



首创置业  
BEIJING CAPITAL LAND

创造都市新生活  
*Create New Urban Life*

**Beijing Capital Land Ltd. 2868.HK**

**Interim Results 2019**

August 2019

# Agenda



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1H2019 Results Summary

Section 1

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1H2019 Business Highlights

Section 2

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2H2019 Outlook

Section 3

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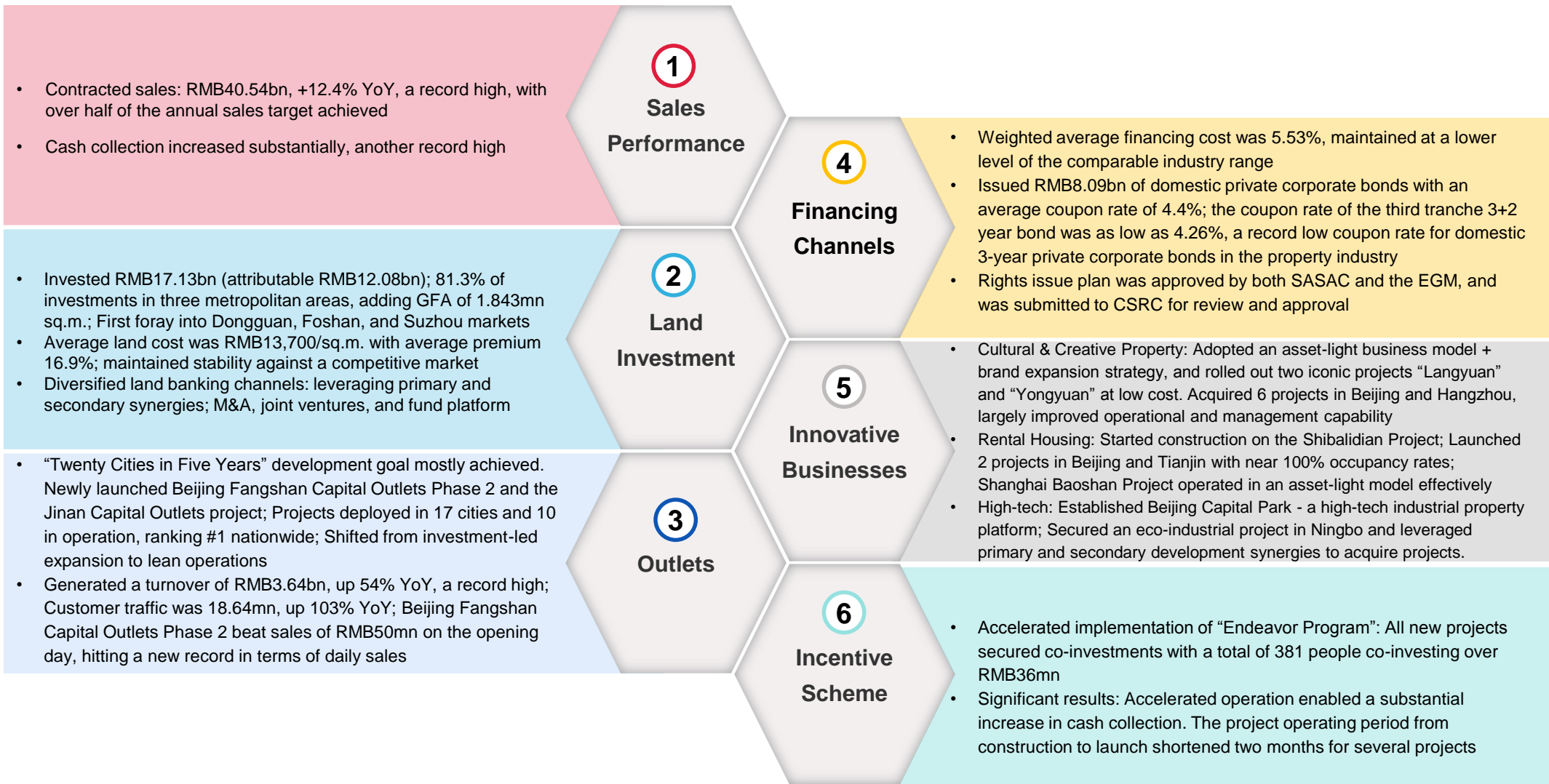
# Section 1

## 1H2019 Results Summary





# 1H2019 Results Highlights



# Financial Results



RMB mn	1H2019	1H2018	YoY Change
Revenue	10,476	7,117	<b>+47.21%</b>
Gross Profit	4,019	2,388	<b>+68.32%</b>
Net Profit	1,759	1,068	<b>+64.67%</b>
Net profit attributable to parent company	1,187	737	<b>+61.23%</b>
Core profit attributable to parent company <sup>1</sup>	1,040	792	<b>+31.37%</b>
EPS (Fully-diluted, RMB cents)	30	19	<b>+58.39%</b>
ROE attributable to parent company	3.87%	3.22%	<b>+0.65 ppt</b>
Gross profit margin	38.36%	33.55%	<b>+4.81 ppt</b>
Net profit margin	16.79%	15.01%	<b>+1.78 ppt</b>
Cash on hand	37,387 <sup>2</sup>	22,527 <sup>2</sup>	<b>+65.97%</b>
Net gearing ratio	152.31% <sup>2</sup>	168.62% <sup>2</sup>	<b>-16.31 ppt</b>

1. Core profit attributable to owners of the company = Net profit attributable to owners of the company – Gains/losses arising from changes in fair value attributable to owners of the company\*75% – Asset impairment losses\*75% – (Exchange gains/losses + Gains/losses arising from changes in fair value related to foreign exchange products + Gains/losses on exposure hedge)\*75%

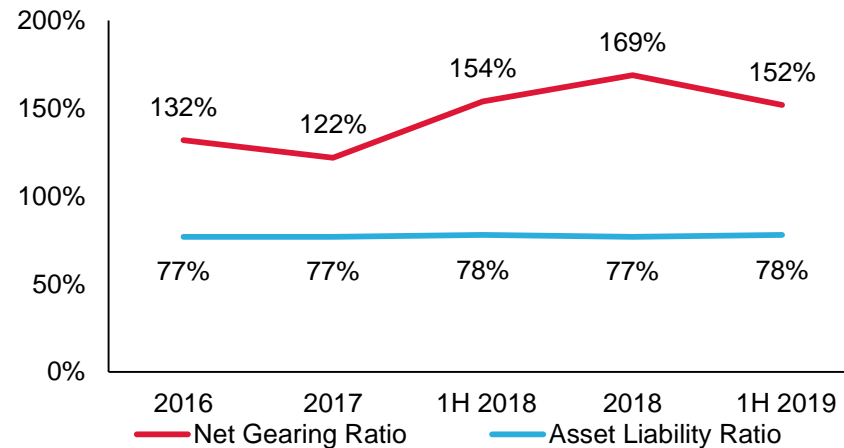
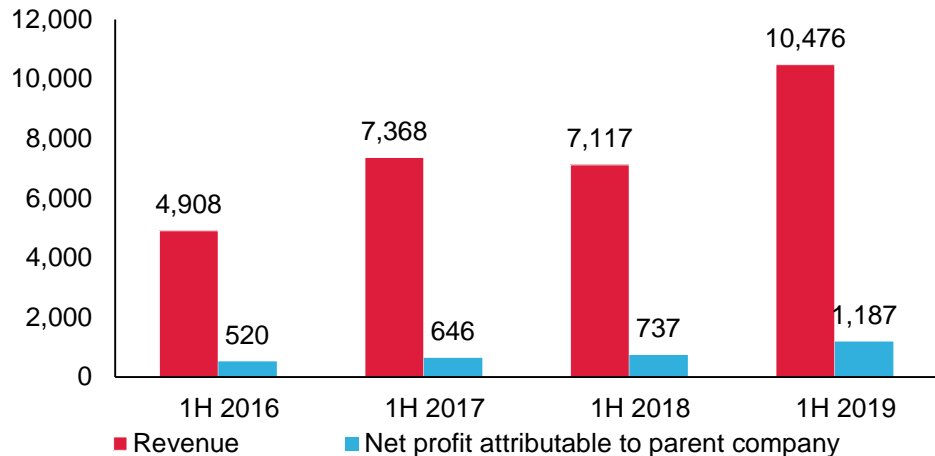
2. As of 30 Jun 2019

# Stable Financial Performance

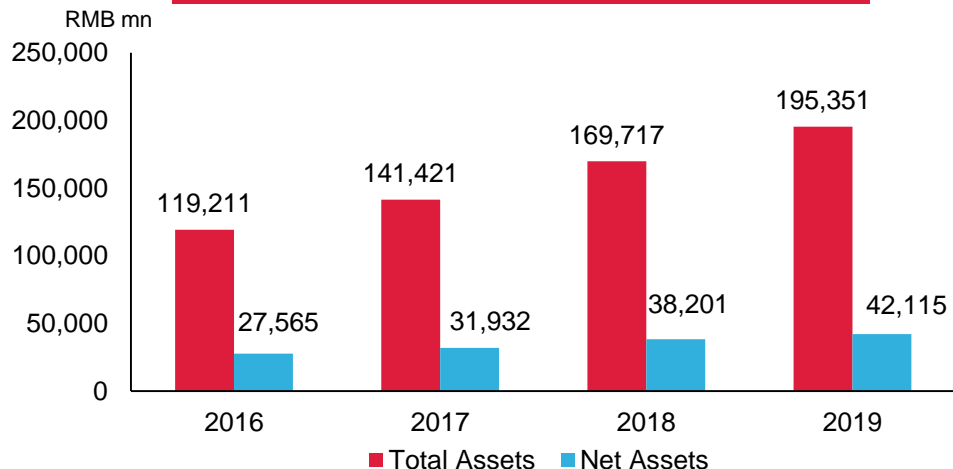


RMB mn

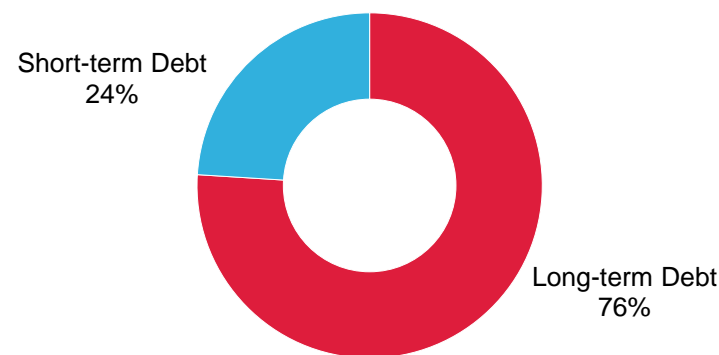
## Stable Financial Performance



## Increasing Asset Scale



## Optimized Loan Structure



**Weighted Average Funding Cost: 5.53%**

# Contracted Sales, Revenue and Core Profit

## Consolidated Contracted Sales 1H2019

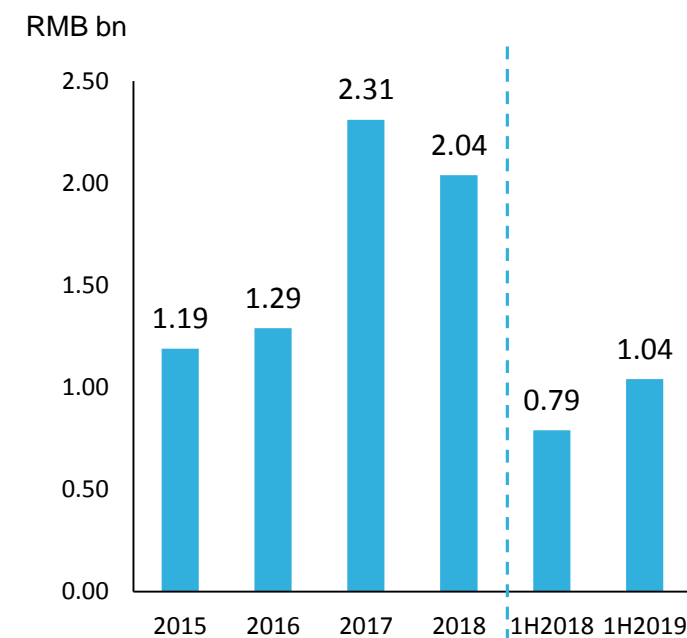
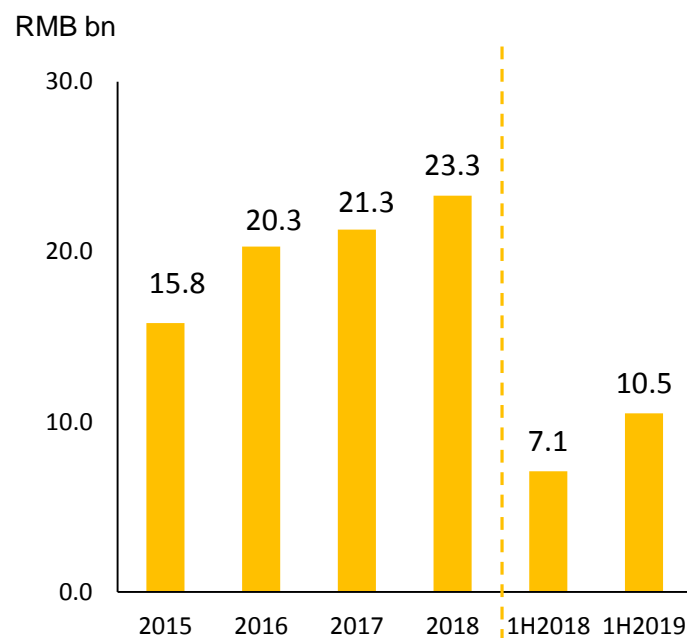
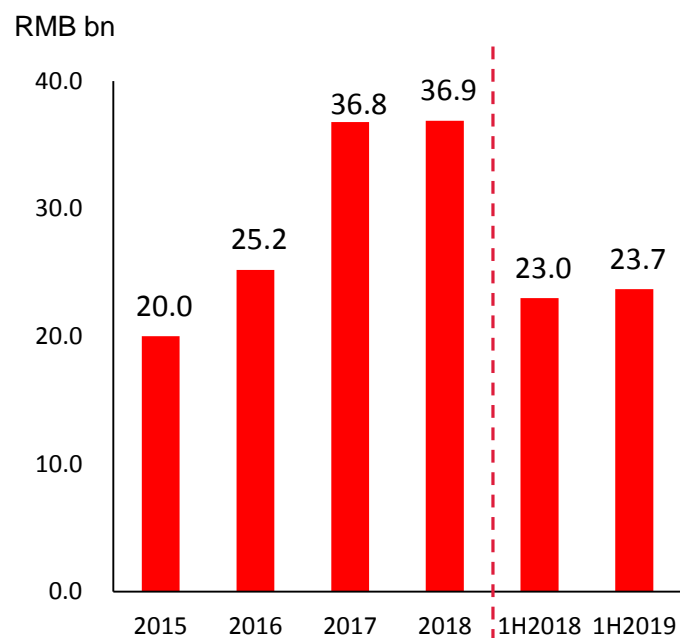
RMB23.7bn

## Booked Amount 1H2019

RMB10.5bn

## Accumulated Unbooked Amount

RMB38.0bn



■ Consolidated Contracted Sales

■ Revenue

■ Core Profit

**Contracted sales in 1H2019 reached RMB40.5bn**

## Section 2

# 1H2019 Business Highlights





# Record High Contracted Sales

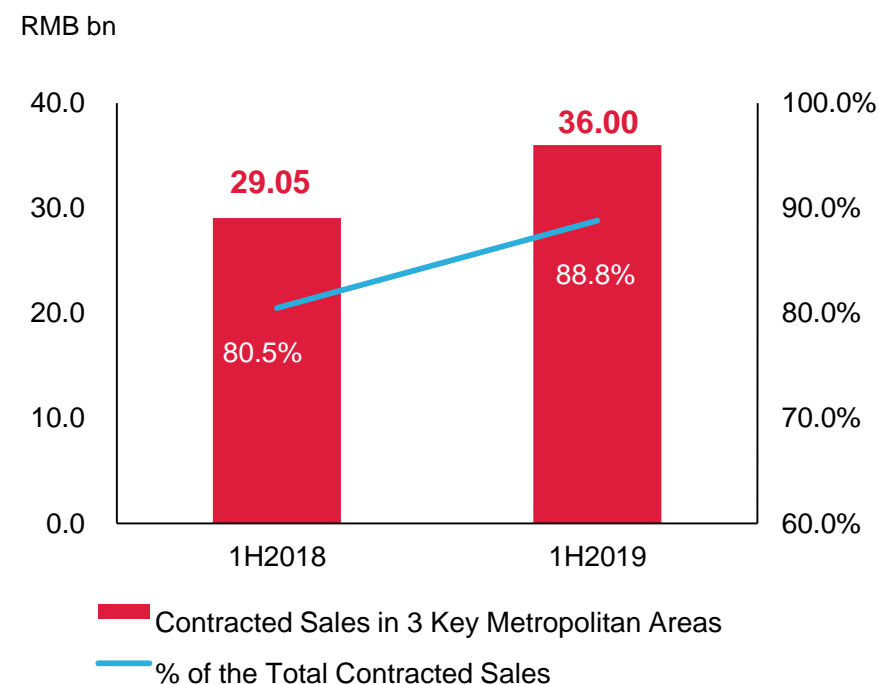


Contracted Sales		Contracted Sales Area	
RMB bn	YoY Change	sq.m.	YoY Change
40.54	+12.4%	1,627,000	+19.4%

**Contracted sales were RMB40.54bn, up 12.4%YoY; Contracted sales area was 1,627,000 sq.m., up 19.4%YoY.**

## Fully implemented “fast turnover” strategy, pushing contracted sales to a record high

- ◆ Record high contracted sales in 1H2019, over half of annual target
- ◆ Three key metropolitan areas contributed RMB36.00bn in contracted sales, accounting for 90.0% of the total, up 23.9% YoY; Beijing contributed RMB21.50bn, accounting for 53.0% of the total; Tianjin contributed RMB6.25bn, up 74.4% YoY; Shanghai contributed RMB5.09bn, up 53.3% YoY
- ◆ In-house sales team contributed RMB12.9bn in contracted sales, up 115% YoY, higher than the amount in FY2018, as a result of multifaceted sales channels further expanded
- ◆ Accelerated operations and improved sell-through rate by capturing market opportunities. Projects including the Shanghai Capital of Vision (天阅滨江) and Xi Yue (禧悦) achieved a 100% sell-through rate and total contracted sales of over RMB5bn; Beijing Xi Rui Chun Qiu Project (禧瑞春秋) and Tian Rui Chen Zhang Project (天瑞宸章) achieved contracted sales of over RMB7bn



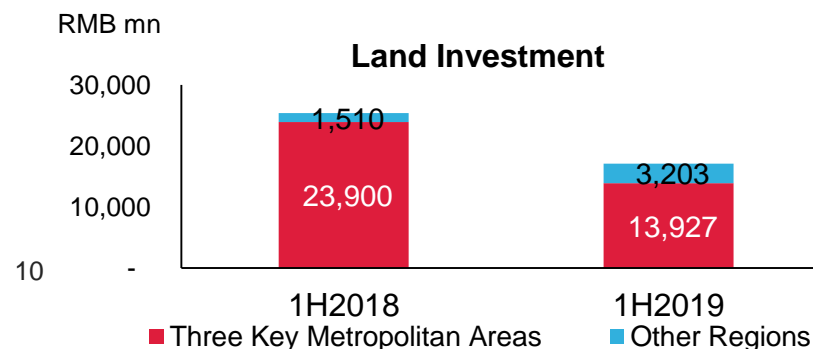
# Prudent Land Investment

## Differentiated Investment Strategy

- ◆ During 1H2019, BCL adhered to a prudent and differentiated investment strategy and made a total land investment of RMB17.13bn with an aggregate GFA of 1,843,000 sq.m.. The differentiated strategy was implemented from 3 aspects:
  - ◆ **Strategic focus:** continually focused on the three key metropolitan areas with the investments accounting for 81.3% of the total; made its first foray into Suzhou, Foshan, Dongguan, and Xiamen (in addition to the Outlets presence) residential property markets
  - ◆ **Diverse channels:** acquired high-quality land at low cost through primary and secondary land development synergies, Prime Golden Capital, M&A and joint ventures; acquired 3 land plots in Beijing at low prices and Zhangpu project in Kunshan at a rational price through M&A
  - ◆ **Counter-cyclical strategy:** Land premium was 16.9%. Acquired land at a well-managed pace in the first half, mostly at the start of the year. Acted more prudently when the land market ramping up.

## Secondary Projects Acquired in 1H2019

No.	Location	Project	Investment Amount/ RMB100mn	Total GFA/sq.m. in 10,000	Attributable Interest
1	Beijing	Shijingshan Xihuangcun Project	49.5	19.6	49%
2	Beijing	Pinggu Jinhai Lake Site 6019	11.9	23.0	49%
3	Beijing	Pinggu Jinhai Lake Site 6014	5.9	10.7	33%
4	Tianjin	Binhai New Area Ninghe Project	10.4	28.8	100%
5	Suzhou	Qingjian Lake Project	25.0	16.7	51%
6	Kunshan	Zhangpu Project Site	12.4	24.0	100%
7	Foshan	Shishan Town Project	14.7	22.5	100%
8	Dongguan	Wangniudun Project	9.5	14.1	100%
9	Xiamen	Xiang'an New City Project Site J05	8.4	5.0	65%
10	Xiamen	Xiang'an New City Project Site H19	6.6	3.9	100%
11	Xiamen	Xiang'an New City Project Site H24	10.2	5.8	100%
12	Shenyang	Tiexi Project Site No.3	3.8	5.1	100%
13	Shenyang	Tiexi Project Site No.4	3.1	4.8	100%
<b>Total</b>			<b>171.3</b>	<b>184.3</b>	



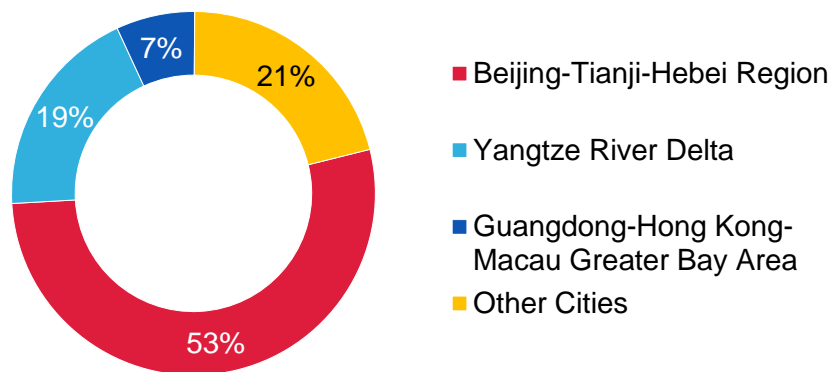
# Sufficient Land Bank



## Quality Land Bank

- ◆ Total land bank GFA: 13,089,000 sq.m. with a value of RMB310.19bn, sufficient for development over the coming 3 years
- ◆ 3 core metropolitan areas accounted for nearly 80% of the total saleable resources; In particular, Beijing, Tianjin and Shanghai accounted for nearly 62% of total saleable resources
- ◆ Average land cost of development property was RMB12,800/sq.m., far lower than development property ASP of RMB24,300/sq.m.

## Land Bank Breakdown by Region



## Land Bank Breakdown By Core City

City	Value/RMB bn	%
Beijing	111.0	35.8%
Tianjin	53.3	17.2%
Shanghai	27.0	8.7%
Hangzhou	14.0	4.5%
Shenzhen	3.1	1.0%
Guangzhou	11.4	3.7%
Chongqing	14.6	4.7%
Chengdu	4.2	1.4%

# Primary Land Development Platform with RMB100bn+ in Value



## Primary Platform with RMB100bn+ in Value

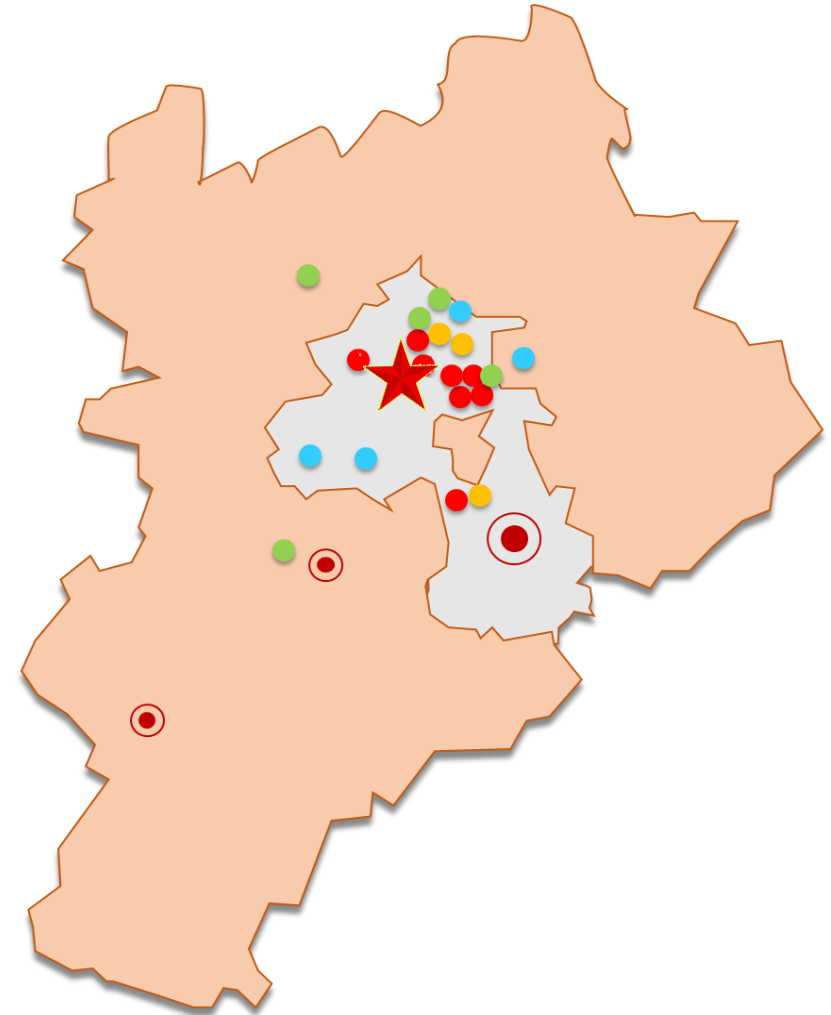
- ◆ Most primary projects are in the Beijing-Tianjin-Hebei Region, 9 projects under development and 15 projects secured in pipeline with a total site area of over 30mn sq.m.. Total GFA: 28mn sq.m. with over RMB100bn in value

## Primary and Secondary Synergies

- ◆ **Leveraged synergies and added 3 projects in Beijing and Tianjin at initial bidding prices**, including Beijing Shijingshan Xihuangcun(北京石景山西黃村) and Pinggu Jinhaihu (平谷金海湖). All projects acquired without land premium, with an aggregate investment of RMB6.74bn, representing 40% of the total. Total GFA was 533,000 sq.m.. Primary and secondary synergies became a differentiated approach for BCL to acquire high-quality land resources at low cost
  - **The Xihuangcun Project in the Shijingshan District:** a high-quality core project in Beijing situated next to the West 5th Ring Road and adjacent to metro line No.6 as well as several main roads. Various amenities nearby, including premium education facilities, business centers and superior natural environment. Total GFA: 196,000 sq.m.

## Potential Resources

- ◆ Primary land development projects that have been acquired and secured together have a planned GFA of nearly 28mn sq.m.; BCL will strive to solicit new secondary projects on top of at least 60% of its current primary projects, adding land bank of 16mn sq.m. in the Beijing-Tianjin-Hebei Region.





# Improved Operation on Outlets Business



## Strategic Positioning Completed; Reaping Benefits of Business Scale

- ◆ Mostly achieved “Twenty Cities in Five Years” development goal. Deployed in 17 cities and had 10 projects in operation. and ranked No.1 nationwide in terms of number of outlets acquired and in operation
- ◆ Shifted from investment-led expansion to operation and management, strong advantages resulting from business scale is taking shape.

## Rapid Growth in Operating Performance with Continuous Project Launches

- ◆ Opened 2 new projects - Beijing Fangshan Capital Outlets Phase 2 and Jinan Capital Outlets. 10 projects open for business in total
- ◆ Generated turnover of RMB3.64bn, up 54% YoY, a record high. Turnover of Beijing Fangshan Outlets Phase 2 surpassed RMB50mn on the opening day, a new record in terms of daily sales. Customer traffic was 18.64mn, up 103% YoY
- ◆ Optimized brand structure, innovated business model, enhanced digital operation, improved efficiency at lower cost

## Combined Asset-heavy and Asset-light Business Model, Gaining from Property Operational Capability

- ◆ The value of projects in 20 cities will further increase with increasingly refined operation. Matured properties can benefit from asset appreciation through commercial property backed securities and REITs
- ◆ Enhanced brand operation and property management capabilities for Dalian Outlets and realized sustainable and stable gains by adopting an asset-light business model



**Beijing Fangshan Outlets Phase 2**



**Jinan Outlets**



# Upgraded “BCL Made 2020” Operating System



## 1. Targeted market research accelerated projects upgrade and rollout

- ◆ Established a comprehensive product portfolio, including “Tian Xi”, “Tian Yue”, “Xi Rui”, “Xi Yue”, “He Yuan” rental housing, etc.
- ◆ Accelerated project upgrades and rollout as “Tian Yue” brand expanded across 10 projects in 8 cities with contracted sales of RMB35.8bn, and “Xi Rui” rolled out across 20 projects in 11 cities with contracted sales of RMB18.8bn
- ◆ Developed 7 major R&D systems with over 100 technical applications; established 5 R&D labs; obtained 24 patents



## 2. Premium materials guaranteed product quality from source of supply

- ◆ Enhanced supplier control with a spot check pass rate above the industry average
- ◆ Reinforced strategic procurement from the headquarter while promoting regional purchases; entered into strategic partnerships with over 300 suppliers



## 3. Innovative technologies helped hone high quality products

- ◆ Received a rating of 90/100 by a 3<sup>rd</sup>-party construction quality assessment firm and recognized as a benchmark in the industry
- ◆ Further promoted standardized construction; completed standard construction plans in Beijing, Guangzhou & Foshan, Chengdu, Chongqing, Qingdao and Shenyang in 1H2019
- ◆ Fully implemented “fast turnover” strategy by accelerating project pricing, bid selection, construction launch and settlement



## 4. Delivery with care enabled a high standard of living

- ◆ Delivered 7,181 apartment units with a total GFA of over 1mn sq.m. and 100% completion rate
- ◆ Over 95% of customers accepted product quality upon delivery for 4<sup>th</sup> consecutive year.

## Innovative New Projects Rolled out Rapidly

- ◆ Continued exploring diversified business models in an effort to develop new profit drivers. BCL launched cultural and creative industrial, rental housing and high-tech industrial projects at fast pace in response to national strategy and policy. Its asset management and operating capabilities saw a rapid improvement.

### Cultural & Creative Industrial Property



#### Acquired 6 projects and successfully developed Langyuan (朗园) and Yongyuan (咏园) as iconic projects at low cost; enhanced management capabilities and brand expansion

- ◆ Langyuan Vintage Project, an iconic cultural and creative project, is the only of its kind that charges higher rents than CBD Beijing. Projects Langyuan Park and Langyuan Station achieved management expansion; Project Langyuan Lakeside realized brand expansion
- ◆ Newly launched Yongyuan Project, the first intangible culture heritage (ICH)-themed park nationwide. Brought together ICH resources across China and introduced top-level heritage IP, Yongyuan is positioned to establish a system of protection, authorization and commercialization for ICH IP

### Rental Housing



#### Adopted a sustainable model of “collectively-owned land + management”, revitalizing inventory

- ◆ Seizing the opportunity of policy changes on collectively-owned land, BCL is aiming to develop a sustainable model for rental housing business. Shibalidian Project (十八里店), the largest rental housing project to be in Beijing, has started construction, and would offer nearly 10,000 rental housing units once completed
- ◆ Fangshan He Yuan Project in Beijing hit full occupancy and Shuanggang He Yu Project in Tianjin reported an average occupancy rate of 85%
- ◆ Newly acquired “WE PARK” project in Baoshan, Shanghai – aims to manage in asset-light model

### High-tech Industrial Property



#### Established Beijing Capital Park – the high-tech industrial property development arm, to secure seed projects and leverage primary and secondary synergies to acquire projects

- ◆ Replicating business model to accelerate project acquisition. After Zhongguancun Project, BCL secured Zhongyi Ningbo Industrial Park (中意宁波产业园), positioned as an industrial park for high-tech integrated circuits
- ◆ The abovementioned high-tech industrial property in Ningbo enables BCL to obtain priority in developing the residential project in the Nanhu District, Ningbo – a good example of resource synergy

# Sound Financing System



## “Equity-Debt-Fund” Three-pillar Financing System

✓ Equity: Rights issue plan approved by SASAC and the EGM, striving to make breakthrough in equity financing

✓ Debt: diversified debt financing channels; coupon rates keep notching new record lows; explored new low-cost financing channels including supply chain finance

✓ Fund: Prime Golden Capital started to pick up momentum, enabling BCL to deeply integrate property development and property financing, accelerating business expansion and optimizing capital structure

## Optimized Financing Structure

Weighted-average financing cost was 5.53% as of June 30, 2019, which was below industry benchmarks compared with peers. Lower-cost bond and bank loan account for the majority in interest-bearing debt. Low-cost financial instruments included:

Instrument	Principal Amount	Coupon rate/Cost	Milestone
Domestic private corporate bonds (3 tranches)	RMB8.09bn	4.35% (Weighted average)	The RMB2.13bn of 3+2-year private corporate bond (the 3 <sup>rd</sup> tranche), with a coupon rate of 4.26%, representing a record low coupon for domestic 3-year private corporate bonds in the property industry in 2019
Domestic inter-bank perpetual medium-term notes	RMB1.00bn	5.20%	A record low coupon rate for domestic perpetual corporate bonds in the property industry in 2019
Supply chain asset backed notes (ABN)	RMB0.19bn	3.88%	BCL's first supply chain finance, representing a record low financing cost of its kind during the period



## Rapid Roll out of Co-investment Scheme



### ◆ Endeavor Program :

- ◆ Started from 1 January, 2019
- ◆ Cover all newly invested projects
- ◆ Compulsory for general managers of all tier-1 companies plus middle management of BJ headquarter
- ◆ KPI includes project IRR, sales performance, cash collection rate, cost control, etc.
- ◆ Align interests of management team and shareholders in an attempt to facilitate company development and employees' personal growth



### Endeavor Program in Full Swing

- ◆ Carried out on all newly invested projects, covering three key metropolitan areas and several standalone cities
- ◆ 380 people have participated in the program with cumulative investment over RMB36mn

### Co-invested Projects Gaining Operating Efficiency

- ◆ Project team being incentivized and several projects successfully beat the “3,6,9” new project construction standard. Qualified to return back partial investment capital to the project team
- ◆ Beijing Xihuancun Project in Shijingshan District has obtained construction permit in 6 months and aims to obtain pre-sales permit within 8 months.

## Section 3 2H2019 Outlook



## Sales Target in 2H2019



- ◆ **Contracted sales target:** beat over RMB40bn sales in 2H2019 and over RMB80bn FY2019.
- ◆ **Saleable resources:** RMB 81.1bn of saleable resources in 2H 2019, including RMB 56.2bn of inventory from 1H2019 and RMB 24.9bn new launches in 2H2019
- ◆ **Regional focus:** Projects in the three metropolitan areas account for 78% of the total value of saleable resources and projects in the Beijing, Tianjin and Shanghai account for 73%
- ◆ **Featured project to be launched:** Shanghai Xi Yue Project (上海禧悅項目), Shanghai Minhang Huajing Project (上海閔行華漕項目), Tianjin Oriental Mansion Project (天津大運河項目), etc.

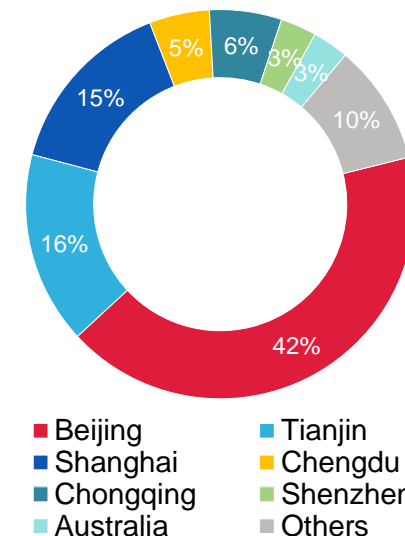
**2H2019 sales target:**  
RMB40.0bn+

**Total value of saleable resources:**  
RMB81.1bn

**Available resources  
as of June 30, 2019**  
2.87mn sq.m.  
RMB56.2bn

**To be launched  
in 2H2019**  
1.26mn sq.m.  
RMB24.9bn

**Saleable Resources in 2H2019  
Breakdown by City**



# Outlook for 2H2019



## Quality Growth

### Maintain Fast Turnover, Improve Contracted Sales, Accelerate Cash Collection

- ✓ Adhering to “fast turnover” strategy, accelerate launch and delivery of new projects while continuing to develop core projects in line with “BCL Made 2020” strategy. Leverage in-house salesforce to achieve annual sales target of RMB80bn
- ✓ Accelerate cash collection through diverse measures including strengthening performance evaluation and incentive systems, and revitalize inventory in an innovative manner

### Prudent Land Investment Concentrating on Strategic Regions

- ✓ Considering factors such as contracted sales, cash collection, financing and debt ratio, invest in a prudent manner in the case of ensuring the safety of funds
- ✓ Concentrate on three key metropolitan areas (Beijing-Tianjin-Hebei Region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area) and key cities
- ✓ Acquire prime resources in a counter-cyclical and differentiated manner via diverse channels and enrich land bank

### Promote Value of Innovative New Projects, Enhance Property Management Capabilities

- ✓ Accelerate new project launches in cultural and creative industrial property developments, high-tech industrial property developments, and rental housing to develop new profit drivers
- ✓ Develop projects through M&A, joint ventures, and self-operation and operate in a combined asset-heavy and asset-light business model for cultural and creative industrial projects. Enhance property management capabilities, in a bid to generate stable income by brand expansion and benefit from potential asset appreciation by operating the properties. Concentrate on “He Yu” brand to establish unique rental housing model on collective land to achieve social and economic benefits within the long-term business
- ✓ Look for opportunities for premium project and land acquisition through synergies among innovative projects and primary and secondary land development

### Refine Multi-dimensional Financing Platforms to Support Strategic Development

- ✓ Actively promote rights issue plan to achieve breakthroughs in equity financing
- ✓ Leverage edge in credit and capital operations to maintain smooth financing channels and expand new channels to further consolidate advantage in financing costs
- ✓ Continue to strengthen Prime Golden Capital by developing comprehensive fund businesses in various respects, including real estate development, asset management, cultural and creative industrial property, private equity and an overseas fund. Create financial operating synergies across diverse assets and projects, facilitating core resource acquisition and strategic upgrading

### Further Establish Incentive Mechanism

- ✓ Further implement “Endeavor Program” to expand support from management team and headquarters. Align the interests of shareholders, management and employees



An aerial night view of a city skyline, featuring a prominent red diagonal overlay that divides the image. The city lights are visible, including a tall tower on the left and a dense cluster of buildings on the right. The text 'Q & A' is centered in the upper half of the red overlay.

**Q & A**

**THANK YOU!**