

2015 Annual Results Presentation

大连万达商业地产股份有限公司 Dalian Wanda Commercial Properties Co., Ltd.

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万达商业
WANDA COMMERCIAL

(3699.HK)

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PART.1 2015 Results Summary



| Wanda Group Beijing CBD Headquarters

PART 1.1..... Prudent Decisions of the Board of Directors, Excellent Performance of the Management Team and Joint Efforts of All Employees

• 2015 Consolidated Financial Position

Income Statement		
(RMB mm)	2015	2014
Revenue	124,203	107,871
COGS	-73,836	-61,945
Gross profit	50,367	45,926
Gross margin	40.6%	42.6%
Other income	3,681	3,206
Fair value gain of investment properties	17,230	13,455
SG&A and other expenses	-14,817	-13,473
Finance cost	-7,400	-7,312
Share of loss of associates/joint ventures	-22	-2
Profit before tax	49,039	41,800
Income tax expense	-18,931	-16,699
Net profit	30,108	25,101
Core net profit	17,016	14,824
Core net margin	13.7%	13.7%
EPS (RMB)	6.62	6.51

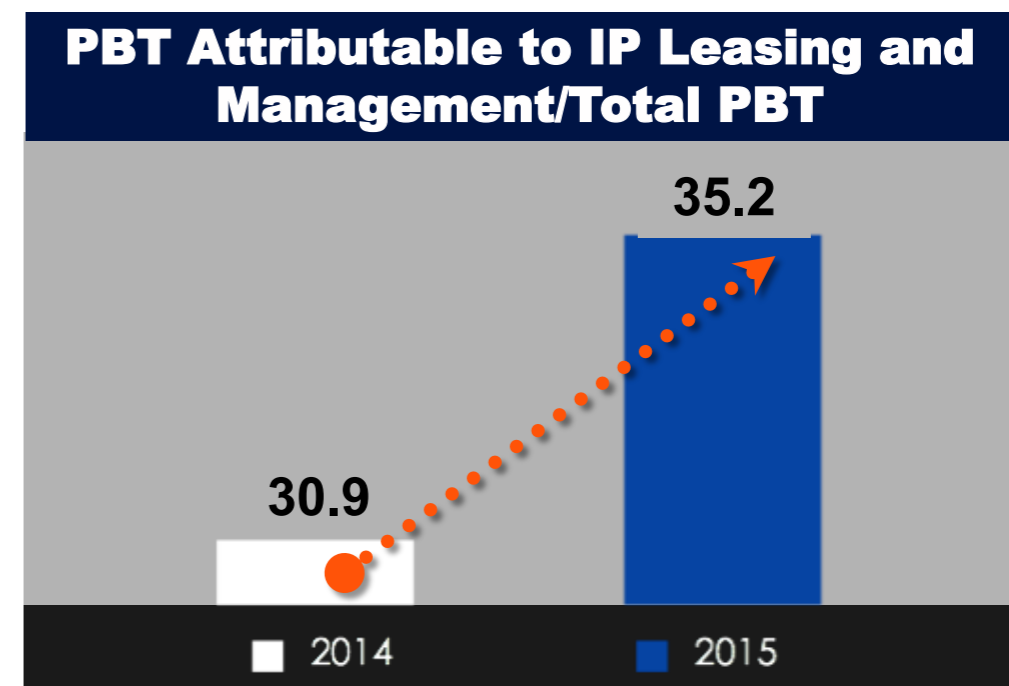
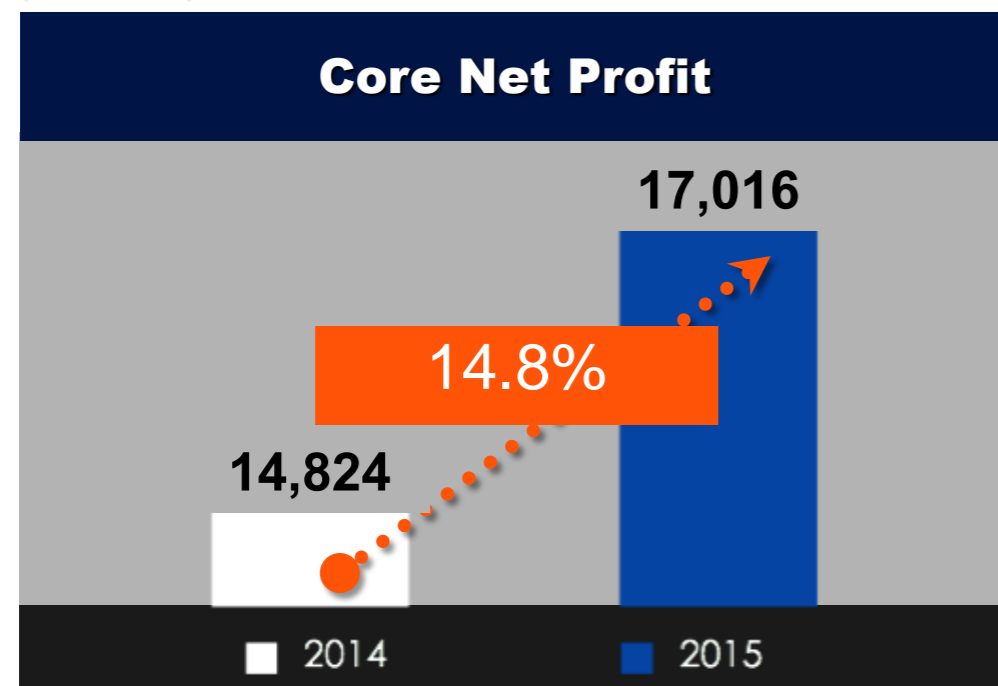
Balance Sheet		
(RMB mm)	2015	2014
Non-current assets	374,635	302,958
Current assets	264,925	261,336
Net assets	185,897	155,146
Total assets	639,560	564,294

Cash Flow Statement		
(RMB mm)	2015	2014
Net cash flows from operating activities	31,910	8,832
Net cash flows from investing activities	-46,739	-45,699
Net cash flows from financing activities	-5,324	53,801

PART1.2..... Continue to Deliver Steadily Growing, High-Quality Core Net Profit

- 2015 core net profit of RMB17.0 billion, represented an increase of 14.8% from last year, accounting for 56.5% of total net income.
- Total profit before tax increased 10.7% from last year to RMB23.3 billion. PBT attributed to investment properties leasing and management increased 26.3% to RMB8.2 billion, and contributed 35.2% of total PBT, up 4.3 percentage points from last year.

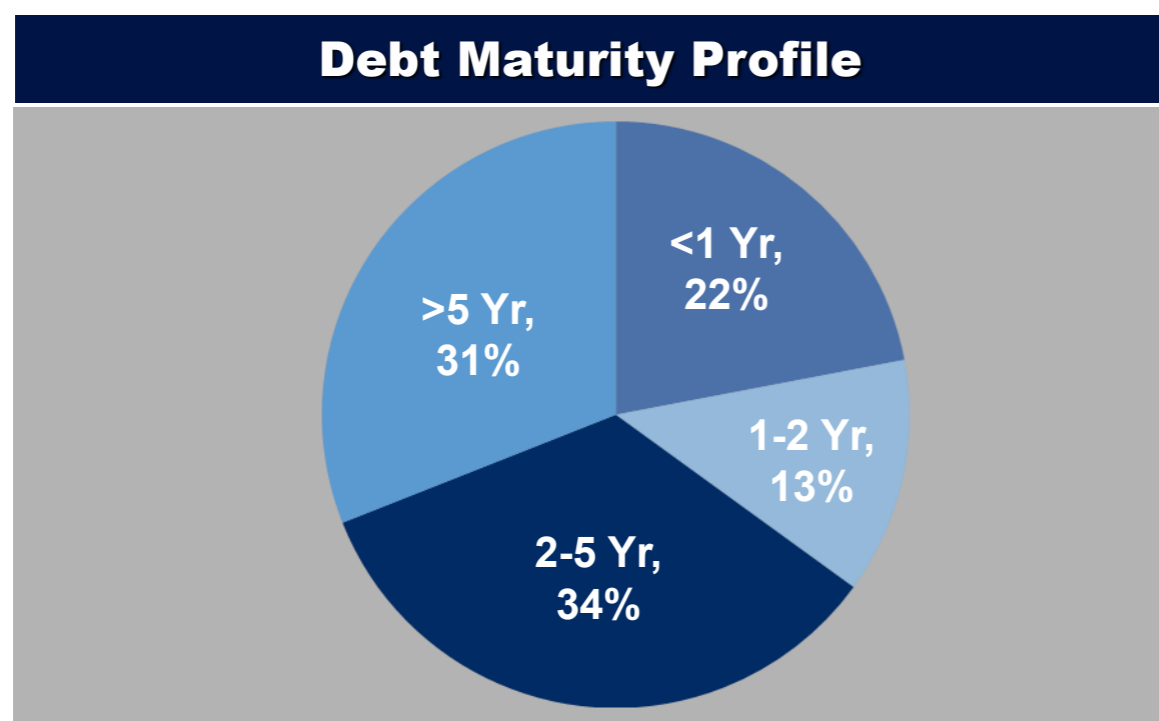
(RMB mm)



Note: Total profit before tax is net of fair value gains

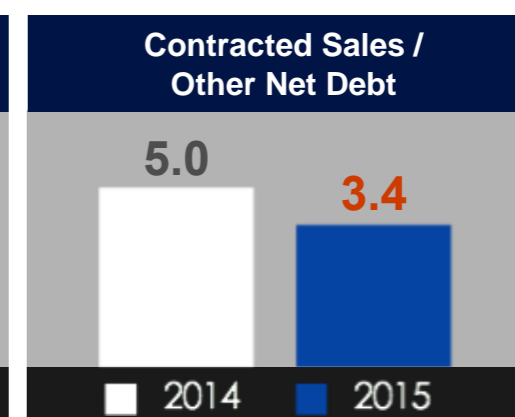
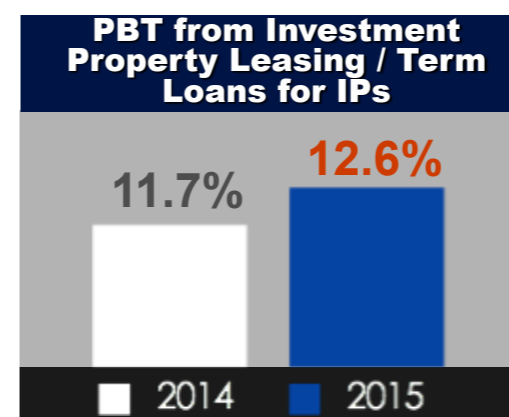
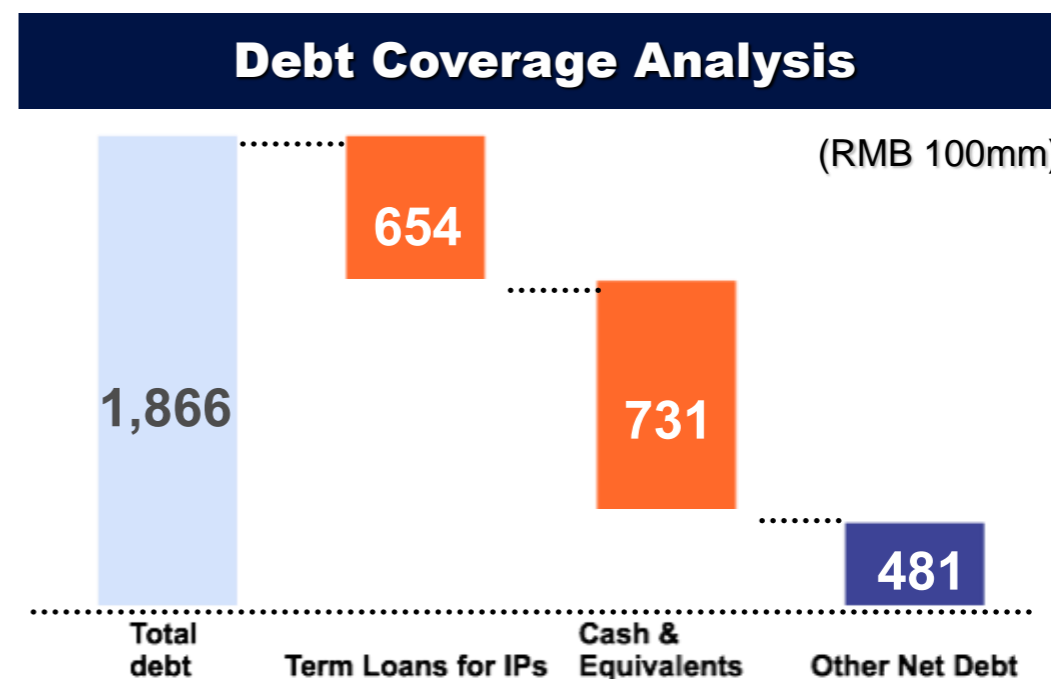
PART1.3..... Property Sales: Healthy Debt Structure and High Debt Coverage Ratio

- Total interest-bearing debt of **RMB186.6** billion, of which long-term debt accounted for **78%**, with average financing cost decreased to **6.7%** from **7.5%** last year.
- **RMB 8.2** billion PBT from IP leasing and management provided strong support to **RMB65.4** billion term loans for investment properties.
- Net debt attributable to property sales was **RMB48.1** billion, **3.4** times covered by 2015 Contracted Sales



Financing Structure Statistics

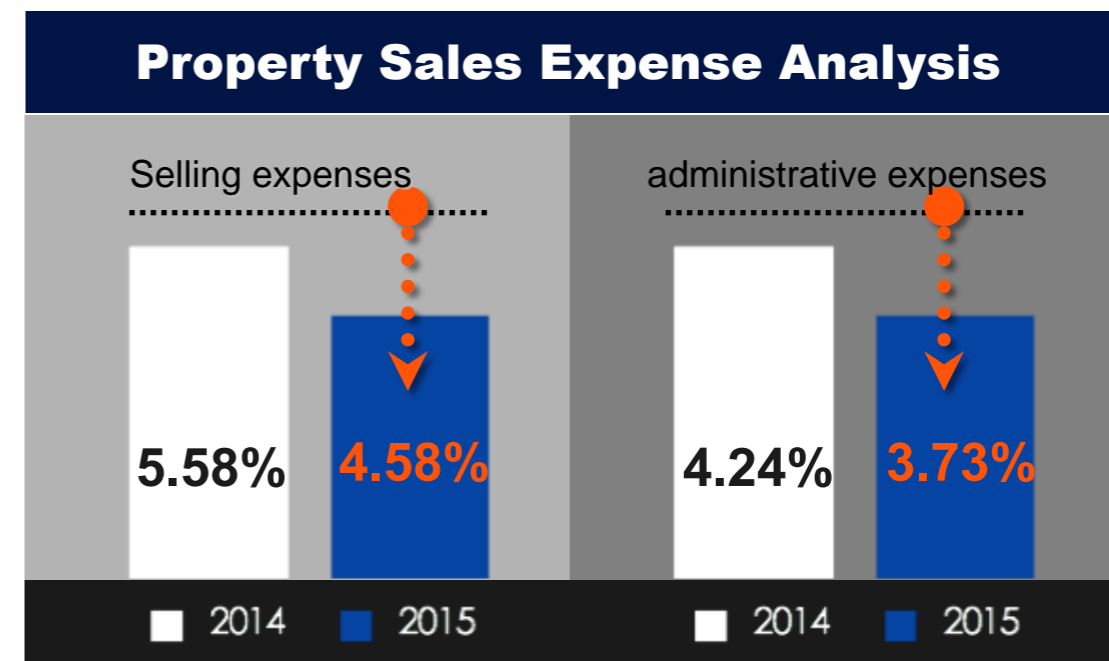
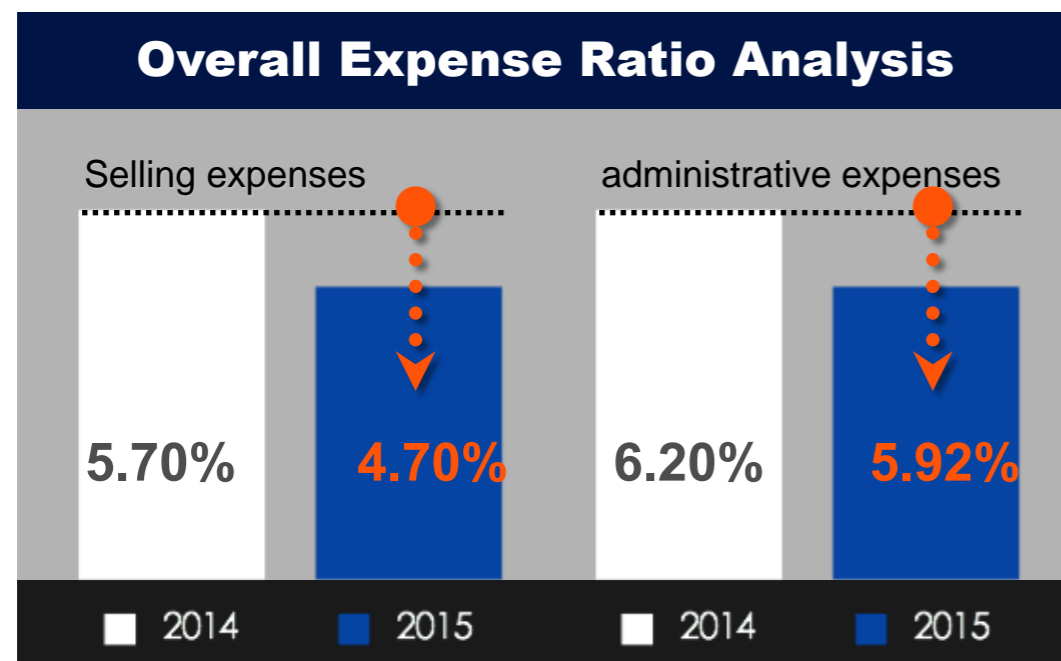
(RMB 100 mm)	Construction Loans	Term loans for IPs	Trust loans	Entrusted loans	Bonds	Overseas borrowings	Total
2014	635	557	425	77	72	44	1,810
2015	440	654	298	40	327	108	1,866



Note: Total profit before tax is net of fair value gains

PART1.4 Prudent Cost Management

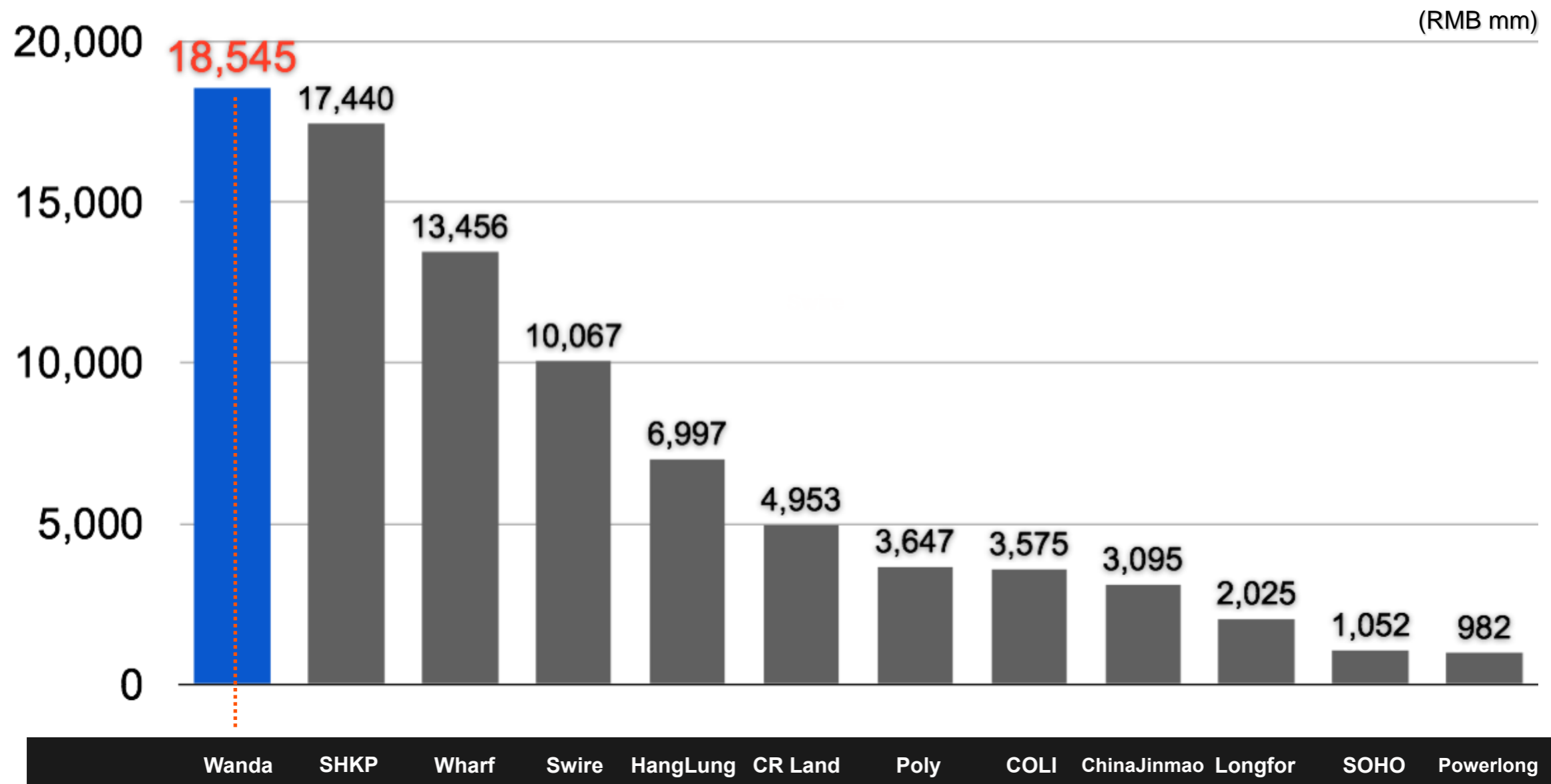
- We maintained stringent control of expenses in 2015, with selling expenses and administrative expenses as a percentage of revenue both decreasing.
- Property Sales: Selling expenses as a percentage of realized revenue decreased **1** percentage point; administrative expenses as a percentage of realized revenue decreased **0.5** percentage point.



PART1.5 Focused on Scale and Development of Recurring Revenue

- The Group generates industry-leading level of recurring revenue from investment properties leasing and hotel operations

Comparison of Recurring Revenue Across Peers



Source: public information; companies' annual reports, consolidated revenue, including investment property rental income, management fees and hotel revenue. (Based on IAS excluding tax)

FX rate: HKD 1 = RMB 0.84

SHKP's number is for the 12 months ending June 30, 2015.

PART.2 Property Leasing & Management

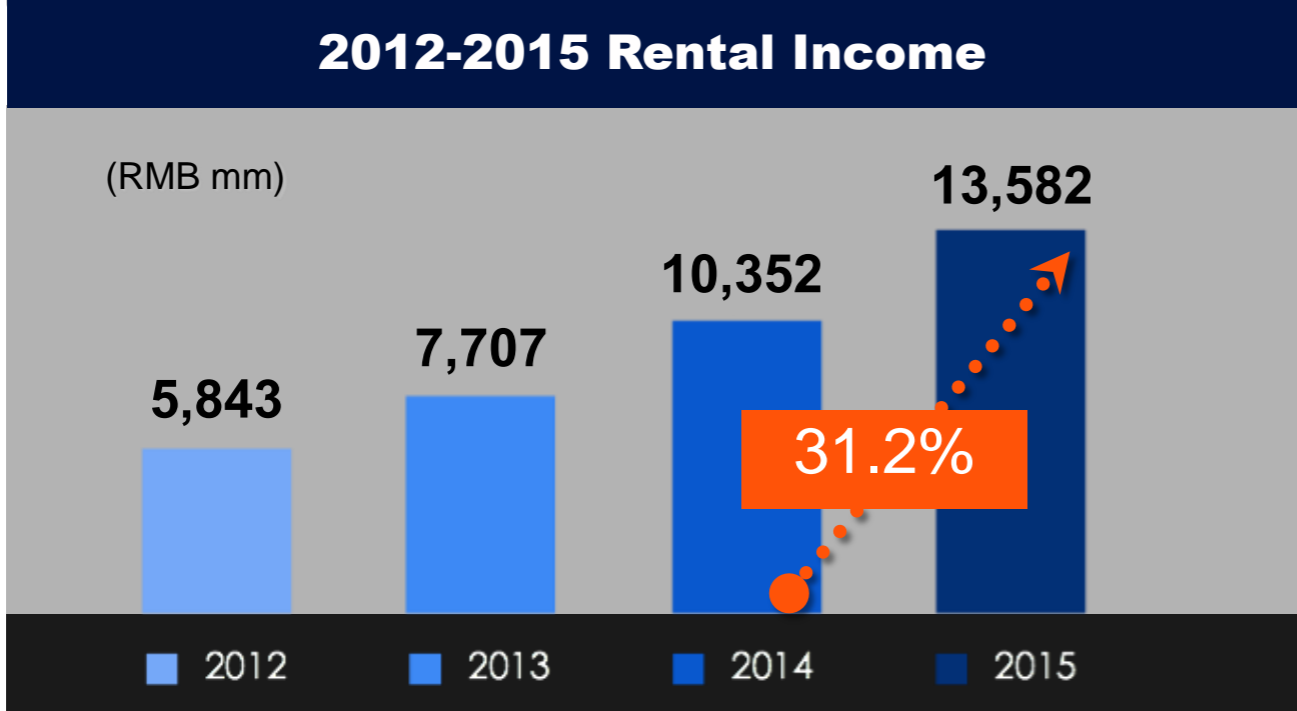


| Atrium, Hanjie Wanda Plaza

PART2.1 Further Increase Our Presence in China's Key Retail Markets

- Rental income in 2015 was RMB**13.6** billion, increased **31.2%** from last year, with gross profit margin of **72.1%**.
- **26** new Wanda Plazas opened in 2015, adding **4.12** million sq.m. GFA or **2.48** million sq.m. LFA held.
- We owned a total of **133** Wanda Plazas in 89 cities with a total GFA of **21.83** million sq.m. or LFA of **14.13** million sq.m.

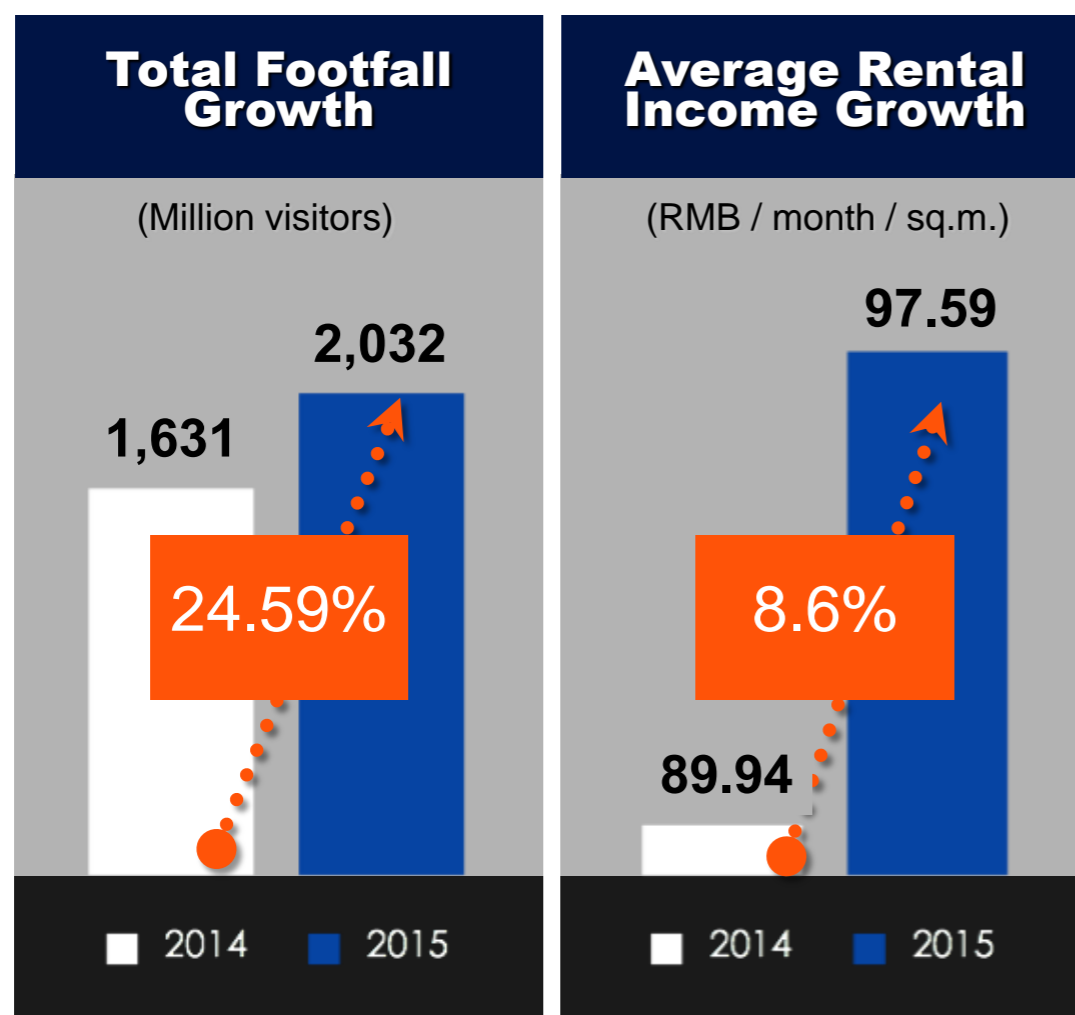
89 cities across 26 provinces, 133 Wanda Plazas, 20,000 retail shops, 5,000 brands, 2 billion footfall



Note: The income represented income excluding tax calculated according to IAS.

PART2.2 Wanda Plaza Recorded Steady Growth in Overall Operation

- Wanda Plaza achieved satisfactory performance in 2015 with **24.59%** increase in footfall and **8.6%** increase in average rental income.
- In 2015, Wanda Plaza achieved **10%** increase in same store rental income. Same store rental income in 1st- and 2nd-tier cities increased by **9%** and **12%** respectively, whereas stores in 3rd-tier cities with shorter operating history also recorded over **6%** increase.



Growth Rate by Operation Period			
Operation period	Number of plazas	Same store footfall increase	Same store rental increase
Under 3 years	67	6%	12%
3-5 years	32	4%	10%
Over 5 years	34	0%	9%

Growth Rate by City Type			
City type	Number of plazas	Same store footfall increase	Same store rental increase
1st-tier	14	1%	9%
2nd-tier	57	3%	12%
3rd-tier	62	4%	6%

PART2.3 We Adjusted Our Retail Format According to Plan

- In response to the changes in market environment, we have proactively adjusted our traditional retail format in our investment properties. Total space of **2 million** sq.m. in terms of GFA were adjusted in 2015 and showed a **11%** increase in rental income post-adjustment.

Rent Increase in Adjusted Area			
Type of city	Adjusted area (ten thousand sq.m.)	Adjusted ratio	Rental increase after adjustment
1st-tier	10.7	7.0%	14.1%
2nd-tier	102.9	15.5%	11.6%
3rd-tier	86.3	14.9%	7.9%

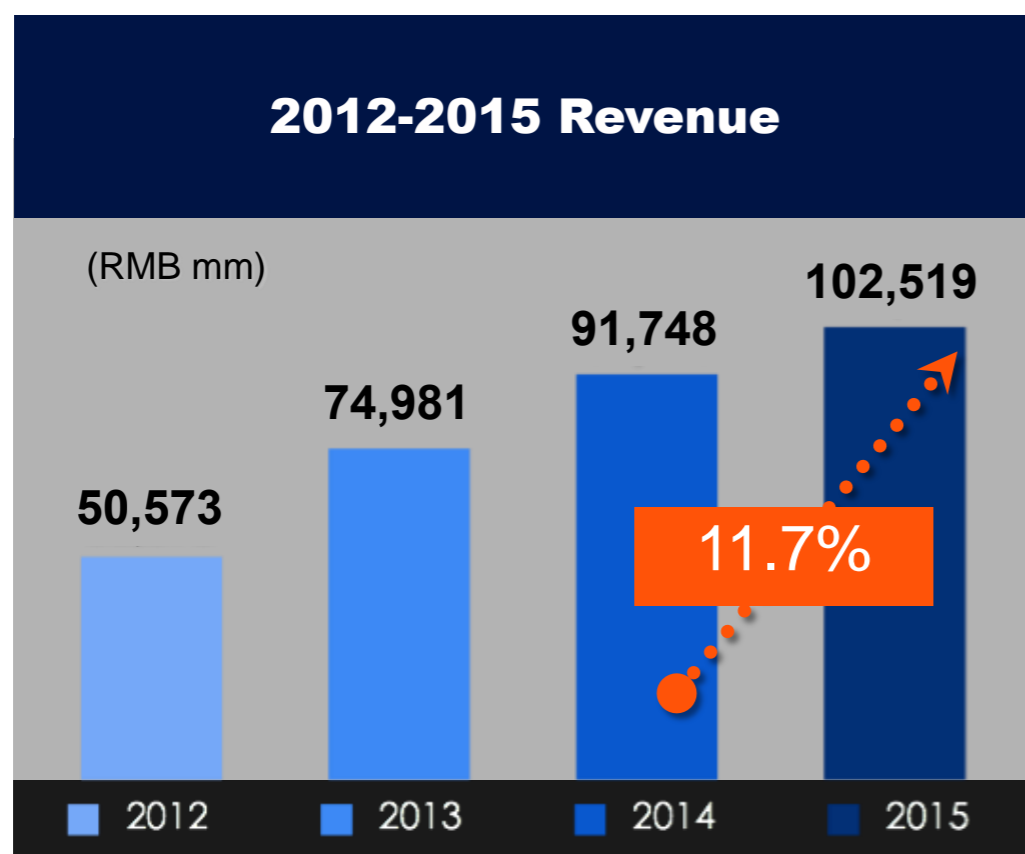
PART.3 Property Sales



| Wanda Commercial

PART3.1 Realized Sales and Contracted Sales both Reached New High

- Contracted sales for the year reached **RMB164.1** billion, representing an increase of **2.5%** from last year
- Record revenue from property sales exceeded RMB100 billion, reaching **RMB102.5** billion and representing an increase of **11.7%** from last year. Gross profit margin stood at **38%**.

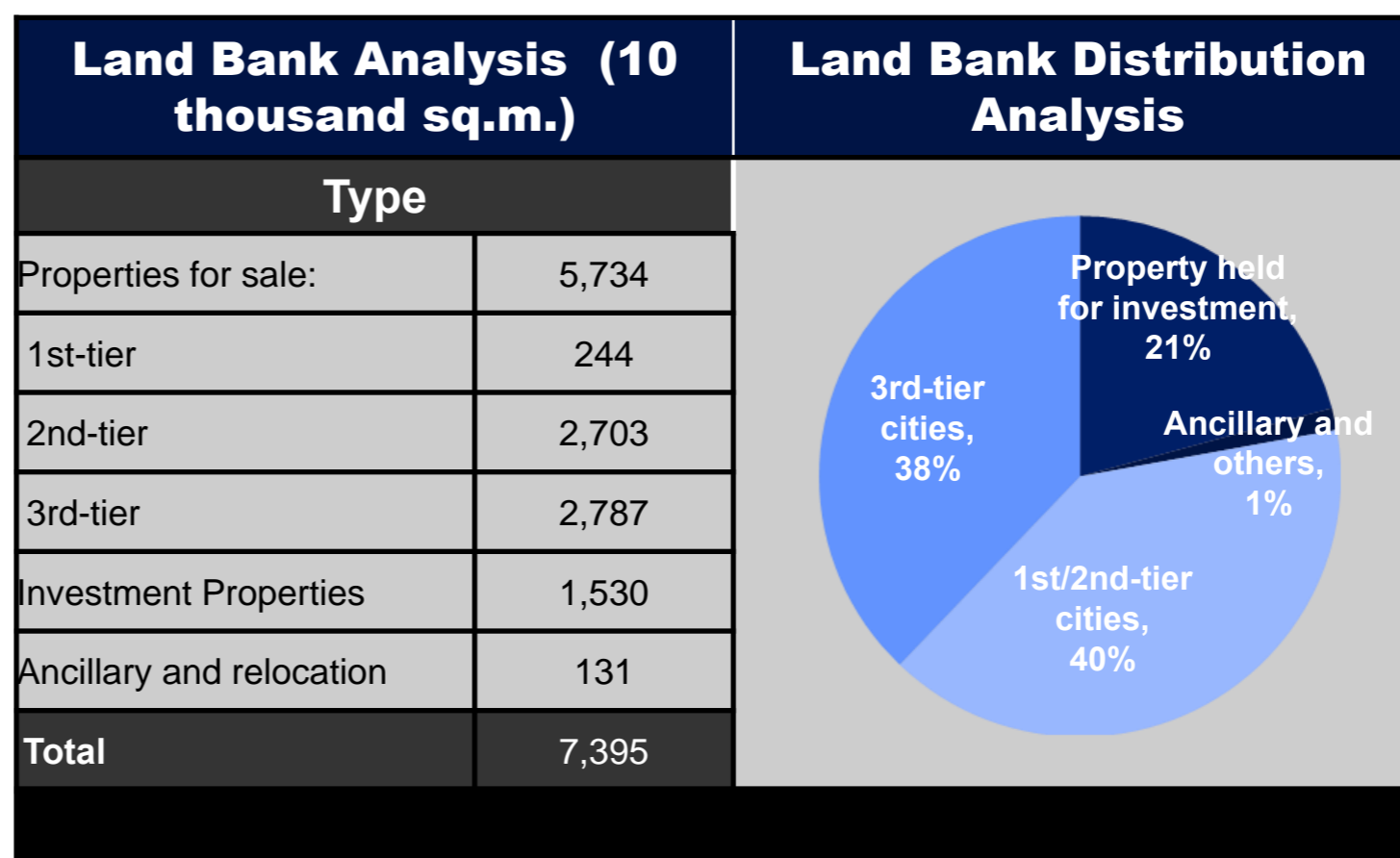
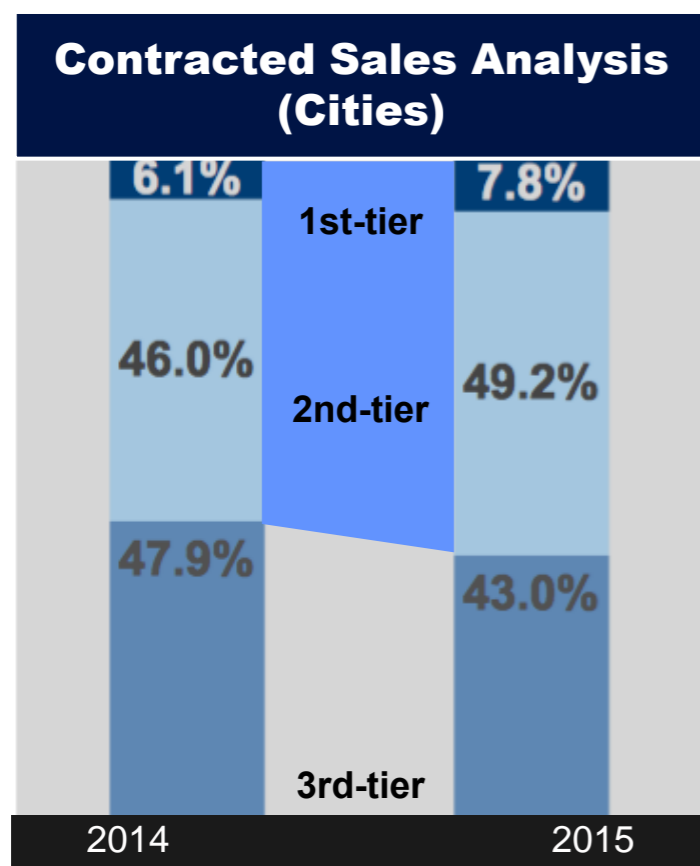


City	Contracted Sales (RMB 100 mm)	Contracted Area (ten thousand sq.m.)	ASP (RMB/sq.m.)
1st-tier	198	101	19,576
2nd-tier	733	660	11,115
3rd-tier	710	911	7,793
Total	1,641	1,672	9,816

Note: Overseas figures are combined into 1st-tier cities.

PART3.2..... Balanced Development Between Property Sales and Investment Properties

- Property sales in 1st- and 2nd-tier cities accounted for a larger proportion of overall sales, and increased **5** percentage points from last year.
- Total land bank at end of year decreased as compared with beginning of year. 1st- and 2nd-tier cities contributed more than **51%** of the land bank used for property sales.
- In the future, the Company will continue to focus on the development of urban complex in 1st- and 2nd-tier cities.



Note: Overseas figures are combined into 1st-tier cities.

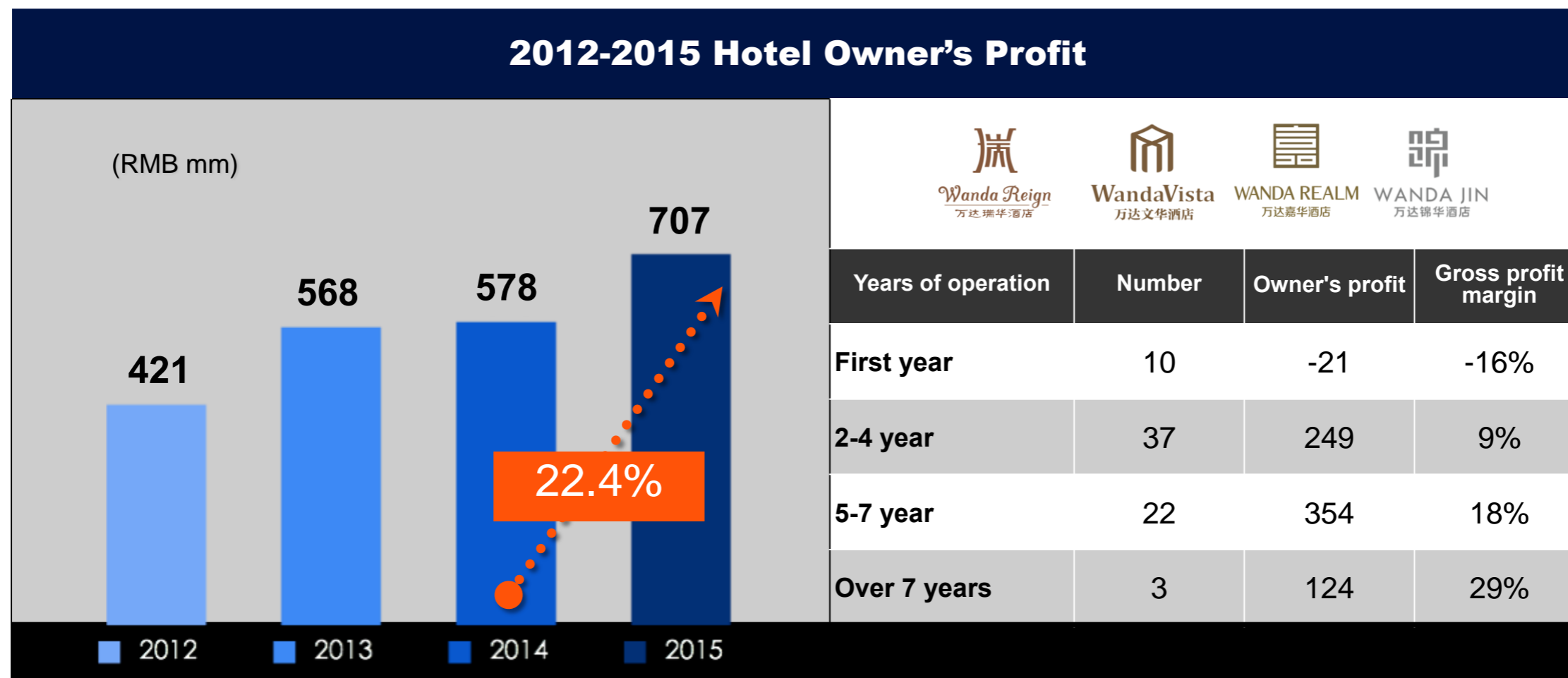
PART.4 Hotel Operations



| Courtyard View, Sanya Wanda Conrad Hotel

PART4.1..... Creating A High-end Hotel Brand and Achieved Stable Growth in both Revenue and Owner's Profit

- We had **72** luxury hotels in operation in 63 cities (including **45** self-operated hotels) with a total of **21,961** rooms.
- In 2015, our hotel operations realized a total revenue of **RMB4.96** billion, up **23.8%** from last year; and owner's profit of **RMB710** million, up **22.4%** from last year. As our hotel operations grow and mature, owner's profit will steadily increase.



Note: The income represented revenue excluding tax calculated according to IAS.

PART.5 2016 Outlook



| Wanda Group Beijing CBD Headquarters

PART5.1 Balanced and Sustainable Development to Create Shareholders Value

2016 Operating Targets

New Shopping Malls	More than 50
Investment Property Leasing Revenue	More than 25%
Contract Sales	About RMB 100 billion
Consolidated Gross Profit Margin	More than 35%
Core Net Profit	Maintain steady growth

THANKS!



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