

28 October 2014

[charles.c.chang@credit-suisse.com](mailto:charles.c.chang@credit-suisse.com) (+852 2101 6036)

## China property comp tables

As the year-end draws near, we provide a key tool for position reviews – our updated China property comp tables – the most comprehensive and reliable tables for relative value comparisons in the market, in our view. The tables include the 49 developers we track (6 IG, 43 HY), with USD60.7b of bonds outstanding across 144 issues. Excluding only 6 less active names, this captures 96% of the China property bond market (8 IG, 47 HY issuers; USD63.3b; 152 issues), which is largely comprised of USD paper (85%, USD54b), followed by CNH (11%, USD7.2b), synthetic CNY (2.2%, USD1.4b) and SGD (1.4%, USD0.9b).

We provide 6 tables with this note on the most commonly compared aspects across developers: sales, land bank, aggressiveness, credit metrics, size and profitability. All tables are organized in the same way – in rough order of overall credit quality, based on our fundamental views, and on how the market sees and trades each name, with the strongest/tightest names at the top, and the weakest/widest names at the bottom. To determine where a name should trade, one can simply find where it belongs in our tables. We would see as mispriced names whose trading levels deviate significantly from what we see as its “proper” position. Such mispricing tend to be corrected over time, as strengths/weakness play out, and as the market recognizes associated issues it previously failed to see/foresee. This movement – from where a name is trading to where it should go – constitutes an expected path of out/underperformance, which could be useful for portfolio rotation, particularly of core/longer-term holdings. The order of positions, or credit quality, in our view, across our 49 name is as follows:

- **BBB:** COLI, CR Land, Vanke, COGO, Poly Real Estate, Wanda.
- **BB:** Country Garden, New World China, Shimao, Sino-Ocean, Longfor, Kaisa, Guangzhou R&F, Gemdale, Evergrande.
- **SOE B:** Franshion, Yuexiu, Poly Property, Greenland Hong Kong, Minmetals Land, Beijing Capital Land.
- **High B:** Agile, Yanlord, Central China, Future Land, Yuzhou, China SCE, CIFI, Road King.
- **Mid B:** Times, KWG, Sunac, Aoyuan, Powerlong, Wuzhou, China South City, Lai Fung, Greentown, Logan, Soho China.
- **Low B:** Shui On, Hopson, Modern Land, Fantasia, Mingfa, Xinyuan, Glorious, CPG, Renhe.

It's important to note that as the positions are based on overall credit quality of each name, all 6 tables, plus idiosyncratic and other factors not captured by them, need to be considered together, as strength in one area could be nullified by weaknesses elsewhere, and vice versa. For example, we see the SOE Bs as single Bs on a stand-alone basis, but they trade at BB levels or tighter, in our view, due to the market's disinterest in their fundamentals, given their government ownership, and due to the rating agencies aggressive methodologies (i.e. 2-3+ notch rating uplift) based on the same. While we acknowledged these realities by placing the SOE Bs above the single Bs, our distaste for this disregard of fundamentals capped their place in our tables below the BBs. There are other names that look out of place – e.g. Agile's placement in the single-Bs due to the detainment of its Chairman, which incurs meaningful risk of losing capital market/bank access, and Hopson, whose land bank looks very large for a single B, as it was a leading BB five years ago, but fell into the single Bs due to chronic performance/management issues. These cases highlight the importance of idiosyncratic factors, which could overwhelm apparent strengths shown on particular tables. See below for more details on how to use the tables, including discussions on a broad range of analytical issues.

- **Range:** Our tables include a broad range of names, as most are repeat issuers with bonds that trade. One cannot focus only on the well-known issuers, as the lesser known names (1) tend to offer more value, (2) are just as likely to issue a new bond, and (3) could become a more active/favored name in as short a time frame as a few quarters (e.g. Future Land in 2014, Yuzhou in 2013, Guangzhou R&F in 2012). More importantly, analysts tend to draw conclusions based on their coverage universe, which, for most of our peers, typically include only a third to half of the names in our tables. Overall market data is often used to plug this knowledge gap, but the listed developers, as a group, are very different from the local, unlisted developers that make up the majority of China's property market. Failure to recognize this, and failure to sufficiently capture the listed universe, could lead to biased or erroneous conclusions, such as the many highly negative views on sales this year, when in fact, half of the relevant space (24 of 49 names) are showing meaningful (>5% YoY), and a third (17 of 49), significant (>20% YoY) sales growth YTD (see table).
- **Horizon:** Our tables begin with data from 2007, to include at least one year prior to the global financial crisis (GFC), and to capture all years where the sector has seen the highest levels of distress in its short history (i.e. 2008: GFC, 2010-11: RRR

Sector Strategist

Charles Chang

+852 2101 6036

[charles.c.chang@credit-suisse.com](mailto:charles.c.chang@credit-suisse.com)

PLEASE REFER TO THE DISCLAIMER SECTION FOR IMPORTANT DISCLAIMERS AND CONTACT YOUR CREDIT SUISSE REPRESENTATIVE FOR MORE INFORMATION.

hiked 12 times, interest rates hiked 5 times, GDP growth dropped to 7.8% from 9.3%, bans on non-resident buying and buying a third home instituted nation-wide). Most issuers managed to live through those years, and none have defaulted on their bonds. The lessons thereof have been internalized in those who navigated through the associated storms, which, in most cases, are the same founders/chairmen who continue to run their companies today. Failure to recall this history often leads to over-blown fears when the market weakens, as it's easy to forget these companies' experience and record in dealing with stress if one looks at only a 2-3 year time horizon.

- **Adjustments:** The figures in our tables are not from a simple cut and paste job – they are outputs from a full credit model behind each name, built from full financial statements and notes, where adjustments are made under consistent methodologies, given our understanding of each name. This ensures that idiosyncratic items are understood and treated correctly in the context of the company. For example, we include as 100% debt not just perpetual securities that the company or the market expects to be repaid, we also include as debt all non-trade, non-recurring payables that look likely to be repaid, regardless of whether they incur interest cost or not. In our experience, such items have been fertile ground for stashing obligations that are debt-like and long-term in nature (e.g. acquisition debt, minority loans). Picking out such items requires a judgment call on each item for each name.
- **Size:** Our tables are divided into three sections largely by the developers' size, since in China's property market, greater scale typically implies better geographic diversity, cash generation, financial flexibility, and hence, credit ratings. We do not use market cap as our size indicator, as it is purely theoretical, is often volatile, and is driven more by equity sentiment than the scale of operations. We use land bank and revenues instead – the former is indicative of future cash flows and current asset base, and the latter, the scope of recent sales and construction activities (revenues are typically recognized 8-10 months after sales, on the completion and delivery of the pre-sold unit). In line with the group medians (see table), we define large developers those with at least 20m sqm of land and RMB20b of revenues, and we define as mid-sized those failing to meet both criteria. The former has large, national footprints (median: 147/85 projects, 52/25 cities, 25/16 provinces), and are typically rated in the BBBs/BBs, while the latter has smaller, regionally concentrated footprints (35 projects, 12 cities, 7 provinces), and are typically rated in the single-Bs.

See below further details on each of the 6 tables included with this note.

- **Contracted sales:** Shows sales YTD 2014 and full year 2013 and 2012. For example, Country Garden sold RMB81b (12.1m sqm at RMB6.7k/sqm) in 9M14, 25% higher by value YoY, driven by flat ASP (+0% YoY) and higher volumes (+25% YoY), having reached 63% of its FY14 target, or 76% of its full-year 2013 sales. This comes after a very strong year in 2013 (+123% YoY, met 171% of its target) and a healthy year in 2012 (+10% YoY, 111% of target).
- **Land bank:** Shows trends/patterns in land holdings and land acquisitions over time in absolute (mn sqm) and relative terms (years of sales). Land bank diversity is shown by the number of projects/cities/provinces, which reflects the degree of dispersion, and exposure to tier-1 cities, which reflects risks to markets where property tightening measures have been implemented the most severely. Diversity score = average (land bank mn sqm/median all, # projects/median all, # cities/median all, # provinces/median all); 1x implies as diverse as the sector median, 2x implies twice as diverse.
- **Aggressiveness:** Shows historical trends/patterns in land acquisitions – the principal manifestation of aggressiveness for Chinese developers. Acquisitions each year are shown in absolute terms (RMBb) and in relative terms, the latter is vs. expected EBITDA (contracted sales x latest EBITDA margin, to remove the revenue recognition lag), and vs. the company's land holdings on balance sheet (undeveloped land + construction in progress).
- **Credit metrics:** Operating EBITDA (referred to as "EBITDA" in our notes) is calculated top-down, excluding all non-operating items (i.e. interest/other incomes) and items we consider exceptional. Negative EBITDA is shown as "NE", negative net debt (i.e. cash > gross debt) is shown as negative net debt/EBITDA. Debt capitalization = gross debt / (gross debt + equity) – this is not "gearing", which is net debt/equity.
- **Size:** contracted sales shows the scale of current sales activities, recognized sales (revenues) shows the scale of recent sales activities (i.e. 8-10 months ago) and current construction activities.
- **Profitability:** Gross margins, EBITDA margins and net margins.

China Property Comps: Contracted Sales - Year to Date Nine Months 2014, Full year 2013 and 2012

	9M14			YoY change			% tgt		2013			YoY change			% tgt		2012			YoY change			% tgt	
	ASP RMBk	RMB bn	GFA msq	ASP	RMB	GFA	%	%	ASP RMBk	RMB bn	GFA msq	ASP	RMB	GFA	%	%	ASP RMBk	RMB bn	GFA msq	ASP	RMB	GFA	%	%
COLI	12.4	83.5	6.7	3%	(6%)	(8%)	104%	76%	11.9	109.6	9.2	(5%)	21%	27%	140%	12.5	90.8	7.3	(4%)	25%	30%	113%		
CR Land	11.0	44.3	4.0	(5%)	(13%)	(8%)	63%	67%	11.5	66.3	5.8	4%	27%	22%	116%	11.0	52.2	4.7	(9%)	45%	59%	130%		
Vanke	11.8	149.1	12.6	1%	16%	15%		87%	11.5	170.8	14.9	5%	21%	15%		10.9	141.2	13.0	(4%)	16%	20%			
COGO	8.4	10.3	1.2	1%	(1%)	(2%)	55%	76%	8.2	13.4	1.6	(22%)	24%	58%	101%	10.5	10.9	1.0	(37%)	74%	178%	135%		
Poly RE	12.8	91.8	7.2	14%	4%	(9%)	61%	73%	11.8	125.3	10.6	4%	23%	18%	104%	11.3	101.7	9.0	0%	39%	39%	127%		
Wanda*	10.6	56.7	5.4	(12%)	10%	25%		45%	11.9	126.4	10.6	(5%)	25%	31%		12.5	101.2	8.1	(9%)	12%	24%			
Ctry Gdn	6.7	81.0	12.1	0%	25%	25%	63%	76%	6.7	106.0	15.9	7%	123%	109%	171%	6.2	47.6	7.6	(1%)	10%	11%	111%		
New Wld Chn	15.4	6.3	0.4	23%	(48%)	(57%)	50%	36%	13.4	17.4	1.3	15%	30%	14%		11.7	13.4	1.1	(13%)	6%	21%			
Shimao	12.2	50.7	4.2	(5%)	5%	11%	63%	76%	12.8	67.1	5.2	14%	46%	28%	129%	11.3	46.1	4.1	(12%)	50%	71%	137%		
Sino-Ocean	13.4	23.4	1.8	(3%)	(16%)	(14%)	59%	65%	13.9	35.8	2.6	16%	15%	(1%)		11.9	31.1	2.6	(7%)	15%	25%			
Longfor	10.6	32.4	3.1	(9%)	(8%)	0%	57%	67%	11.3	48.1	4.3	19%	20%	1%	105%	9.5	40.1	4.2	(17%)	5%	26%	103%		
Kaisa	10.2	19.4	1.9	10%	16%	5%	65%	81%	9.8	23.9	2.5	45%	38%	(5%)	109%	6.7	17.3	2.6	(4%)	13%	18%	105%		
R&F	13.8	40.6	2.9	14%	38%	21%	58%	96%	12.5	42.2	3.4	11%	31%	18%	101%	11.2	32.2	2.9	(16%)	7%	27%	101%		
Gemdale	12.6	28.5	2.3	(2%)	(11%)	(9%)		63%	12.5	45.0	3.6	5%	32%	25%		11.9	34.2	2.9	(14%)	10%	29%	114%		
Evergrande	7.0	98.2	14.0	4%	32%	27%	89%	98%	6.7	100.4	14.9	13%	9%	(4%)	100%	6.0	92.3	15.5	(10%)	15%	27%	115%		
BBB/BB med.	11.8	44.3	4.0	1%	4%	0%	62%	76%	11.8	66.3	5.2	7%	25%	18%	107%	11.2	46.1	4.2	(9%)	15%	27%	114%		
Franshion	12.7	11.0	0.9	83%	(35%)	(65%)	37%	53%	7.8	21.0	2.7	(7%)	57%	70%	115%	8.4	13.3	1.6	33%	71%	29%	103%		
Yuexiu	11.9	15.3	1.3	(11%)	23%	37%	70%	105%	12.7	14.6	1.2	7%	19%	12%	111%	11.9	12.3	1.0	(20%)	36%	70%	123%		
Poly	10.1	17.6	1.7	(3%)	(17%)	(14%)	63%	66%	10.7	26.7	2.5	15%	14%	(0%)	103%	9.3	23.4	2.5	26%	48%	17%	123%		
Greenld HK	7.3	9.0	1.2	(29%)	261%	412%	75%	257%	9.8	3.5	0.4	(6%)	16%	24%	87%	10.5	3.0	0.3	(38%)	(6%)	52%	75%		
Minmetals Ld	19.6	3.6	0.2	47%	(18%)	(44%)	45%	59%	13.4	6.1	0.5	4%	23%	18%	123%	12.8	5.0	0.4	28%	37%	10%	125%		
BJ Cap Ld	9.7	14.4	1.5	6%	49%	40%	51%	73%	10.2	19.6	1.9	33%	48%	11%	98%	7.7	13.3	1.7	(18%)	21%	47%	111%		
Agile	9.4	28.6	3.0	(20%)	12%	40%	60%	71%	11.6	40.3	3.5	13%	22%	8%	96%	10.2	33.1	3.2	1%	5%	5%	105%		
Yanlord*	23.2	8.3	0.4	9%	33%	23%	50%	50%	24.6	16.6	0.7	9%	23%	13%	128%	22.5	13.5	0.6	1%	53%	51%	112%		
Central China	6.6	8.5	1.3	1%	(9%)	(10%)	49%	61%	6.8	14.0	2.0	5%	35%	30%	111%	6.5	10.3	1.6	7%	27%	19%	115%		
Future Lnd	8.9	15.5	1.7	(2%)	24%	26%	65%	75%	9.3	20.6	2.2	8%	28%	19%	103%	8.7	16.1	1.9	(16%)	16%	38%			
Yuzhou	10.3	7.5	0.7	(4%)	(15%)	(11%)	57%	68%	10.5	11.0	1.0	17%	68%	43%	137%	9.0	6.5	0.7	0%	52%	52%	131%		
China SCE	10.6	9.2	0.9	(6%)	11%	18%	66%	85%	10.6	10.8	1.0	18%	80%	52%	144%	9.0	6.0	0.7	1%	32%	30%	150%		
CIFI	11.8	14.9	1.3	15%	37%	19%	68%	97%	10.7	15.3	1.4	15%	61%	39%	123%	9.3	9.5	1.0	(8%)	75%	90%	176%		
Road King	10.7	6.3	0.6	(0%)	(32%)	(32%)		52%	10.7	12.2	1.1	14%	28%	12%		9.4	9.6	1.0	(0%)	77%	78%			
Times Prop	10.9	9.8	0.9	21%	73%	43%	65%	89%	10.9	11.1	1.0	18%	57%	34%		9.3	7.0	0.8	9%	42%	31%			
KWG	13.6	14.8	1.1	2%	24%	22%	71%	91%	13.8	16.3	1.2	5%	34%	27%	102%	13.1	12.2	0.9	6%	7%	1%	102%		
Sunac	22.2	44.3	2.0	8%	36%	25%	68%	87%	21.8	50.8	2.3	23%	61%	31%	113%	17.8	31.6	1.8	10%	78%	62%	143%		
Aoyuan	9.2	7.4	0.8	5%	31%	24%	49%	74%	9.4	10.0	1.1	49%	91%	28%	134%	6.3	5.3	0.8	(31%)	5%	52%	105%		
Powerlong	8.2	6.0	0.7	(5%)	22%	28%	50%	64%	9.5	9.4	1.0	24%	44%	16%	117%	7.6	6.5	0.9	13%	17%	4%	108%		
Wuzhou Intl	6.9	4.5	0.6	(7%)	34%	44%	81%	86%	7.6	5.2	0.7	(9%)	87%	106%		8.3	2.8	0.3	(10%)	31%	45%			
China S. City	7.1	6.6	0.9	(8%)	(15%)	(8%)	37%	51%	6.8	13.1	1.9	(32%)	96%	190%		10.1	6.7	0.7	(6%)	93%	104%			
Lai Fung*	31.4	0.3	0.0	47%	(37%)	(57%)		40%	22.4	0.7	0.0	38%	(43%)	(58%)		16.3	1.2	0.1	(24%)	52%	100%			
Greentown	19.6	21.8	1.1	3%	(3%)	(6%)	64%	67%	19.5	32.3	1.7	17%	12%	(4%)	111%	16.7	28.9	1.7	(17%)	24%	50%	137%		
Logan*	7.3	5.5	0.8	(6%)	(4%)	1%		45%	7.5	12.2	1.6	(10%)	29%	43%		8.3	9.5	1.2	11%	116%	94%			
Soho China*	56.9	2.1	0.0	6%	(32%)	(35%)		44%	61.8	4.7	0.1	21%	(50%)	(59%)		51.2	9.5	0.2	(14%)	(13%)	1%	41%		
Shui On	21.9	6.5	0.3	(12%)	(20%)	(10%)	50%	39%	26.7	16.6	0.6	24%	190%	135%	151%	21.6	5.7	0.3	7%	(46%)	(50%)	48%		
Hopson	13.9	3.3	0.2	(19%)	(63%)	(55%)	25%	29%	17.2	11.3	0.7	1%	(2%)	(3%)	75%	17.1	11.5	0.7	16%	19%	3%	96%		
Modern Ld	9.5	5.1	0.5	(15%)	67%	96%	51%	116%	11.8	4.4	0.4	35%	54%	14%		8.8	2.8	0.3	7%	21%	13%			
Fantasia	6.7	5.0	0.7	(12%)	(11%)	2%	33%	49%	7.9	10.2	1.3	(6%)	27%	35%	102%	8.3	8.0	1.0	(11%)	14%	29%	111%		
Mingfa*	8.2	1.0	0.1	(8%)	(61%)	(58%)	12%	16%	8.2	6.3	0.8	9%	18%	9%		7.5	5.3	0.7	(3%)	64%	70%			
Xinyuan*	10.6	2.9	0.3	30%	5%	(19%)		58%	7.6	5.1	0.7	(11%)	(3%)	9%		8.5	5.2	0.6	1%	9%				
Glorious	14.9	2.8	0.2	31%	(43%)	(57%)		39%	12.7	7.3	0.6	48%	(33%)	(55%)	66%	8.6	10.9	1.3	1%	(18%)	(19%)	84%		
Chn Prp Grp*	5.1	0.0	0.0	23%	99%	62%		38%	4.1	0.1	0.0	13%	40%	24%		3.6	0.1	0.0	0%	(67%)	(67%)			
Renhe*	19.9	0.0	0.0	4%	(78%)	(78%)			23.3	0.1	0.0	16%	(66%)	(71%)		20.0	0.3	0.0	(18%)	(86%)	(83%)			
B median	10.6	7.0	0.8	1%	1%	2%	54%	64%	10.7	11.2	1.0	14%	28%	18%	111%	9.3	8.7	0.8	0%	26%	31%	111%		
Median all	10.7	9.8	1.1	1%	4%	1%	59%	67%	11.3	15.3	1.4	13%	28%	18%	111%	10.1	11.5	1.0	(4%)	21%	29%	112%		
Average all	13.0	23.2	2.2	4%	8%	9%	58%	70%	13.0	31.8	3.0	11%	34%	24%	113%	11.6	24.5	2.4	(4%)	25%	34%	113%		

Source: Company reports, Credit Suisse. Queries: Charles.c.chang@credit-suisse.com, +852 2101 6036. \*6 months 2014.



## China Property Comps: Land Acquisitions

	FY 09	FY 10	FY 11	FY 12	FY 13	1H 14	%FY 13	FY 09	FY 10	FY 11	FY 12	FY 13	12M 6/14	FY 09	FY 10	FY 11	FY 12	FY 13	12M 6/14	
	Land acquisitions (RMBb)							Land cpx / expected EBITDA						Land cpx / land holdings						
COLI	22.3	13.1	21.5	31.2	41.6	24.5	59%	1.9	0.6	0.8	1.0	1.2	1.7	34%	15%	22%	26%	24%	28%	
CR Land	26.4	19.0	16.7	9.3	28.2	16.9	60%		2.5	1.5	0.6	1.8	2.3	40%	20%	13%	6%	15%	15%	
Vanke	24.8	56.6	25.0	44.3	26.6	9.7	36%	2.0	1.7	0.7	1.2	0.7	0.3	27%	42%	12%	17%	8%	3%	
COGO		3.0	2.6	4.5	8.7	4.2	48%		2.3	0.8	1.2	2.2	2.4		55%	23%	28%	42%	29%	
Poly Real Est			17.5	29.2	40.8	14.7	36%			1.1	1.4	1.8	1.5			11%	15%	17%	13%	
Wanda	0.0		16.5	18.9	23.8	11.9	50%			0.5	0.5	0.6	0.6			9%	7%	7%	6%	
BBB median	23.6	16.1	17.1	24.0	27.4	13.3	49%	1.9	2.0	0.8	1.1	1.5	1.6	34%	31%	12%	16%	16%	14%	
Ctry Gdn	7.5	6.9	9.8	9.9	27.7	12.6	45%	1.5	0.8	0.8	0.7	1.2	1.1	15%	11%	12%	10%	18%	17%	
New Wld Chn	0.0	1.1	6.9	3.8	0.5	0.0		0.0	0.5	1.9	0.9	0.1	0.1	0%	3%	16%	7%	1%	1%	
Shimao	13.6	20.5	9.5	4.9	34.8	7.0	20%	2.2	2.2	1.0	0.4	1.9	1.5	35%	38%	11%	5%	28%	19%	
Sino-Ocean	6.2	31.0	7.7	3.7	0.9	7.3	8x	1.9	6.0	1.2	0.6	0.1	1.4	16%	44%	9%	4%	1%	7%	
Longfor	23.2	21.5	9.4	22.1	17.5	12.5	71%	5.4	2.2	0.7	1.6	1.6	1.8	76%	39%	13%	23%	15%	15%	
Kaisa	1.6	6.7	6.0	4.5	14.1	9.0	64%	1.3	2.1	1.8	1.2	2.4	2.2	16%	40%	20%	11%	23%	19%	
Gz R&F	10.8	6.7	13.9	4.0	43.4	4.1	9%	1.8	0.6	1.3	0.4	3.1	2.7	22%	13%	25%	6%	48%	32%	
Gemdale	20.7	11.5	2.3	4.9	20.1	5.0	25%	4.9	1.9	0.3	0.8	3.6	3.4	51%	25%	3%	6%	23%	15%	
Evergrande	7.9	49.5	36.9	30.1	70.7	17.7	25%	11.9	4.3	1.9	1.8	3.4	2.5	18%	61%	26%	15%	26%	20%	
BB median	7.9	11.5	9.4	4.9	20.1	7.3	37%	1.9	2.1	1.2	0.8	1.9	1.8	18%	38%	13%	7%	23%	17%	
Franshion	2.3	1.1	7.5	9.8	9.5	7.5	79%	2.7	2.2	2.4	2.1	1.2	0.3	8%	4%	17%	19%	13%	2%	
Yuexiu	5.1	8.3	5.5	6.7	5.8	0.1	2%	2.6	4.3	1.8	1.7	2.0	0.2	19%	23%	11%	13%	10%	1%	
Poly Property	8.3	15.3	7.1	1.7	6.7	8.0	119%	7.5	4.6	1.6	0.3	1.7	2.8	37%	33%	11%	2%	10%	15%	
Greenld HK	5.0	3.1	0.0	0.0	20.6	8.5	41%	4.2	2.4	0.0	0.0	42.4	24.7	54%	26%	0%	0%	121%	91%	
Minmetals Ld	0.0	1.9	0.2	0.8	5.3	0.2	3%	0.0	2.8	0.3	0.9	6.3	1.9	0%	21%	3%	9%	35%	9%	
BJ Cap Ld	2.6	2.8	4.6	3.7	2.9	9.7	3.3x	0.9	1.0	2.0	1.8	0.8	3.0	23%	17%	19%	12%	9%	22%	
Agile	18.7	12.4	1.6	2.8	15.1	2.2	15%	3.1	1.0	0.1	0.2	1.2	0.5	67%	27%	3%	4%	20%	8%	
Yanlord	6.2	7.8	3.5	0.0	2.9	0.8	28%	1.0	1.6	1.5	0.0	0.6	0.5	26%	21%	7%	0%	5%	4%	
Centl China	2.5	2.7	2.3	2.8	3.3	1.9	57%	2.9	1.9	0.9	1.0	1.0	0.7	44%	38%	23%	29%	24%	17%	
Future Lnd	0.2	0.3	1.0	4.2	8.3	3.9	46%	0.1	0.1	0.3	1.6	2.4	2.7	2%	1%	3%	13%	23%	20%	
Yuzhou	3.4	4.7	0.4	1.4	6.9	1.2	17%	2.0	2.3	0.2	0.6	2.4	1.4	37%	43%	3%	8%	32%	19%	
China SCE	2.9	2.5	1.4	2.3	7.2	0.7	10%	4.5	2.1	0.9	1.4	3.1	2.0	40%	31%	12%	15%	35%	24%	
CIFI	3.1	3.1	4.2	3.4	10.8	1.3	12%	3.9	2.2	3.1	2.1	3.7	2.1	53%	35%	27%	17%	45%	30%	
Road King	0.8	1.4	0.0	1.5	3.8	1.7	45%	1.1	0.6	0.0	0.6	1.4	1.8	7%	10%	0%	7%	16%	13%	
Times Prp	0.0			2.1	2.2		101%					1.1	1.3						12%	15%
KWG	2.1	3.9	2.1	1.8	9.6	6.7	70%	1.0	1.1	0.5	0.5	2.2	3.0	10%	18%	7%	6%	29%	38%	
Sunac	1.1	3.0	4.9	12.4	16.3	6.6	41%	0.7	1.1	1.0	1.8	1.7	1.1	18%	31%	19%	26%	26%	18%	
Aoyuan	3.5	0.0	3.3	4.1	4.7	1.8	38%	11.9	0.0	4.5	5.0	2.4	1.8	50%	0%	32%	25%	20%	18%	
Powerlong	0.2	4.4	4.0	0.3	6.5	2.0	30%	0.2	1.6	2.3	0.1	3.7	3.7	2%	23%	14%	1%	16%	17%	
Wuzhou Int'l	0.0	0.2	0.1	0.4	2.3	2.3	100%		0.8	0.2	0.4	1.8	2.7		6%	3%	5%	18%	27%	
Chn S City	6.1	0.6	0.9	3.9	1.6			11.0	0.9	0.3	1.3	0.4		51%	4%	4%	12%	4%		
Lai Fung	0.0	0.0	0.5	0.4	0.0	0.4		0.0	0.0	1.4	0.8	0.0	1.6	0%	0%	4%	4%	0%	3%	
Greenown	32.4	12.8	1.6	3.9	24.3	3.1	13%	7.4	1.7	0.3	0.5	3.3	4.3	68%	15%	2%	6%	37%	34%	
Logan	0.0	2.3	0.6	2.1	3.8	3.5	92%		3.6	0.5	0.7	1.0	1.7		22%	4%	12%	18%	21%	
Soho China	10.6	6.2	15.4	2.6	5.1	0.0		1.7	0.6	3.3	0.5	2.1	1.0	42%	28%	41%	5%	9%	3%	
Shui On	0.7	4.5	0.1	0.4	0.3	0.0		0.2	3.2	0.0	0.3	0.1	0.0	2%	10%	0%	1%	0%	0%	
Hopson	14.2	2.6	5.7	4.3	2.2	0.0		3.1	0.8	2.3	1.4	0.7	1.3	28%	4%	7%	5%	2%	2%	
Modern Ld				2.5	3.1	124%						1.9	2.1					72%	115%	
Fantasia	2.7	3.8	0.0	1.7	5.6	2.6	46%	2.3	2.8	0.0	0.7	2.0	2.7	44%	35%	0%	10%	27%	23%	
Mingfa	0.7	2.0	2.6	1.3	3.8	2.8	72%	1.1	3.0	2.1	1.2	2.2	4.0	8%	15%	13%	6%	14%	15%	
Xinyuan	0.1	1.8	0.5	0.4	0.0	0.9		0.2	2.5	0.5	0.3	0.0	1.0	2%	38%	10%	9%	0%	8%	
Glorious	10.1	3.1	1.0	0.0	1.2	0.0		3.7	0.6	0.2	0.0	4.2	14.3	65%	12%	3%	0%	3%	3%	
Ch Prp Grp	0.7	2.3	0.0	0.0	0.2	0.2	100%	2.2	3.3	0.0	0.0	4.7	9.4	2%	5%	0%	0%	0%	1%	
Renhe	0.0	0.0	2.6	0.0	0.0	0.0		0.0	0.0	3.1	0.0	0.0	0.0	0%	0%	10%	0%	0%	0%	
B median	2.5	2.7	1.6	1.8	4.3	1.9	44%	2.1	1.7	0.7	0.7	1.9	1.8	24%	19%	7%	7%	16%	15%	
SOE linked	3.8	3.0	5.1	2.7	6.3	7.8	124%	2.6	2.6	1.7	1.3	1.8	2.4	21%	22%	11%	11%	12%	12%	
Others	1.6	2.6	1.4	1.7	3.8	1.7	46%	1.7	1.6	0.5	0.6	1.9	1.8	26%	15%	7%	6%	16%	17%	
BB/B median	2.8	3.1	2.6	2.8	5.3	2.2	42%	2.0	1.9	0.9	0.7	1.9	1.8	22%	21%	10%	7%	18%	16%	
BB/B average	5.7	6.7	4.6	4.1	10.0	3.8	38%	2.9	1.9	1.2	0.9	2.9	2.8	27%	21%	11%	9%	21%	19%	

Source: Company reports, Credit Suisse. Queries: Charles.c.chang@credit-suisse.com, +852 2101 6036. 1H14: as of 6/30/14 (Lai Fung 1/31/14, China S City 3/31/14).





### China Property Comps: Margins (%)

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	1H 14	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	1H 14	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	1H 14					
	Gross margin								Op. EBITDA margin								Net margin												
COLI	47	43	32	40	40	38	33	34	41	35	28	36	37	37	31	31	25	27	20	29	30	29	28	26					
CR Land	37	36	36	39	40	38	28	31	30	26	28	33	30	30	23	24	26	22	29	28	23	25	21	19					
Vanke	42	32	26	38	36	32	27	26	34	23	20	30	29	27	22	19	15	12	14	19	17	16	14	14					
COGO			16	44	58	41	33	29			-3	38	51	35	29	24			-20	32	35	26	21	15					
Poly Real Est	28	31	26	24	26	24	22	23	23	26	21	21	23	21	18	18	20	20	17	15	16	14	13	12					
Wanda				47	48	51	43	45				37	37	41	34	27				44	39	47	29	21					
BBB median	39	34	26	40	40	38	30	30	32	26	21	35	33	32	26	24	23	21	17	29	27	25	21	17					
Ctry Gdn	46	45	26	32	35	37	30	29	40	37	22	28	28	29	21	21	24	9	13	17	17	16	14	15					
New Wld Chn	36	31	23	33	38	45	42	35	10	11	4	22	29	33	34	28	62	47	48	34	24	31	28	12					
Shimao	43	45	35	37	38	34	35	34	36	31	27	30	32	25	28	26	45	12	12	25	25	23	20	20					
Sino-Ocean	33	43	30	30	31	27	24	20	26	33	23	24	24	21	20	17	31	22	19	18	13	14	15	13					
Longfor	34	26	29	34	41	40	28	31	19	10	23	30	35	35	23	24	26	9	22	33	29	25	21	27					
Kaisa	43	28	28	39	30	33	34	40	34	18	20	31	21	21	25	29	22	16	12	47	18	18	15	20					
R&F	38	34	32	38	42	41	39	34	34	27	25	32	36	35	34	23	36	20	16	18	18	19	21	16					
Gemdale	44	43	37	38	39	32	27	23	25	22	20	21	21	18	12	7	18	11	16	16	16	13	7	2					
Evergrande	39	41	34	29	33	28	30	29	16	7	2	23	25	18	21	20	34	18	20	18	19	14	15	15					
BB median	39	41	30	34	38	34	30	31	26	22	22	28	28	25	23	23	31	16	16	18	18	18	15	15					
Franshion	60	56	52	52	53	42	44	39	44	43	43	41	41	35	37	33	101	28	27	34	35	23	24	28					
Yuxiu	21	38	35	33	42	48	29	34	23	22	28	22	33	32	20	26	11	31	-5	17	56	32	20	28					
Poly Property	33	24	23	41	40	30	23	25	15	9	14	29	29	21	15	17	22	8	11	25	23	15	11	13					
Greenld HK	37	39	30	30	34	23	27	22	26	24	22	20	25	-28	14	6	32	13	27	21	16	-56	1	0					
Minmetals Ld	9	19	23	38	32	29	24	29	-7	9	14	26	24	19	14	17	43	11	12	37	14	10	10	10					
BJ Cap Ld	31	32	32	40	39	33	33	29	27	28	28	22	21	16	18	14	15	15	16	16	16	15	17	22					
Agile	50	37	37	46	54	42	36	35	45	27	30	39	47	35	32	27	20	59	15	31	23	17	20	10					
Yanlord	45	56	56	55	34	36	35	31	38	47	50	48	27	31	29	21	27	31	27	32	20	24	19	13					
CCRE	28	38	35	34	39	35	34	42	18	30	24	26	33	27	24	32	9	20	16	13	11	14	16	14					
Future Lnd				24	26	28	22	23	23				18	20	17	17	10			15	14	13	9	8	6				
Yuzhou	24	43	50	42	49	40	31	36	16	38	45	38	43	33	26	32	38	21	55	23	26	19	20	17					
China SCE	35	39	50	39	41	35	28	39	8	16	33	33	34	27	22	27	43	50	62	23	23	25	18	21					
CIFI			30	27	34	24	26	26			25	22	26	17	19	19			17	16	36	25	17	15					
Road King	28	11	12	31	28	29	26	27	39	21	14	36	28	26	23	18	36	15	16	13	12	9	9	1					
Times Prp				25	28	28	24	34				7	11	18	18	23				11	10	11	10	18					
KWG	53	53	38	41	44	37	36	36	48	37	26	33	37	28	26	24	69	23	17	17	21	25	29	25					
Sunac	27	31	28	43	34	26	23	22	20	25	25	39	28	22	19	16	7	14	18	23	22	13	11	8					
Aoyuan	53	4	19	27	27	30	31	31	45	-47	10	16	15	16	20	22	24	-9	14	14	15	24	13	12					
Powerlong	60	45	56	54	44	40	28	29	50	33	50	43	32	30	19	20	59	59	74	72	68	38	19	16					
Wuzhou Int'l				45	49	53	44	41				18	29	31	24	23				33	25	33	28	20					
China S. City	49	32	63	60	61	56	49	26	-40	48	47	47	45	38	99	336	85	69	56	38	27								
Lai Fung			70	32	59	57	54	67			62	19	46	45	43	58			40	39	55	58	57	55					
Greentown	36	28	26	30	34	30	30	26	28	18	13	17	26	25	23	16	18	9	13	17	19	17	16	8					
Logan				27	40	39	37	30				21	30	32	31	23				33	37	28	18	28					
Soho China	55	49	52	51	48	56	55	50	50	34	46	47	43	54	52	54	29	14	46	21	79	66	51	57					
Shui On	59	50	52	41	44	43	32	32	45	12	43	28	35	27	21	21	63	100	38	62	47	49	28	21					
Hopson	40	45	42	40	46	43	38	32	33	36	31	30	26	26	27	18	32	18	54	44	18	29	24	14					
Modern Ld				39	43	44	39	46				27	33	32	29	37				16	14	24	15	13					
Fantasia	29	40	42	43	43	40	38	35	13	23	32	35	33	31	27	22	11	8	15	21	20	18	12	4					
Mingfa	45	55	42	41	51	32	35	40	36	41	35	32	39	21	27	19	19	20	27	40	60	38	21	23					
Xinyuan	33	0	20	26	29	31	33	26	24	-12	13	19	23	25	24	11	15	-7	9	11	15	17	14	4					
Glorious	35	42	48	48	40	23	13	10	25	33	40	40	33	16	4	-1	6	32	38	51	23	13	4	-10					
Ch Prp Grp	54	56	51	73	36	38	42	50	50	51	46	43	22	19	27	18	418	35	747	2160	203	254	108	84					
Renhe	78	83	75	33	71	79	95	98	90	79	70	24	45	-9	-125	-4	73	62	61	71	242	137	-319	10					
B median	37	39	40	40	41	36	33	32	28	27	30	29	31	26	23	21	29	20	22	23	23	24	17	14					
SOE linked	32	35	31	39	39	31	28	29	25	23	25	24	27	20	17	17	27	14	14	23	20	15	14	18					
Others	42	42	42	40	41	37	34	33	34	32	33	30	32	27	24	21	30	21	27	23	23	25	18	15					
BB/B median	38	39	35	38	40	36	33	32	27	26	26	28	29	26	23	21	30	19	18	23	22	23	17	15					
BB/B average	41	38	38	39	41	37	35	34	31	23	29	29	30	25	21	22	45	33	46	78	36	30	13	18					

Source: Company reports, Credit Suisse. Queries: Charles.c.chang@credit-suisse.com, +852 2101 6036. 1H14: as of 6/30/14 (Lai Fung 1/31/14, China S City 3/31/14).



**Disclaimer**

These materials have been prepared by a Corporate Credit Sector Strategist. Corporate Credit Sector Strategists are employees of CS's Corporate Credit Sales and Trading Department and are supervised by Corporate Credit Sales and Trading managers. Their primary responsibility is to support the trading desk. To that end, Corporate Credit Sector Strategists prepare trade commentary, trade ideas, and other materials ("materials") in support of CS's trading desks. The information in these materials has been obtained or derived from publicly available sources believed to be reliable, but CS makes no representations as to its accuracy or completeness. Corporate Credit Sector Strategists may receive or develop additional or different information subsequent to your receipt of these materials. The materials provided by Corporate Credit Sector Strategists are subject to change, and subsequent views may be inconsistent with information previously provided to you. CS does not undertake a duty to update these materials or to notify you when or whether the Corporate Credit Sector Strategists' views have changed. These materials and other written and oral communications from Corporate Credit Sector Strategists are provided for information purposes only, do not constitute a recommendation and are not a sufficient basis for an investment decision. Corporate Credit Sector Strategists are not part of CS's Research Departments, and the written materials disseminated by Corporate Credit Sector Strategists are not research reports. The views of CS's Trading Desks, including Corporate Credit Sector Strategists, may differ materially from the views of the Research Departments and other divisions at CS. CS has a number of policies in place designed to ensure the independence of CS's Research Departments from CS's Corporate Credit Trading Desks, including policies relating to trading securities prior to distribution of research reports. These policies do not apply to the materials provided by Corporate Credit Sector Strategists. The Corporate Credit Trading Desk trades or may trade as principal in the securities (or related securities) that are the subject of these materials. Corporate Credit Trading Desks may have accumulated, be in the process of accumulating, or accumulate long or short positions in the subject security or related securities on the basis of Corporate Credit Sector Strategists' materials. Trading desks may have, or take, positions inconsistent with materials provided by Corporate Credit Sector Strategists. Credit Suisse takes no responsibility for the content of any third-party site. Links to third-party sites are provided solely for your convenience and information; accessing such sites is at your own risk. Copyright © 2014 CREDIT SUISSE GROUP AG and/or its affiliates. All rights reserved.