

China Resources Land Limited



2016 中期業績發佈會 Interim Results Announcement



AGENDA

Highlights

Financial Review

Business Review


Market Review and Outlook

Highlights – 2016 Interim Results

Revenue
HK\$44.52 bn

 19.9% YoY

Rental income
HK\$3.53 bn

 13.6% YoY

Net profit
HK\$7.68bn

 19.1% YoY

Core net profit
HK\$6.30 bn

 25.5% YoY

Gross margin
33.9%

 1.7 pt YoY

EPS
HK110.9 cents

 13.3% YoY

DPS
HK9.2 cents

 5.7% YoY

Net gearing
27.9%

 4.9 pt from Dec 15

Contr. sales
RMB55.57 bn

 50.2% YoY

AGENDA

Highlights

Financial Review

Business Review

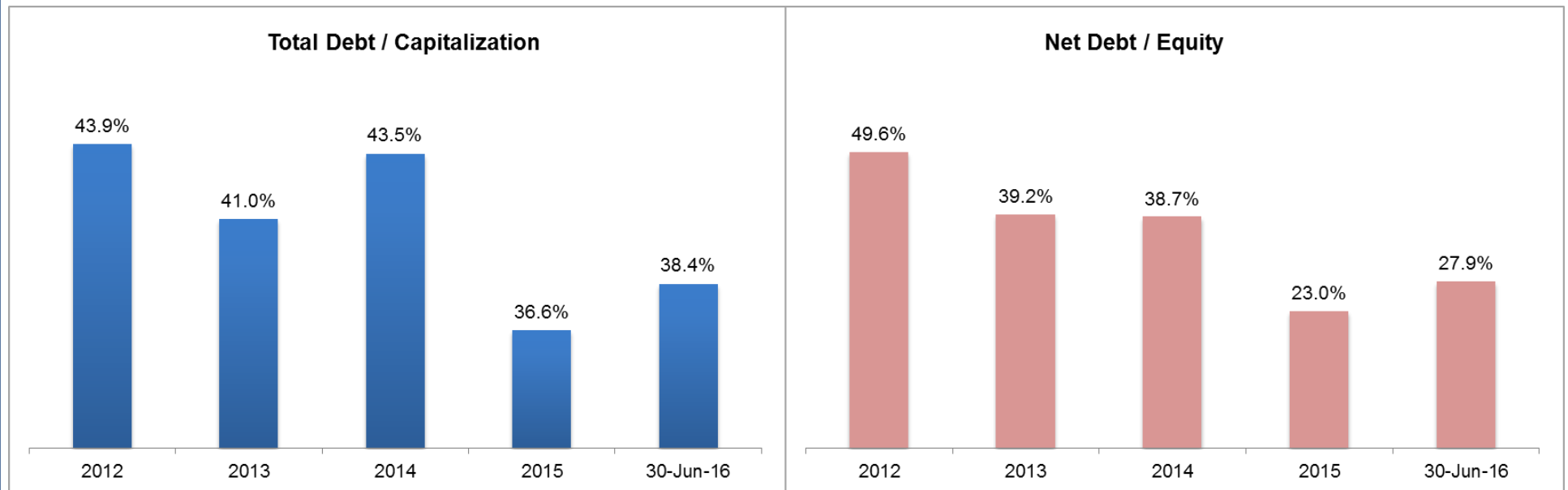
Market Review and Outlook

Income Statement

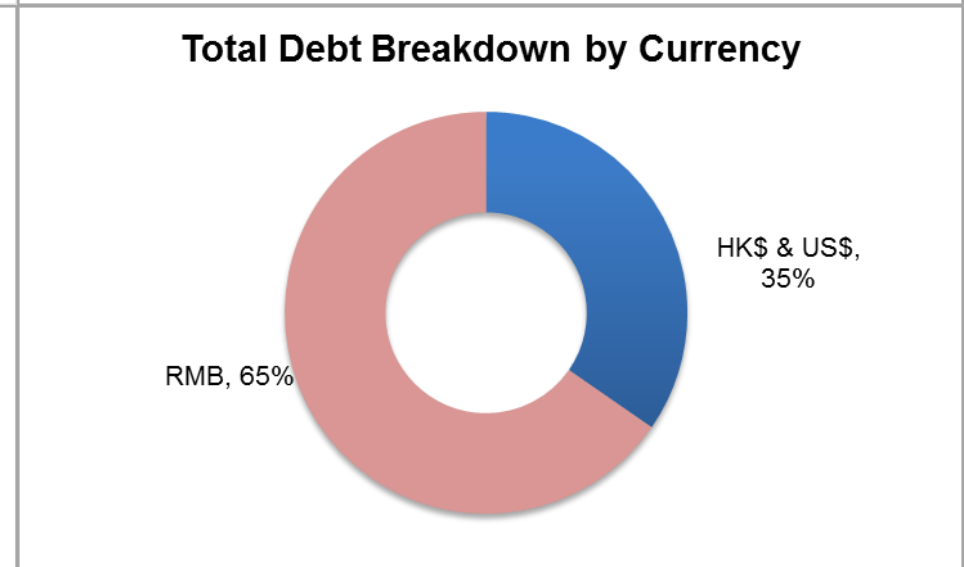
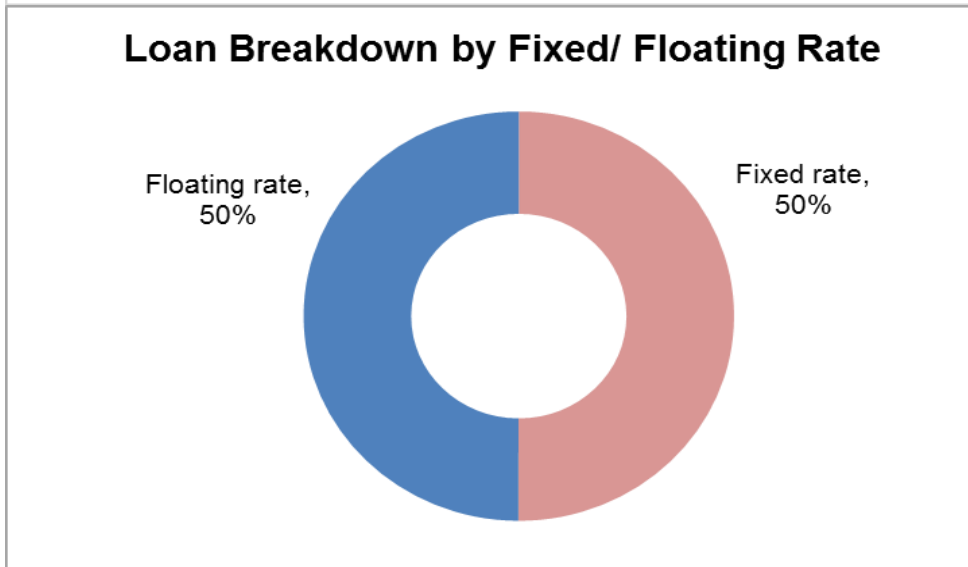
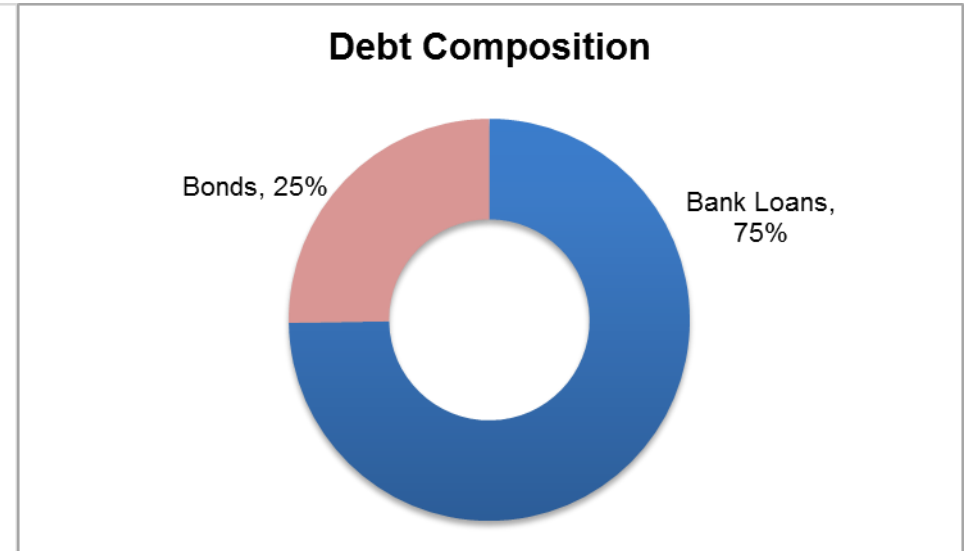
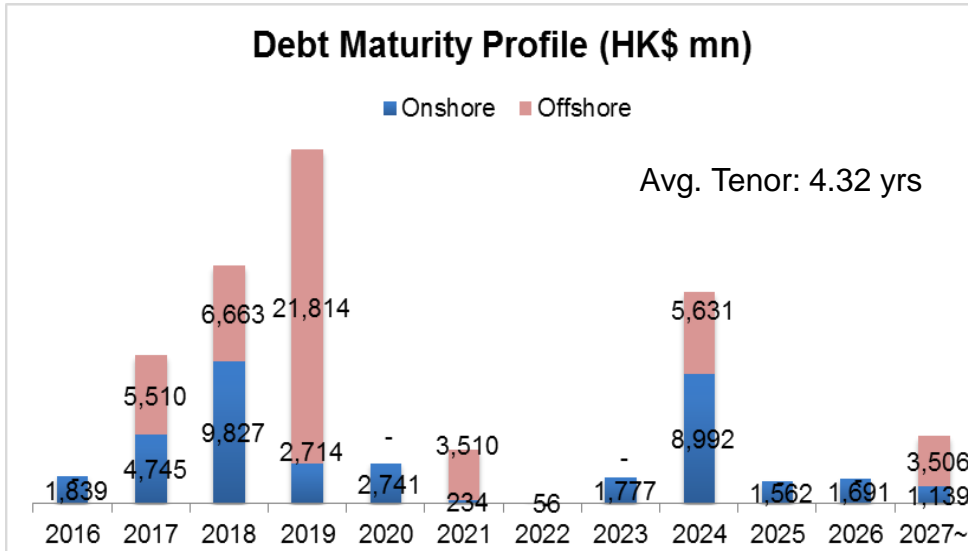
(HK\$ mn)	1H16	1H15		Change
Turnover	44,522	37,144	↑	19.9%
<i>Development</i>	39,153	32,827	↑	19.3%
<i>Investment Property</i>	3,533	3,110	↑	13.6%
Gross Profit	15,096	11,943	↑	26.4%
<i>Development</i>	12,743	10,098	↑	26.2%
<i>Investment Property</i>	2,162	1,892	↑	14.2%
Gross Profit Margin	33.9%	32.2%	↑	+1.7pt
<i>Development</i>	32.5%	30.8%	↑	+1.7pt
<i>Investment Property</i>	61.2%	60.8%	↑	+0.4pt
<i>IP (excluding hotel)</i>	68.0%	68.9%	↓	-0.9pt
Attributable Net Profit	7,684	6,450	↑	19.1%
Core Profit	6,304	5,021	↑	25.5%
Core Net Profit Margin	14.2%	13.5%	↑	+0.7pt
Net Profit Margin	17.3%	17.4%	↓	-0.1pt
EPS - Basic (HK cents)	110.9	97.9	↑	13.3%
EPS - Fully Diluted (HK cents)	NA	97.8	↑	NA
DPS (HK cents)	9.2	8.7	↑	5.7%

Balance Sheet Highlights

(HK\$ mn)	30-Jun-16	31-Dec-15	Change
Cash and cash equivalents	46,480	45,875	1.3%
Total debt	83,952	76,150	10.2%
Net debt	37,472	30,275	23.8%
Total equity	134,481	131,824	2.0%
Total capitalization	218,433	207,974	5.0%
Total debt/ capitalization	38.4%	36.6%	1.8pt
Net debt/ equity	27.9%	23.0%	4.9pt

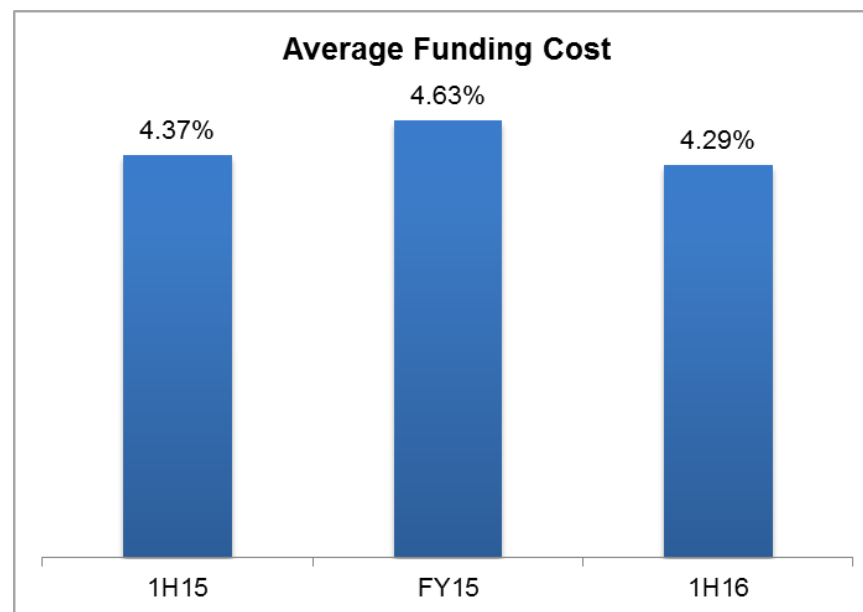


Debt Profile (as at 30 Jun 2016)



Finance Costs

(HK\$ mn)	1H16	1H15	YoY Change
Total Interest	2,233.5	2,396.7	-6.8%
<i>Less: Capitalisation</i>	(1,719.4)	(1,903.2)	-9.7%
Exchange loss/ (gain)	(266.2)	(141.7)	87.9%
Finance Costs on P/L	247.9	351.8	-29.5%
Weighted Average Funding Cost	4.29%	4.37%	-0.08pt



Finance cost among the lowest in the sector.

Foreign Exchange Risk Analysis

	30-Jun-16		31-Dec-15	
	HK\$ mn	as %	HK\$ mn	as %
Total Borrowings	83,952	100%	76,150	100%
RMB Borrowings	54,867	65%	40,647	53%
Foreign Currency Borrowings	29,085	35%	35,503	47%
USD	13,749	16%	21,553	28%
HKD	15,336	19%	13,950	19%
Foreign Currency Cash Balance	5,970	100%	1,257	100%
USD	1,042	17%	180	14%
HKD	4,928	83%	1,077	86%
Net Foreign Currency Borrowings	23,115	100%	34,246	100%
USD	12,707	55%	21,373	62%
HKD	10,408	45%	12,873	38%

If CNY:USD fixing rate depreciates by 5% to 6.9628 from 6.6312 (@30 Jun 16)

Estimated Impact		HK\$ mn ⁽¹⁾
CF	Cash inflow/(outflow) ⁽²⁾	(60)
P&L	Exchange gain/(loss)	1,200
BS	Change in translation reserve ⁽³⁾ +/-	(7,700)
Net Gearing (Net Debt/Equity)		+1.4pt

(1) Based on financial data as of 30 Jun 2016.

(2) Based on projected cash outflows in the period of Aug to Dec 2016.

(3) Based on reserve attributable to owners of the company.

AGENDA

Highlights

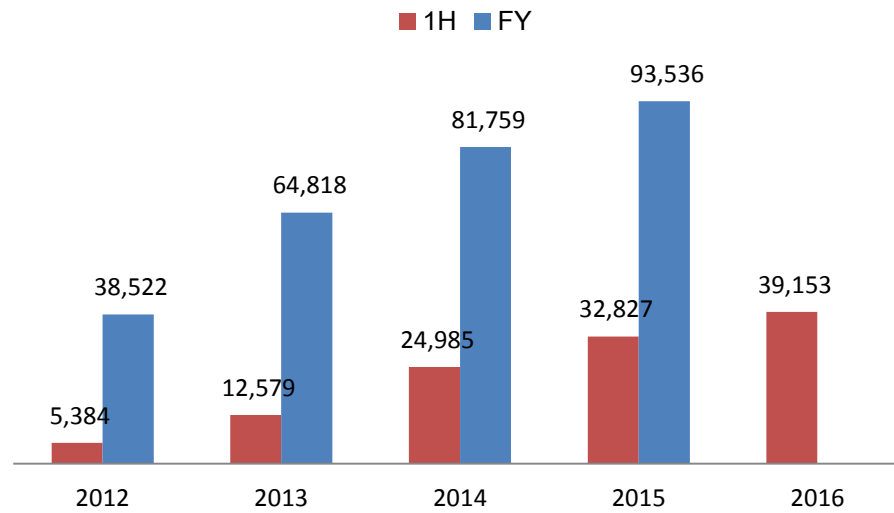
Financial Review

Business Review

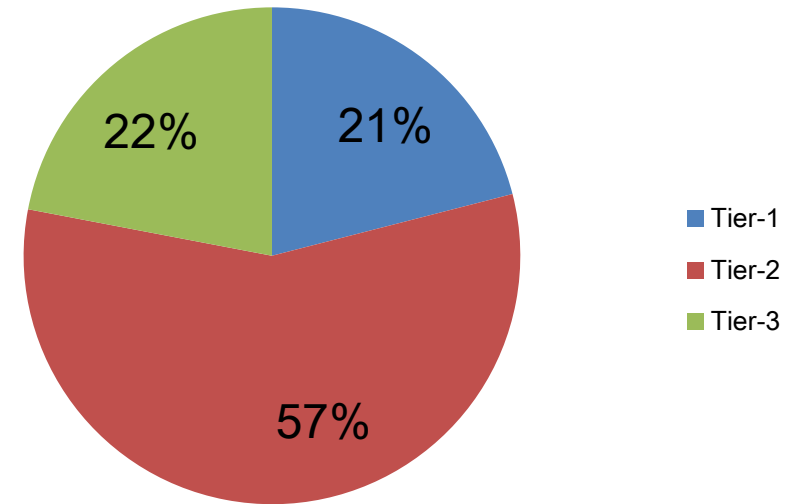
Market Review and Outlook

Development Revenue in 1H16

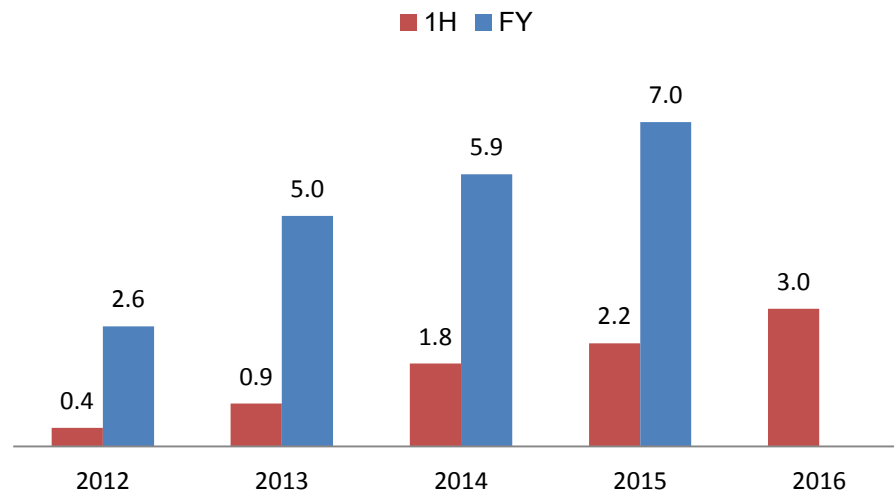
Development Revenue (RMB mn)



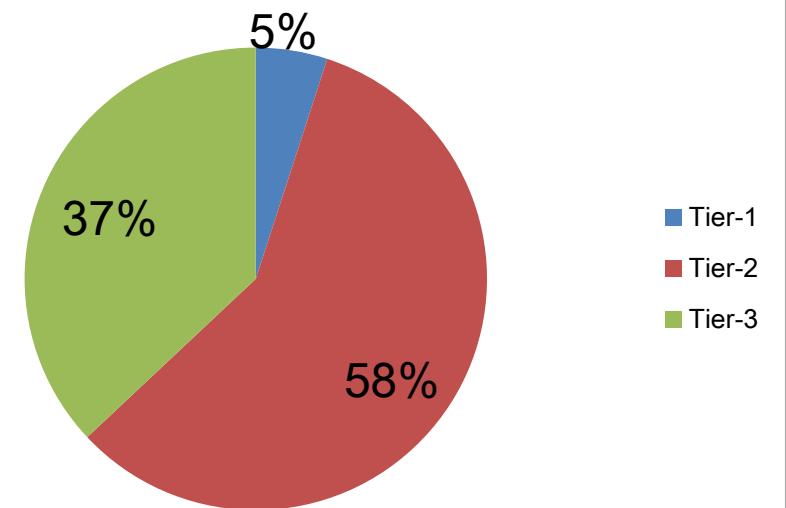
Value Breakdown by City Tier



Recognized GFA (mn sqm)

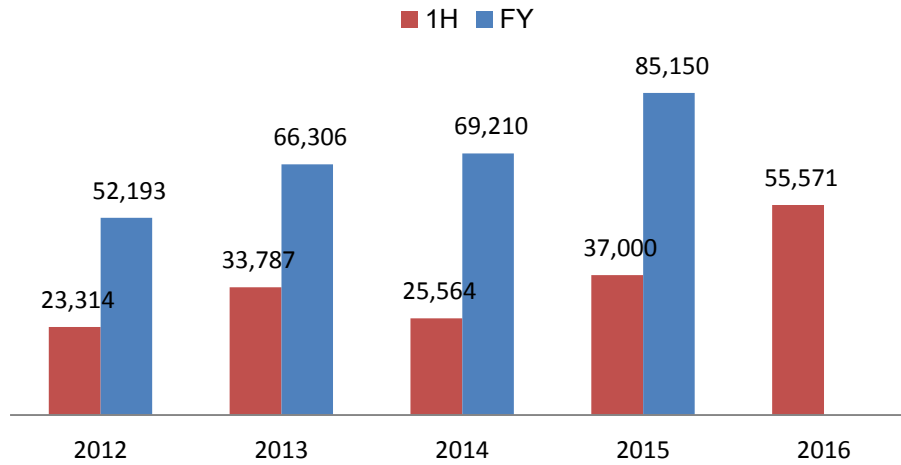


GFA Breakdown by City Tier

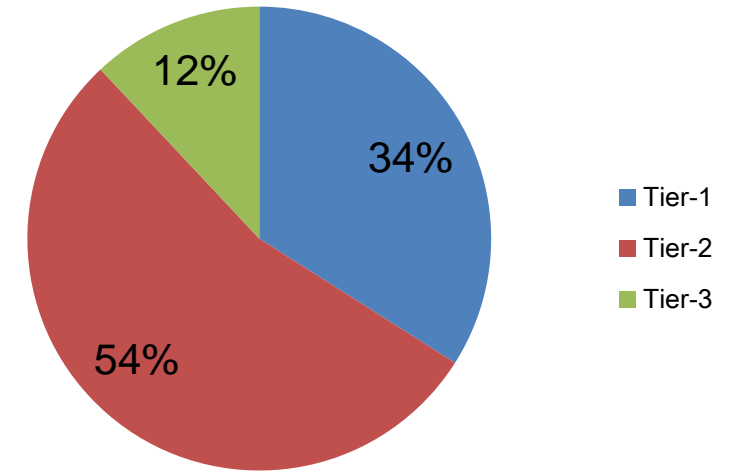


Contracted Sales in 1H16

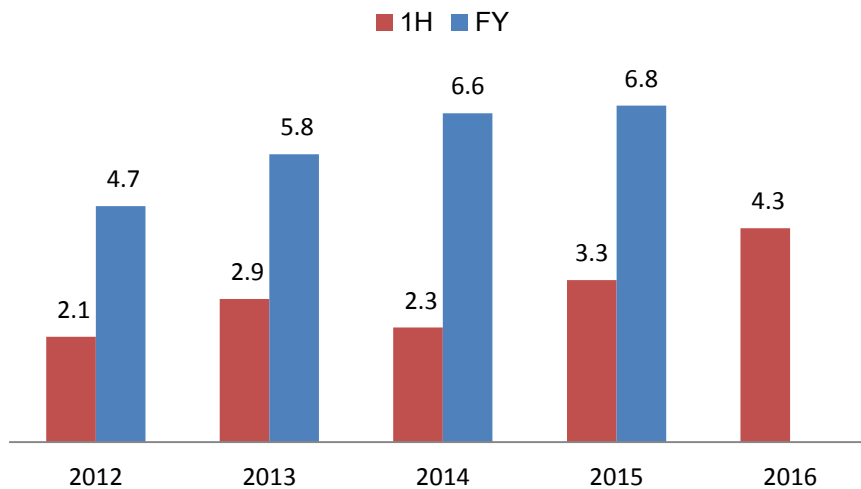
Contracted Sales (RMB mn)



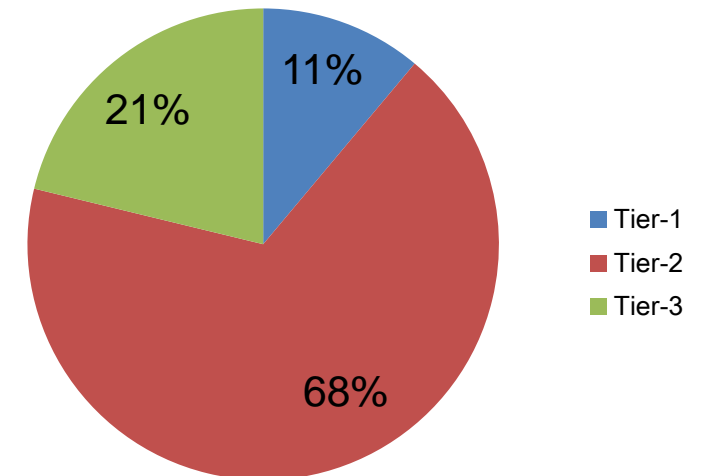
Value Breakdown by City Tier



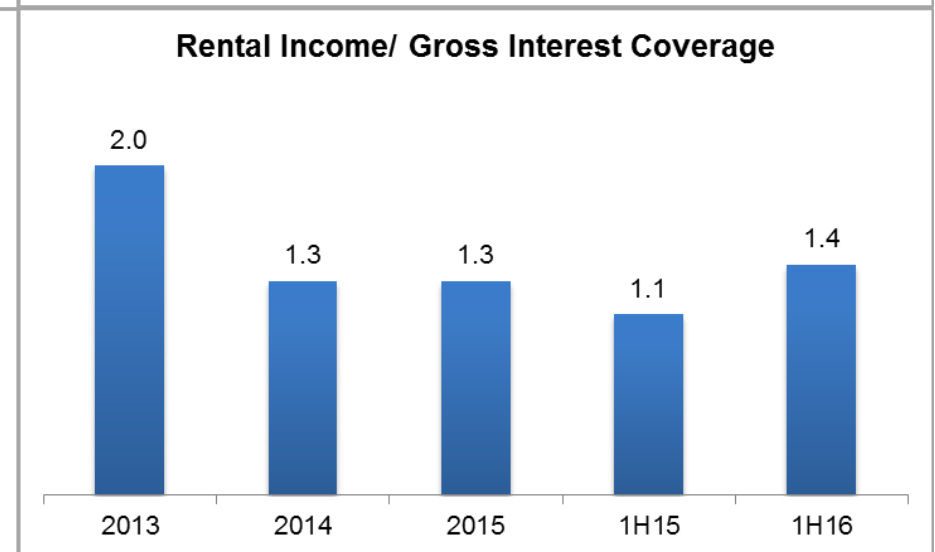
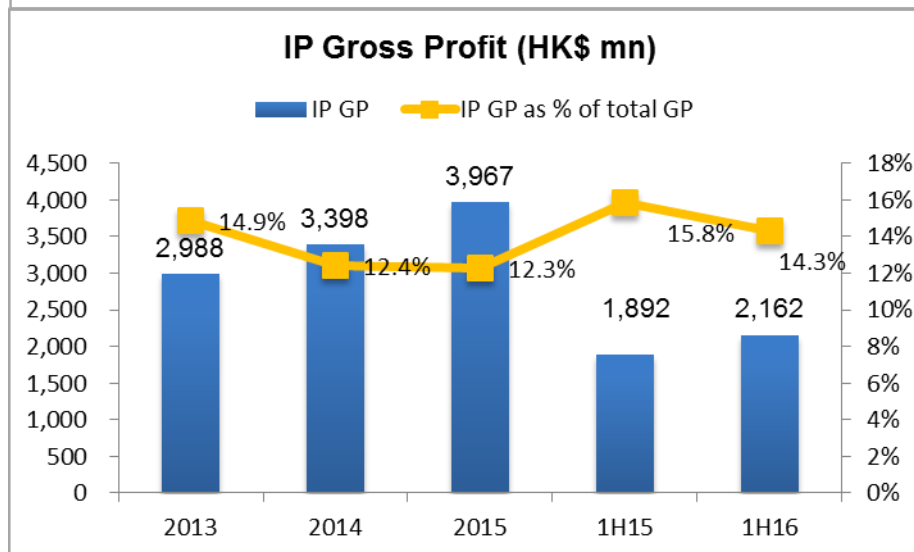
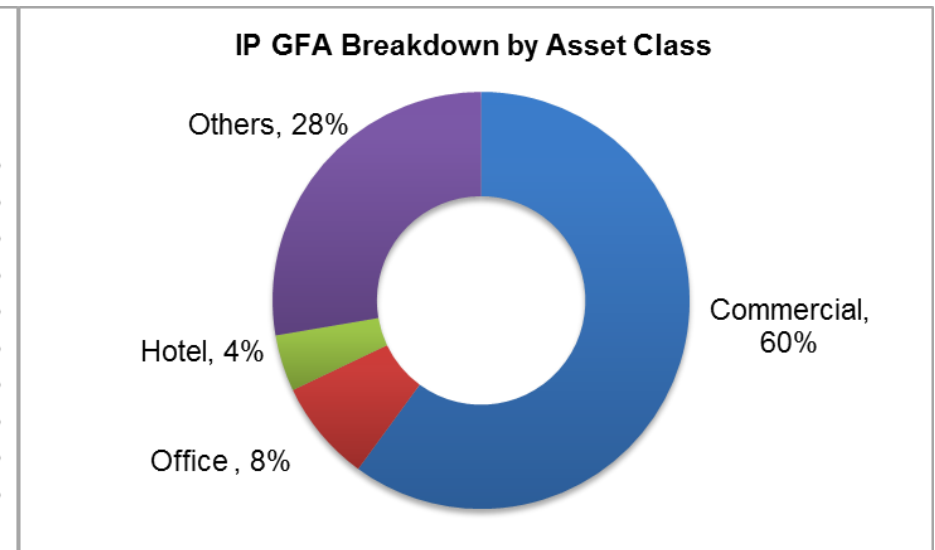
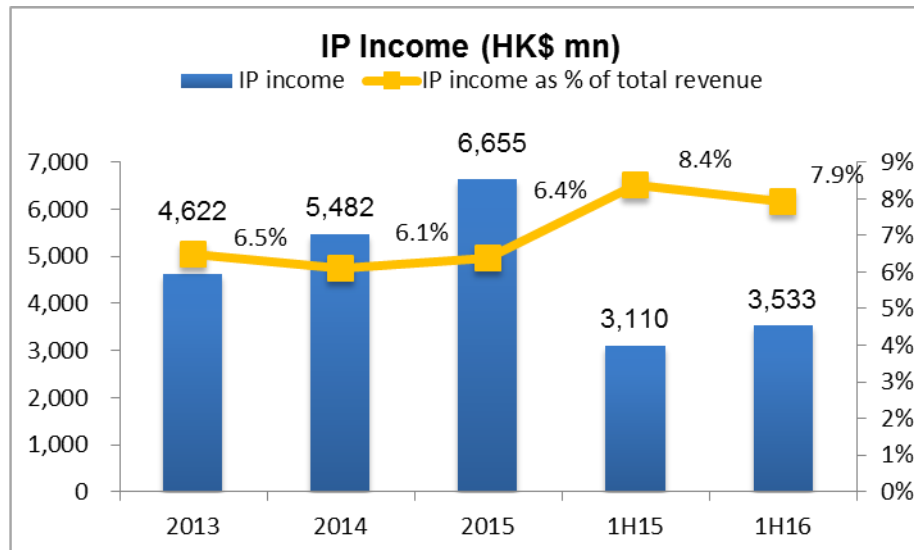
Contracted GFA (mn sqm)



GFA Breakdown by City Tier



Premium IP and Fast Growing Recurrent Income



IP Performance in 1H16 – Shopping Mall

Investment Properties	Rental Income (HK\$'000)			Average Occupancy Rate (%)		
	1H16	1H15	% YoY	1H16	1H15	pt YoY
Shenzhen Mixc	500,011	524,514	-4.7%	98.3%	99.5%	-1.2
Hangzhou Mixc	259,283	239,087	8.4%	94.6%	98.9%	-4.3
Shenyang Mixc	237,114	195,108	21.5%	93.8%	96.0%	-2.2
Chengdu Mixc	107,626	128,626	-16.3%	96.1%	96.7%	-0.6
Nanning Mixc	248,510	245,158	1.4%	99.4%	99.2%	0.2
Zhengzhou Mixc	50,947	61,648	-17.4%	87.9%	93.5%	-5.6
Chongqing Mixc	108,773	83,477	30.3%	92.5%	85.0%	7.5
Wuxi Mixc	56,772	62,326	-8.9%	76.7%	75.4%	1.3
Qingdao Mixc	127,340	56,876	123.9%	91.1%	82.6%	8.5
Hefei Mixc	84,235	NA	NA	92.6%	NA	NA
Ganzhou Mixc	63,369	NA	NA	98.6%	NA	NA
Wenzhou Mixc	37,407	NA	NA	81.6%	NA	NA
Shanghai Times Square Commercial	59,248	59,156	0.2%	90.8%	90.1%	0.7
Beijing Phoenix Plaza Commercial	43,332	40,800	6.2%	98.4%	97.4%	1.0
Beijing Qinghe Hi5	143,033	129,198	10.7%	100.0%	100.0%	-
Hefei Shushan Hi5	16,528	15,155	9.1%	98.2%	96.1%	2.1
Zhejiang Yuyao Hi5	30,677	29,270	4.8%	90.7%	89.8%	0.9
Shanghai Nanxiang Hi5	19,076	20,232	-5.7%	99.4%	99.2%	0.2
Shandong Zibo Mixc One	53,707	24,052	123.3%	90.0%	85.0%	5.0
Shenyang Tiexi Mixc One	58,755	NA	NA	88.4%	NA	NA
Changsha Xingsha Mixc One	22,485	NA	NA	99.0%	NA	NA
Total / Average for Commercial	2,328,228	1,914,683	21.6%	92.7%	91.6%	1.1

IP Performance in 1H16 – Office, Hotel and Others

Investment Properties	Rental Income (HK\$'000)			Average Occupancy Rate (%)		
	1H16	1H15	% YoY	1H16	1H15	pt YoY
Beijing CR Building	125,845	115,397	9.1%	96.1%	91.3%	4.8
Shenzhen CR Building	81,908	81,804	0.1%	100.0%	99.2%	0.8
Shenyang CR Building	51,771	56,087	-7.7%	93.0%	89.3%	3.7
Chengdu CR Building	32,230	32,790	-1.7%	83.3%	70.2%	13.1
Nanning CR Building	17,620	10,837	62.6%	80.0%	91.9%	-11.9
Hangzhou CR Building	12,475	NA	NA	41.7%	NA	NA
Shanghai Times Square Office	70,053	63,472	10.4%	95.0%	96.2%	-1.2
Beijing Phoenix Plaza Office	170,194	177,049	-3.9%	93.4%	92.0%	1.4
Beijing Hi5 Office	11,863	12,174	-2.6%	100.0%	100.0%	-
Others	178,194	178,015	0.1%	NA	NA	NA
Shenzhen Grand Hyatt Hotel	226,512	261,897	-13.5%	74.0%	74.0%	-
Shimei Bay Le Meridien Hotel	36,467	36,009	1.3%	37.4%	53.2%	-15.8
Shenyang Grand Hyatt Hotel	109,005	109,269	-0.2%	72.8%	67.4%	5.4
Dalian Grand Hyatt Hotel	80,876	60,465	33.8%	40.3%	36.6%	3.7
Total / Average for Office	573,959	549,610	4.4%	85.9%	88.8%	-2.9
Total / Average for Hotel	452,860	467,640	-3.2%	58.2%	59.0%	-0.8

Performance of the More Matured Malls

Opened Before Dec 2012

	1H16		YoY Change
Total Rental Income (HK\$ mn)	1,598	↑	2.3%
Average Occupancy	97%	↓	-1 pt
Yield on Cost	28.3%	↑	3.9pt
Total EBITDA (HK\$ mn)	959	↑	9.0%
EBITDA on Cost (NOI Yield)	17.0%	↑	2.3pt
Total Retail Sales (RMB mn)	8,231	↑	6.3%
Monthly Retail Sales / sqm (RMB)	2,472	↑	4.3%

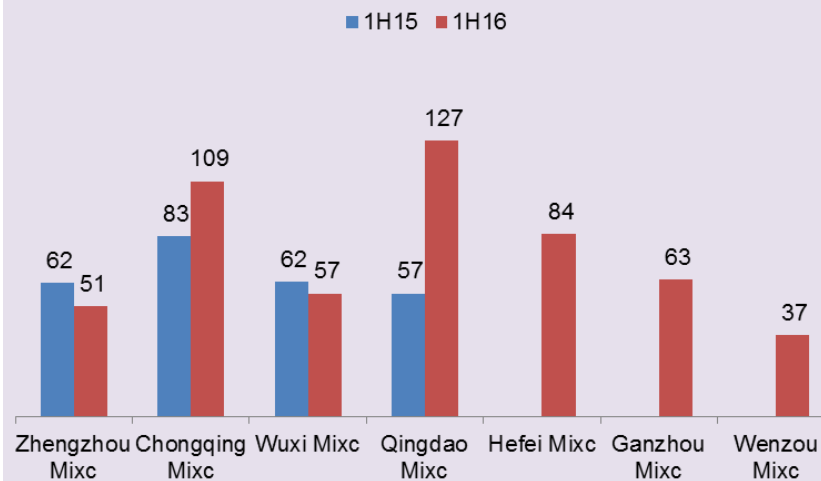


Performance of New Mixc Malls

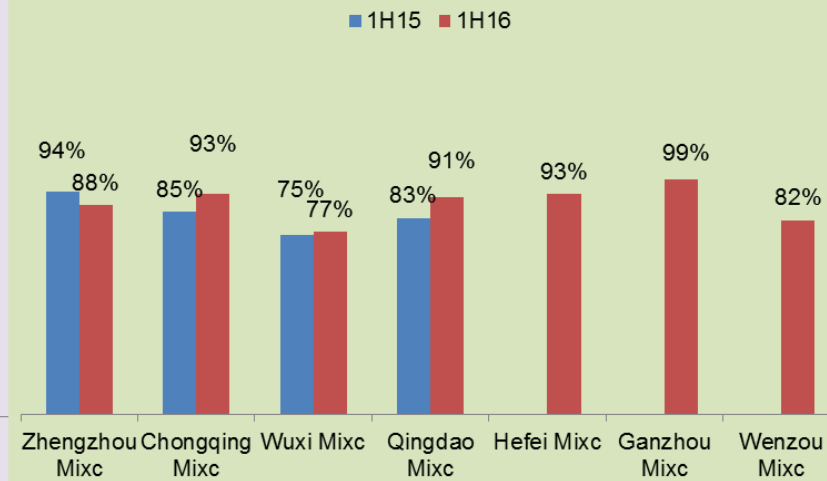
Opened after Jan 2014



Rental Income (HK\$ mn)

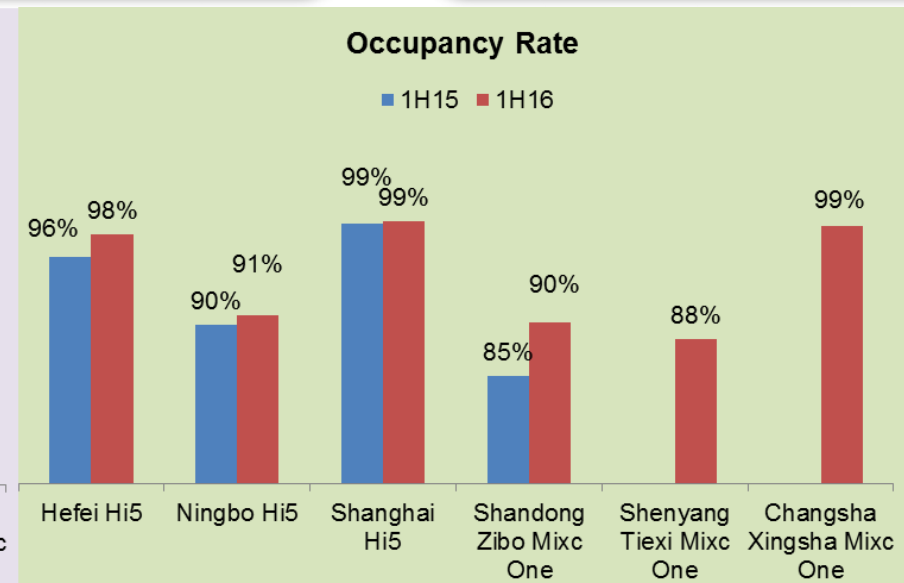
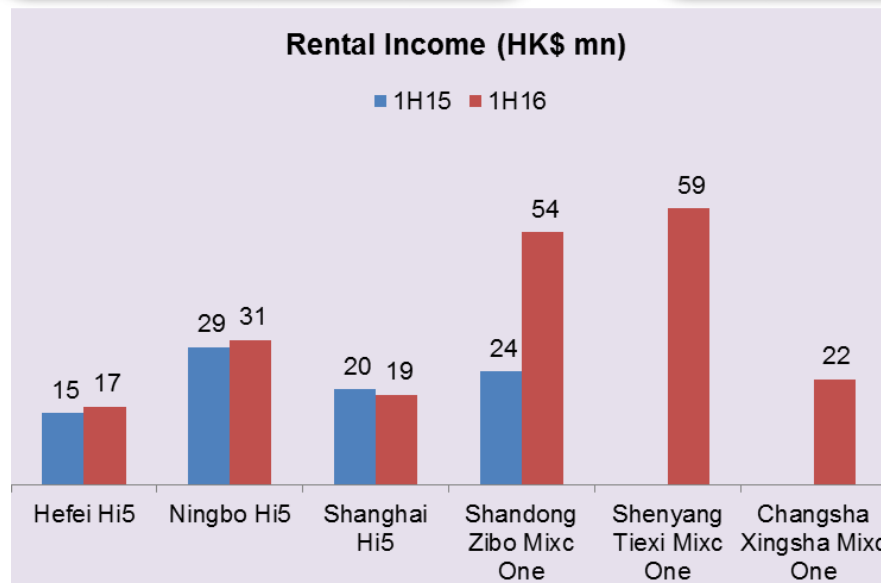


Occupancy Rate

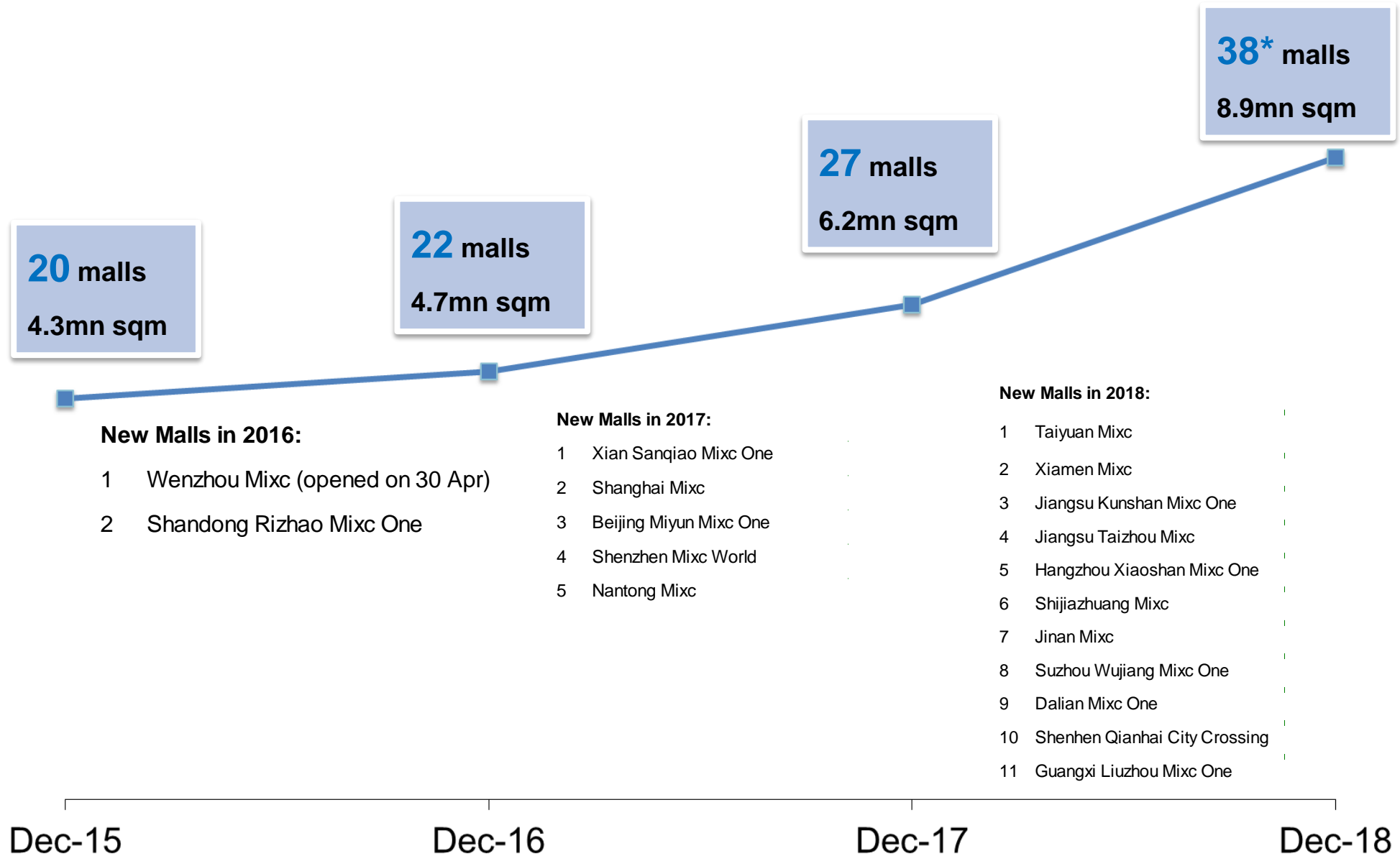


Performance of New Mixc One Malls

Opened after Jan 2014



Launch Schedule for New Malls in 2016-2018

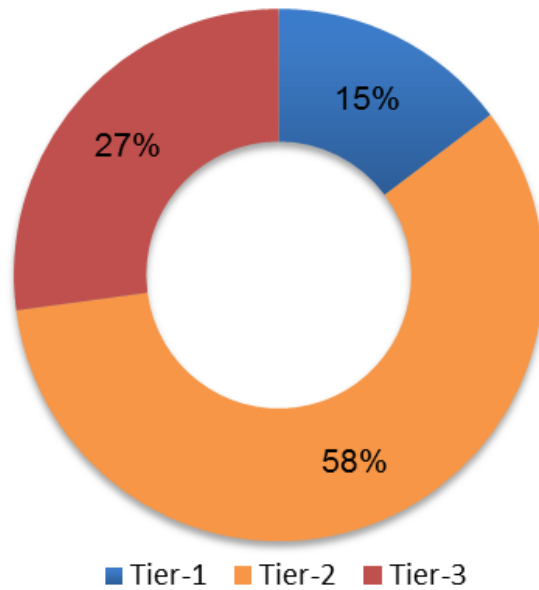


*Opening schedules will be adjusted based on prevailing market conditions.

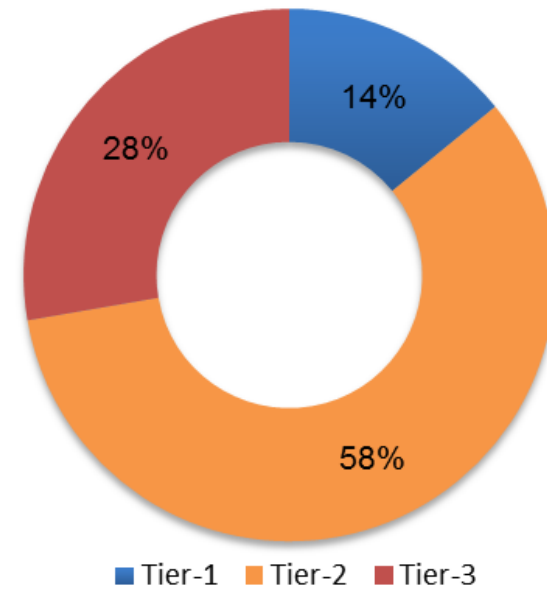
Land Bank (as of 30 Jun 2016)



2015 GFA Breakdown by City Tier



30 June 2016 GFA Breakdown by City Tier



AGENDA

Highlights

Financial Review

Business Review

Market Review and Company Strategy

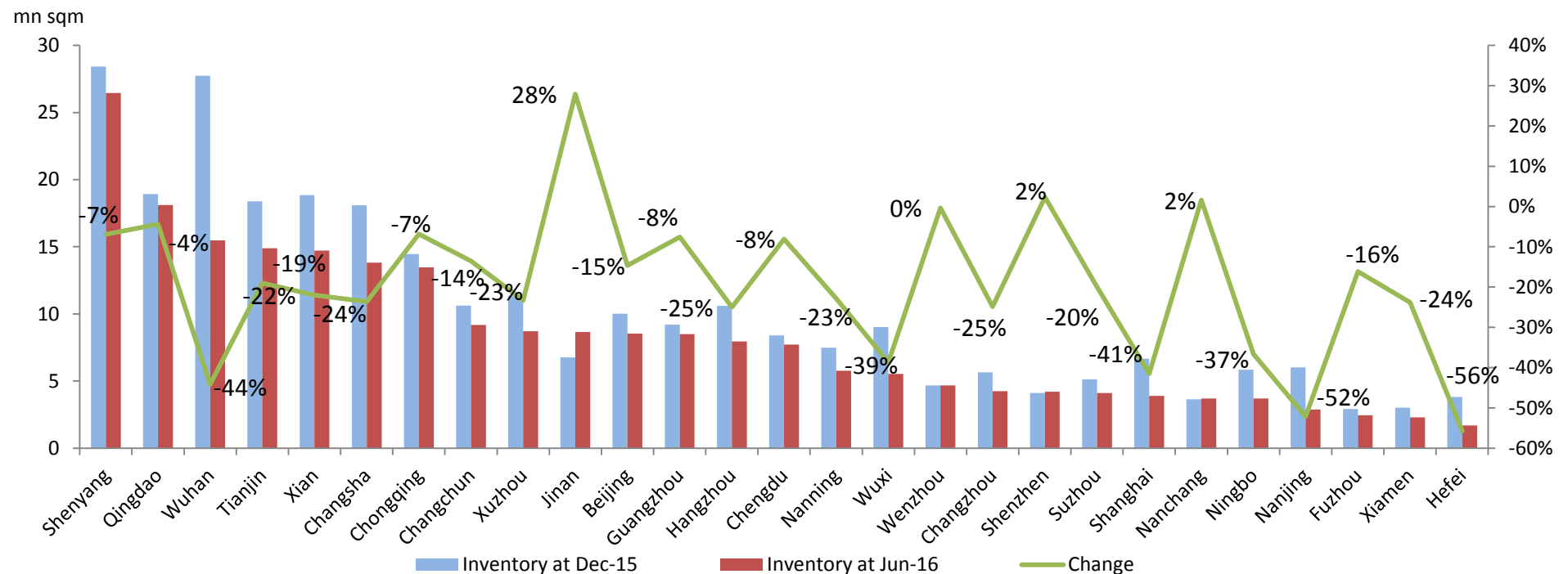
Market Review and Company Strategy - Residential

In 1H16, China's residential market recorded strong sales growth with supportive destocking policies.

- Divergence among cities further accelerated driven by different long-term macro factors including economic development, industry structure and migration.
- Inventory pressure in tier 3 and 4 cities remained as a result of mismatch between land oversupply and insufficient housing demand.

2H16 outlook: Positive and stabilizing

- China's economy to maintain steady growth, the Group is positive on the prospects of the property sector.



Source: China Index Academy

Market Review and Company Strategy – Residential (Cont'd)

In 1H16, land market competition in tier 1 and hot tier 2 cities intensified

- ❑ Tier 1: AV and land premium surged while transaction volume and amount declined YoY
- ❑ Tier 2: AV, land premium and transaction amount surged but transaction volume flat YoY
- ❑ Tier 3 & 4: moderate recovery

	Land Transaction Volume (GFA mn sqm)		Average Price per GFA (RMB psm)		Transacted Amount (RMB bn)		Land Premium Rate (%)	
	1H16	YoY	1H16	YoY	1H16	YoY	1H16	pt YoY
Tier 1	12	-41%	15,137	34.6%	148	-13.5%	64.9%	47.3
Tier 2	192	-1.0%	3,356	83.9%	655	83.9%	51.2%	40.4
Tier 3 and 4	585	5.3%	800	10.9%	468	16.6%	12.9%	7.4

Source: China Index Academy

2H16 land market outlook:

- ❑ Tier 1 and hot tier 2: AV stabilized as tightening measures implemented
- ❑ Tier 3 & 4: continue to recover due to further destocking

Market Review and Company Strategy - Commercial

- In 1H16, China's commercial market continued to present both opportunities and threats.
- The Group's strategies to maintain its market leading position: explores tenant mix innovation, enhances customers' shopping experience, and strengthens service quality.

OPPORTUNITIES

- 1** GDP and disposable income expanded at a steady rate of 6.7% and 6.5% respectively.
- 2** National retail sales maintained decent growth at 10.3% YoY.
- 3** The price gap between onshore and offshore luxury goods narrowed to 20-30% from 50% in 2011.
- 4** Quality malls outperform the market average.

CHALLENGES

- 1** Oversupply and homogenization of retail properties remains.
- 2** International brands are more cautious on expansion.
- 3** Differentiated and unique anchor trade sector is yet to be explored.

Group Structure



Distinguished INED Team

Background Information

Mr. Ho Hin Ngai, Bosco



Current Positions

- Authorized Person (Architect) Hong Kong, Member of Hong Kong Institute of Architects and of Royal Institute of British Architects
- Founder of Ho & Partners Architects Engineers and Development Consultants

Mr. Weihua Ma



Current Positions

- Independent Non-Executive Director of China Eastern Airlines Corporation Limited and Legend Holdings Limited

Prior Positions

- President and Chief Executive Officer, Executive Director of China Merchants Bank
- Chairman of CIGNA and CMC Life Insurance Company Ltd., China Merchants Fund and Wing Lung Bank

Mr. Wan Kam To, Peter



Current Positions

- Independent Director of Mindray Medical and the Chairman of the Audit Committee
- Independent Non-Executive Director of Dalian Port (PDA) Company, Fairwood Holdings, Harbin Bank, Huaneng Renewables, KFM Kingdom Holdings, S. Culture International Holdings Limited, Target Insurance (Holdings) Limited, Shanghai Pharmaceuticals Holdings Co., Ltd., and the Chairman/member of their Audit Committees

Prior Position

- Partner of Pricewaterhouse Coopers

Mr. Shi Wang



Current Positions

- Chairman of China Vanke
- Independent Non-Executive Director of SOHU.com and Modern Media Holdings

Mr. Andrew Y. Yan



Current Positions

- Founding Managing Partner of SAIF Partners
- Non-Executive Director of eSun Holdings, China Huiyuan Juice Group, and Guodian Technology & Environment Group
- Independent Non-executive Director of Cogobuy Group, CPMC Holdings Limited and China Petroleum & Chemical Corporation, Sky Solar and TCL Corp

Disclaimer

All information and data herein are intended for reference and general information purposes only.

All opinions included constitute China Resources Land Limited (“**CR Land**”) or its subsidiaries, associated or affiliated companies’ judgment as of the date hereof and are subject to change without notice.

CR Land cannot and does not represent, warrant or guarantee the accuracy, validity, timeliness, completeness, reliability or otherwise of any information contained in the materials herein.

CR Land, its subsidiaries and affiliates hereby disclaim (i) all express, implied, and statutory warranties of any kind to user and/or any third party including warranties as to accuracy, timeliness, completeness, or fitness for any particular purpose; and (ii) any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the information and data contained herein.