



首创置业
BEIJING CAPITAL LAND

创享美好新生活
Enjoying New Life

Beijing Capital Land Ltd. 2868.HK

Annual Results 2019

March 2020

Agenda



2019 Results Summary

Section 1

2019 Business Highlights

Section 2

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Section 1

2019 Results Summary



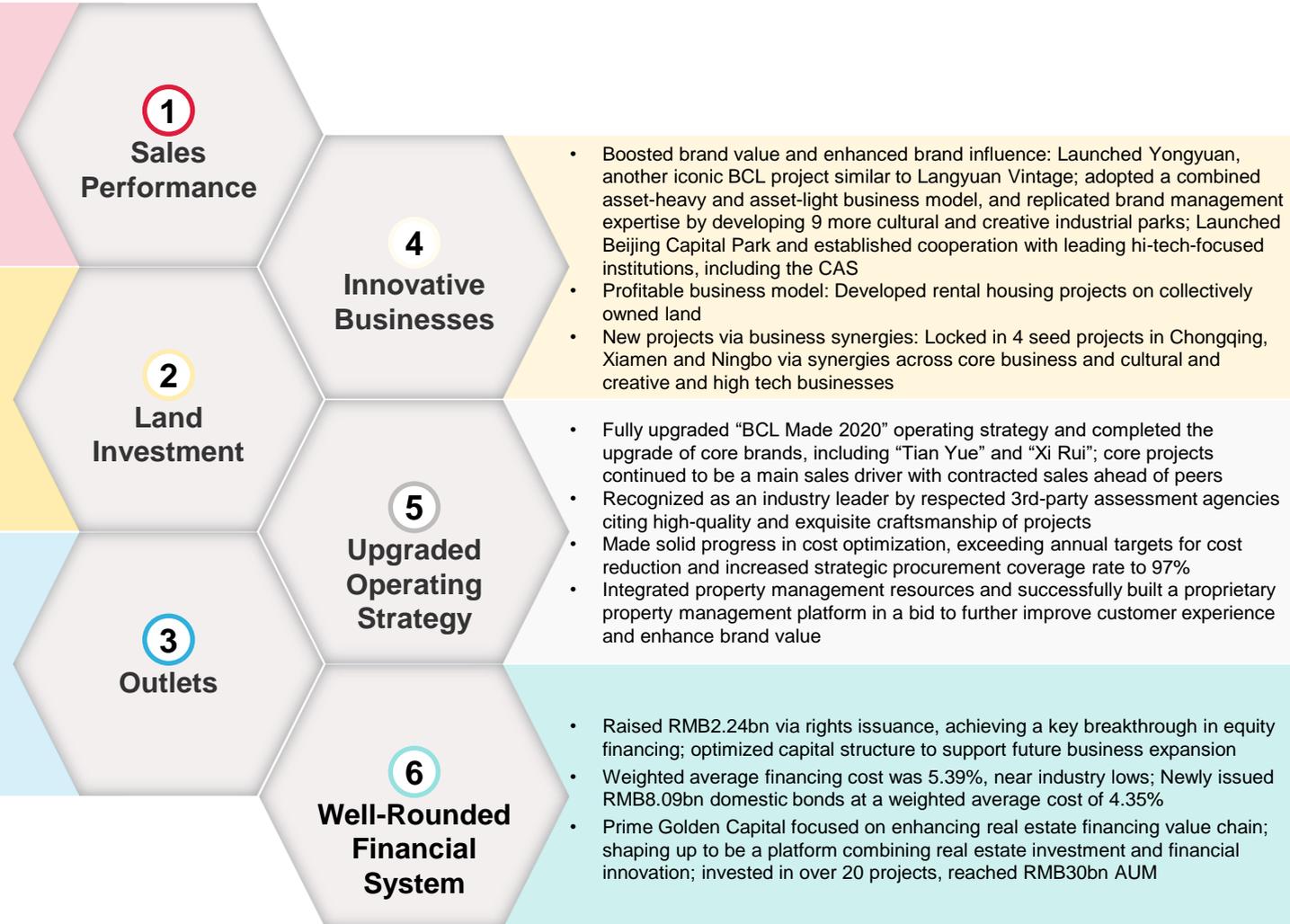
2019 Results Highlights



- Achieved another record high with contracted sales reaching RMB80.8bn, up 14% YoY
- Cash collection increased significantly, up ~60% YoY
- Improved operational efficiency under “Fast turnover” strategy guided by “Endeavor Initiative”-the co-investment program, with all new projects outperforming “369 project construction standards”
- Significantly boosted sales from in-house salesforce by 115% YoY to RMB30.1bn, accounting for ~40% of total sales

- Implemented sound and prudent investment strategy with a total investment of RMB35.6bn and a total GFA of 7.79mn sq.m.; Expanded geographic footprint to 6 more cities; The average land cost is RMB6,766/sq.m. with a premium of 13.6%
- Acquired land in a non-competitive and differentiated manner by leveraging M&A, strategic cooperation and synergies between primary and secondary development
- Replenished core strategic resources by acquiring 3 projects in cities including Kunming and Zhengzhou, each with a GFA of over 1mn sq. m.

- Mostly achieved goal of deploying outlet projects in “Twenty Cities in Five Years” with a foray into 4 new cities; In total launched 12 projects in 17 cities by year end, ranking No.1 nationwide by number of outlet projects acquired and in operation
- Transitioned outlet strategy from investment-led expansion to lean operations powered by digital transformation and upgrades, with annual turnover of RMB7.8bn, up 53% YoY
- Set up phase I of a RMB2.7bn REIT, creating a platform for sustainable capital for ongoing operations



Financial Results



RMB mn	2019	2018	YoY Change
Revenue	20,786	23,257	-10.62%
Gross Profit	6,788	6,000	+13.12%
Net Profit	2,569	2,417	+6.28%
Net Profit attributable to parent company	2,123	1,923	+10.38%
Core profit attributable to parent company ¹	2,082	2,041	+1.99%
Gross profit margin	32.66%	25.80%	+6.86 ppt
Net profit margin	12.36%	10.39%	+1.97 ppt
Asset liability ratio ²	77.31%	77.49%	-0.18 ppt
Net gearing ratio ²	154.42%	168.62%	-14.20 ppt
Cash on hand ²	27,035	22,527	+20.01%
Cash collected from product sales and service delivery	26,348	16,660	+58.13%

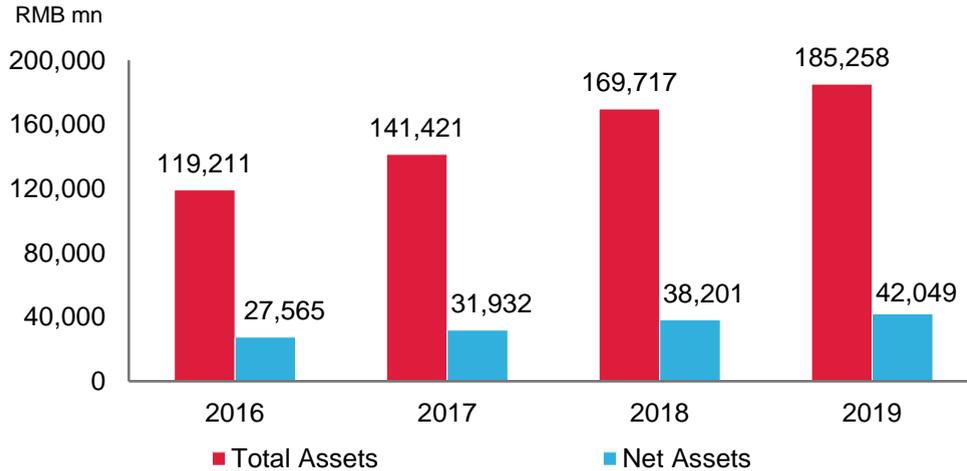
1. Core profit attributable to owners of the company = Net profit attributable to owners of the company – Gains/losses arising from changes in fair value attributable to owners of the company*75% – Asset impairment losses*75% – (Exchange gains/losses + Gains/losses arising from changes in fair value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

2. As of 31 Dec 2019

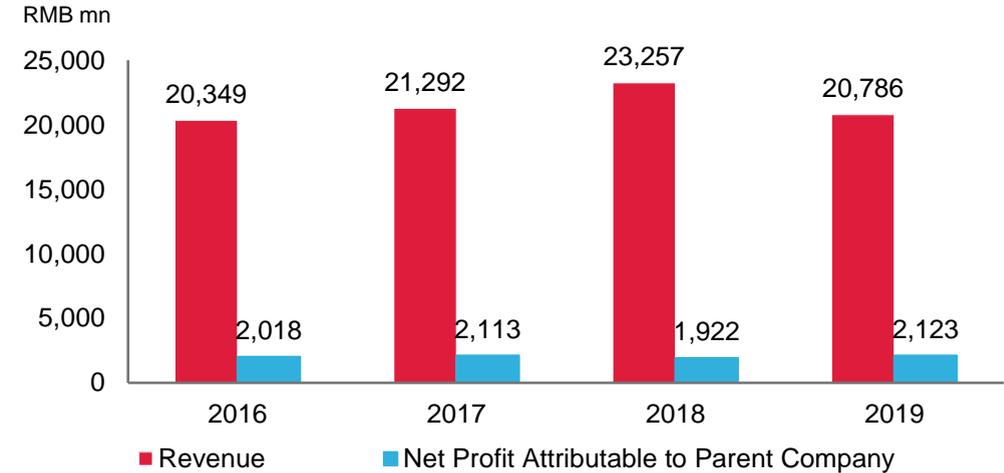
Stable Financial Performance



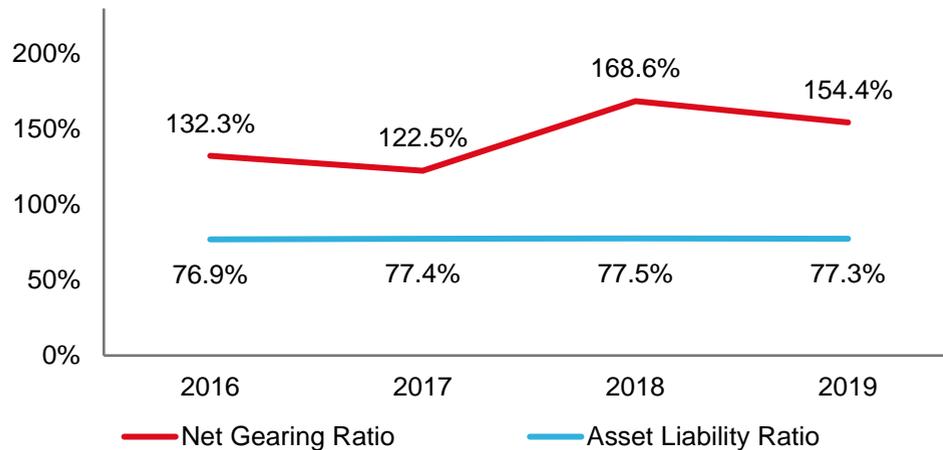
Total Assets and Net Assets



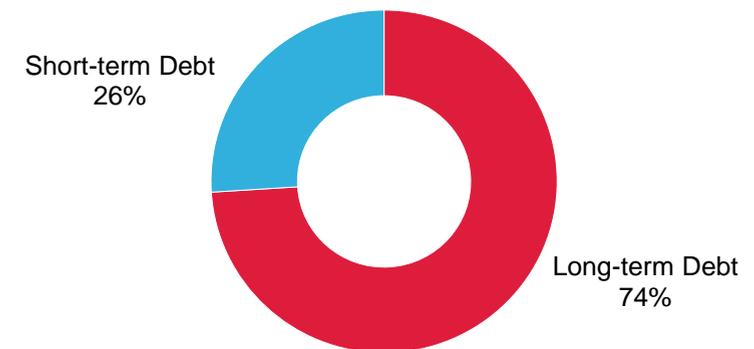
Revenue and Net Profit Attributable to Parent Company



Liability Ratios



Loan Structure



Weighted average financing cost as of the end of 2019: 5.39%



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Section 2 2019 Business Highlights



Fast Turnover: Record High Contracted Sales, Cash Collection Increased Significantly



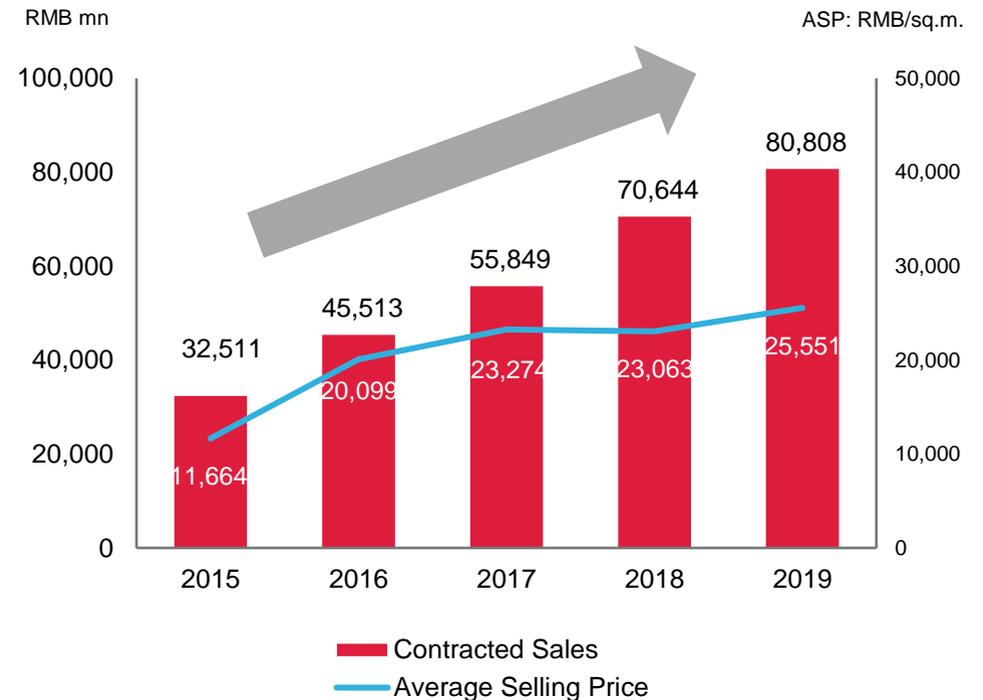
Contracted Sales		Contracted Sales Area	
RMB bn	YoY Change	sq.m.	YoY Change
80.81	+14.4%	3,163,000	+3.3%

Contracted sales in 2019 were RMB80.8bn, +14.4%YoY; Cash collection +58% YoY

Guided by the “Endeavor Program”, Achieved Record High Contracted Sales

- ◆ Fast Turnover: Guided by the “Endeavor Initiative”- the co-investment program, BCL implemented a “fast turnover” strategy and “369 project construction standards” to accelerate project development and construction, with pre-sales launched 15 days in advance; 10 projects were launched within the same year the land for the projects was acquired; the “Xi Yue Cui Ting” project (禧悦翠庭) in Tianjin was launched within 5 months of being acquired
- ◆ Enhanced focus on core areas: 3 key metropolitan areas contributed RMB71.5bn, accounting for nearly 90% of the total; Beijing-Tianjin-Hebei region, BCL’s home turf, contributed RMB49.0bn, accounting for 61%; contracted sales in the Yangtze River Delta were up 156% YoY
- ◆ Key projects were well received by the market: “Capital of Vision” Phase II in Shanghai, “Novotown” in Kunshan, and “Auspicious House” Phase II in Jiangyin were all sold out upon launch; “Xi Yue Wisdom Mansion” project in Beijing generated close to RMB3.0bn in sales on the day of its launch
- ◆ Significantly boosted in-house sales: In-house salesforce as a core driver achieved contracted sales over RMB30.0bn, +115% YoY and approx. 40% of the total

2015-2019 Contracted Sales and Average Selling Price

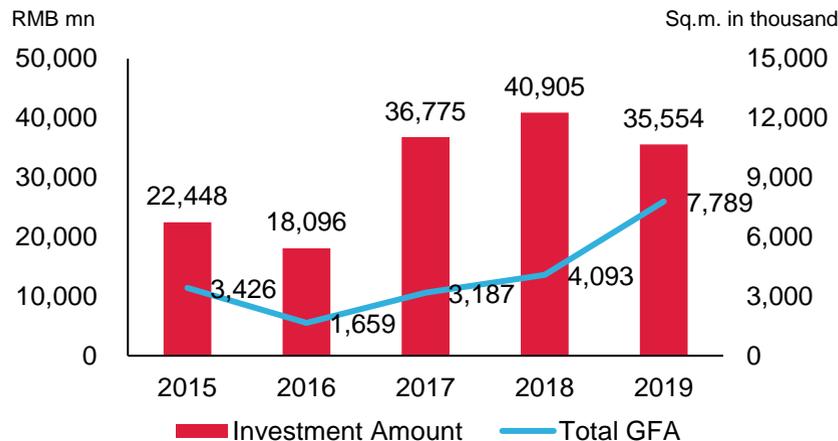


Stable Investment: Project Acquisition in Differentiated and Non-competitive Manner

Prudent Investment Strategy, Differentiated and Non-Competitive Land Acquisition Approach

- ◆ **Prudent Investment Strategy:** Adhered to a prudent investment strategy, with total investment of RMB35.6bn and a total GFA of 7.79mn sq.m., up 90% YoY, and newly added land bank of over RMB100bn; average land cost of newly acquired land was RMB6,766/sq.m. with an average land premium of 13.6%
- ◆ **Acquired land in a non-competitive manner:** Acquired land at initial bidding prices by leveraging M&A, strategic cooperation, synergies across businesses and between primary and secondary development; locked in projects in Wuhan, Kunming, Xiamen and Chongqing leveraging synergies between creative and cultural properties, high-tech industrial properties and BCL's core businesses
- ◆ **Expanded geographic footprint:** Made first foray into cities including Suzhou, Ningbo, Dongguan, Xiamen and Zhengzhou
- ◆ **Acquired strategic core projects:** acquired strategic core projects at zero premium in cities including Kunming and Zhengzhou*, each with a GFA of over 1mn sq. m.; adding 5mn sq.m. land bank with over RMB50bn in value

*The project in Zhengzhou was acquired in Jan 2020



Secondary Projects Acquired in 2019

No.	City	Project	Investment Amount/RMB100mn	Total GFA/sq.m. in 10,000	Attributable Interest
1	Beijing	Beijing Shijingshan Xihuang Village Project	49.5	19.6	49.0%
2	Beijing	Beijing Pinggu Jinhai Lake Hanzhuang Village 6019 Project	11.9	23.0	49.0%
3	Beijing	Beijing Pinggu Jinhai Lake Hanzhuang Village 6014 Project	5.9	10.7	33.0%
4	Beijing	Beijing Fengtai Qinglong Lake Project	58.5	53.1	5.0%
5	Tianjin	Tianjin Binhai New District Ninghe Project	10.4	28.9	100.0%
6	Tianjin	Tianjin Jinnan Xinzhuang Project	20.1	24.6	100.0%
7	Tianjin	Tianjin Wuqing Site 04-10	3.3	6.6	100.0%
8	Shanghai	Shanghai Minhang Huacao Town Site 09-04	9.5	4.7	100.0%
9	Suzhou	Jiangsu Suzhou Qingjian Lake Project	25.0	16.7	51.0%
10	Kunshan	Jiangsu Kunshan Zhangpu Project	12.4	24.0	100.0%
11	Ningbo	Zhejiang Ningbo Ninghai New Town Project	7.8	14.9	55.0%
12	Dongguan	Guangdong Dongguan Wangniudun Project	9.5	14.1	100.0%
13	Foshan	Guangdong Foshan Shishan Town Xingye Road East Project	14.7	22.5	100.0%
14	Chengdu	Sichuan Chengdu Qingyang Project	10.1	12.0	100.0%
15	Shenyang	Liaoning Shenyang Tiexi District No.3 Project	3.8	5.1	100.0%
16	Shenyang	Liaoning Shenyang Tiexi District No.4 Project	3.1	4.8	100.0%
17	Xiamen	Fujian Xiamen Xiang'an New City J05 Project	8.4	5.0	65.0%
18	Xiamen	Fujian Xiamen Xiang'an New City H19 Project	6.6	3.9	100.0%
19	Xiamen	Fujian Xiamen Xiang'an New City H24 Project	10.2	5.8	100.0%
20	Wuhan	Hubei Wuhan Jingkai Project	45.6	270.6	49.5%
21	Kunming	Yunnan Kunming Wujiaaba No.5 Site	12.0	30.6	49.9%
22	Kunming	Yunnan Kunming Dianzhong Changshui Airport A1 Project	17.3	177.6	49.0%
Total			355.5	778.9	

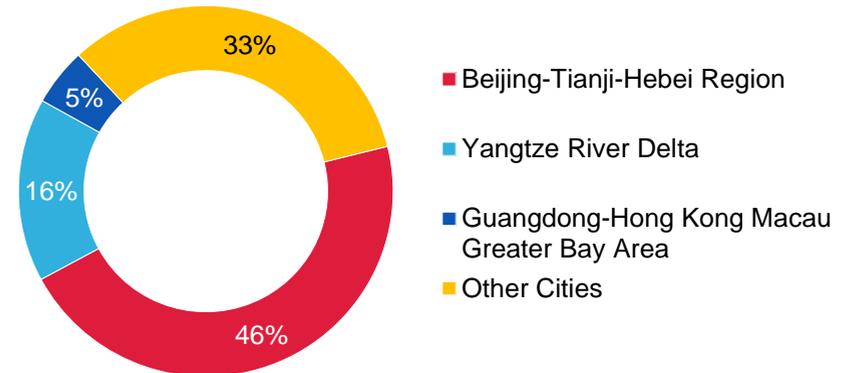
Sufficient Land Bank and Primary Land Development Reserve with RMB100bn+ in Value



Quality Land Bank

- ◆ Total land bank GFA: 16.61mn sq.m. with a value of RMB351.5bn, +17% YoY; sufficient for development over the coming 3 years
- ◆ 3 core metropolitan areas accounted for 67% of the total saleable resources; Tier-1 and Tier-2 cities accounted for 90%+; Beijing, Tianjin and Shanghai accounted for 53%
- ◆ Average land cost of development property was RMB9,900/sq.m., lower than the market value of RMB22,000/sq.m.

Land Bank Breakdown by Region



Primary Land Development Platform

Primary Platform with RMB100bn+ in Value

- ◆ Most primary projects are in the Beijing-Tianjin-Hebei Region, projects under development and 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 5 projects in Beijing and Tianjin at initial bidding prices**, including Beijing Shijingshan Xihuangcun (北京石景山西黄村), Pinggu Jinhaihu (平谷金海湖) and Tianjin Wuqing (天津武清). The five core projects with a total GFA of 803,000 sq.m were acquired with zero premium. Primary and secondary synergies have become a differentiated approach for BCL to acquire high-quality land resources at low cost
- ◆ **Potential projects:** Acquired and secured primary land projects totaled GFA approximately 28mn sq.m.; BCL target to secure 60% primary land for secondary development, driving future acquisition of secondary project resources in the Beijing-Tianjin-Hebei Region.

Outlets - Development Goal Mostly Achieved, Boosting Sales through Improved Quality and Efficiency



Strategic deployments with a combined asset-heavy and asset-light business model

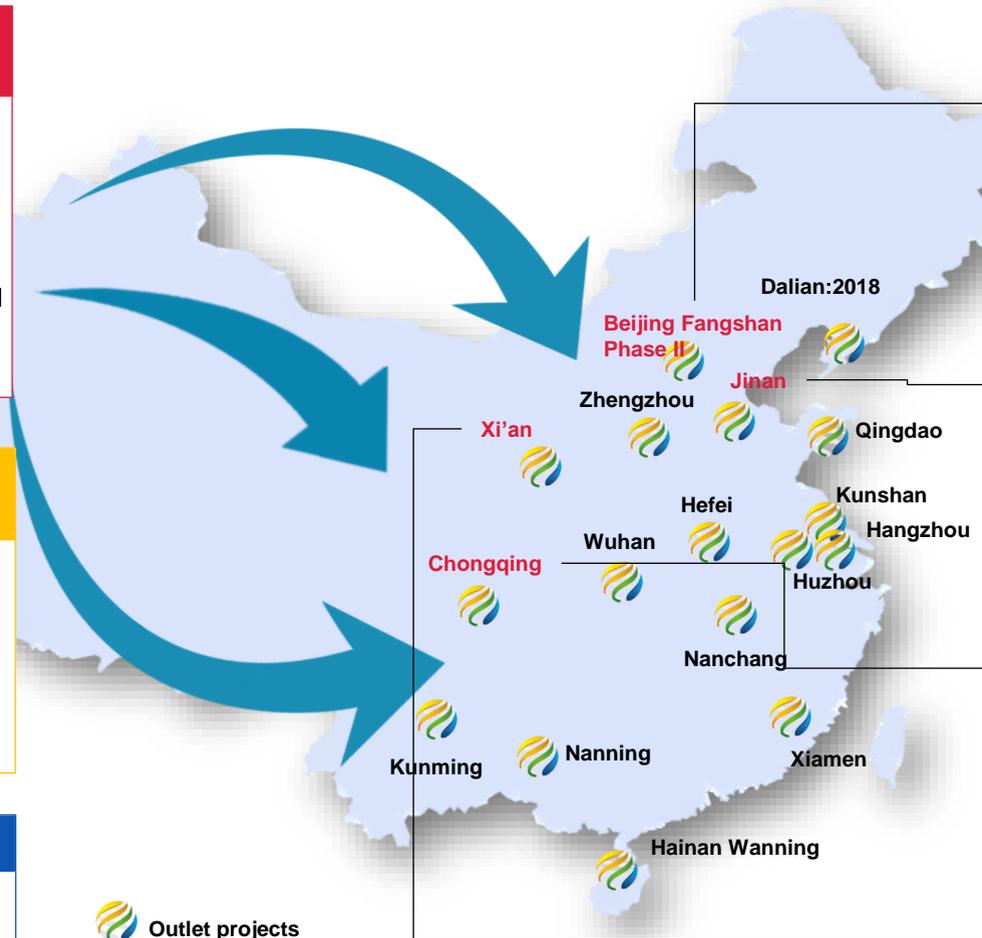
- ◆ Adopted a combined asset-heavy and asset-light business model and replicated brand management expertise, expanding outlets footprint to 17 cities
- ◆ Launched 4 new outlets in Fangshan (Phase II), Jinan, Chongqing and Xi'an, bringing the total to 12, ranking No. 1 in terms of the number of outlet projects acquired and in operation

Improved quality and efficiency through lean operations, driving turnover up significantly

- ◆ Enhanced operational efficiency through mobile platforms, AI, IoT and cooperation with Alibaba Cloud, to build smart outlets that combine the best of online and offline
- ◆ Generated turnover of RMB7.83bn from outlets business, up 53% YoY significantly

RMB10bn special REITs plan for Outlets

- ◆ Set up phase-1 of a 5-year RMB2.7bn REIT (senior tranche), with a coupon rate of 5.2%, paving the way for a future transformation to an asset-light model and realizing property value appreciation



Upgraded “BCL Made 2020” Operating Strategy



1. Targeted market research helped accelerate upgrade and rollout of new projects

- ◆ Upgraded core product portfolio, including “Tian Yue”(天阅), “Xi Rui”(禧瑞) and “Xi Yue”(禧悦). Expanded “Tian Yue” brand across 9 projects in 7 cities and “Xi Rui” brand across 20 projects in 11 cities
- ◆ Core projects outperformed peers with contracted sales accounting for 60%+ of the total
- ◆ “Sunhe Project” in Beijing (北京孙河) and “The Happiness”(禧悦大城) in Qingpu, Shanghai ranked No.1 in regional sales, respectively



2. Premium materials from select group of suppliers helped to guarantee product quality

- ◆ Continued to improve the selection of suppliers with enhanced supplier control
- ◆ Strategic coverage rate reached 97%; entered into strategic partnerships with a total of 841 suppliers
- ◆ Improved bidding efficiency and shortened bidding cycle by 13%



3. Refined management to improve both quality and efficiency

- ◆ Firmly implemented “fast turnover” strategy with the launch of “Tianjin Xi Yue Cui Ting”(禧悦翠庭) and “Shenyang Xi Yue Da Jing”(禧悦大境) within 5 months and 7 months after the land for the projects was acquired, respectively
- ◆ Received a rating of 90+/100 by a 3rd party construction quality assessment firm and recognized as a benchmark in the industry
- ◆ Improved house satisfaction score by 20%



4. Delivery with care enabled a high standard of living

- ◆ Continued to improve service quality with 23% improvement in customer service satisfaction score
- ◆ Delivered 10,000 apartment units with 99.5% of customers accepting product quality upon delivery
- ◆ Integrated property management resources and successfully built a proprietary property management platform by leveraging accumulated customer base from BCL’s main business in a bid to accelerate business development and enhance brand value

Exploring Business Innovation to Seek New Growth Drivers



- ◆ BCL actively developed cultural and creative industrial property, high-tech industrial property, and rental housing projects in response to the national strategy and policy guidance, creating new growth drivers and enabling project acquisition by leveraging synergies with core businesses

Cultural & Creative Industrial Property



Successfully developed two iconic projects (Lanyuan (郎园) and Yongyuan (咏园)) and replicated brand management expertise nationwide to lock in seed projects via synergies with core businesses

- ◆ Launched the Beijing Yongyuan Project, the first intangible culture heritage (ICH)-themed park in China to pool national intangible cultural heritage resources, creating an international ICH exhibition and exchange center; Successfully developed two iconic cultural and creative industrial projects, Langyuan (郎园) and Yongyuan (咏园)
- ◆ Replicated brand management expertise by developing 9 other cultural and creative industrial parks in Beijing, Hangzhou, Luoyang and Xiamen
- ◆ Secured seed projects by leveraging synergies with property development business

High-tech Industrial Property



Established Beijing Capital Park, a high-tech industrial property service platform, bringing together leading high-tech resources and boosting residential property development with synergies across business lines

- ◆ Successfully launched Beijing Capital Park, and established strategic cooperation with the Chinese Academy of Sciences and Tsinghua University, among other leading scientific and technological research institutions, to build a strategic resource pool
- ◆ Leveraged synergies generated from main businesses to expand access to premium resources, and locked in seed projects in Ningbo, Xiamen, Chongqing and other cities

Rental Housing



Revitalized inventory, adopted a sustainable business model by developing rental housing projects on collectively-owned land and focusing on management

- ◆ Developed innovative revenue model for rental housing projects; launched and began construction on Shibalidian Project (十八里店), a rental housing project on collectively-owned land in Beijing with ~10,000 units, setting an industry benchmark
- ◆ Effectively revitalized inventory; Fangshan He Yuan Project in Beijing hit full occupancy and Shuanggang He Yu Project in Tianjin registered close to full occupancy
- ◆ Acquired new project in Baoshan, Shanghai, further realizing asset-light strategy

Leveraging Diversified Financing Channels, Financing Cost Remained at Industry Lows



Equity

Forged ahead with equity financing in order to optimize capital structure and support business expansion

- ◆ Rights Issuance: Equity capital added RMB2.24bn; The subscription rate among existing shareholders was as high as 97%, while the remaining shares were fully subscribed by 3rd party investors
- ◆ Debt for equity swap: raised RMB1.0bn equity capital, the first of its kind among SOEs under the supervision of Beijing SASAC



Fund

Focusing on enhancing “Property + Financing” value chain, BCL’s fast-growing Prime Golden Capital helps drive business expansion and facilitates transformation and upgrade

- ◆ Cooperating with top financial institutions, Prime Golden Capital is positioned as a comprehensive financial platform combining asset management and overseas real-estate capital for commercial/office, residential, cultural and creative properties
- ◆ Invested in over 20 projects and accumulated over RMB30bn in assets under management

Debt

Leveraging Diversified and Smooth Financing Channels, weighted-average financing cost was 5.39%, which was at the lower end of the industry

- ◆ Offshore USD bonds: USD450mn; coupon rate of 3.85%; oversubscribed nearly 8x by international investors
- ◆ Offshore perpetual securities: USD500mn; coupon rate of 5.75%; first real estate perpetual subordinated security issued under new regulations set by the Ministry of Finance, which was a new benchmark for trades of this kind
- ◆ Domestic private corporate bonds: RMB8.09bn; weighted-average coupon rate of 4.35%; RMB2.13bn, 3+2-year, 4.26% private corporate bond (3rd tranche) set a record low coupon rate for domestic 3-year private corporate bonds in the property industry in 2019



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Section 3 2020 Outlook



Stay Stable and Sound



COVID-19 has spread rapidly around the world since its outbreak in early 2020, causing global market volatility and uncertainties for both the macro economy and the property industry. The property sector is facing challenges and will be affected by a number of factors, which highlights **the importance of maintaining prudent business and financial performance for property companies in 2020.**

Construction suspended and resumption of production delayed

Sales fell due to closure of sales offices and businesses

Cash collection decreased, putting pressure on operating cash flows

The epidemic is not over yet as the number of imported cases in tier-1 cities, such as Beijing and Shanghai, continued to rise, posing continuous pressure on property companies.

Adjust operating strategies with a priority on maintaining stable and sound business operations

Maintain Fast Turnover, Stabilize Sales, Accelerate Cash Collection

- ◆ Adhere to “fast turnover” strategy and further execute “369 project construction standards” to proactively respond to complicated market conditions; Further improve pace of launch and delivery of new projects and accelerate destocking to achieve annual sales target of RMB80bn+
- ◆ Accelerate cash collection by reinforcing performance evaluation and incentive policy, especially cash collection from co-invested projects

Expand Diversified Funding Channels to Ensure Capital Security

- ◆ Leverage strong credit position and advantage in access to capital markets; seek new channels to ensure diversified and sufficient funding
- ◆ Forge ahead with H-share full circulation, increase free float, and boost stock liquidity in preparation for entry to Shenzhen-Hong Kong Stock Connect
- ◆ Further accelerate development of Prime Golden Capital financial platform to leverage advantages in finance and property integration, empowering strategic expansion and business transformation and upgrade

Maintain Prudent Land Investment and Concentrate on Non-Competitive Land Acquisition Channels

- ◆ Continue to implement prudent land investment strategy; adhere to non-competitive approach for project acquisition, including M&A, strategic cooperation, coordination across industries and creating synergies between primary and secondary land development
- ◆ Continue to deploy 3+X land investment strategy, which focuses on three core metropolitan areas and key tier-2 cities with growth potential, and strengthen strategic resource acquisition

Seek Progress and Change amid Stability



Reinforce Competitive Advantages, Integrate Resources, Replenish Strategic Land Bank

Support from Parent

- ◆ Take advantage of strengths in infrastructure and non-market oriented real estate businesses. Beijing Capital Group provides strong support for acquisition of core projects in Beijing and Tianjin

Business Synergies

- ◆ Leverage abundant primary land bank in the Beijing-Tianjin-Hebei Region, and further promote project acquisition through primary and secondary synergies
- ◆ Lock in prime resources in Tier-1&2 cities for main business by leveraging synergies across business, including outlets, cultural and creative industries and high-tech industries

Strategic Cooperation

- ◆ Deepen strategic cooperation with leading property companies and financial institutions, exploit synergies in access to capital and facilitate acquisition of strategic, core and major projects

M&A

- ◆ Capitalize on potential M&A opportunities arising from further industry consolidation, with a particular focus on core strategic resources

Strategic Positioning in Property Market with Excess Inventory, Seek Diversified Growth Drivers

Innovative Businesses

- ◆ Create a sustainable and profitable business model for cultural and creative projects, high-tech industrial property and rental housing; Implement a combined asset-heavy and asset-light model, which should allow BCL to continuously enhance asset management capabilities and resource integration capacity

Outlets

- ◆ Leverage scale of outlets business to further improve operational capabilities and business performance; Introduce REITs or PE for mature outlet projects in order to realize asset-light operation as well as property value appreciation

Property Management

- ◆ Accelerate build-up of property management platform with a strong start by leveraging the large number of properties managed, optimizing business value chain and integrating community resources, in order to strengthen asset management capabilities and empower the business with capital at an appropriate time

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 portion of the red overlay.

Q & A

THANK YOU!