



Rating
Sell

Asia
China

Property
Property

Company
Yuexiu Property

Reuters 0123.HK	Bloomberg 123 HK	Exchange HSI	Ticker 0123
ADR Ticker GUAZY	ISIN US9884221014		

Date
18 March 2015

Recommendation
Change

Price at 17 Mar 2015 (HKD)	1.46
Price target - 12mth (HKD)	1.23
52-week range (HKD)	1.78 - 1.36
HANG SENG INDEX	23,950

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Weak earnings growth prospects; downgrading to Sell

Downgrading to Sell on weaker profitability; target price cut to HK\$1.23

We downgrade Yuexiu to Sell (from Buy) on the back of weak earnings growth prospects. In particular, we expect the margin contraction trend to continue on the back of relatively high landbank costs. Specifically, as a sizeable portion of its landbank was acquired during the market peaks in 2010 and 2013, we do not see much scope for margin recovery ahead. Moreover, its financial position has deteriorated, with net gearing rising to 66%, despite the company having raised HK\$3.85bn through the 33-for-100 rights issue in Oct-14. We lower our NAV estimate to HK\$2.46/share (HK\$4.37/share) by factoring in lower profit margins, and we cut our target price to HK\$1.23.

Gross margin fell to lowest level in the industry in FY14; set to stay soft

Following a marked 14 percentage point gross margin contraction in FY13, to 21%, the gross margin contracted further, to 18%, in FY14 – the lowest level in the industry. On the back of a higher concentration of landbank acquired during the market peaks in 2010 and 2013 (accounting for about one-third of Yuexiu's current landbank), we expect further pressure on profit margins in the absence of any material ASP recovery. Specifically, we expect the development gross margin to contract further, to 16%, in FY15/16.

Financial position deteriorated, even after the 33-for-100 rights issue in Oct-14

As of end-14, Yuexiu's gross debt had risen by 34% YoY, to Rmb32bn, and its cash balance (inclusive of restricted cash) by 55%, to Rmb13bn. Consequently, net debt rose by 23% YoY, to Rmb19bn. Net gearing rose 2 percentage points, to 66%, as of end-14, despite the company raising HK\$3.85bn through the 33-for-100 rights issue in Oct-14. In our view, its deteriorating financial position could cap Yuexiu's ability to make further NAV-accretive acquisitions, and hence is likely to result in slower earnings growth ahead.

Target price based on a 50% discount to our revised NAV of HK\$2.46/sh; risks

Our new HK\$1.23 (HK\$2.6) target price is based on a 50% discount (formerly 40%) to our revised HK\$2.46/share (HK\$4.37/share) NAV estimate. Our revised target discount reflects the company's weaker profitability profile and growth prospects, which we believe is appropriate. Risks: strong market recovery leading to surging ASP and improving profit margins; loosening measures.

Forecasts And Ratios

Year End Dec 31	2013A	2014A	2015E	2016E	2017E
Sales (CNYm)	14,208.9	15,701.7	17,681.6	18,128.4	20,347.2
EBITDA(CNYm)	2,929.3	2,668.6	2,614.8	2,680.4	2,463.3
Reported NPAT(CNYm)	2,880.3	2,471.2	1,511.7	1,618.7	1,410.2
Reported EPS FD(CNY)	0.31	0.27	0.12	0.13	0.11
DB EPS FD (CNY)	0.12	0.12	0.12	0.13	0.11
DB EPS growth (%)	-	-4.5	3.7	7.1	-12.9
PER (x)	14.4	10.6	9.7	9.0	10.4
EV/EBITDA (x)	8.5	8.6	9.9	10.0	11.3
DPS (net) (CNY)	0.07	0.06	0.07	0.07	0.07
Yield (net) (%)	3.7	4.9	5.9	6.0	6.1

Source: Deutsche Bank estimates, company data

Key changes

Rating	Buy to Sell	↓	
Price target	2.60 to 1.23	↓	-52.7%
Sales (FYE)	18,165 to 17,682	↓	-2.7%
Op prof margin(FYE)	21.1 to 14.8	↓	-30.0%
Net profit(FYE)	2,278.2 to 1,511.7	↓	-33.6%

Source: Deutsche Bank

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-5.8	0.7	-2.7
HANG SENG INDEX	-3.4	6.0	11.5

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

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Model updated: 17 March 2015

Fiscal year end 31-Dec

2013 2014 2015E 2016E 2017E

Running the numbers

Asia

China

Property

Yuexiu Property

Reuters: 0123.HK

Bloomberg: 123 HK

Sell

Price (17 Mar 15)

HKD 1.46

Target Price

HKD 1.23

52 Week range

HKD 1.36 - 1.78

Market Cap (m)

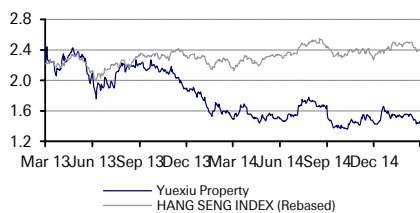
HKDm 13,601

USDm 1,752

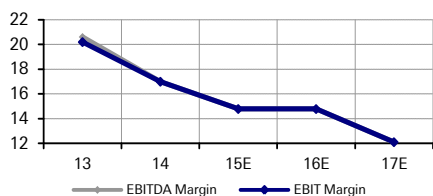
Company Profile

Yuexiu Property Company Ltd., through its subsidiaries, develops, manages and invests in properties. The Company also invests in a Real Estate Investment Trusts.

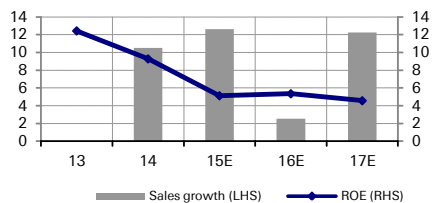
Price Performance



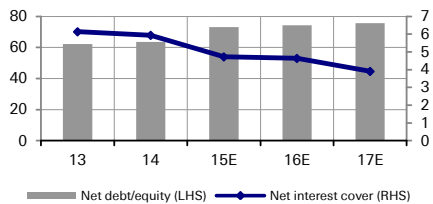
Margin Trends



Growth & Profitability



Solvency



Financial Summary

DB EPS (CNY)	0.12	0.12	0.12	0.13	0.11
Reported EPS (CNY)	0.31	0.27	0.12	0.13	0.11
DPS (CNY)	0.07	0.06	0.07	0.07	0.07
BVPS (CNY)	2.6	2.3	2.4	2.5	2.5
Weighted average shares (m)	9,309	9,322	12,401	12,401	12,401
Average market cap (CNYm)	16,479	11,586	10,969	10,969	10,969
Enterprise value (CNYm)	24,793	23,015	25,946	26,877	27,729

Valuation Metrics

P/E (DB) (x)	14.4	10.6	9.7	9.0	10.4
P/E (Reported) (x)	5.7	4.7	9.7	9.0	10.4
P/BV (x)	0.58	0.50	0.49	0.48	0.47
FCF Yield (%)	nm	nm	nm	1.9	3.6
Dividend Yield (%)	3.7	4.9	5.9	6.0	6.1
EV/Sales (x)	1.7	1.5	1.5	1.5	1.4
EV/EBITDA (x)	8.5	8.6	9.9	10.0	11.3
EV/EBIT (x)	8.6	8.6	9.9	10.0	11.3

Income Statement (CNYm)

Sales revenue	14,209	15,702	17,682	18,128	20,347
Gross profit	4,496	4,375	4,533	4,643	4,648
EBITDA	2,929	2,669	2,615	2,680	2,463
Depreciation	59	0	0	0	0
Amortisation	0	0	0	0	0
EBIT	2,870	2,669	2,615	2,680	2,463
Net interest income/(expense)	-468	-450	-554	-578	-631
Associates/affiliates	195	349	78	78	78
Exceptionals/extraordinary	0	0	0	0	0
Other pre-tax income/(expense)	2,312	1,834	0	0	0
Profit before tax	4,910	4,403	2,139	2,180	1,910
Income tax expense	2,005	1,786	535	545	478
Minorities	25	145	93	16	22
Other post-tax income/(expense)	0	0	0	0	0
Net profit	2,880	2,471	1,512	1,619	1,410
DB adjustments (including dilution)	-1,734	-1,376	0	0	0
DB Net profit	1,146	1,096	1,512	1,619	1,410

Cash Flow (CNYm)

Cash flow from operations	-4,033	-1,962	-2,359	282	531
Net Capex	-78	0	0	0	0
Free cash flow	-4,111	-1,962	-2,359	282	531
Equity raised/(bought back)	12	3,850	0	0	0
Dividends paid	-761	-735	-812	-865	-894
Net inc/(dec) in borrowings	3,734	4,306	-1,833	1,796	5,705
Other investing/financing cash flows	-396	-2,631	-330	-330	-469
Net cash flow	-1,521	2,828	-5,334	883	4,873
Change in working capital	0	-4,631	-2,135	181	931

Balance Sheet (CNYm)

Cash and other liquid assets	8,374	12,957	7,623	8,506	13,379
Tangible fixed assets	11,508	14,156	15,954	17,835	20,114
Goodwill/intangible assets	0	0	0	0	0
Associates/investments	8,316	8,939	8,928	8,917	8,906
Other assets	49,872	57,024	57,555	57,604	57,852
Total assets	78,071	93,075	90,060	92,861	100,251
Interest bearing debt	24,019	32,175	30,342	32,138	37,844
Other liabilities	28,891	30,646	28,672	28,907	30,053
Total liabilities	52,911	62,822	59,015	61,046	67,897
Shareholders' equity	24,175	29,104	29,859	30,622	31,152
Minorities	985	1,149	1,186	1,193	1,202
Total shareholders' equity	25,160	30,253	31,046	31,815	32,354
Net debt	15,645	19,218	22,719	23,633	24,465

Key Company Metrics

Sales growth (%)	nm	10.5	12.6	2.5	12.2
DB EPS growth (%)	na	-4.5	3.7	7.1	-12.9
EBITDA Margin (%)	20.6	17.0	14.8	14.8	12.1
EBIT Margin (%)	20.2	17.0	14.8	14.8	12.1
Payout ratio (%)	21.3	23.0	56.6	54.4	63.3
ROE (%)	12.4	9.3	5.1	5.4	4.6
Capex/sales (%)	1.1	0.0	0.0	0.0	0.0
Capex/depreciation (x)	2.6	nm	nm	nm	nm
Net debt/equity (%)	62.2	63.5	73.2	74.3	75.6
Net interest cover (x)	6.1	5.9	4.7	4.6	3.9

Source: Company data, Deutsche Bank estimates

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Investment thesis

Outlook

We downgrade Yuexiu to Sell (from Buy) on the back of weak earnings growth prospects. In particular, we expect the margin contraction trend to continue, reflecting relatively high landbank costs. On the back of a higher concentration of landbank acquired during the market peaks in 2010 and 2013 (accounting for about one-third of Yuexiu's current landbank), we expect further pressure on profit margins in the absence of any material ASP recovery. Specifically, we expect the development gross margin to contract further, to 16%, in FY15/16.

Moreover, its financial position has deteriorated, with net gearing rising to 66%, despite the company having raised HK\$3.85bn through the 33-for-100 rights issue in Oct-14. The deterioration in its financial position could cap Yuexiu's ability to make further NAV-accretive acquisitions, and hence is likely to result in slower earnings growth ahead.

Valuation

Our new target price of HK\$1.23 (HK\$2.6) is based on a 50% discount (formerly 40%) to our revised NAV estimate of HK\$2.46/share (HK\$4.37/share). We apply target discounts in the range of 10% – for the best-quality names such as COLI – to 60%, for the least preferred names across our coverage universe. Our revised target discount reflects the weaker profitability profile and growth prospects, which we believe is appropriate.

Risks

- **Strong market recovery leading to surging ASP** – if the market recovers strongly, leading to a robust increase in ASP, Yuexiu may be able to achieve much higher gross margins, allowing for much healthier profit growth than we currently project.
- **Government policy loosening/supportive measures** – the Chinese government has gradually removed the administrative tightening policies since 2H14, such as the Home Purchase Restrictions and Mortgage Restrictions. Further policy loosening or the introduction of supportive measures could enable Yuexiu to achieve a much better contracted sales performance and profitability.



Margins likely to remain depressed

Gross margin fell to the lowest level in the industry in FY14

Following a marked 14 percentage point gross margin contraction in FY13, to 21%, the gross margin contracted further, to 18%, in FY14 – the lowest level in the industry. On the back of a higher concentration of landbank acquired during the market peaks in 2010 and 2013 (accounted for about one-third of Yuexiu's current landbank), we expect further pressure on profit margins in the absence of any material ASP recovery. Specifically, we expect the development gross margin to contract further, to 16%, in FY15/16.

Figure 1: Gross margin trend for selected Chinese developers

Name	Ticker	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agile	3383 HK	32%	43%	50%	37%	37%	46%	54%	41%	36%
C C Land	1224 HK	16%	16%	15%	8%	19%	16%	28%	34%	31%
Central China	832 HK	20%	26%	28%	38%	35%	34%	39%	35%	34%
China SCE	1966 HK	na	20%	35%	39%	50%	39%	41%	35%	28%
China Vanke	200002 CH	31%	33%	38%	32%	26%	38%	36%	32%	27%
COGO	81 HK	18%	22%	20%	34%	16%	44%	58%	41%	33%
COLI	688 HK	30%	33%	47%	43%	32%	40%	40%	38%	33%
Country Garden	2007 HK	33%	38%	46%	45%	26%	32%	35%	37%	30%
CR Land	1109 HK	19%	32%	37%	36%	36%	39%	40%	38%	28%
Evergrande	3333 HK	26%	28%	39%	41%	34%	29%	33%	28%	30%
Franshion	817 HK	42%	38%	60%	56%	52%	52%	54%	42%	44%
Greentown	3900 HK	35%	44%	36%	28%	26%	305%	34%	30%	30%
Hopson	0754 HK					42%	40%	46%	43%	38%
Kaisa	1638 HK	na	24%	43%	28%	28%	39%	30%	33%	34%
KWG	1813 HK	39%	31%	53%	53%	38%	41%	44%	37%	36%
Longfor	960 HK	na	34%	34%	26%	29%	34%	41%	40%	28%
Minmetals	230 HK	25%	19%	9%	19%	23%	38%	32%	29%	24%
Poly A	600048 CH	na	na	na	41%	37%	34%	37%	36%	32%
Poly Property	119 HK	35%	53%	33%	24%	23%	41%	40%	30%	23%
R&F	2777 HK	26%	36%	38%	34%	32%	38%	42%	41%	39%
Renhe	1387 HK	74%	77%	78%	83%	75%	-6%	71%	79%	91%
Shimao	813 HK	24%	41%	43%	45%	35%	37%	38%	34%	35%
Shui On	272 HK	68%	66%	59%	50%	52%	41%	44%	43%	32%
Sino-Ocean	3377 HK	23%	29%	33%	43%	30%	30%	31%	27%	24%
SOHO China	410 HK	48%	53%	55%	49%	52%	51%	48%	59%	55%
Sunac	1918 HK	na	na	27%	31%	28%	43%	34%	26%	23%
Yanlord	YLLG SP	34%	43%	44%	56%	56%	55%	34%	36%	35%
Yuexiu	123 HK	27%	22%	34%	38%	35%	33%	42%	48%	29%
Average		33%	36%	40%	39%	36%	47%	41%	38%	34%

Source: Company data, Deutsche Bank

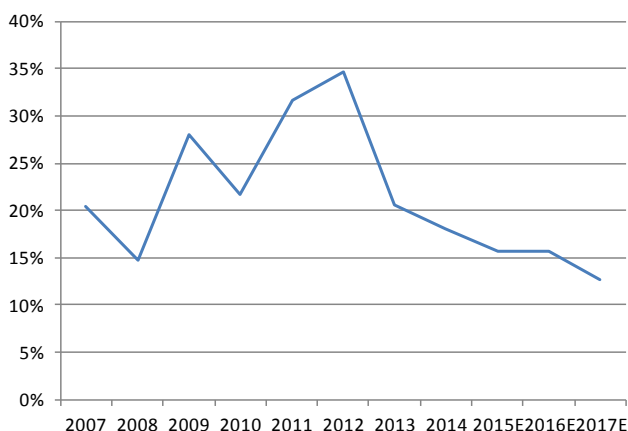


Figure 2: Net margin trend for selected Chinese developers

Name	Ticker	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agile	3383 HK	18%	19%	21%	25%	15%	18%	16%	16%	13%
C C Land	1224 HK	7%	30%	71%	na	na	1%	3%	5%	4%
Central China	832 HK	4%	10%	9%	20%	15%	12%	10%	8%	3%
China SCE	1966 HK	na	7%	6%	4%	15%	19%	12%	9%	5%
China Vanke	200002 CH	14%	13%	14%	10%	11%	14%	13%	12%	11%
COGO	81 HK	6%	5%	6%	na	na	14%	24%	22%	17%
COLI	688 HK	14%	16%	22%	18%	17%	19%	21%	21%	21%
Country Garden	2007 HK	12%	19%	23%	14%	11%	16%	16%	16%	14%
CR Land	1109 HK	8%	13%	11%	16%	14%	14%	13%	15%	12%
Evergrande	3333 HK	na	5%	11%	na	1%	11%	14%	10%	10%
Franshion	817 HK	13%	13%	15%	20%	15%	15%	9%	12%	13%
Glorious	845 HK	na	15%	7%	16%	23%	19%	17%	8%	1%
Greentown	3900 HK	25%	23%	15%	7%	4%	74%	8%	9%	9%
Hopson	0754 HK	18%	21%			18%	15%	13%	28%	14%
Kaisa	1638 HK	na	14%	21%	11%	8%	18%	13%	13%	12%
KWG	1813 HK	12%	6%	28%	18%	15%	17%	18%	16%	17%
Longfor	960 HK	na	2%	3%	3%	10%	14%	17%	18%	13%
Minmetals	230 HK	6%	16%	11%	7%	8%	14%	10%	5%	6%
Poly A	600048 CH	na	na	na	na	na	0%	0%	0%	na
Poly Property	119 HK	na	8%	2%	3%	7%	13%	12%	10%	4%
R&F	2777 HK	16%	19%	21%	13%	11%	14%	16%	16%	15%
Renhe	1387 HK	32%	44%	78%	64%	65%	na	14%	na	na
Shimao	813 HK	9%	22%	24%	9%	13%	11%	13%	11%	14%
Shui On	272 HK	na	22%	30%	na	27%	18%	17%	na	na
Sino-Ocean	3377 HK	6%	10%	15%	19%	12%	14%	9%	8%	9%
SOHO China	410 HK	18%	19%	28%	12%	22%	19%	9%	21%	27%
Sunac	1918 HK	na	na	8%	14%	13%	22%	17%	12%	10%
Yanlord	YLLG SP	15%	13%	15%	15%	14%	17%	9%	12%	9%
Yuexiu	123 HK	na	na	10%	6%	1%	2%	8%	8%	7%
Average		13%	16%	19%	15%	15%	16%	13%	13%	11%

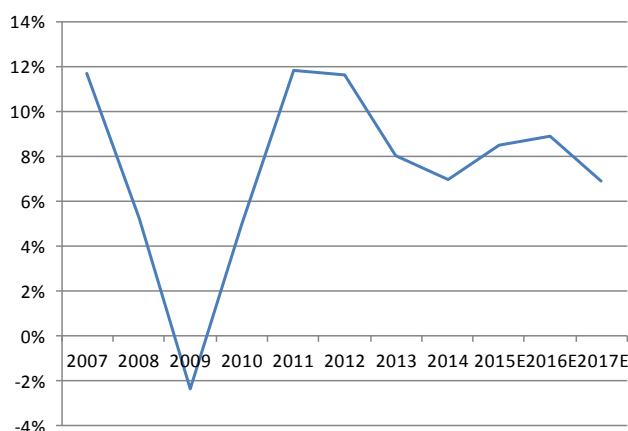
Source: Company data, Deutsche Bank

Figure 3: Gross margin trend for Yuexiu



Source: Company data, Deutsche Bank estimates

Figure 4: Net margin trend for Yuexiu



Source: Company data, Deutsche Bank estimates



Looking at the landbank vintage analysis, Yuexiu acquired 15% and 19% of its landbank during the market peaks in 2010 and 2013, respectively. In aggregate, Yuexiu acquired 34% of its landbank during the peak years, above the industry average of 33%. This helps explain why earnings growth/margins remained sluggish, despite contracted sales continuing to register good growth (CARG of 25% from 2010 to 2014). In our view, the relatively expensive landbank is likely to weigh on profitability in the years ahead.

Figure 5: Landbank vintage for selected Chinese developers

	Ticker	Pre-2008	2008	2009	2010	2011	2012	2013	1H14	2H14	2010+13
Agile	3383 HK	47%	4%	5%	4%	1%	12%	25%	4%	0%	29%
C C Land	1224 HK	45%	1%	5%	7%	11%	10%	22%	0%	0%	28%
Central China	832 HK	4%	1%	9%	11%	13%	21%	26%	12%	4%	26%
China Merchant Property	000024 CH	12%	1%	3%	4%	11%	16%	29%	20%	4%	34%
China SCE	1966 HK	3%	1%	8%	20%	14%	17%	28%	4%	3%	48%
China Vanke	200002 CH	0%	0%	3%	16%	8%	20%	40%	6%	7%	56%
COGO	81 HK	0%	0%	3%	16%	8%	20%	40%	6%	7%	40%
COLI	688 HK	11%	1%	11%	6%	15%	12%	24%	16%	5%	30%
Country Garden	2007 HK	2%	0%	3%	4%	10%	16%	42%	17%	4%	42%
CR Land	1109 HK	5%	2%	4%	14%	18%	10%	24%	21%	3%	37%
Evergrande	3333 HK	11%	1%	3%	20%	26%	17%	18%	3%	0%	38%
Franshion	817 HK	33%	1%	1%	1%	10%	19%	22%	4%	9%	23%
Gemdale	600383 CH	6%	2%	17%	15%	4%	9%	38%	5%	5%	53%
Greentown	3900 HK	12%	3%	11%	14%	26%	10%	16%	5%	2%	30%
Kaisa	1638 HK	27%	5%	1%	19%	17%	10%	13%	7%	1%	32%
KWG	1813 HK	33%	5%	3%	12%	8%	10%	18%	10%	1%	29%
Longfor	960 HK	30%	1%	7%	15%	9%	20%	14%	4%	1%	29%
Poly A	600048 CH	27%	2%	8%	13%	8%	13%	20%	6%	4%	33%
Poly Property	119 HK	19%	3%	9%	15%	22%	4%	21%	7%	0%	36%
R&F	2777 HK	37%	0%	2%	4%	2%	3%	47%	3%	1%	52%
Shimao	813 HK	28%	1%	6%	16%	13%	6%	18%	10%	1%	34%
Shui On	272 HK	79%	5%	0%	5%	11%	0%	0%	0%	0%	5%
Sino-Ocean	3377 HK	36%	1%	6%	22%	11%	7%	7%	9%	1%	29%
Sunac	1918 HK	9%	0%	0%	3%	12%	26%	38%	10%	1%	42%
Yanlord	YLLG SP	54%	2%	3%	8%	4%	0%	0%	3%	0%	8%
Yuexiu	123 HK	32%	0%	3%	15%	8%	17%	19%	2%	3%	34%
Sector Average		24%	3%	6%	12%	11%	12%	23%	7%	3%	33%

Source Company data, Deutsche Bank



Expanding out of Guangzhou loses competitive advantage

In 2013 and 2014, the company acquired more landbank than in earlier years. The land market during these years was hot and land prices high.

In addition, instead of focusing on urban renewal projects, as promised, after the management change, the company entered a lot of new cities outside of Guangzhou, where it did not have as much land purchase and property development experience – which could lead to margin contraction and rising net gearing.

Moving out of its hometown to other cities, with less experience, means the company has to start from scratch for competition. This also indicates diminishing support from the local government in its hometown, which is one of the core competitive attributes of Yuexiu.

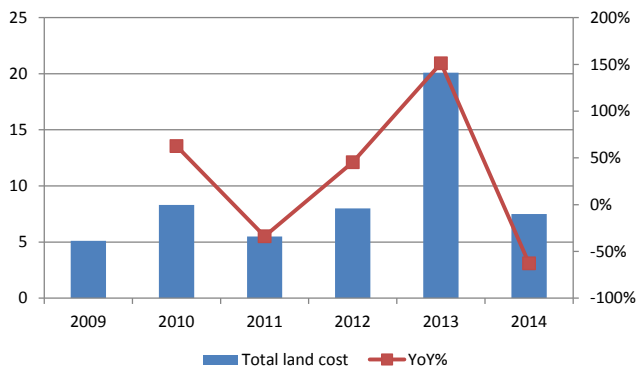
Figure 6: Summary of Yuexie's new landbank acquisitions in recent years

Month	Name of site	City	%	Total site area (sqm)	Total GFA (sqm)	Attr. GFA (sqm)	Total land price (Rmb mn)	Attr. land price (Rmb mn)	A.V. (Rmb/sqm)
2011	Shenyang Linghai Mingzhu Project	Shenyang	100%		336,700	336,532	1,038	1,037	3,083
2011	Shenyang Nanta Street Project	Shenyang	100%		669,900	669,900	2,150	2,150	3,209
2011	Guangzhou Science City Project	Guangzhou	95%		299,000	284,050	1,410	1,340	4,716
2011	Hangzhou Lin'an Land Phase II Project	Hangzhou	100%		211,000	211,000	396	396	1,877
2011	Zhongshan Dongsheng Town Project	Zhongshan	100%		427,300	427,300	259	259	606
2011	Other Projects	Guangzhou	100%		39,400	39,400	263	263	6,675
1H12	Conghua Jiangpu Town Project	Guangzhou	95%	64,300	188,400	179,884	164	157	870
Aug-12	Hangzhou Lin'an Phase III Land	Hangzhou	100%	120,700	277,700	277,700	254	254	915
Aug-12	HK Prince Edward Road Project	Hong Kong	100%	732	3,900	3,900	152	152	38,974
Sep-12	Luogang Kaiyuan Ave Land	Yantai	95%	200,000	323,900	309,260	1,250	1,194	3,859
Sep-12	Yantai Development Zone Land	Guangzhou	100%	90,545	601,000	601,000	530	530	882
Oct-12	Luogang Changling Rd Land Parcel	Guangzhou	48%	157,152	446,600	213,207	1,650	788	3,695
Oct-12	Wuhan Jiang'an Land	Wuhan	95%	141,800	424,100	404,931	1,201	1,147	2,832
Nov-12	Shenyang Changbai Island Land Parcel	Wuhan	100%	49,300	183,600	183,600	400	400	2,179
Nov-12	Wuhan Jiang'an Land Parcel II	Shenyang	95%	45,500	203,600	194,397	568	542	2,790
Nov-12	Hainan Simapo Island Land Parcel	Haikou	48%	1,130,000	98,000	46,550	350	166	3,571
Nov-12	Kunshan Huaqiao Land Parcel	Kunshan	48%	165,198	536,300	259,837	496	240	925
Dec-12	Qingdao Licang District Land Parcel	Qingdao	100%	128,545	488,600	488,600	1,011	1,011	2,069
Jan-13	Four parcels of land located at Lin'an, Hangzhou, Zhejiang Province	Hangzhou	100%	161,597	386,100	386,100	339	339	879
May-13	Haizhu Nanzhou Road Land Parcel	Guangzhou	95%	42,714	152,600	145,702	2,461	2,350	16,127
May-13	Hangzhou Yuhang Shangyuan Road Land Parcel	Hangzhou	100%	66,998	228,800	228,800	1,608	1,608	7,028
Jun-13	Northern District, Phase One, Qianjiang New City, Jianggan District, Hangzhou	Hangzhou	20%	12,132	63,800	12,760	584	117	9,155
Jul-13	Foshan Chancheng Tongji Road Land	Foshan	19%	55,982	310,755	59,043	1,772	337	5,702
Sep-13	Wuhan Jiangnan Jingwu Road Land	Wuhan	8%	147,240	956,657	73,073	9,010	688	9,418
Sep-13	Luogang Yunpu Industrial Zone Land	Guangzhou	10%	189,520	666,422	63,630	4,350	415	6,527
Jan-14	Gudun Road of Yuhang District	Hangzhou	10%	57,257	182,298	17,406	1,001	96	5,489
Nov-14	Guangzhou Baiyun Tonghe Land	Guangzhou	100%		648,900	648,900	6,451	6,451	9,941
Jan-15	Kunshan Huaqiao Development Zone Land	Kunshan	48%		184,700	89,487	443	215	2,398
Feb-15	Foshan Chancheng Foping Road Land	Foshan	93%		211,300	196,720	6,633	6,175	31,391

Source: Company data, Deutsche Bank

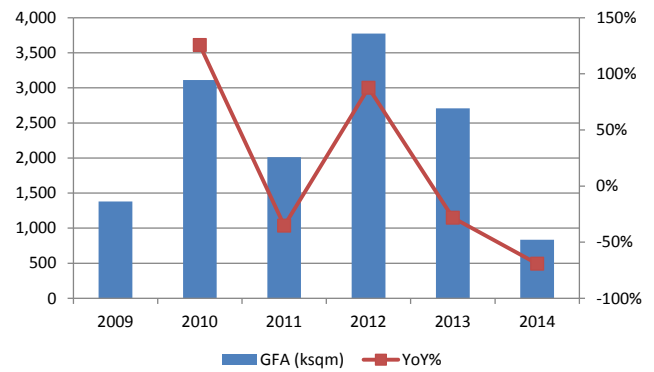


Figure 7: Yuexiu – land acquisitions by value



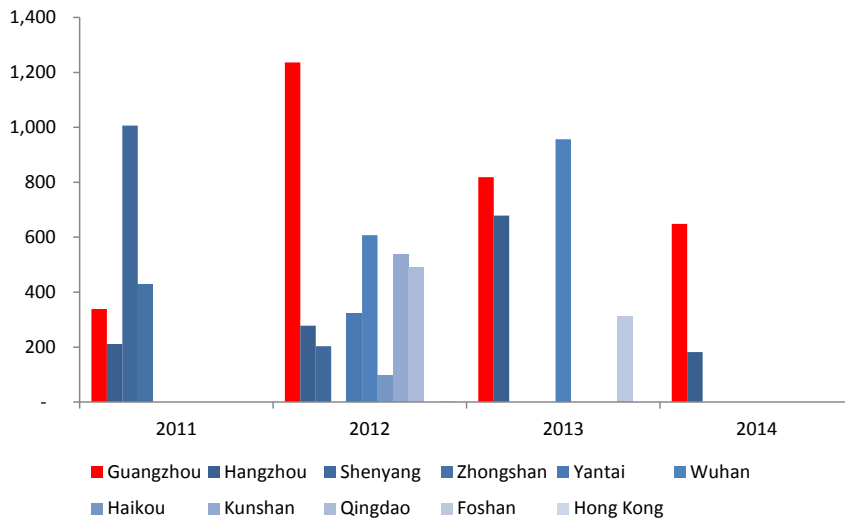
Source : Company data, Deutsche Bank

Figure 8: Yuexiu – land acquisitions by GFA



Source: Company data, Deutsche Bank

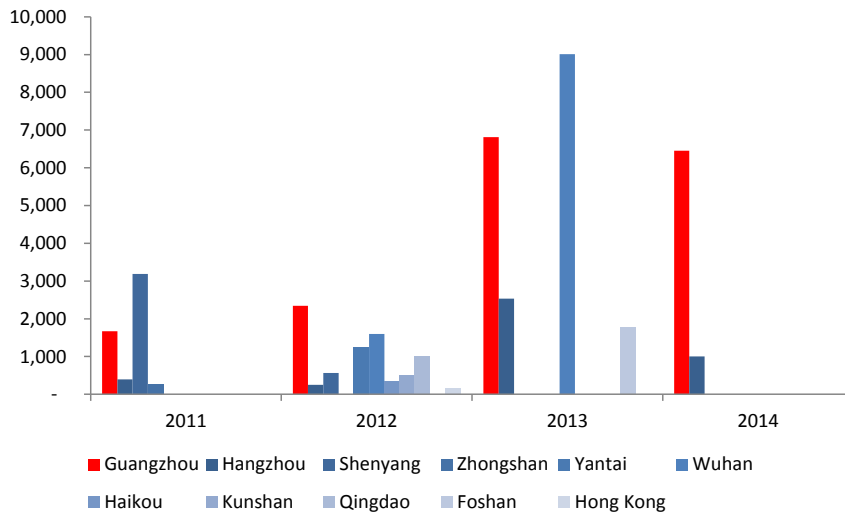
Figure 9: Yuexiu – expanding land acquisition out of Guangzhou (GFA ksqm)



Source: Company data, Deutsche Bank



Figure 10: Yuexiu – expanding land acquisition out of Guangzhou (RMB m)



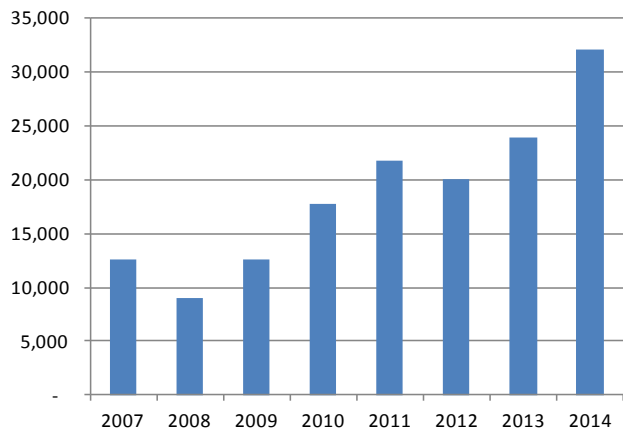
Source: Company data, Deutsche Bank



Financial position deteriorated, even after the 33-for-100 rights issue in Oct-14

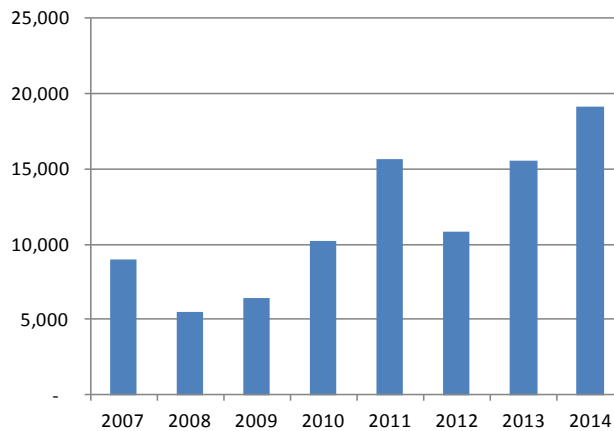
As of end-14, Yuexiu's gross debt had risen by 34% YoY, to Rmb32bn, and its cash balance (inclusive of restricted cash) by 55%, to Rmb13bn. Consequently, net debt rose by 23% YoY, to Rmb19bn. Net gearing rose by 2 percentage points, to 66%, as of end-14, despite the company having raised HK\$3.85bn through the 33-for-100 rights issue in Oct-14. In our view, its deteriorating financial position could cap Yuexiu's ability to make further NAV-accretive acquisitions, and hence is likely to result in slower earnings growth ahead.

Figure 11: Total gross debt for Yuexiu (Rmb m)



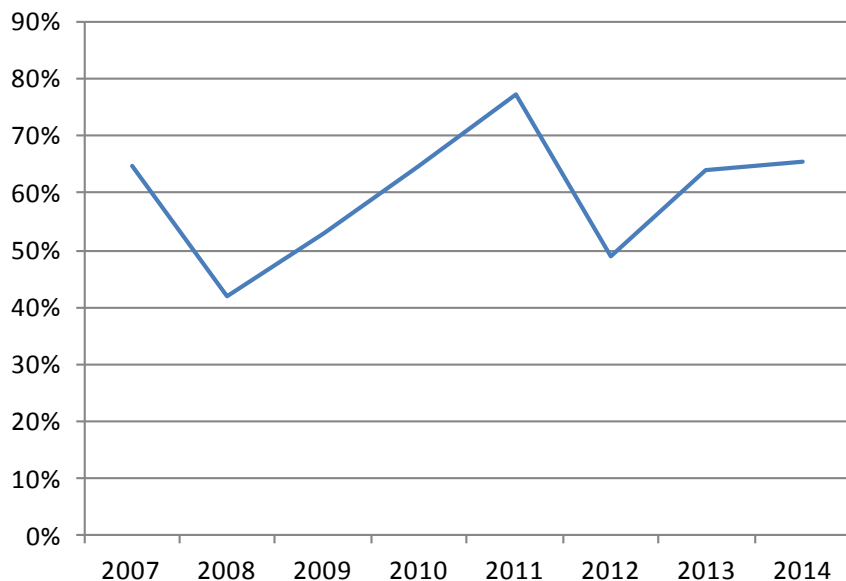
Source: Company data, Deutsche Bank

Figure 12: Total net debt for Yuexiu (Rmb m)



Source: Company data, Deutsche Bank

Figure 13: Net gearing trend



Source: Company data, Deutsche Bank



Financial analysis

NAV and earnings forecast revisions

Figure 14: Yuexiu – income statement (RMB m)

For year-ended 31 Dec	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Property Development	3,946	4,301	8,477	6,946	13,145	14,811	16,724	17,127	19,197
Property Management	373	344	351	331	346	397	437	481	529
Property Investment	320	289	445	484	457	245	272	272	373
Others	662	700	296	359	260	248	248	248	248
Total revenue	5,300	5,634	9,569	8,120	14,209	15,702	17,682	18,128	20,347
Property Development	1,107	935	2,679	2,410	2,704	2,676	2,623	2,687	2,429
Property Management	10	8	(8)	1	12	14	15	16	18
Property Investment	291	148	407	464	296	94	106	106	145
Others	(99)	62	29	58	4	21	21	21	21
Unallocated operating costs	(227)	(79)	(89)	-	(146)	(136)	(150)	(150)	(150)
EBIT	1,082	1,073	3,019	2,932	2,870	2,669	2,615	2,680	2,463
Net financing costs	(20)	(177)	(420)	(492)	(468)	(450)	(554)	(578)	(631)
Share results of associates	121	255	480	246	195	349	78	78	78
Exceptional items	(763)	848	5,285	1,642	2,312	1,834	-	-	-
Pre-tax profit	421	2,001	8,364	4,329	4,910	4,403	2,139	2,180	1,910
Income tax	(400)	(871)	(2,692)	(961)	(1,576)	(1,275)	(535)	(545)	(478)
LAT	(314)	(150)	(415)	(1,115)	(429)	(511)	-	-	-
Minority interests	405	66	157	77	25	145	93	16	22
Net profit	(697)	913	5,100	2,176	2,880	2,471	1,512	1,619	1,410
Core net profit	(125)	277	1,137	945	1,146	1,096	1,512	1,619	1,410
Core EPS (RMB)	(0.02)	0.04	0.12	0.10	0.12	0.10	0.12	0.13	0.11

Source: Company data, Deutsche Bank estimates



Figure 15: Yuexiu – balance sheet (RMB m)

As at 31 Dec	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Cash and cash equivalents	4,328	6,451	4,821	7,060	5,055	7,883	2,549	3,431	8,304
Receivables	601	3,340	852	1,588	1,720	1,475	2,007	2,055	2,304
Charged bank deposits	1,845	1,022	1,307	2,203	3,319	5,075	5,075	5,075	5,075
Inventories and PUD	17,481	26,229	34,609	43,272	47,543	54,821	54,821	54,821	54,821
Other current assets	255	442	1,530	707	478	575	575	575	575
Total current assets	24,511	37,484	43,119	54,831	58,116	69,828	65,026	65,957	71,078
Investment properties	7,490	7,632	11,923	6,185	10,219	12,614	14,192	15,879	17,900
Fixed assets and land use rights	2,132	2,747	3,183	1,047	1,289	1,541	1,762	1,956	2,214
Interests in subsidiaries and associates	1,697	1,719	2,109	6,956	7,474	8,009	7,998	7,988	7,977
Other non-current assets	1,124	1,199	864	978	972	1,082	1,082	1,082	1,082
Total non-current assets	12,443	13,297	18,077	15,166	19,955	23,247	25,035	26,904	29,173
Total assets	36,954	50,781	61,196	69,997	78,071	93,075	90,060	92,861	100,251
Payables	4,524	4,851	6,482	9,191	9,491	11,136	9,532	9,762	10,942
Advance from customers	4,075	7,901	5,393	10,003	11,311	12,046	12,046	12,046	12,046
Short-term debt	1,887	6,034	10,591	6,829	8,331	8,415	9,120	8,688	13,428
Other current liabilities	513	537	893	1,534	2,659	2,362	1,991	1,997	1,963
Total current liabilities	11,000	19,322	23,359	27,556	31,790	33,959	32,690	32,493	38,379
Long-term borrowings	10,706	11,703	11,191	13,546	15,689	23,760	21,222	23,450	24,415
Other non-current liabilities	2,733	3,410	5,908	5,774	5,432	5,102	5,102	5,102	5,102
Total non-current liabilities	13,439	15,113	17,099	19,320	21,120	28,863	26,325	28,553	29,518
Total liabilities	24,439	34,435	40,458	46,877	52,911	62,822	59,015	61,046	67,897
Minority interests	440	486	450	962	985	1,149	1,186	1,193	1,202
Total net assets	12,076	15,860	20,288	22,158	24,175	29,104	29,859	30,622	31,152
Capital and retained earnings	11,246	15,090	19,908	21,642	23,777	28,639	29,395	30,158	30,687
Other reserves	830	770	380	516	398	465	465	465	465
Shareholders' funds	12,076	15,860	20,288	22,158	24,175	29,104	29,859	30,622	31,152
BVPS (RMB)	1.69	1.71	2.19	2.38	2.59	2.35	2.41	2.47	2.51

Source: Company data, Deutsche Bank estimates



Valuation

Our estimated NAV for Yuexiu is HK\$2.46/share

We calculate our NAV for Yuexiu by using a sum-of-the-parts methodology. We apply DCF to estimate the value of the company's development projects by taking the estimated cash inflows from property sales minus the outstanding costs, including any outstanding land costs, construction costs, related income taxes and the LAT for each of the development projects. With respect to the investment properties' valuation, we use the income capitalisation approach, taking the estimated rental revenues of the investment properties divided by the estimated capitalisation (cap) rates.

For different types of properties at different locations, our estimated rents and cap rates differ. In arriving at the NAV for the company, we take the aggregate estimated value for the previously mentioned business segments and then add the company's net cash position or subtract its net debt position. We adopt a discount rate of 10%, which is in line with our estimated WACC.

Figure 16: NAV breakdown

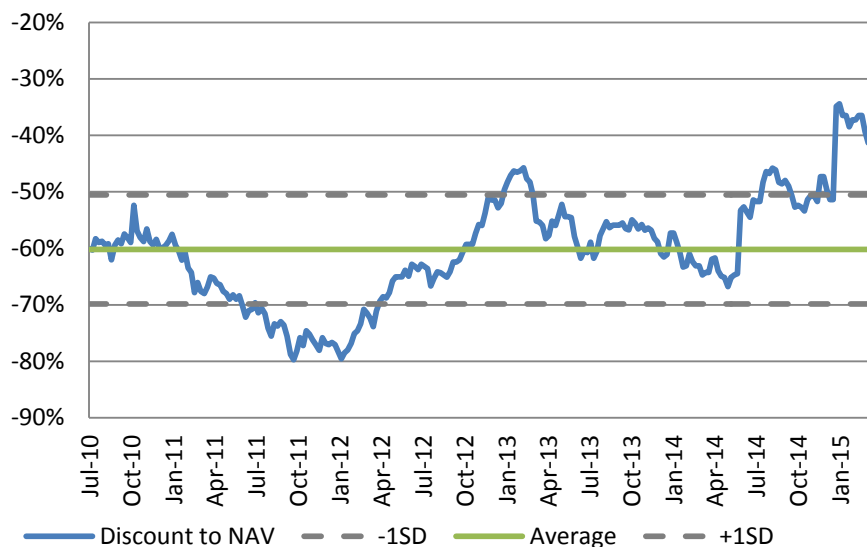
	HK\$m	HK\$/share	% of NAV	% of GAV
Property Development				
Residential	23,823	1.92	78%	48%
Office	163	0.01	1%	0%
Retail	2,421	0.20	8%	5%
Industrial	-	-	0%	0%
Hotel	-	-	0%	0%
Others	-	-	0%	0%
Total Property Development	26,407	2.13	87%	53%
Property Investment				
Residential	-	-	0%	0%
Office	6,416	0.52	21%	13%
Retail	8,192	0.66	27%	17%
Industrial	-	-	0%	0%
Hotel	-	-	0%	0%
Others	-	-	0%	0%
Total Property Investment	14,608	1.18	48%	29%
Holdings of GZI REIT	7,608	0.61	25%	15%
Other Assets	930	0.07	3%	2%
Total Other Assets	8,537	0.69	28%	17%
Gross asset value	49,553	4.00	163%	100%
Net cash/(debt)	(19,102)	(1.54)	-63%	
Fully diluted NAV	30,451	2.46		

Source: Deutsche Bank estimates



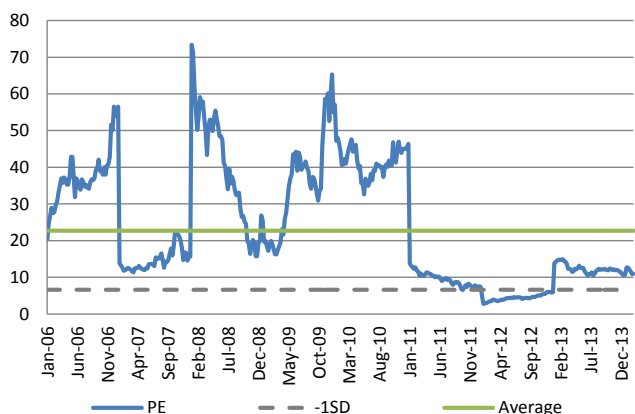
Our target price of HK\$1.23 is based on a 50% discount to our estimated NAV of HK\$2.46/share (HK\$4.37/share), which implies a 2015E PER of 8x. We apply target discounts in the range of 10% – for the best-quality names such as COLI – to 60% for the least preferred names across our coverage universe. Our revised target discount reflects the company’s weaker profitability profile and growth prospects, which we believe is appropriate. At the current share price, Yuexiu is trading at a 41% discount to NAV (versus 50-70% discount for most comparable peers) and 10x 2015E PER (versus 4-6x), already at the upper valuation band among its sector peers.

Figure 17: Yuexiu – discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

Figure 18: Yuexiu – PE



Source: Bloomberg Finance LP, Deutsche Bank

Figure 19: Yuexiu – PB



Source: Bloomberg Finance LP, Deutsche Bank



Figure 20: China property – valuation

Company	Ticker	DB Rating	Trade Ccy	Report Ccy	Mkt Cap USDm	12M Daily T/O USDm	16 Mar			NAV		EPS			PE(x)		
							Price	Target Price	Implied Upside	Est. NAV	NAV Disc	14E	15E	16E	14E	15E	16E
Covered																	
CSCEC	601668 CH	Buy	CNY	CNY	30,281	276.26	6.32	7.78	23%	10.4	-39%	0.80	0.94	1.12	7.9	6.7	5.7
Wanda	3699 HK	Buy	HKD	CNY	26,761	27.03	45.90	65.00	42%	92.9	-51%	3.31	3.98	4.78	11.2	9.3	7.7
COLI	688 HK	Buy	HKD	HKD	22,895	68.84	21.75	29.99	38%	33.3	-35%	2.76	3.23	3.79	7.9	6.7	5.7
China Vanke - A	000002 CH	Buy	CNY	CNY	22,194	224.34	12.49	14.87	19%	17.5	-29%	1.50	1.82	2.20	8.4	6.9	5.7
China Vanke - H	2202 HK	Buy	HKD	CNY	22,194	25.82	16.80	19.10	14%	22.5	-25%	1.50	1.82	2.20	9.1	7.4	6.2
Poly - A	600048 CH	Buy	CNY	CNY	16,663	209.42	9.72	7.61	-22%	9.5	2%	1.13	1.22	1.44	8.6	7.9	6.8
CR Land	1109 HK	Buy	HKD	HKD	16,417	31.18	19.52	25.59	31%	34.1	-43%	1.90	2.25	2.38	10.3	8.7	8.2
GLP	GLP SP	Buy	SGD	USD	8,736	25.51	2.51	3.10	24%	2.4	3%	0.06	0.05	0.07	31.5	33.3	27.4
China Merchants Prop	000024 CH	Buy	CNY	CNY	8,118	121.94	24.59	16.42	-33%	23.5	5%	2.04	2.30	2.78	12.1	10.7	8.8
Country Garden	2007 HK	Sell	HKD	CNY	7,653	16.61	2.92	2.60	-11%	4.3	-33%	0.48	0.56	0.62	4.9	4.2	3.8
Longfor	960 HK	Buy	HKD	CNY	7,354	4.38	9.83	15.50	58%	19.4	-49%	1.21	1.44	1.65	6.6	5.5	4.8
Shimao	813 HK	Sell	HKD	CNY	6,923	23.82	15.48	13.37	-14%	22.3	-31%	2.64	2.88	3.23	4.7	4.3	3.9
Gemdale	600383 CH	Sell	CNY	CNY	6,865	56.86	9.57	7.00	-27%	10.8	-11%	0.54	0.60	0.71	17.8	16.0	13.5
Evergrande	3333 HK	Sell	HKD	CNY	6,575	14.48	3.49	2.48	-29%	5.0	-30%	0.72	0.73	0.75	3.9	3.9	3.7
CSCL	3311 HK	Buy	HKD	HKD	5,581	9.05	10.80	15.42	43%	15.4	-30%	0.86	1.06	1.30	12.6	10.2	8.3
Sino-Ocean	3377 HK	Buy	HKD	CNY	4,538	2.68	4.70	6.77	44%	9.7	-51%	0.50	0.65	0.80	7.5	5.8	4.7
R&F	2777 HK	Buy	HKD	CNY	3,619	11.04	8.72	13.95	60%	23.2	-62%	1.93	2.41	2.66	3.6	2.9	2.6
Hui Xian REIT	87001 HK	Buy	CNY	CNY	2,874	1.99	3.39	4.40	30%	6.3	-46%	0.22	0.23	NA	15.3	14.9	NA
Sunac	1918 HK	Hold	HKD	CNY	2,819	13.46	6.47	7.35	14%	13.3	-51%	1.13	1.70	1.68	4.6	3.1	3.1
Franshion	817 HK	Buy	HKD	HKD	2,546	2.35	2.18	3.88	78%	5.5	-61%	0.30	0.37	0.44	7.2	5.8	5.0
Yuexiu	123 HK	Buy	HKD	CNY	2,300	5.29	1.44	1.23	-15%	2.5	-41%	0.12	0.12	0.13	10.6	9.5	8.9
Agile	3383 HK	Sell	HKD	CNY	2,209	9.52	4.38	3.30	-25%	13.2	-67%	1.25	1.29	1.31	2.8	2.7	2.7
Greentown	3900 HK	Buy	HKD	CNY	1,806	8.33	6.49	11.00	69%	22.0	-71%	2.19	2.55	2.82	2.4	2.1	1.9
KWGW	1813 HK	Buy	HKD	CNY	1,806	5.38	4.76	6.68	40%	11.1	-57%	1.12	1.35	1.44	3.4	2.8	2.7
CIFI	884 HK	Buy	HKD	CNY	1,312	0.56	1.69	2.53	50%	4.6	-63%	0.34	0.46	0.61	4.0	2.9	2.2
Yanlord	YLLG SP	Sell	SGD	CNY	1,303	0.66	0.93	0.80	-14%	1.6	-42%	0.25	0.34	0.37	16.6	12.2	11.2
COGO	81 HK	Buy	HKD	HKD	1,120	2.84	3.81	8.19	115%	11.7	-67%	1.04	1.11	1.60	3.7	3.4	2.4
Kaisa	1638 HK	Hold	HKD	CNY	979	4.06	1.48	1.80	22%	6.7	-78%	0.64	0.72	0.81	1.9	1.7	1.5
E-House	EJ US	Buy	USD	USD	844	17.47	5.98	18.20	204%	0.0	NA	0.73	0.91	1.09	8.1	6.6	5.5
Central China	832 HK	Buy	HKD	CNY	580	0.27	1.85	3.36	82%	5.6	-67%	0.52	0.65	0.82	2.9	2.3	1.8
Far East Global	830 HK	Buy	HKD	HKD	361	0.30	1.30	3.28	152%	3.3	-60%	0.09	0.13	0.63	14.7	10.3	2.1
Not Rated																	
NWCL	917 HK	NR	HKD	HKD	5,324	2.22	4.76	NA	NA	NA	NA	0.45	0.42	0.43	10.6	11.3	11.1
SOHO China	410 HK	NR	HKD	CNY	3,375	3.14	5.04	NA	NA	NA	NA	0.42	0.18	0.18	9.7	23.2	22.1
Shui On	272 HK	NR	HKD	CNY	1,711	1.86	1.66	NA	NA	NA	NA	0.08	0.09	0.17	16.5	15.4	7.7
Poly Property	119 HK	NR	HKD	HKD	1,636	7.18	3.47	NA	NA	NA	NA	0.53	0.59	0.65	6.6	5.9	5.3
Hopson	754 HK	NR	HKD	HKD	1,514	0.71	5.24	NA	NA	NA	NA	0.56	0.37	0.52	9.4	14.2	10.1
BJ North Star	588 HK	NR	HKD	CNY	1,084	0.74	2.50	NA	NA	NA	NA	0.30	0.40	NA	6.7	5.0	NA
Glorious	845 HK	NR	HKD	CNY	1,034	0.72	1.03	NA	NA	NA	NA	0.15	0.19	0.17	5.5	4.3	4.9
Yuzhou	1628 HK	NR	HKD	CNY	832	0.93	1.87	NA	NA	NA	NA	0.46	0.59	0.74	3.3	2.6	2.1
Greenland Hong Kong	337 HK	NR	HKD	CNY	770	1.27	4.72	NA	NA	NA	NA	0.11	0.27	0.42	36.2	14.1	9.2
Fantasia	1777 HK	NR	HKD	CNY	652	0.90	0.88	NA	NA	NA	NA	0.18	0.19	0.23	3.9	3.7	3.2
Powerlong	1238 HK	NR	HKD	CNY	582	0.41	1.13	NA	NA	NA	NA	0.27	0.53	1.08	3.4	1.7	0.8
BC Land	2868 HK	NR	HKD	CNY	531	1.03	4.04	NA	NA	NA	NA	0.76	0.95	1.25	4.3	3.4	2.6
Aoyuan	3883 HK	NR	HKD	CNY	466	0.25	1.30	NA	NA	NA	NA	0.31	0.43	0.58	3.4	2.4	1.8
C C Land	1224 HK	NR	HKD	HKD	443	0.43	1.33	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Minmetals	230 HK	NR	HKD	HKD	379	0.26	0.88	NA	NA	NA	NA	0.20	0.24	NA	4.4	3.7	NA
Overall average											-44%				8.6	7.5	6.1

Source: Deutsche Bank estimates, Company data, Bloomberg Finance LP Consensus estimates for companies NR



Figure 21: China property – valuation table (cont.)

Company	Ticker	EPS growth %			BVPS			PB(x)			DPS			Dividends yield %			Net gearing %		
		14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E
Covered																			
CSCEC	601668 CH	18	17	19	4.6	5.3	6.2	1.4	1.2	1.0	0.2	0.2	0.2	2.5	3.0	3.5	53.2	49.1	38.9
Wanda	3699 HK	40	20	20	34.7	37.9	41.7	1.1	1.0	0.9	1.1	0.8	1.0	3.0	2.2	2.6	41.6	40.4	38.6
COLI	688 HK	19	17	17	16.0	18.8	22.1	1.4	1.2	1.0	0.5	0.5	0.5	2.3	2.3	2.4	35.6	18.7	3.1
China Vanke - A	000002 CH	9	22	21	8.3	9.7	11.4	1.5	1.3	1.1	0.4	0.5	0.5	3.4	3.6	3.8	42.1	34.1	18.7
China Vanke - H	2202 HK	9	22	21	8.3	9.7	11.4	1.6	1.4	1.2	0.4	0.5	0.5	3.2	3.3	3.5	42.1	34.1	18.7
Poly - A	600048 CH	13	8	17	5.7	6.7	7.9	1.7	1.4	1.2	0.2	0.3	0.3	2.5	2.6	2.7	93.9	66.7	53.5
CR Land	1109 HK	17	19	6	16.0	18.0	19.9	1.2	1.1	1.0	0.5	0.5	0.5	2.3	2.3	2.3	69.0	30.8	21.3
GLP	GLP SP	(18)	(5)	21	1.8	1.8	1.9	1.0	1.0	1.0	0.0	0.0	0.0	2.5	2.5	2.5	21.0	8.2	23.1
China Merchants Prop	000024 CH	25	13	21	12.0	13.9	16.1	2.0	1.8	1.5	0.4	0.5	0.6	0.4	0.5	0.5	27.3	7.4	-3.4
Country Garden	2007 HK	5	16	11	3.0	3.4	3.8	0.8	0.7	0.6	0.1	0.2	0.2	6.3	7.2	8.0	67.8	61.7	60.2
Longfor	960 HK	5	19	15	7.8	8.9	10.3	1.0	0.9	0.8	0.2	0.3	0.3	3.0	3.7	4.2	53.2	42.7	32.9
Shimao	813 HK	25	9	12	17.9	20.5	20.5	0.7	0.6	0.6	0.8	0.9	0.9	5.3	5.6	5.9	88.7	76.1	89.0
Gemdale	600383 CH	11	11	19	6.9	7.4	8.0	1.4	1.3	1.2	0.1	0.1	0.1	1.3	1.2	1.3	58.2	56.3	51.3
Evergrande	3333 HK	2	2	3	3.8	4.3	4.9	0.7	0.6	0.6	0.3	0.3	0.3	9.2	9.7	10.1	87.3	76.0	79.5
CSCI	3311 HK	22	24	22	5.0	5.8	6.9	2.2	1.8	1.6	0.2	0.2	0.2	1.9	1.9	1.9	32.5	26.7	17.6
Sino-Ocean	3377 HK	24	30	23	6.2	6.7	7.2	0.6	0.6	0.5	0.2	0.2	0.3	6.1	6.5	8.0	59.9	60.8	59.6
R&F	2777 HK	7	25	10	11.4	13.3	15.3	0.6	0.5	0.5	0.6	0.6	0.6	8.0	8.5	8.8	139.5	101.8	69.2
Hui Xian REIT	87001 HK	2	3	NA	5.3	5.2	NA	0.6	0.6	NA	0.2	0.2	NA	7.1	7.3	NA	-31.0	NA	NA
Sunac	1918 HK	19	51	(2)	5.1	6.6	8.1	1.0	0.8	0.6	0.2	0.2	0.2	3.8	4.2	4.4	104.7	70.5	77.2
Franshion	817 HK	20	23	17	3.9	4.3	4.7	0.6	0.5	0.5	0.1	0.1	0.1	4.6	5.0	5.5	51.0	30.0	5.6
Yuexiu	123 HK	27	21	NA	2.6	2.8	NA	0.4	0.4	NA	0.1	0.1	NA	6.0	6.0	NA	63.5	58.0	40.4
Agile	3383 HK	(2)	4	1	10.6	11.5	12.5	0.3	0.3	0.3	0.4	0.4	0.4	12.6	12.7	12.6	68.1	69.6	69.0
Greentown	3900 HK	(4)	16	11	13.9	16.1	18.5	0.4	0.3	0.3	0.4	0.4	0.4	7.5	7.8	8.3	74.8	73.8	66.1
KWG	1813 HK	40	20	7	7.0	8.1	9.3	0.5	0.5	0.4	0.3	0.3	0.3	6.5	6.8	7.0	61.8	39.4	25.1
CIFI	884 HK	30	37	31	1.7	2.1	2.6	0.8	0.7	0.5	0.1	0.1	0.1	5.0	6.8	8.9	55.9	58.6	48.0
Yanlord	YLLG SP	(50)	36	9	9.8	10.1	10.4	0.4	0.4	0.4	0.0	0.0	0.0	0.3	0.3	0.3	38.9	40.0	34.3
COGO	81 HK	(15)	7	44	5.9	6.9	8.4	0.6	0.6	0.5	0.1	0.1	0.1	2.4	2.9	2.9	61.7	58.0	54.1
Kaisa	1638 HK	50	13	12	4.1	4.8	5.5	0.3	0.3	0.2	0.2	0.2	0.2	15.2	17.3	19.5	73.6	85.6	69.5
E-House	EJ US	30	24	19	5.9	6.4	7.0	1.0	0.9	0.9	0.2	0.2	0.2	3.3	3.3	3.3	-58.4	-55.6	-50.1
Central China	832 HK	25	26	26	2.8	3.3	3.9	0.5	0.5	0.4	0.2	0.2	0.2	10.4	13.4	16.1	41.7	38.0	32.2
Far East Global	830 HK	278	42	396	0.6	0.7	0.8	2.2	1.9	1.6	-	-	-	0.0	0.0	0.0	3.1	5.3	6.6
Not Rated																			
NWCL	917 HK	32	(7)	2	6.7	7.0	7.3	0.7	0.7	0.7	0.1	0.1	0.1	1.5	1.1	1.2	37.3	48.4	51.0
SOHO China	410 HK	(41)	(58)	5	7.5	7.8	7.9	0.5	0.5	0.5	0.3	0.2	0.2	6.3	5.9	6.0	17.6	32.9	36.4
Shui On	272 HK	(2)	7	99	5.4	5.5	5.7	0.2	0.2	0.2	0.0	0.0	0.1	3.1	3.1	4.5	86.7	98.2	103.0
Poly Property	119 HK	(28)	12	11	8.8	9.2	9.7	0.4	0.4	0.4	0.2	0.2	0.2	5.1	4.9	5.3	106.8	106.1	95.3
Hopson	754 HK	(53)	(34)	41				NA	NA	NA	-	-	-	0.0	0.0	0.0	NA	NA	NA
BJ North Star	588 HK	7	33	NA				NA	NA	NA				NA	NA	NA	NA	NA	NA
Glorious	845 HK	14	29	(12)				NA	NA	NA	-	-		0.0	0.0	NA	NA	NA	NA
Yuzhou	1628 HK	42	29	26	2.4	2.7	3.2	0.6	0.6	0.5	0.1	0.1	0.2	7.6	9.3	10.9	88.6	111.6	-4.2
Greenland Hong Kong	337 HK	(53)	157	54	2.1	2.3	2.8	1.8	1.6	1.4	0.0	0.1	0.1	1.0	1.3	1.3	NA	NA	NA
Fantasia	1777 HK	(14)	6	18	1.7	2.0	2.2	0.4	0.4	0.3	0.0	0.0	0.1	5.2	6.8	7.3	117.9	126.1	137.9
Powerlong	1238 HK	1	96	104				NA	NA	NA	0.1	0.0	0.1	5.7	4.7	7.8	NA	NA	NA
BC Land	2868 HK	31	24	32		5.7	6.4	NA	0.6	0.5	0.2	0.3	0.3	7.1	8.1	8.7	NA	234.1	248.4
Aoyuan	3883 HK	121	39	35	2.9	3.2	3.7	0.4	0.3	0.3	0.1	0.1	0.1	5.7	8.6	11.4	82.6	89.5	101.4
C C Land	1224 HK	NA	NA	NA	5.7	6.1	6.4	0.2	0.2	0.2	0.1	0.1	0.1	7.5	7.5	7.5	NA	NA	NA
Minmetals	230 HK	(11)	20	NA				NA	NA	NA				NA	NA	NA	NA	NA	NA
Overall average		16	21	31				0.9	0.8	0.7				4.6	5.0	2.7	56.8	58.2	50.5

Source: Deutsche Bank estimates, Company data, Bloomberg Finance LP Consensus estimates for companies NR



Appendix 1

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Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Yuexiu Property	0123.HK	1.46 (HKD) 17 Mar 15	NA

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Historical recommendations and target price: Yuexiu Property (0123.HK)

(as of 3/17/2015)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

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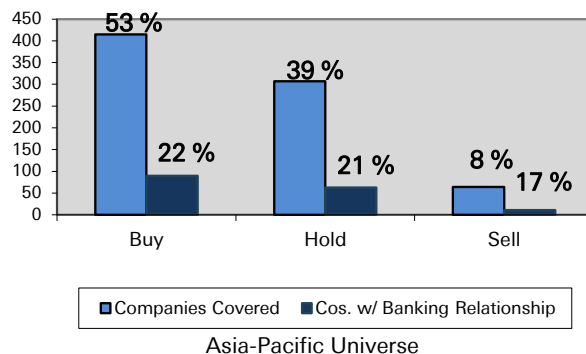
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