY CONTRACTED SALES

- From Jan to July, the contracted sales value and GFA amounted to 11,939 mm and 959,300 sqm respectively, and the ASP was approx. RMB12,400/sqm
- The contracted sales value achieved 54% of full year target RMB22 bn

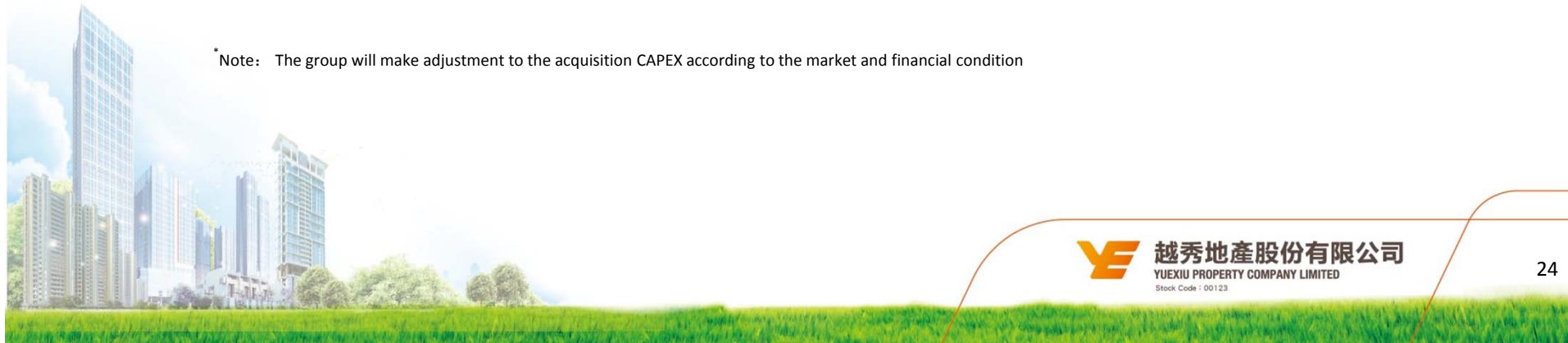


2014 CAPEX

AVAILABLE CAPITAL (RMB bn)	2014E
Cash on hand at start	8.4
Contracted Sales	22.0
Undrawn Bank Facilities	5.9
Total	36.3

KEY CAPEX (RMB bn)	2014E
Land Premium Payable	1.4
Construction Costs	8.5
Land Acquisition	*4.0
Total	13.9

* Note: The group will make adjustment to the acquisition CAPEX according to the market and financial condition





THANK YOU!



 越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED
Stock Code : 00123

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