



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 2018

August 2018



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Section 1

Results Summary

1H2018 Results Highlights



Financial Results

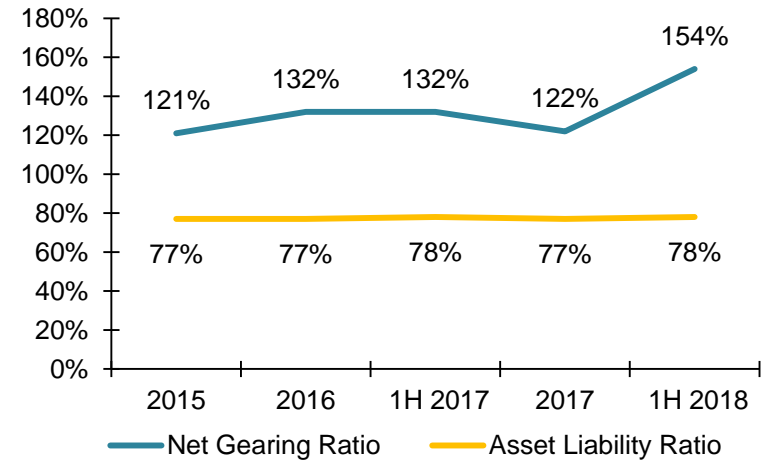
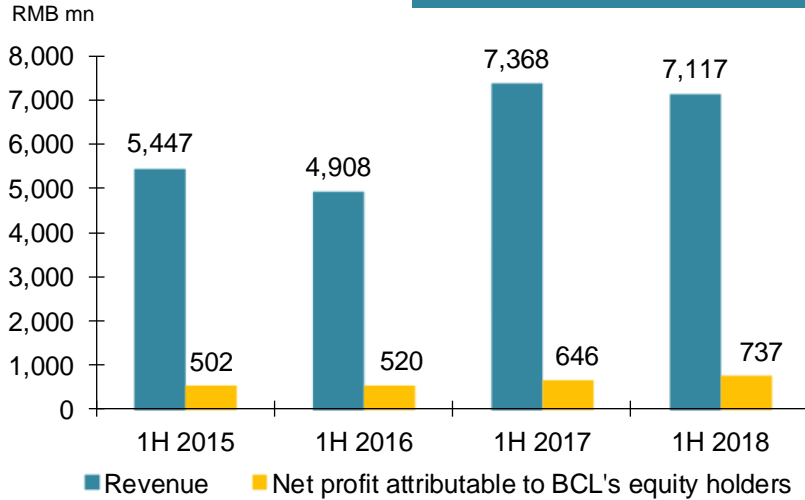
RMB '000	1H2018	1H2017	YoY Change
Revenue	7,116,813	7,368,346	-3.41%
Gross Profit	2,387,781	2,464,445	-3.11%
Net Profit	1,068,258	1,022,020	4.52%
Net profit attributable to parent company	736,528	646,199	13.97%
Core profit attributable to parent company¹	791,950	869,060	-8.87%
EPS (Fully-diluted, RMB cents)	19	21	-9.52%
ROE attributable to parent company	3.22%	3.89%	-0.67 ppt
Gross profit margin	33.55%	33.45%	0.1 ppt
Net profit margin	15.01%	13.87%	1.14 ppt
Net gearing ratio	154.14%	122.48% ²	31.66 ppt
Cash on hand	21.8bn	21.0bn ²	3.54%

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%

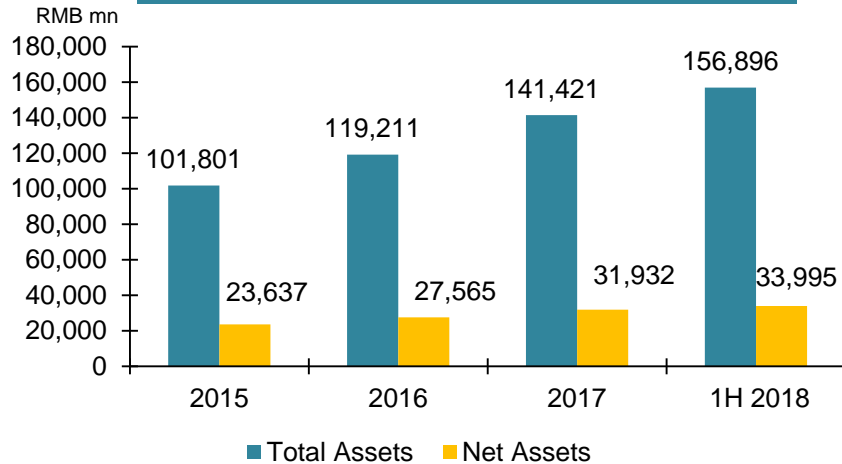
2. As of 31 Dec 2017

Stable Financial Performance

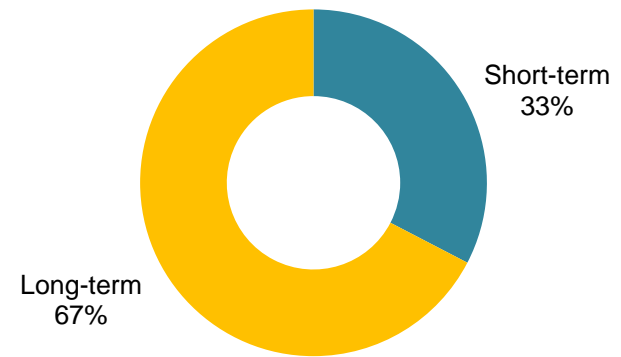
Stable Financial Performance



Increasing Asset Scale



Optimized Loan Structure

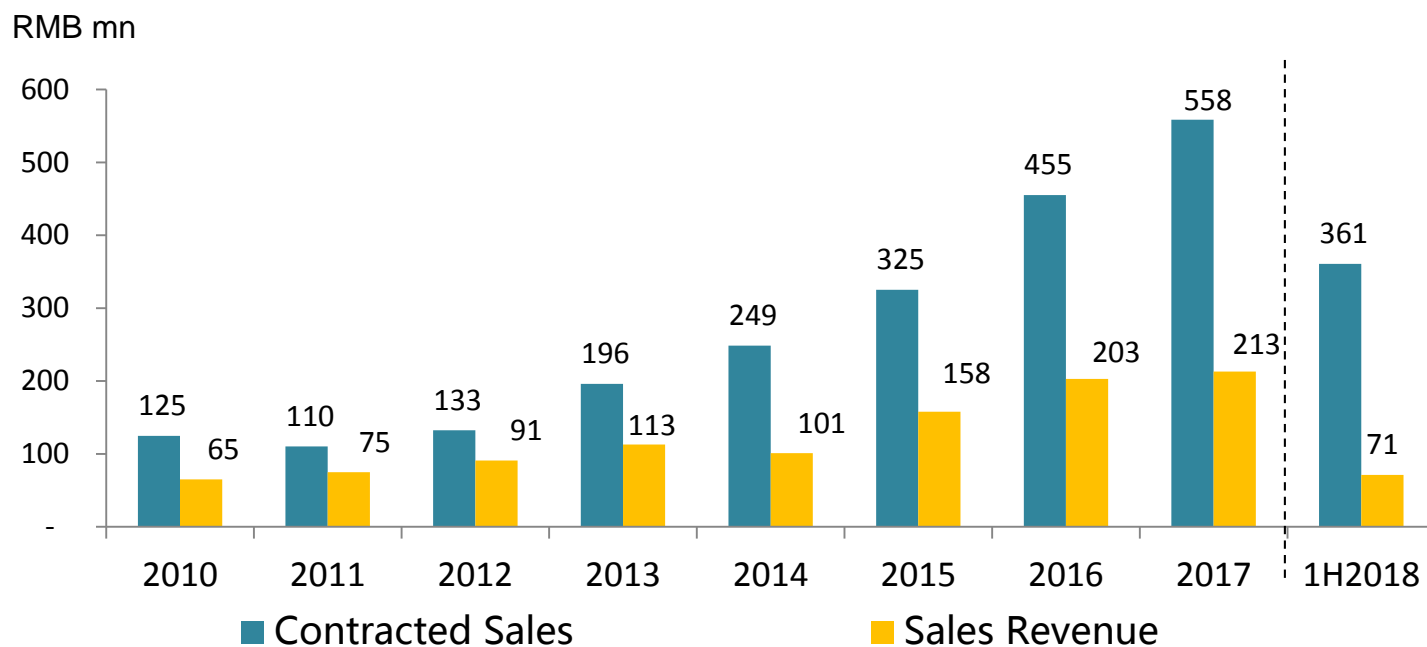


Weighted Average Funding Cost: 5.22%*

*As of 30 June 2018

Contracted Sales and Sales Revenue

Contracted core pre-sales in 1H2018	Booked amount in 1H2018	Accumulated unbooked core pre-sales
RMB22.9bn	RMB7.1bn	RMB32.0bn



Contracted sales in 1H2018 reached RMB36.1bn

Section 2

Business Highlights

Contracted Sales Performance in 1H2018

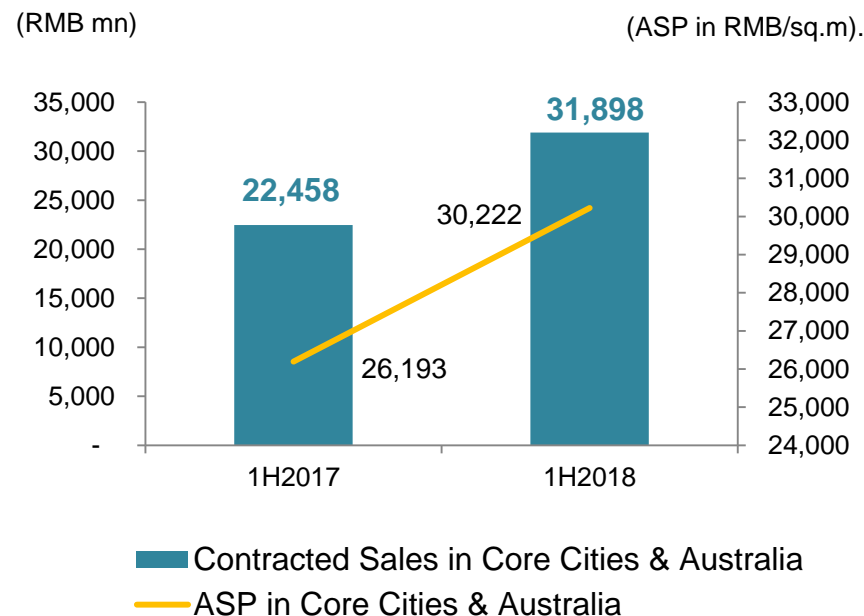
Contracted Sales		Average Selling Price (Contracted Sales)	
RMB billion	YoY Change	RMB/sq.m.	YoY Change
36.07	+47.2%	26,460	+16.5%

Contracted sales in 1H2018 was RMB36.07bn, +47.2% YoY

Accelerated turnover to increase both transaction volumes and prices

- RMB31.9bn contracted sales from core cities and Australia (+42% YoY), accounting for nearly 90% of total contracted sales. ASP increased to RMB30,222/sq.m. (+15% YoY)
- Beijing contributed RMB21.56bn (+103.2% YoY), or nearly 60% of total contracted sales; The Group ranked in the top-3 in terms of contracted sales in Beijing
- Projects were fully in compliance with the “369 construction time limit standards”. Newly acquired projects including Sunhe Project in Beijing were released within 9 months
- Accelerated destocking and cleared a number of inventory projects ahead of schedule

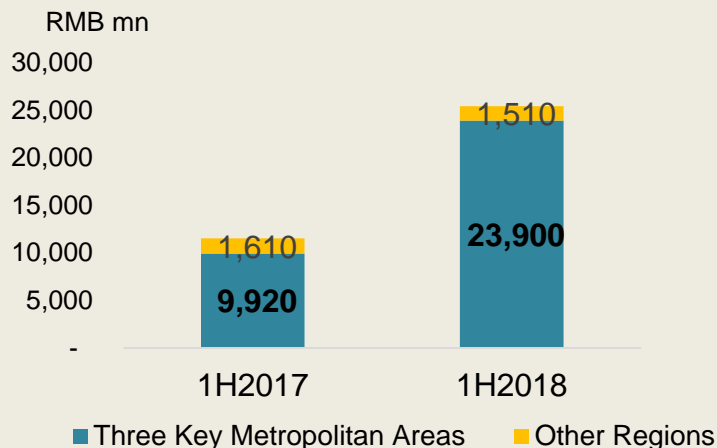
Core Cities & Australia Contracted Sales & ASP



Increased Investment in 3 Key Metropolitan Areas

- Increased investment driven by higher turnover. BCL took advantage of favorable land market condition to actively expanded land bank in 3 metropolitan areas via M&A and synergies with the primary land development
- Made **RMB25.4bn** of land investments (+120% YoY) with an aggregate GFA of 2.14 million sq.m. and **newly-added RMB50bn saleable resources**. Average land premium rate < 10% for new investments in core cities
- Invested RMB23.9bn in Beijing, Tianjin and Guangzhou, accounting for 94% of total land investment
- Entered **Guangzhou** and **Foshan** for the first time, strengthening strategic position in the Greater Bay Area through three core cities

Land Investment



Acquired High-quality Projects

Beijing Sunhe (北京孙河双项目)

- Located in prime central villa area
- Total GFA of 350,000 sq.m
- Low land premium without self-sustain, far below the previous land price of the same location

Tianjin Liuyuan (天津刘园双项目)

- Within "half hour-living circle" from Tianjin's city center
- Total GFA of 570,000 sq.m.

Shanghai Minhang (上海闵行项目)

- In Greater Hongqiao Business Area
- Acquired at initial bidding price
- Total GFA of 52,000 sq.m.

Foshan Shishan Project (佛山狮山项目) – newly-entered market

- Located in central area of Shishan Town, sub-center of Foshan, and adjacent to Foshan West Railway Station
- Total GFA of 85,000 sq.m.

Guangzhou Zengcheng (广州增城双项目) – newly-entered market

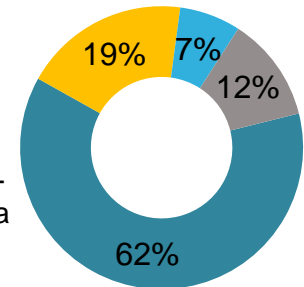
- 2 projects, located in central business area of Zengcheng; easy access to transportation and education facilities
- Total GFA of 530,000 sq.m.

Quality Land Bank

- Total land bank in GFA: 11.92mn sq.m.; Saleable resources: approx. RMB276.4bn, sufficient for development over the coming 3 years
- 3 metropolitan areas accounted for 87% of the total saleable resources; Beijing, Tianjin and Shanghai accounted for 72% of the total saleable resources
- Average land cost of development property was approx. RMB12,100/sq.m., far lower than current ASP of RMB26,500/sq.m.

Land Bank Geographic Breakdown

- Beijing-Tianjin-Hebei region
- Yangtze River Delta
- Guangdong-Hong Kong-Macau Greater Bay Area
- Other city



Huge Advantages in Primary Land Development in the Beijing-Tianjin-Hebei Region

Largest by project number, highest-quality resources and integrated positioning

A Primary Platform with RMB100bn+ in Value

- **Expanded scale of primary land business:** 8 projects under development and 16 projects secured in pipeline with a total site area of over 30mn sq.m. While most primary projects are in Beijing and Tianjin, BCL is actively expanding in Hebei and Xiong'an New Area – enlarging a primary land development platform with over RMB100bn in value in the Beijing-Tianjin-Hebei Region

Business Expansion

- **Acquired primary land development project in Zhangjiakou (张家口一级项目):** Located in Qiaoxi District, Zhangjiakou, Hebei Province, with a planned total GFA of 1.04mn sq.m. As the Company's first primary land development project in Hebei Province, it will effectively expand BCL's footprint in the Beijing-Tianjin-Hebei region

Primary and Secondary Synergies

- **Added 2 new projects in Beijing and Tianjin at initial bidding prices:** Acquired Han Village Project in Jinhaihu Town, Pinggu, Beijing (北京平谷金海湖韩庄项目) and Wuqing 6-2 Project in Tianjin (天津武清6-2项目) with zero premium. Total GFA: 400,000 sq.m.
- **Potential projects:** Planned GFA primary developments exceeded 31mn sq.m.; BCL strived to exploit the synergies with 60%+ primary land development projects in order to push its future land investments in core regions

Outlets Expansion

Added 2 new projects and opened 1 project, ranking No.1 nationwide

- Acquired Qingdao and Nanning outlets projects; expanding outlets business to 16 cities and ranking No.1 nationwide
- Customer traffic hit over 200,000 and sales reached RMB25.70mn for the initial 3 days of the Wuhan Capital Outlets project launch. The Group now operates a total of 7 outlets projects

Qingdao Outlets

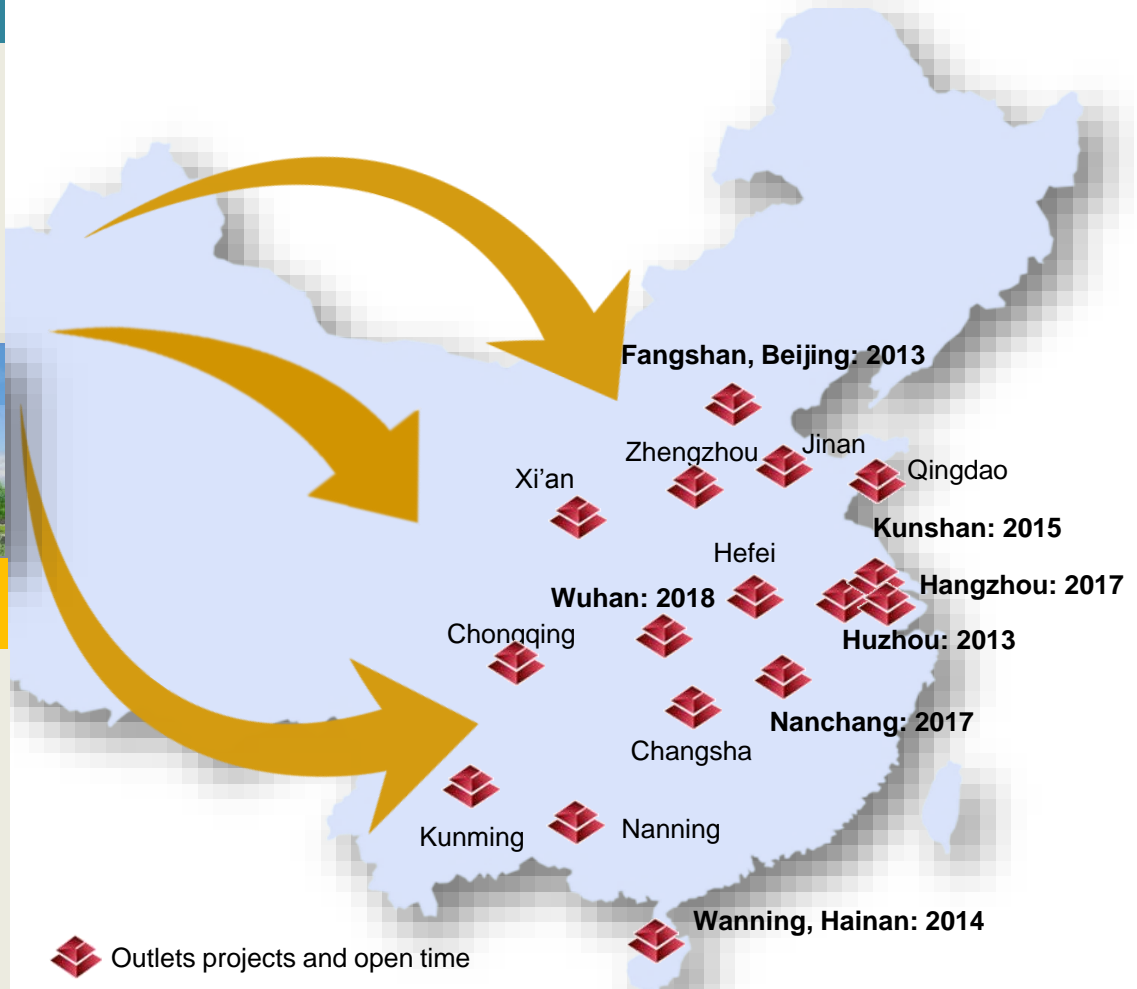


Nanning Outlets



Refined management and steadily improved operating performance

- Generated sales of RMB2.37bn (+43% YoY), and recorded customer traffic of 10.32mn (+23% YoY)
- During the week of Labor Day holiday, Fangshan Capital Outlets in Beijing achieved average daily sales of RMB23mn (+30% YoY). Wanning Capital Outlets in Hainan Province recorded average daily sales of RMB15mn (+32% YoY)
- At the 5th China Outlets Industry Development Forum, BCL received 7 industry awards, including “2017 Top 10” in the sector



Diversified Business Development

Successfully promoted cultural & creative business and rental housing business

Effectively launched cultural and creative business

Developing cultural and creative business is a response to the municipal government's call to position Beijing as *"the center for national politics, culture, international exchange and technological innovation"* -

- Beijing Sanluchang Project (北京三露厂项目), located in core capital functions area, is positioned as a theme park of intangible cultural heritage
- Participated in the exhibition of intangible cultural heritage in the Grand Canal Cultural Belt (大运河文化带) - a Chinese culture conduit - in June, and officially released "Intangible Cultural Heritage Innovation and Development" platform
- Pushed forward multiple potential projects in Beijing. Signed framework agreements for several projects

Proactively expanded rental housing business

Expanding rental housing is a response to the central government's call that *"housing is for people to live in, not for speculation"* and that *"new developments should have units to both buy and rent"* -

- Released "He Yu"(和寓) serviced apartment brand; and its products in Beijing and Tianjin will be put on market in September. Sample rooms for rent are already available to the public
- Proactively seized market opportunities to develop rental housing projects on collectively-owned land. The projects in Chaoyang and Daxing Districts in Beijing are expected to offer 15,000+ units of serviced apartments



Comprehensively strengthened management capabilities: product design, project quality, cost control & customer service



1. Pushed forward with “BCL Made 2020” product strategy, launched “Tian Yue” product series in Beijing, Tianjin, Shanghai and Chongqing

- The release of “Tian Yue Jia Ling” (天阅嘉陵) in Chongqing and “Tian Yue Hai He” (天阅海河) in Tianjin marked successful replication of high-end product line across core cities in Beijing, Tianjin, Shanghai and Chongqing
- “Xi Rui” high-end product line was replicated in Hangzhou, Chongqing and Huzhou markets
- Accelerated destocking of non-residential property; Finished product R&D on both serviced apartment product line “Xi Lin Fang” (禧邻坊) and community commercial product line “Xi Yue Li” (禧悦里)



2. Built up strong in-house sales teams across core cities

- Established subsidiary in-house sales team in Shanghai, Shenzhen and Tianjin. Aim to contribute RMB20bn+ sales from in-house team
- Sales by the in-house team accounted for 40% of total contracted sales for key projects in Beijing, Tianjin and Shanghai, exceeding the annual target
- In-house sales team effectively beat target, increased customer stickiness, and laid a solid foundation for customer service



3. Implemented standardized cost controls and reduced costs by 8% from strategic procurement

- Strictly implemented “3300” cost control measures in Shenzhen and Hangzhou, and increased the available standardized models to 116
- Strictly controlled costs by monitoring EPC contractor and reviewing cost settlement through three levels; Recorded actual costs of RMB4.3bn with only 1% budget variance in 1H2018
- Enhanced supplier management for standardized procurement; Reduced costs by 8% in 1H2018



4. Improved customer service and registered zero complaints in project delivery

- Performed risk control before pre-sale and post delivery. Successfully delivered 3,644 units with zero customer complaints in 1H2018
- Released and implemented “Work Guidance 2.0” within Shouwan Property Management Service – 105 items related to customer service were added; Awarded “2018 China’s Top 100 Property Service Enterprises”

With its stable financial performance and SOE background, BCL maintained diversified financing channels and optimized debt structure; Lower cost bond and insurance funding becoming a higher share of outstanding debt

Diversified Financing Channels

✓ Highly recognized by rating agencies and financial institutions amid tightened credit condition

✓ Financing channels include: bank loan, insurance, bonds, asset securitization, trust and fund

✓ Enhanced cooperation with big banks. RMB170bn of strategic credit lines obtained from banks as of June 30, 2018

✓ Newly established “Shoujin” fund (首金) management to drive transformation by “business expansion + capital management”

Optimized Financing Structure

Weighted-average financing cost was 5.22% as of June 30, 2018, which was below industry benchmarks compared with peers. Low-cost financial instruments in 1H2018 included:

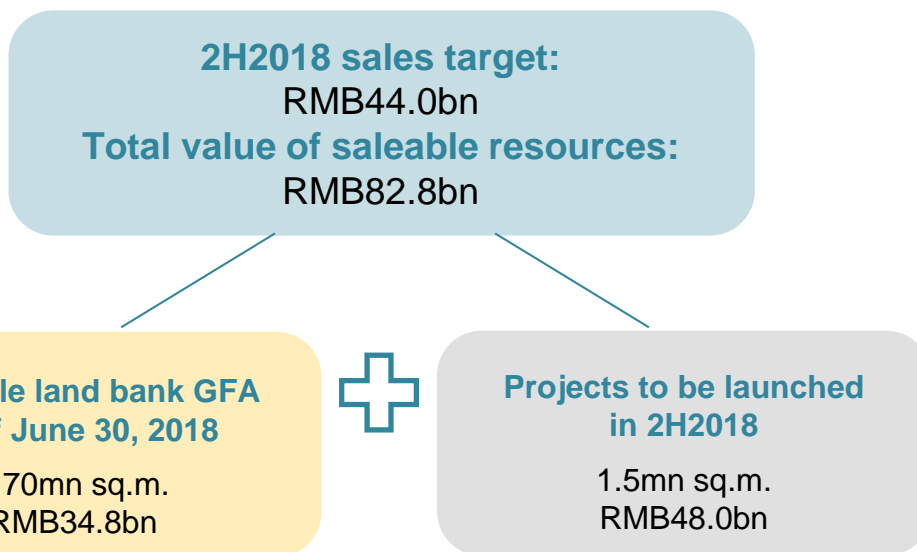
Instrument	Principal Amount	Coupon /Cost	Milestone
3-year offshore senior notes	US\$500mn	3.875%	A record low interest rate among developers during the same period
Domestic non-public corporate bonds (2 tranches)	RMB5bn	5.7%	A record low interest rate among all AAA-grade private placement bonds during the year
Final payments-backed securities (ABS, in 2 batches)	RMB2.5bn	5.75% (weighted average)	A record low interest rate among similar products issued during the same period

Section 3

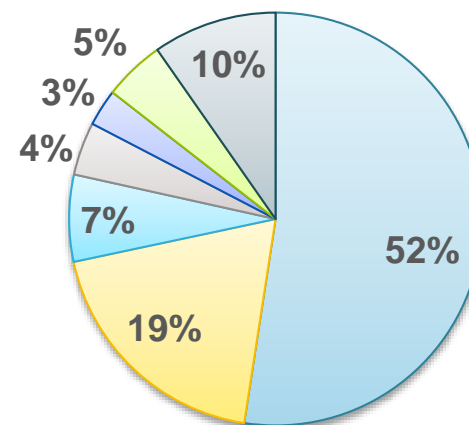
2H2018 Outlook

Sales Target in 2H2018

- **Sales Target:** RMB44.0bn in 2H2018, RMB80.0bn in FY2018
- **Saleable Resources:** Total value of saleable resources in 2H2018 is RMB82.8bn, including RMB34.8bn from existing projects already launched in 1H2018 and RMB48.0bn from new projects to be launched in 2H2018
- **Strategic Focus:** 78% of products available for sale in 2H2018 are in Beijing, Shanghai & Tianjin
- **Key Projects to be Launched:** “Xi Rui Tian Zhu” (禧瑞天著) and “Xi Rui Chun Qiu” (禧瑞春秋) in Beijing, “Tian Yue River” (天阅海河) in Tianjin and “Capital of Vision” (天阅滨江) in Shanghai



Saleable resources in 2H2018
Breakdown by city



Beijing Tianjin Shanghai Chengdu
 Chongqing Australia Others

QUALITY GROWTH

Improve Operating Capabilities on All Fronts

1. Adhere to “fast turnover” strategy and make adjustments in local markets in order to achieve RMB75–80 billion annual sales target
2. Seize market opportunities to achieve “higher turnover” to drive “increased investments” in 3 metropolitan areas (Beijing-Tianjin-Hebei, Yangtze River Delta and Guangdong-Hong Kong-Macau Greater Bay Area) and to expand scale of land investment

Promote “BCL Made 2020” Product Strategy

1. Deploy middle & high-end residential product lines (“Tian Yue” (天阅), “Xi Rui” (禧瑞) and “Xi Yue” (禧悦)); Accelerate the roll-out of “Capital Outlets” projects and apply the online-to-offline model; Launch the apartment product line and community commercial products
2. Deliver high quality products by implementing precise R&D and exquisite craftsmanship

Accelerate Business Transformation and Upgrading

1. Consolidate current advantages in primary land development focus on resources acquisition; Push forward cultural and creative industrial property and rental housing businesses to support transformation
2. Cultural and creative industrial property businesses: Develop projects through M&A and JV, explore areas of intangible cultural heritage and media, and incubate BCL’s distinctive IP
3. Rental housing business: Promote “He Yu” serviced apartment brand and proactively seize market opportunities to deploy rental housing projects on collectively-owned land

Comprehensively Intensify Strengths in Financing

1. Further expand financing channels and resources while maintaining low financing costs; Benefit from favorable shantytown and rental housing development policies and use innovative financing channels
2. Push forward equity financing with the listed platform, and strengthen cooperation with partners on the project level to optimize the capital structure and ensure financial security
3. Accelerate development of new fund management company, “Shoujin Capital”, which will enable BCL to introduce and team up with external resources

Q&A



Thank You!

