



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 2020

August 2020

Agenda



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Section 1

1H2020 Results Summary



1H2020 Results Highlights



- The global spread of Covid-19 and virus prevention measures in China significantly affected China's overall macroeconomy and the real estate industry. This also impacted BCL's business operations on multiple fronts.
- BCL adhered to its business strategy of ensuring stable development while pursuing progress and agility. The Company formulated plans to combat the virus, coordinated business operations, and took comprehensive measures to maintain prudent operations to minimize the impact of the pandemic.

- Contracted sales declined 17% YoY to RMB33.7bn
- Sell-through rate for newly launched projects averaged nearly 80%, topping sales charts in multiple regions; contracted sales through in-house salesforce was RMB12.9bn
- Cash collections were RMB10.4bn, down 28% YoY

1 Sales Performance

- Adhered to prudent investment strategy; Acquired 6 projects with a total GFA of 3.08mn sq.m. for a total investment of RMB12.6bn (-27% YoY) in a non-competitive and differentiated manner, and at zero land premium. In particular:
 - ✓ Leveraged synergies with High-tech projects to acquire 2 projects in Nanjing & Chongqing with a total GFA of 730,000 sq. m., at a 20% lower cost than comparable sites nearby
 - ✓ Acquired Beipingyuan Demonstration Zone Project with a GFA of 1.52mn sq.m., which helped to further replenish land reserves for core and major projects

2 Land Investments

- Fulfilled social responsibility as an SOE and proactively offered phased rent reductions or waivers during pandemic
- Leveraged BCL's nationwide footprint and branding strength to launch innovative online marketing campaigns, which helped to drive rapid recover in sales in Q2 to the same level as last year
- Recorded sales of RMB2.9bn, down over 20% YoY

3 Outlets

4 Innovative Businesses

- **Cultural & creative:** Achieved 85% occupancy at Yongyuan Project; Launched BOM HALL Project
- **High-tech:** Leveraged synergies with main businesses to replicate success of Beijing IC Park Project with new projects in Nanjing & Chongqing at initial bidding prices
- **Rental housing:** Maintained high occupancy rates for projects under operation; Launched Shanghai Baoshan Project with 95% occupancy, which was another success for BCL's asset-light business model; Secured a new project on collectively-owned land in the core area of Beijing

5 Funding Advantages

- Weighted average financing cost was 5.34%, at the lower end of the industry range
- Issued domestic private corporate bonds totaling RMB5.2bn with an average coupon rate of 3.68%; Issued RMB450mn of 5.5-year 3.85% offshore senior notes, which was 8 times oversubscribed; tapped new principal protected note (PPN) funding facility in the China inter-bank bond market.
- Submitted application for H-shares full circulation to CSRC

Financial Results



RMB mn	1H2020	1H2019	YoY Change
Revenue	9,219	10,476	-12.00%
Gross profit margin	24.04%	38.36%	-14.32ppt
Net profit margin	11.06%	16.79%	-5.73ppt
Net profit attributable to parent company	850	1,187	-28.40%
Core profit attributable to parent company ¹	628	1,040	-39.65%
Cash on hand	32,388	27,035 ²	+19.80%
Cash ratio	1.35	1.14 ²	0.22ppt
Net gearing ratio	151.21%	154.42% ²	-3.21ppt
Current ratio	2.26	2.24 ²	0.02ppt

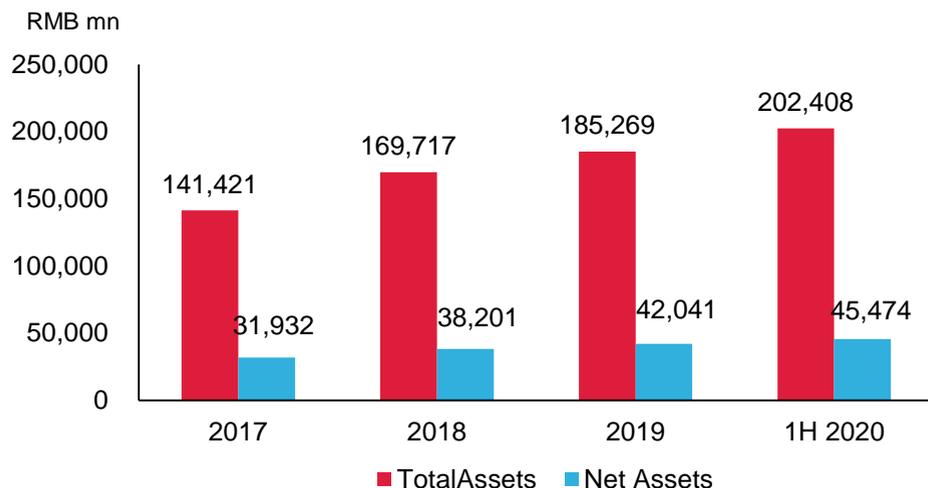
1. Core profit attributable to owners of the company = Net profit attributable to owners of the company + Gains/losses arising from changes in fair value attributable to owners of the company*75% – Credit impairment losses*75% – Exchange gains/losses*75%

2. As of 31 Dec 2019

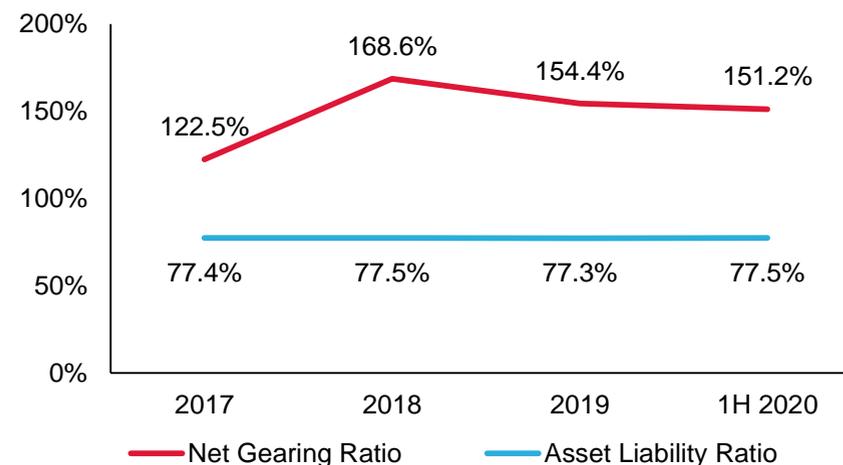
Financial Performance



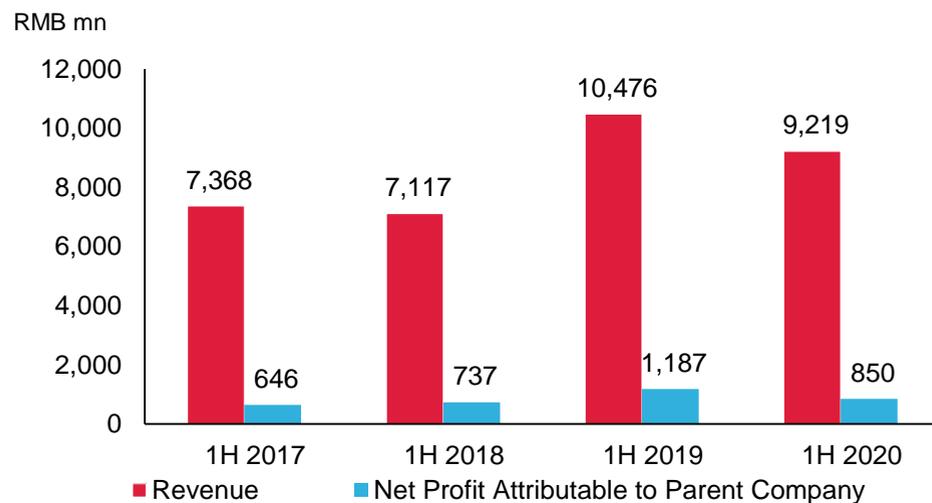
Total Assets and Net Assets



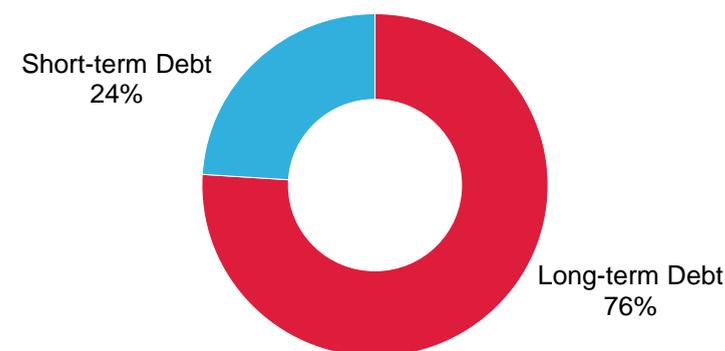
Liability Ratios



Revenue and Net Profit Attributable to Parent Company



Loan Structure



Weighted average financing cost: 5.34%



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Section 2

1H2020 Business Highlights



Took Proactive Measures to Mitigate Impact of Pandemic and Fulfilled Social Responsibility as an SOE



- As the property industry witnessed significant headwinds due to the Covid-19 crisis, the Group also temporarily faced some grim challenges; In 1Q20, BCL's operations and sales centers were shut down for 30+ days, on average; Project deliveries were delayed by 3+ months, on average;
- In response, BCL took proactive measures to accelerate the reopening of its business, maintained prudent operations, and actively fulfilled its social responsibility as a state-owned enterprise (SOE).

Proactive Fulfillment of Social Responsibility as an SOE

Small Business Support

- Actively worked with city governments and initiated rent reductions or waivers for outlet and cultural & creative industrial park tenants
- Helped merchants expand online channels to sell products via live streaming and provided targeted support plans powered by big data analytics

Community Services

- Ensured uninterrupted operations of amenity services to provide stable supplies via online and offline channels to residents
- Sent staff to communities in support of local efforts to combat Covid-19
- Worked with communities and subdistricts to strictly follow the government's anti-virus requirements and ensure a safe environment for BCL residents, and commercial property and industrial park tenants

Orderly Business Reopening & Prudent Operations

Orderly Return to Normal Operations

- Formulated plans to combat the pandemic and took comprehensive measures to ensure the gradual and orderly return to normal operations
- Returned 70 projects back to full operation by the end of March

V-Shaped Sales Recovery

- Strictly followed pandemic containment requirements of local communities; Became one of the first group of companies eligible to reopen business in multiple cities
- Achieved V-shaped sales recovery in 2Q20; Turnover for the outlet business returned to a similar level as the same period last year

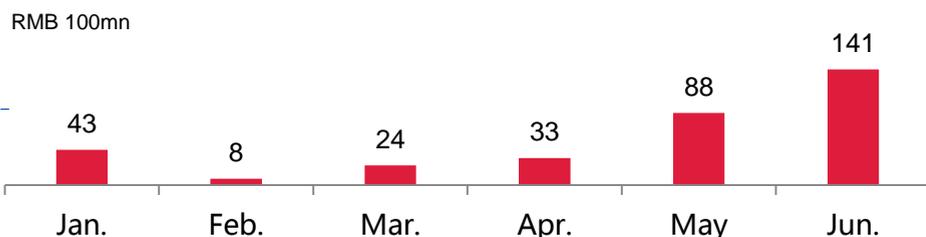
Innovative Marketing Efforts Drove Sales Recovery & Fast Turnover Initiatives Accelerated Cash Collection



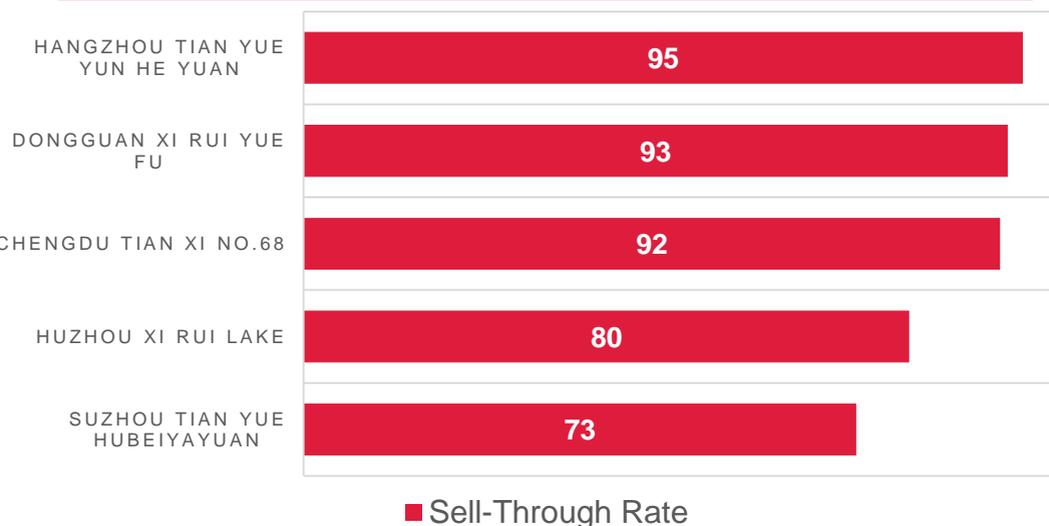
- Total contracted sales was RMB33.7bn in 1H20, down 17% YoY;
- Sell-through rate for newly launched projects was nearly 80%

- Sales collection was RMB10.4bn in 1H20, down 28% YoY

Contracted Sales through Jan.-Jun. 2020



Sell-through Rate of Newly Launched Projects in 1H20



Stable Contracted Sales

V-shaped recovery of contracted sales:

- Contracted sales were greatly impacted by Covid-19 in 1Q20;
- BCL employed innovative marketing tactics, such as online live streaming, and consolidated marketing platforms across regions to create synergies across projects; contracted sales in 2Q20 recovered rapidly, with a month-over-month growth rate over 100%
- Contracted sales from in-house sales teams were RMB12.9bn

Hot-selling regions/projects:

- Contracted sales in the Yangtze River Delta were RMB10.41bn, which was 30.9% of the total and a YoY increase of 30%
- Sales of projects such as Beijing Sunhe and Shanghai Xi Yue Da Cheng topped sales charts in local areas

Enhanced Destocking

- Newly launched projects had an average sell-through rate of nearly 80%, with contracted sales totaling around RMB11bn; Some projects, such as “Tian Yue Yun He Yuan” in Hangzhou and “Xi Rui Yue Fu” in Dongguan, had a sell-through rate of over 90%

Accelerated Cash Collection

- Adjusted performance evaluations and incentives based on cash collections, accelerated mortgage approvals and loan issuances, and sped up collection from joint projects with partners

Prudent Investment Strategy & Resource Acquisition with a Non-Competitive Approach at Initial Bidding Prices

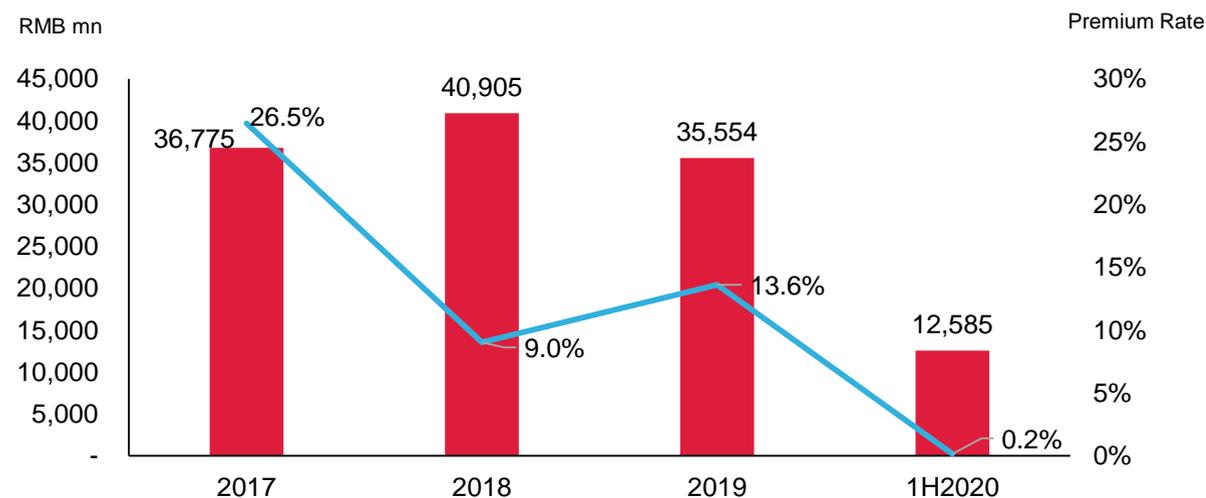


Differentiated and Non-Competitive Land Acquisition Approach

- ◆ **Prudent investment strategy:** Invested only in the best projects; Acquired 6 projects with a total GFA of 3.08mn sq.m. for RMB12.58bn (down 27% YoY) in a non-competitive manner with zero land premium.
- ◆ **Differentiated and non-competitive approach:** Leveraged advantages of diversified businesses under the “Property Plus” land acquisition model to acquire land through synergies across business segments, strategic cooperation and M&A.
- ✓ **Synergies across businesses:** Leveraged synergies with high-tech business to acquire 2 projects in Nanjing and Chongqing with a total GFA of over 700,000 sq. m. and at prices over 20% lower than comparable adjoining sites; Situated in the CBD of the Jianye District of Nanjing, BCL is working with major tech companies such as 58.com; Project is designed to be a tech services demonstration zone with a total GFA of 327,000 sq.m.
- ✓ **Strategic cooperation:** Acquired the Zhengzhou Beipingyuan Demonstration Zone Project and the Wuhan Jingkai Project through strategic cooperation. Total GFA of nearly 2mn sq.m., further replenishes core land reserves

Secondary Projects Acquired in 1H2020

No.	City	Project	Investment Amt/RMB100mn	Total GFA/sq.m. in 10,000
1	Beijing	Beijing Shijiang Xihuang Village 646 Project	29.8	20.3
2	Beijing	Lize Financial Business District D0708 Project	43.4	22.3
3	Xinxiang	Henan Zhengzhou Beipingyuan Demonstration Zone Project	20.4	152.1
4	Chongqing	Chongqing Shapingba Xiyongzutuan Project	12.3	40.0
5	Nanjing	Jiangsu Nanjing Industrial Land Use Project	12.5	32.7
6	Wuhan	Hubei Wuhan Jingkai No.33 Project	7.5	40.3
Total			125.8	307.6



Prime and Sufficient Land Bank Reserves



Prime Land Bank

- ◆ Total land bank GFA was 17.90mn sq.m., with an aggregate value of RMB345.0bn, which is sufficient for the development needs over the next three years
- ◆ 3 core metropolitan areas accounted for 60% of the total saleable land, with over half in Beijing, Tianjin and Shanghai; Secured major resources in Wuhan, Kunming and Zhengzhou, each with a GFA of over 1mn sq.m.
- ◆ Average land cost of development properties was RMB8,600/sq.m

Land Bank Geographic Distribution by City

City	Value/RMB 100mn	% of Total Value
Beijing	1,072	31.1%
Tianjin	508	14.7%
Shanghai	185	5.4%
Guangzhou	91	2.6%
Wuhan	322	9.3%
Kunming	247	7.2%
Zhengzhou	154	4.5%
Chongqing	148	4.3%

Pipeline of Core Major Projects



- **Zhengzhou Beipingyuan Demonstration Zone Project:** Total GFA of 1.52mn sq.m. with land cost of RMB1,706/sq.m.



- **Kunming Dianzhong Changshui Airport Project:** Total GFA of 1.78mn sq.m. with land cost of RMB1,353/sq.m.



- **Wuhan Jingkai Project:** Total GFA of 2.71mn sq.m. with land cost of RMB2,504/sq.m.

Accelerated Growth of Innovative Businesses & Leveraged Synergies with Main Business to Expand Resources



- ◆ Accelerated growth of innovative businesses that are in line with national strategies and industrial policies, including cultural and creative industrial properties, high-tech industrial properties and rental housing; Constantly expanded and consolidated resources to strengthen synergies between innovative businesses with main business to develop a sustainable revenue model

Cultural & Creative Industrial Property



Further Enhanced Benchmark Projects and Launched Digital Entertainment Platform

- ◆ Continued to enhance Langyuan brand; Langyuan Park selected to first group of “Civilization Practice Centers for a New Era” by the Beijing city government
- ◆ The Beijing Yongyuan Project achieved an occupancy rate of 85%, despite market headwinds
- ◆ Launched BOM HALL Project, a digital entertainment platform at the Jinma Plaza, Beijing, as a demonstration project to promote culture and technology integration

High-tech Industrial Property



Replicated Success of Benchmark Project and Acquired Quality Resources via Synergies

- ◆ Replicated success of benchmark Beijing IC Park Project in additional cities; Acquired Nanjing Internet Industrial Park Project and the Chongqing Shapingba Logistics Park Project at low costs and leveraged synergies with main businesses
- ◆ Continued to expand client base by onboarding 167 enterprises; Promoted establishment of IC Think Tank

Rental Housing



Expanded Project Development on Collectively-Owned Land and Expanded Asset-Light Business Model

- ◆ Resumed and accelerated construction of the Beijing Shibaldian Project, a rental housing project on collectively-owned land, and secured a similar new project in the core area of Beijing
- ◆ Maintained high occupancy rates at Beijing Fangshan He Yuan and Tianjin He Yu projects; Continued to renovate and upgrade existing projects, including Beijing Zi Yue Tai and Yue Du hui
- ◆ Launched Shanghai Baoshan WEPARK Project with an occupancy rate of 95%, successfully expanding the Company’s asset-light business model

Continued Progress of H-Share Full Circulation & Smooth and Diversified Financing Channels



H-Share Full Circulation

- **Background:** In Nov.2019, China's CSRC released "Guidelines for the Application of 'Full Circulation' for Domestic Unlisted Shares of H-share Companies", marking the rollout of sweeping H-share reforms
- **Goal:** H-share full circulation expected to boost share liquidity and transaction volumes, thus increasing shareholder value
- **Progress:** Started H-share full circulation application process in 1H20; Submitted application to CSRC for approval after receipt of approval from SASAC; Received positive feedback and aiming to complete process in 2020

Debt Financing

By mid-2020, BCL's weighted average cost was 5.34%, at the lower end of the industry; Low-rate bonds and bank loans accounted for 70% of total outstanding debt, with weight of short-term debt continuing to decrease. The primary long-term financial instruments included:

Instrument	Principal Amount	Coupon rate/Cost	Maturity	Milestone
Domestic private corporate bonds (3 tranches)	RMB5.21bn	3.68% (weighted average)	3+2 years	3+2-year bond (2nd tranche, RMB3bn) coupon rate was 3.60%, a record low for AAA private corporate bonds with the same maturity issued by property companies
Offshore senior notes	USD450mn	3.85%	5.5 years	Nearly 8x oversubscribed by international investors
Private Placement Note (PPN) in the domestic inter-bank bond market	RMB1.5bn	3.40%	3 years	Tapped a new low-cost bond financing channel in the inter-bank market

Section 3 2H2020 Outlook



2H2020 Industry Outlook



Looking out to 2H20, the Chinese government is expected to adhere to “houses are for people to live in, not for speculation” as the overarching theme of its real estate policy and industry regulations will continue to tighten. Access to funding for property markets is expected to remain strictly controlled, and measures for pandemic containment are expected to be regularly imposed. These issues will create headwinds on multiple fronts for the real estate industry.

Increasingly Strict Industry Policies

- “Houses are for people to live in, not for speculation” was stated at the Two Sessions in May
- “Houses are for people to live in, not for speculation” and “China will not use real estate as a short-term means to stimulate the economy” were reiterated at a China real estate symposium in July
- PBOC and CBIRC continued to tighten regulations to prevent excessive funds from being channeled into the real estate market, which creates further constraints on funding for property companies

Regularly Imposed Anti-Pandemic Measures

- Covid-19 continued to spread globally, and risks of new and imported cases remain, which creates uncertainties for China’s macroeconomy and the property industry
- The pandemic has been mostly contained in China, while precautionary anti-virus measures are still regularly imposed, which continues to impact consumer sentiment and the market outlook

Intensifying Industry Competition

- The performance of property companies continues to face headwinds in terms of sales, financing and cash flows under regulatory controls and ongoing anti-virus measures
- Industry competition is intensifying and raising the bar for property companies’ ability to implement prudent operations

China will continue its efforts to establish long-term real estate regulations, which will bring sustainable development opportunities for the industry.

Market Expansion Opportunities

- China revamped its land management system and delegated approval for land use to provincial government bodies in pilot areas
- China’s new urbanization push and policies to attract talent by relaxing residential curbs will continue to boost property demand in core cities
- “New infrastructure” projects will bring further opportunities to the property industry

Opportunities in the Existing Market

- Existing established properties in the market will provide new profit drivers for real estate companies while testing their abilities in asset management and operations
- BCL’s property management subsidiary is well positioned to benefit from the increasing importance of the property management market

Operating Strategies for 2H2020



Maintain Stable Development While Pursuing Progress and Agility

Contracted Sales

- ✓ Adhere to a “Fast Turnover” strategy and continue to execute “369 project construction standards” while comprehensively upgrading the “BCL Intelligently Made 2025” operating strategy to ensure projects are delivered on time and key projects are launched as planned; Further enhance synergies across online and offline sales as well as in-house sales teams, and set up special rewards program to accelerate sales and destocking in an effort to minimize the impact of the epidemic
- ✓ Continue to reinforce cash collection by further tapping into the value of inventory assets and existing cooperative projects, strengthen employee performance evaluation and incentives, and build up a systematic and standardized process for cash collection management

Land Investment

- ✓ Continue to employ a prudent investment strategy and select the best projects among new investment targets
- ✓ Focus on acquiring projects with a non-competitive and differentiated approach through coordination across industries, M&A, strategic cooperation and synergies between primary and secondary land development. Leverage advantages of diversified business and further advance the “Property Plus” land acquisition model in a bid to strengthen strategic resource acquisition

Innovative Businesses

- Continue to adhere to a stability-oriented approach while pursuing business optimization by actively cultivating diversified innovative businesses; Centered on projects in the cultural and creative industries, high-tech industrial properties and rental housing, further enhance the benchmarking of brand projects, expand and integrate industrial resources, and strengthen cross-industry collaboration and synergies across BCL’s businesses
- Create sustainable and profitable business models and develop new profit drivers

Funding

- ✓ Continue to expand funding channels with a focus on direct financing from the capital markets
- ✓ Strive to achieve H-share full circulation in order to increase shareholder value and lay a solid foundation for subsequent funding
- ✓ Promote the integration of property management resources to generate significant growth opportunities that are supported by well-timed capital investments
- ✓ Leverage Prime Golden Capital’s advantages in finance and property integration, as well as its high-quality financial services, to expand the Group’s core resource acquisition and generate high-quality growth

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!