



首创置业
BEIJING CAPITAL LAND

创造都市新生活
Create New Urban Life

Beijing Capital Land Ltd. 2868.HK Annual Results 2016

February 2017



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Section 1

Results Summary



- **Contracted Sales:**
 - RMB45.5bn contracted sales, up 40% YoY
 - ASP RMB20,000/sq.m., up 72% YoY
- **Land Investment:**
 - RMB18.1bn investment: BJ, SH and TJ accounted for 89%
 - Robust primary land development business. Newly acquired primary land development projects including the **Beijing CBD Hujialou Shantytown Renovation Project**, Shijingshan Shantytown Renovation Project and the Pinggu Bai Ge Zhuang Project
- **Financing Breakthrough:**
 - Successfully submitted **A-share listing application** to the CSRC
 - Domestic rating raised to **AAA**
 - Issued **RMB10bn private placement bonds** at a weighted average cost of **4.04%**
- **Outlets Expansion:**
 - Ranks **No.1 nationwide in numbers of outlet projects, added 5 new projects, covers 13 cities**
 - Outlets business maturing as retail sales achieved **RMB2.39bn, up 17% YoY**
 - **SINO Ocean** and **KKR** agreed to subscribe for Capital Juda's new common shares and perpetual convertible bond securities for a total consideration of approximately HKD1,477mn
- **Overseas Development:**
 - **RMB5.86bn contracted sales, up 15% YoY; ASP RMB38,000/sq.m., up 34% YoY**
 - Newly entered **Brisbane**, the 3rd most populous city in Australia
- **Operational Improvements:**
 - Successful construction of the **high-end "Tian Yue" product line** and in pushing forward **the establishment of standardized products**
 - Built up its **own property management brand**, covering over **10 mn sq.m.** and making it **one of the top 10 biggest property management companies in Beijing**
 - Accelerated the implementation of a centralized strategic procurement system, saving **20%** in purchasing and covering more than **75%** of the Group's projects

Financial Results

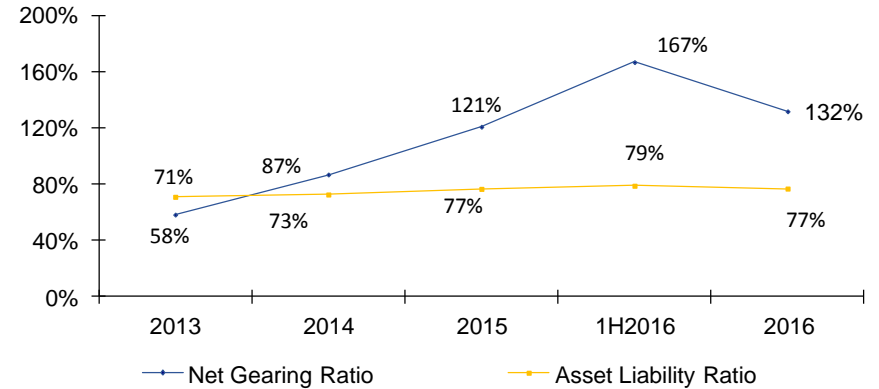
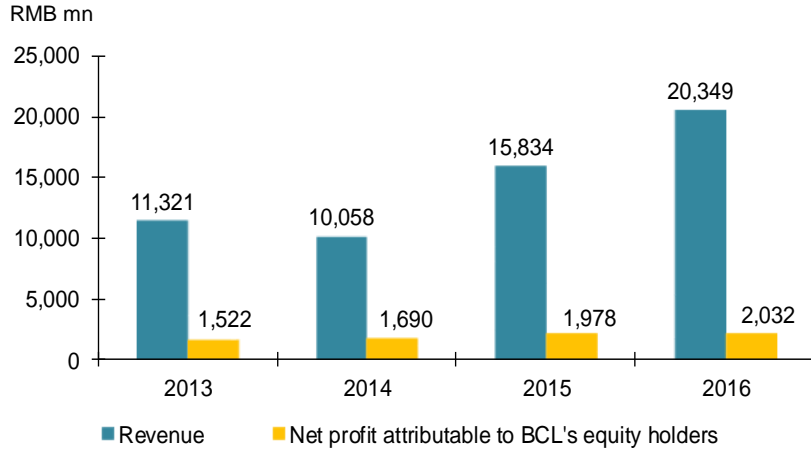
RMB '000	2016	2015	YoY Change
Revenue	20,349,404	15,833,595	28.52%
Gross Profit	2,580,743	1,881,719	37.15%
Net Profit	2,878,298	2,885,154	-0.24%
Net profit attributable to parent company	2,031,862	1,977,736	2.74%
Core profit attributable to parent company ¹	1,806,786	1,589,572	13.66%
EPS (Fully-diluted, RMB cents)	67	90	-25.56%
DPS (RMB cents)	20	20	-
ROE attributable to parent company	13.55%	17.62%	-4.07 ppt
Gross profit margin	12.68%	11.88%	0.80 ppt
Adjusted Gross profit margin ²	17.93%	12.34%	5.59 ppt
Net profit margin	14.14%	18.22%	-4.08 ppt
Net gearing ratio	132.26%	121.01%	11.25 ppt
Cash on hand	17.93bn	17.75bn	1.00%

1. Core profit attributable to owners of the company = Net profit attributable to owners of the company – Gains arising from changes in fair value attributable to owners of the company after tax. (excluding minority interest) + Coupon payments of perpetual securities

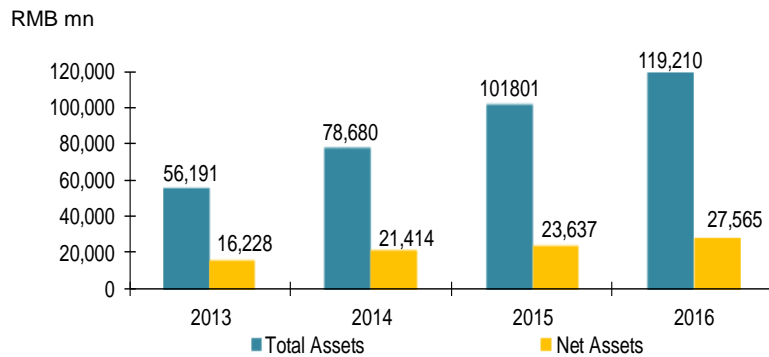
2. Adjusted for revenue from Australian projects (interest income) and investment gains from associates and joint ventures

Stable Financial Performance

Stable Financial Performance



Increasing Asset Scale



Optimized Loan Structure

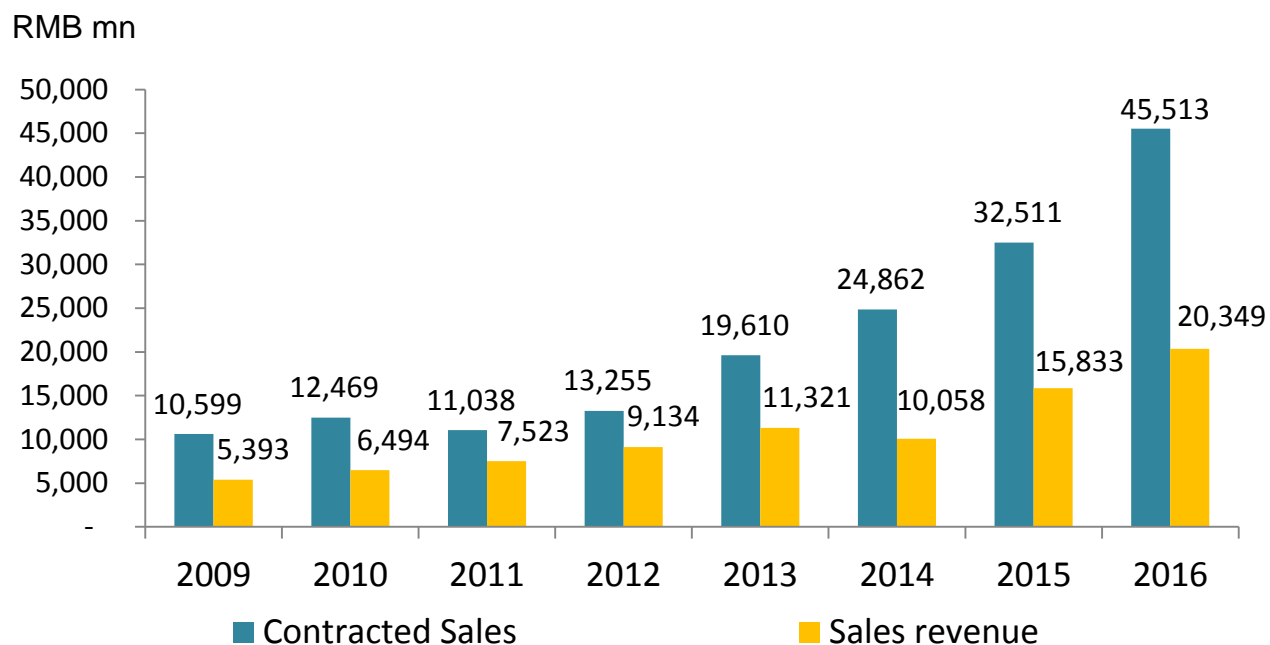


Weighted Average Funding Cost: 5.25%*

*as of 31 Dec. 2016

Contracted Sales and Sales Revenue

Unbooked core pre-sales by the end of 2015	Contracted core pre-sales in 2016	Booked amount in 2016	Accumulated unbooked core pre-sales
RMB16.2bn	RMB31.8bn	RMB20.3bn	RMB27.7bn



Contracted sales in 2016 reached RMB45.5bn

Section 2

Business Highlights

Contracted Sales Performance in 2016

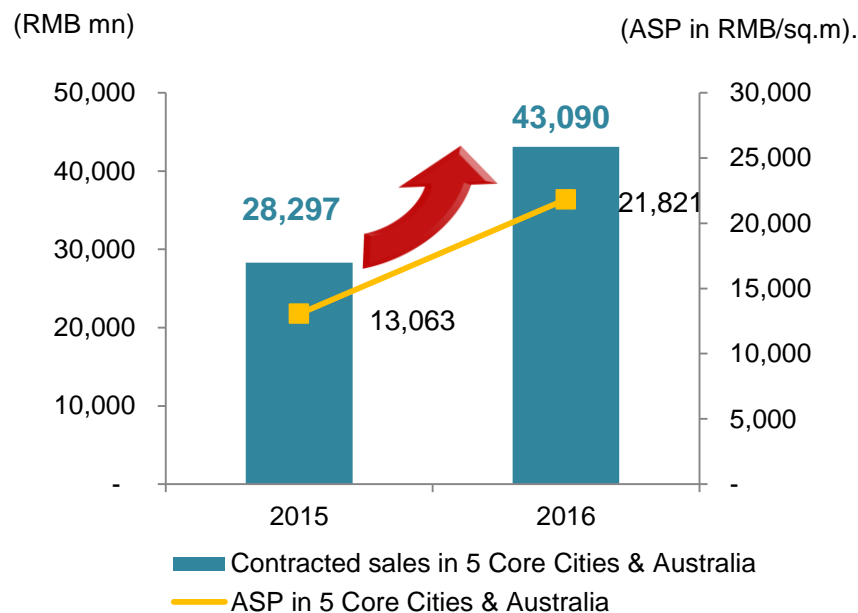
Contracted Sales		Average Selling Price (contracted sales)	
RMB billion	YoY Change	RMB/sq. m.	YoY Change
45.5	+40.0%	20,099	+72.3%

Contracted sales in 2016 recorded high volumes and prices

Focused on strategic core regions Balanced transaction volumes and prices

- **RMB43.1bn** contracted sales from 5 core cities and Australia up 52% yoy, accounting for **95%** of the total contracted sales, up 8 ppt yoy
- Average selling price in 5 core cities and Australia increased significantly by 67% to **RMB21,821** per sq.m. in 2016

Core Cities & Australia Contracted Sales & ASP



Quality Projects Acquired in Core Cities

- ❑ **RMB18.1bn** of land investments with a total GFA of 1.66 million sq.m.
- ❑ Invested **RMB16.1bn** in Beijing, Tianjin and Shanghai, which accounted for 89% of total investment, up 12ppt yoy.
- ❑ Core Projects : Beijing Daxing Huang Village Project, Shanghai Zhoupu Project, Shanghai Pudong Xinchang Project, and Tianjin Hongxianli Project
- ❑ Acquired a number of primary land development projects including the Beijing CBD Hujialou Shantytown Renovation Project (北京CBD呼家楼棚改项目) and the Pinggu Bai Ge Zhuang Project (平谷白各庄项目). Beijing CBD Hujialou Shantytown Renovation Project (北京CBD呼家楼棚改项目) covers a total site area of 24 hectares and lays a solid foundation for the Company's future premium land bank
- ❑ **Firm support from parent company BCG** continued, and 4 projects acquired from BCG replenished prime land bank in core cities

New Primary Land Development Projects Acquired in Beijing



District: Chaoyang
Site Area : 24 hectares



District: Pinggu
Planned GFA: 253,200 sq.m.

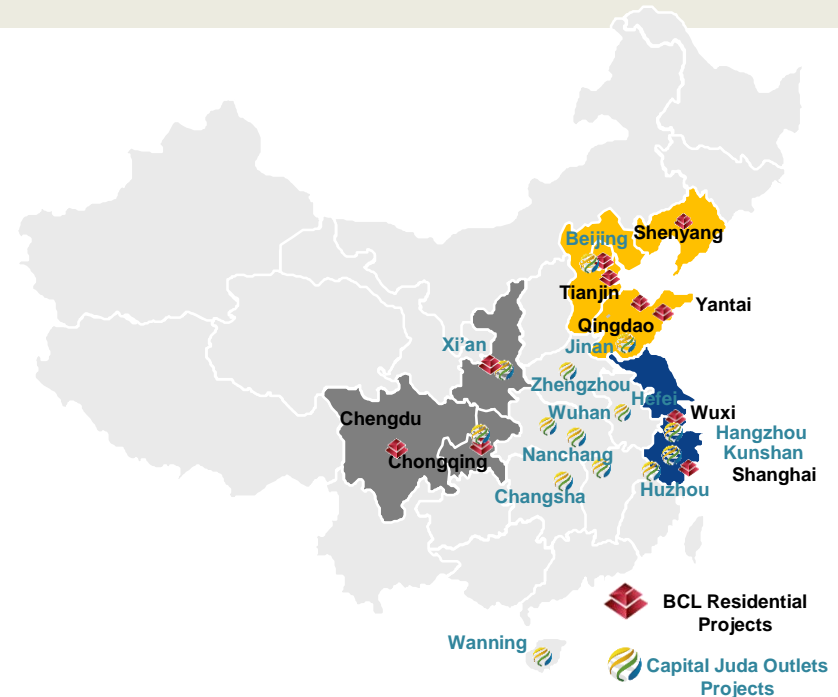
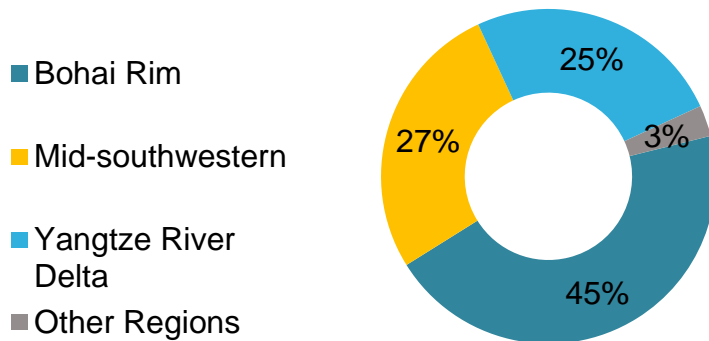


District: Shijingshan
Planned GFA: 641,000 sq.m.

Total Land Bank GFA of 11.12mn sq.m.

- Total above ground GFA amounted to **8.92mn sq.m.**, sufficient for development over the coming 3-4 years
- 5 core cities accounted for **79%** of land bank value
- Acquired and targeted primary land development projects include: Beijing CBD Hujialou Shantytown Renovation Project (北京CBD呼家楼棚改项目), Pinggu Bai Ge Zhuang Project (平谷白各庄项目), Shijingshan Shantytown Renovation Project (石景山棚改项目), Shunyi Beishicao Shantytown Renovation Project (顺义北石槽棚改项目), Pinggu Jin Hai Lake Project (平谷金海湖项目), Fangshan Doudian Project (房山窦店项目), and Phase 2 of Wuqing Project (武清大二期项目).

Land Bank Geographic Breakdown



Breakthrough

- ❑ Entered **Brisbane**, the third most populous city in Australia
- ❑ Cooperated with Brisbane's local developer, the Arden Property Group, through a joint venture
- ❑ Brisbane contributed **RMB1.14bn contracted sales** in 2016

Outstanding Performance

- ❑ All projects launched overseas in 2016 sold out and **generated contracted sales of RMB5.86bn**
- ❑ Collected **RMB420mn** cash from Australian projects
- ❑ BCL will seek more investment opportunities in core overseas markets in the future



Project Jade in Brisbane



Project Eve in Sydney

No.1 National Layout Mature Operation Capabilities

- 5 new projects in 2016, covering 13 cities nationwide in China, and ranked No.1 in China in terms of project number – leading advantage in the market
- 4 launched outlets generated annual turnover of more than RMB2.39bn, up 17% yoy. Annual foot traffic reached 19 million, up 22% yoy, with strategic collaborations with more than 100 brands

Equity Investment from International Investors

- Introduced SINO Ocean and KKR as strategic shareholders through a HKD1.48bn investment, achieving a significant breakthrough in core capital structure
- Sino Ocean and KKR's rich industry experiences and advantageous resources will effectively help lift Capital Land's brand in global capital markets and facilitate the development of its outlets business



Adopt “quality growth” as a core vision Improve product building and internal control capabilities



Product Upgrade

- ❑ Solidified high end product line’s market position. Successfully built the “Tian Yue” product line and redeveloped the “Xi Rui” product line. The Tian Yue Mansion and Capital of Western Village have been successfully launched with an ASP of nearly 80,000/sq.m., representing a sell-through rate of over 90%
- ❑ Upgraded product, representing the joint innovation efforts throughout the Company’s entire business value chain including design, R&D, cost control, branding, and sales and marketing
- ❑ Established a product center to speed up product standardization



Customer Service

- ❑ Built a customer-centric internal sales team to both be closer to customers and serve customers
- ❑ Endeavored to cultivate property management capabilities. Shouwan Property Management obtained its national first-class qualification with more than 40 projects totaling over 10 mn sq.m. under management, making it one of the top 10 biggest property management companies in Beijing.
- ❑ 2016 customer satisfaction rate raised 6%



Strategic Procurement

- ❑ Accelerated the implementation of a centralized strategic procurement system, with a current total of 109 strategic suppliers
- ❑ Effectively upgraded construction quality and schedule control, as the centralized strategic procurement system now covers more than 75% of the Group’s projects and the signed contract amounted to RMB7.55bn
- ❑ Leveraged CDP platform to implement an online management for the entire bidding process to ensure an open and transparent procurement process

Accelerated A-share listing process and lowered funding costs

A-share Listing

- The Company successfully submitted its A-share listing application to the CSRC, and it was officially accepted
- The proposed A-share IPO is expected to optimize the Company's capital structure and sharpen its competitiveness

Debt Financing

- Issued **RMB10bn** private placement bonds in 2016, at a weighted average cost of **4.04%**
- Rode the trend of declining funding cost to proactively replace old debts with new ones at lower costs, achieving a 200 bps reduction
- In January 2017, issued USD400mn of guaranteed notes with a coupon rate of 3.875%. The issuance was oversubscribed more than 6 times, and its offer rate was substantially lowered by 32.5bps compared to the initial price guidance

Credit Rating

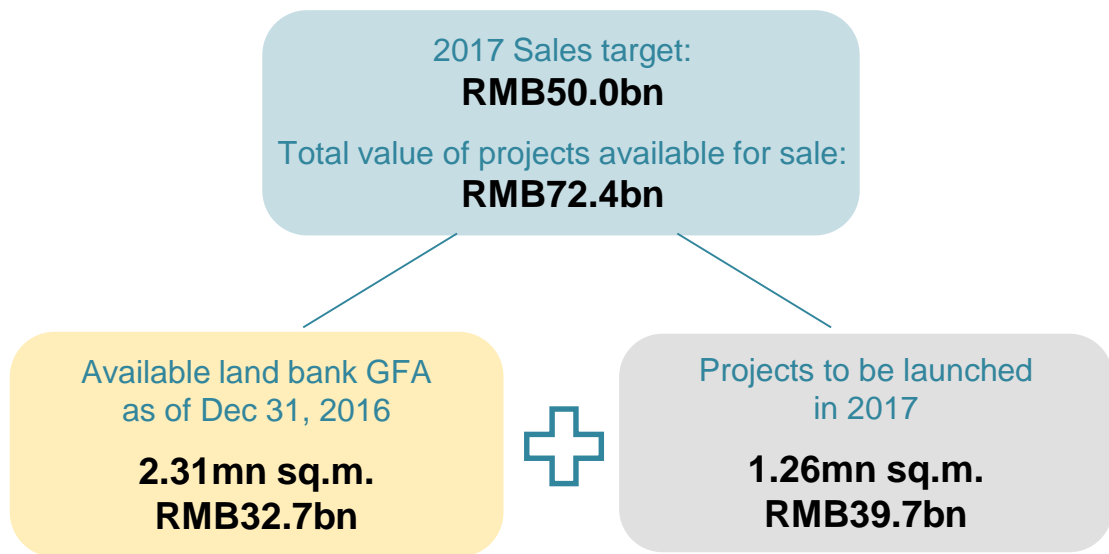
- Received **AAA** credit rating (the highest domestic rating) with stable outlook from China Chengxin
- Rated **BB+** by S&P and Fitch
- Created a solid foundation for funding cost to be further lowered

Section 3

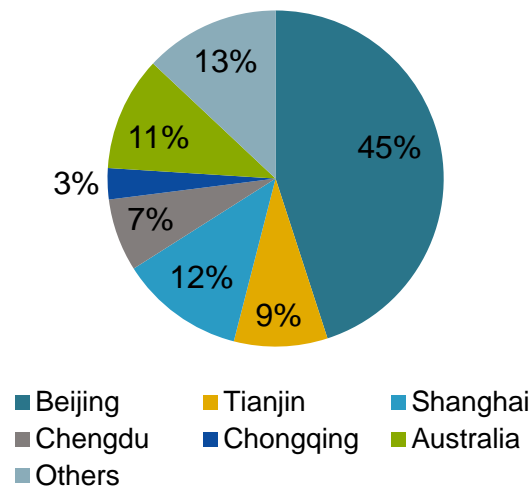
2017 Outlook

Sales Target and Measures in 2017

- **Sales Target: RMB50bn** in 2017
- **Available Resources:** GFA available for sale in 2017 totals **RMB72.4bn**
- **Strategic Focus:** 66% of products available for sale in 2017 are in **Beijing, Shanghai & Tianjin**, totaling **RMB47.7bn**, with a possibly higher sell-through rate
- **Key projects to launch:** **Capital of Western Village, Beijing** (北京天阅西山项目), **Qingyuan Road, Daxing Project, Beijing** (北京大兴清源路项目), **Shanghai Capital Of Vision** (上海天阅滨江项目), **Tianjin Poetic Life** (天津悦山郡项目), and **Tianjin Metropolis** (天津大都会项目)



Total value of Projects for sale in 2017 Breakdown by Cities



QUALITY GROWTH

Achieve Sales Target through quality growth

1. Aim to cater to market and customer demand, improve product quality and optimize the product portfolio with the “Tian Yue” and “Xi Rui” series of projects
2. Launch projects at a balanced pace and improve contract-signing center and in-house sales team to help facilitate the contract-signing process
3. Achieve full-year target of RMB50bn contracted sales

Acquire Strategic Resources

1. Focus on securing high quality resources in core cities and expand primary land development projects and shantytown renovation projects to consolidate the Company’s position in Beijing, Tianjin and the Hebei region
2. Take full advantage of state-owned enterprise synergies among BCG’s different business segments
3. Expand efforts to acquire projects through equity cooperation and form long-term strategic cooperation agreements

Operational Efficiency

1. Take advantage of standardized products and strategic centralized procurement platform to upgrade overall research and development as well as quality control
2. Strengthen the building of its own property management business and brand, and facilitate the renovation and quality improvement of certain housing inventory
3. Focus on being customer-centric and the execution of its “Made by BCL 2020” strategy

Outlets Expansion

1. Expand footprint nationwide and further solidify superior position with an industry-leading operating scale
2. Leverage the red-chip listing platform to integrate international business resources via equity cooperation
3. Focus on improving operating capabilities by streamlining operations, and improving standardized products, brand portfolio, product portfolio, and overall customer experience

Financial Innovation

1. Pursue breakthroughs in core equity financing, proceed with A-share IPO process, and enlarge its equity base through its red-chip platform
2. Lower gearing ratio, control total debt levels and debt servicing costs, and manage a reasonable maturity structure for debt financing while expanding domestic debt financing channels
3. Pursue new growth drivers through M&A to acquire new business resources and help the Company transform and upgrade its business

Q&A



Thank You!

