



**Shui On Land Limited (0272.HK)**

**2016 Annual Results Announcement**

**22 March 2017**

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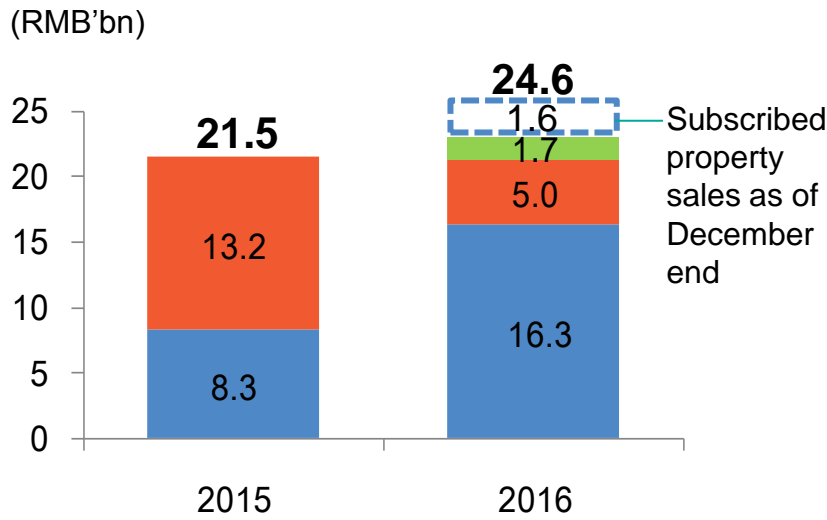
## Key Achievements in 2016

- **Record property sales:** SOL recorded a 7% Y/Y increase to RMB22,975 million in 2016, representing the highest level in the Group's history. In addition, residential contracted sales ASP increased 79% Y/Y.
- **Significant revenue growth and increased attributable net profit:** Turnover increased by 172% to RMB17,600 million. Profit attributable to shareholders was RMB1,088 million in 2016, representing a 38% increase.
- **Strong operating and investing cash flow, further deleveraging:** With an intense focus on cash flow management, the Group generated operating cash flow of RMB11,037 million, with cash and bank deposits totaled RMB15,567 million at year end. As a result, net gearing ratio reduced to 68% compared to 75% as of 30 Jun 2016, and a peak of 87% as of 30 Jun 2015. Asset turnover ratio was 19% in 2016, compared to 18% in 2015.
- **Growing asset base with 3 new malls opened:** Total assets was RMB122.2 billion at 31 December 2016, an increase of 4%, partly underpinned by the successful opening of 3 new retail malls located in Foshan, Wuhan and Shanghai. Rental and related income increased 6% to RMB1,716 million.
- **Management team development:** continue to nurture the young generation of our management team with new senior management positions have been appointed in 2016.

# Contracted Sales Increased by 7% in 2016

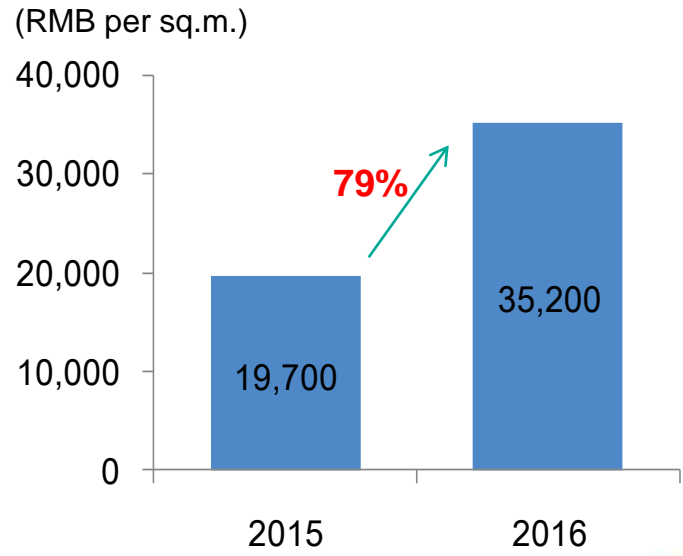
- 2016 Contracted Sales achieved RMB23.0 billion, comprising residential property sales of RMB16.3 billion, commercial property sales of RMB5.0 billion and other assets disposal of RMB1.7 billion.
- Residential ASP (based on contracted sales) increased 79% Y/Y.

## Contracted Sales



- Residential Sales
- Commercial Sales
- Other Assets Disposal

## Residential Contracted Sales ASP



# Major Disposal of Non-residential Properties in 2016

Unlock the value of our portfolio



## Foshan Lot 4

GFA Sold (sq.m.)	231,500
Transacted Value	RMB1,693 million
Status as of 31 December 2016	Disposal completed in June 2016

## Wuhan Tiandi 3 Corporate Avenue

GFA Sold (sq.m.)	55,100
Transacted Value	RMB1,134 million
Status as of 31 December 2016	Completed and delivered in October 2016

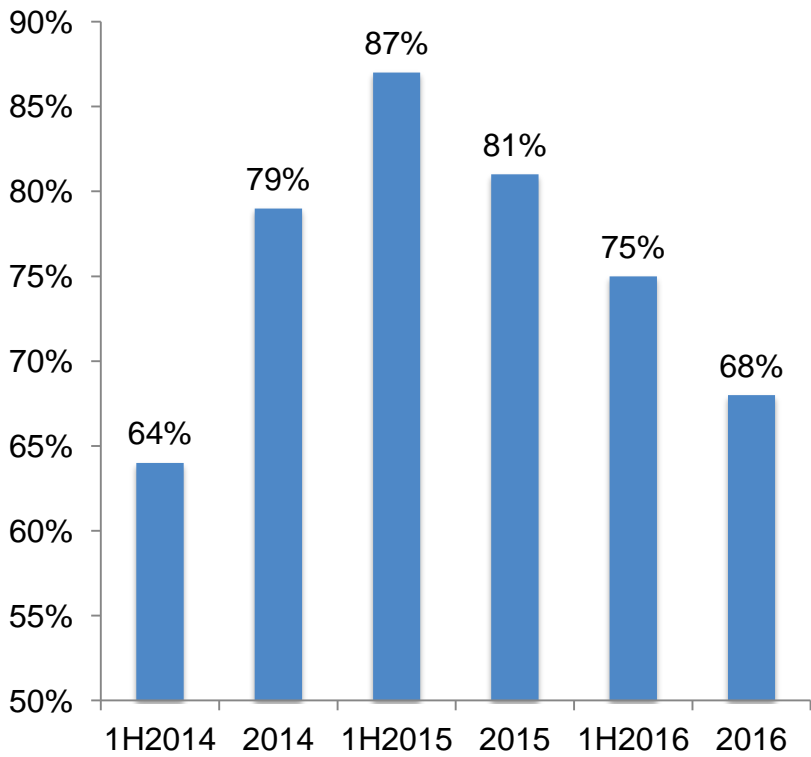
## Wuhan Tiandi Lot A1 Office

GFA Sold (sq.m.)	177,100
Transacted Value	RMB3,365 million
Status as of 31 December 2016	Main structure completed up to 9 <sup>th</sup> floor Schedule to be completed and delivered in 2020

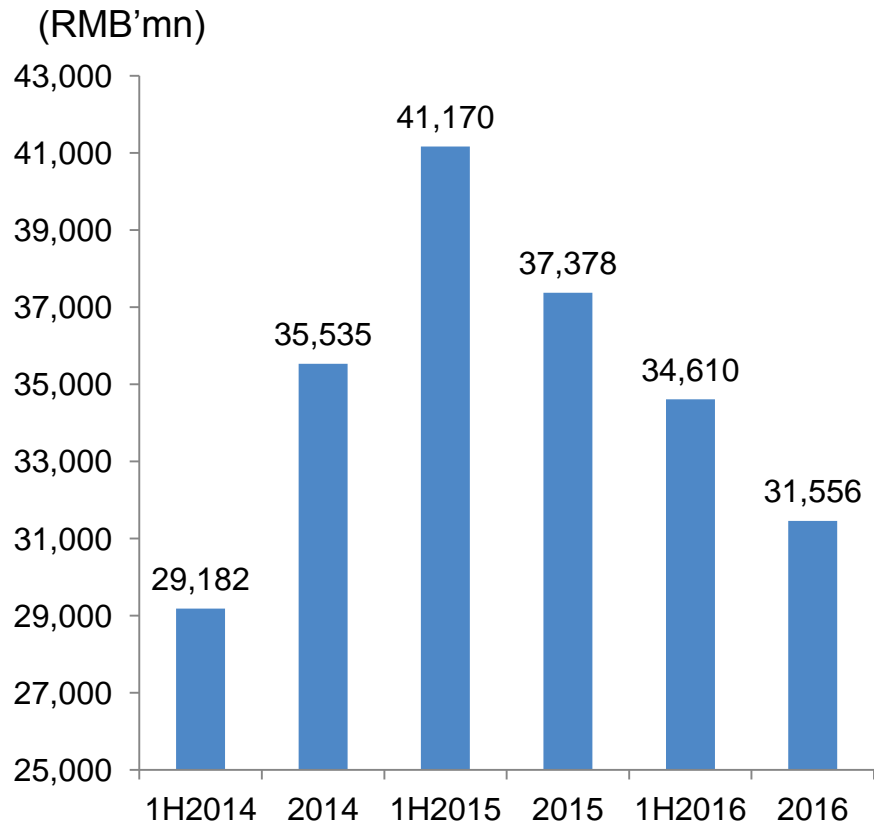
# Net Gearing Ratio and Net Debt Declined in 2016

## Continue to deleverage

### Net Gearing



### Net Debt





# Three New Malls Opened in 2016

A total GFA of 253,000 sq.m.

Foshan Lingnan Tiandi  
NOVA



- Retail
- Soft Opening: 30 Apr 2016
- Grand Opening: 18 Dec 2016
- Leasable GFA: 75,000 sq.m.
- Occupancy Rate: 84%

Wuhan Tiandi  
HORIZON



- Retail
- Soft Opening: 17 Sep 2016
- Leasable GFA: 114,000 sq.m.
- Occupancy Rate: 79%

Shanghai RHXC  
Hall of the Moon(Lot 3)



- Retail
- Soft Opening: 16 Dec 2016
- Leasable GFA: 64,000 sq.m.
- Occupancy Rate: 61%

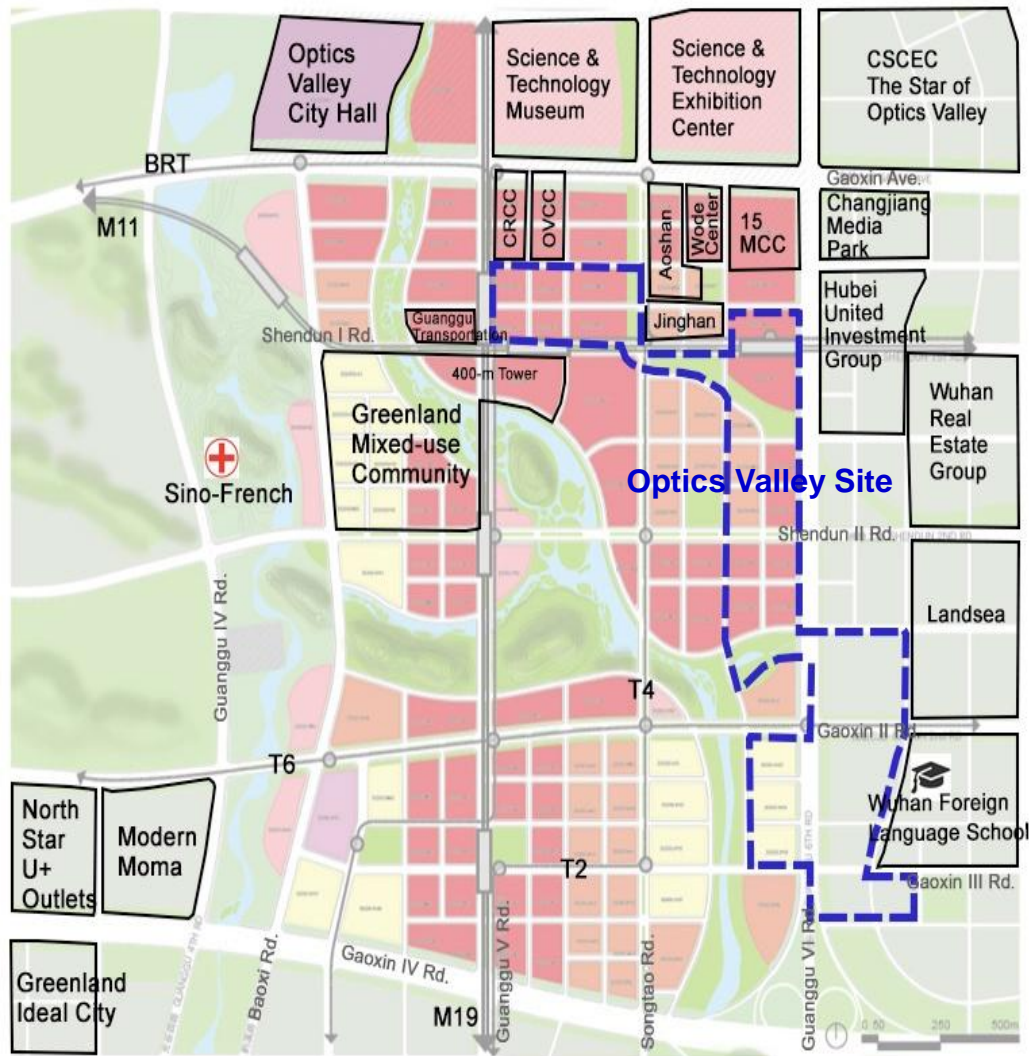
# 2017 Key Message: Strengthen Balance Sheet & Accelerate on Asset-Light Model

- On the macro side, global economic and political uncertainty will impact on the outlook for the World and is expected to affect the Chinese economy.
- At the same time, Chinese government's restrictive measures have caused noticeable slowdown in the real estate market. The residential purchase restrictions will continue to slow sales this year. Our sales target is set at RMB21 billion for 2017.
- Under these uncertainties, the key strategy for SOL in 2017 is to further reduce debt, strengthen our financial position and accelerate on our asset-light strategy.
- After disposing some of our non-core and matured commercial assets to bring down net gearing in the past two years, with a strengthened balance sheet, the Group will move to seize development opportunities with potential partners, leveraging on our brand and expertise.
- In January 2017, SOL partnered with CITIC and acquired a major mixed use site in Wuhan. SOL will act as the development manager of the project.
- In addition, the Group will also leverage on our successful XTD and KC brands and models to develop a new generation of commercial property type.



# Wuhan Optics Valley Central City Site

## New acquisition



■ On 24 January 2017, Hua Xia Rising (华夏瑞信), a joint venture company owned indirectly as to 50% by the Group and 50% by CITIC, made a successful bid for a site in East Lake Ring, Wuhan – The Optics Valley.

■ Total land cost was RMB2,298 million for GFA of 1,284,000 sq.m. (AV: RMB1,790 per sq.m.).

■ The amount for land payment by the Company is expected to be approximately RMB1,410 million.

■ The Land is in the city centre of Optics Valley Central City which is the administrative services and business centre of the district.

■ Optics Valley is in Wuhan East Lake High-tech Development Zone and ranked in the top 10 among the 114 high-tech zones in China in 2015, which is one of the National Innovation Demonstration and the Free Trade Zones in China.

# Wuhan Optics Valley Central City Site (cont'd)

## High potential

#	Company	Type	GFA (sq.m.)	Price (RMB'bn)	AV (RMB/sq.m.)	Premium (%)
1	Zhenro Group	Residential	287,222	4.6	15,966	446
2	Wuhan City Construction & Development	Commercial Residential	145,836	1.3	8,769	256
3	Wang Jin	Commercial	43,799	0.15	3,536	118
4	Hubei Real Estate Investment	Residential	394,505	1.7	4,415	83
5	Wuhan Jiu Pai Gu Xin	Residential	412,498	1.7	4,049	68
6	Wuhan Jiu Pai Gu Xin	Residential	91,727	0.32	3,534	47
<b>7</b>	<b>Hua Xia Rising</b>	<b>Mixed Use</b>	<b>1,284,148</b>	<b>2.3</b>	<b>1,790</b>	<b>0</b>

#	Company	Type	ASP in 2016 (RMB/sqm)	Absorption Rate in 2016
1	Landsea	Bare-shell apartment	9,920	100%
2	North Star U+ Outlets	Bare-shell apartment	10,000	100%
3	Modern MOMA	Bare-shell apartment	12,000	100%
4	Greenland	Bare-shell apartment	13,500	100%
		Decorated apartment	11,500	100%
5	Wuhan Real Estate Group	Decorated apartment	16,050	87%*
6	Wode Center	Bare-shell SOHO	11,000	100%
		Decorated SOHO	13,650	78%

\* The sale of the residence of Wuhan Real Estate Group (#7) commenced in Oct. 2016.

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# Income Statement

Gross profit up 250% to RMB5,905 million underpinned by strong sales

RMB'mn	2016	2015	Change %
<b>Turnover of the Group</b>	<b>17,600</b>	<b>6,472</b>	<b>172%</b>
<b>Property sales</b>	15,604	4,380	256%
<b>Rental &amp; related income and others</b>	1,774	1,668	6%
<b>Construction</b>	222	424	(48%)
<b>Cost of sales</b>	(11,695)	(4,783)	145%
<b>Gross profit</b>	<b>5,905</b>	<b>1,689</b>	<b>250%</b>
<b>Gross profit margin</b>	34%	26%	8 ppt
<b>Other income</b>	580	437	33%
<b>Selling &amp; marketing expenses</b>	(324)	(227)	43%
<b>General &amp; administrative expenses</b>	(889)	(899)	(1%)
<b>Operating profit</b>	5,272	1,000	427%
<b>Increase in fair value of the remaining investment properties</b>	1,176	2,970	(60%)
<b>Gain on investment properties disposed of</b>	476	3,174	(85%)
<b>Other gains and losses</b>	495	(123)	502%
<b>Share of losses of associates and joint ventures</b>	(289)	(314)	(8%)
<b>Finance costs, inclusive of exchange differences</b>	(2,495)	(2,619)	(5%)
<b>Net exchange loss</b>	(895)	(1,156)	(23%)
<b>Interest costs and others</b>	(1,600)	(1,463)	9%

# Income Statement (Cont'd)

Profit attributable to shareholders +38% Y/Y

RMB'mn	2016	2015	Change %
Profit before taxation	4,635	4,088	13%
Taxation	(2,859)	(2,321)	23%
Profit for the year	1,776	1,767	1%
Attributable to:			
Non-controlling shareholders of subsidiaries	239	428	(44%)
Owners of perpetual capital securities	337	316	7%
Owners of convertible perpetual capital securities	112	61	84%
Owners of convertible perpetual securities issued by CXTD Holding	-	174	-
<b>Profit attributable to shareholders</b>	<b>1,088</b>	<b>788</b>	<b>38%</b>
Core earnings	1,798	2,423	(26%)
Earnings per share – Basic	RMB0.14	RMB0.10	
Final dividend (per share)	HKD0.039*	HKD0.028	

\*Subject to the approval of the shareholders and The Stock Exchange of Hong Kong Limited, the proposed final dividend will be payable in the form of cash and shareholders will be given the option to elect to receive their final dividend in new, fully paid shares in lieu of all or part of cash.

# Recognised Property Sales\*

Total RMB21,960 million for 2016

RMB'mn	2016	2015	Change %
<b>Property Sales</b>	<b>15,604</b>	<b>4,380</b>	<b>256%</b>
TPQ	3,711	13	28,446%
RHXC	3,633	167	2,075%
KIC	125	647	(81%)
Chongqing	1,530	1,374	11%
Wuhan	2,906	988	194%
Foshan	2,625	1,191	120%
En-bloc Sales	1,074	-	-
<b>Rental &amp; related income and others</b>	<b>1,774</b>	<b>1,668</b>	<b>6%</b>
<b>Construction</b>	<b>222</b>	<b>424</b>	<b>(48%)</b>
<b>Total Turnover</b>	<b>17,600</b>	<b>6,472</b>	<b>172%</b>

<b>Property Sales Recognised as:</b>	<b>2016</b>	<b>2015</b>	<b>Change %</b>
- property sales in turnover of the Group	15,604	4,380	256%
- disposal of investment properties	58	92	(37%)
- disposal of hotel properties	-	910	(100%)
- disposal of equity in subsidiaries holding commercial properties	5,700	6,601	(14%)
- turnover of associates	598	304	97%
<b>Total Property Sales</b>	<b>21,960</b>	<b>12,287</b>	<b>79%</b>

\* Inclusive disposal of investment properties, disposal of equity in subsidiaries holding commercial properties, and turnover of associates.



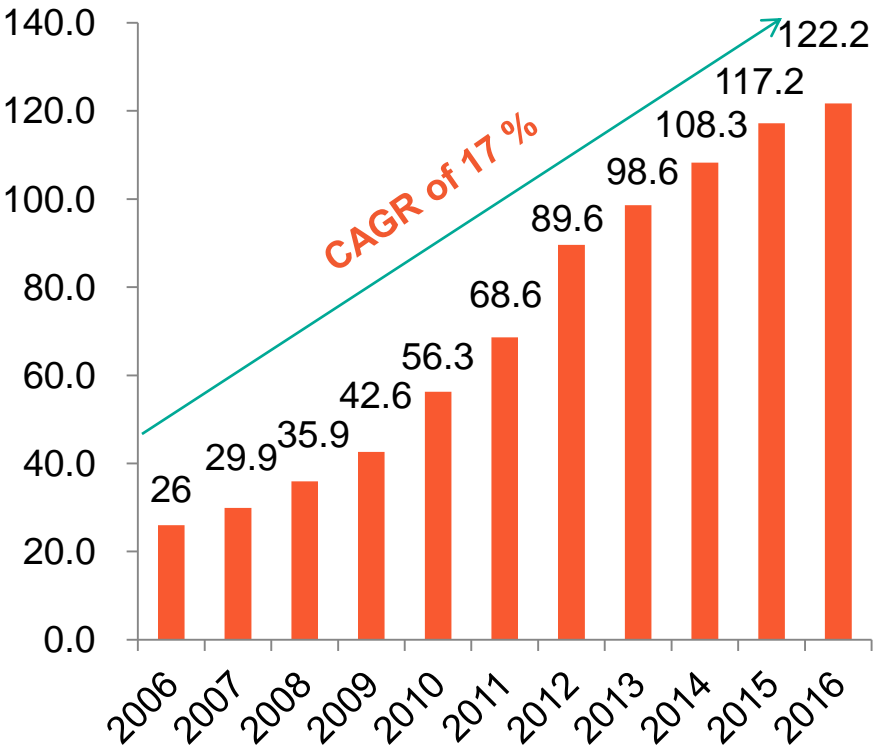
# Shui On Land – Growing and Strong Asset Base

-Total assets were RMB122.2 billion at 31 December 2016

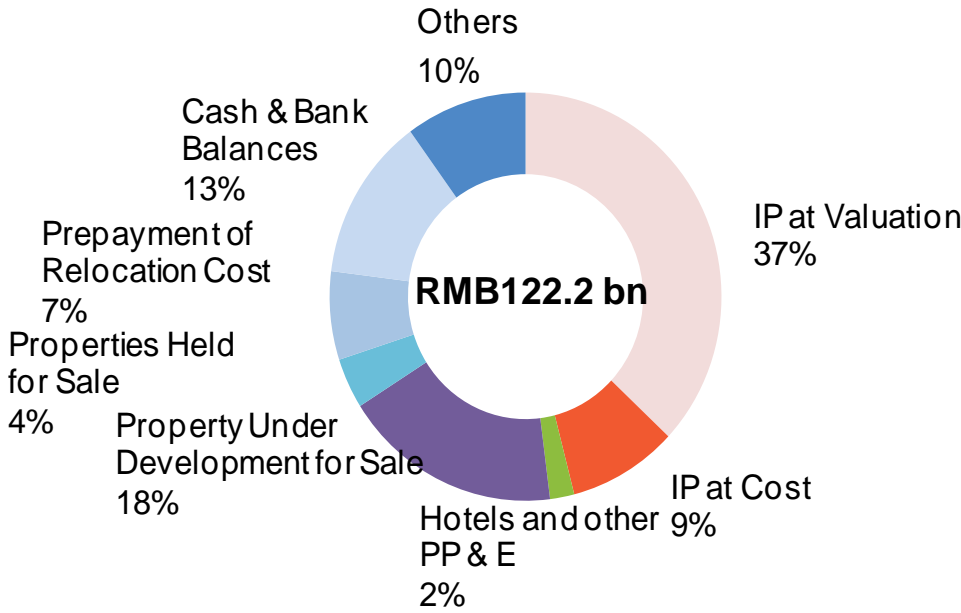
-37% of asset value was carried at valuation

## Growing Asset Base

(RMB'bn)



## Asset value – by nature



# Valuation of Investment Property Portfolio

RMB45.5 billion portfolio on 3% valuation gain

Project	Product	Leasable GFA	Fair Value Gain / (Loss) in 2016	Carrying Value as of 31 December 2016		Gain / (Loss) to Carrying Value	
		Sq.m.	RMB'mn	RMB'mn	RMB/sq.m.	%	
<b>Completed investment properties at valuation</b>							
Shanghai Taipingqiao	Shanghai Xintiandi & Xintiandi Style	Office & Retail	80,000	155	7,325	91,600	2%
	Shui On Plaza	Office & Retail	52,000	24	3,505	67,400	1%
THE HUB		Office & Retail	244,000	4	8,501	34,800	0%
Shanghai RHXC		Retail	128,000	510	4,172	32,600	12%
Shanghai KIC		Office & Retail	240,000	80	7,162	29,800	1%
Wuhan Tiandi		Retail	160,000	430	5,463	34,100	8%
Chongqing Tiandi		Retail	134,000	(91)	1,765	13,200	(5%)
Foshan Lingnan Tiandi		Retail	139,000	46	4,172	30,000	1%
Sub-total			1,177,000	1,158	42,065	35,700	3%
<b>Assets classified as held for sale at valuation</b>							
Shanghai RHXC		Hotel	16,000	75	476	29,800	16%
<b>Investment properties under development at valuation</b>							
Wuhan Tiandi		Retail	71,000	41	1,006	14,200	4%
Chongqing Tiandi		Office & Retail	388,000	(98)	1,993	5,100	(5%)
Sub-total			459,000	(57)	2,999	6,500	(2%)
<b>Total of investment property portfolio at valuation</b>			<b>1,652,000</b>	<b>1,176</b>	<b>45,540</b>	<b>27,600</b>	<b>3%</b>
Investment properties under development and for future development at cost					11,556		
<b>Grand Total</b>					<b>57,096</b>		

# Finance Costs Inclusive of Exchange Differences

2% reduction in total interest and finance costs

RMB'mn	2016	2015	Change %
Total interest costs and other finance costs	(3,582)	(3,648)	(2%)
Less: Amount capitalized to investment properties under construction or development, properties under development for sale and hotels under development	1,982	2,185	(9%)
Total charged to profit or loss	(1,600)	(1,463)	9%
Net exchange loss	(895)	(1,156)	(23%)
<b>Finance costs, inclusive of exchange differences</b>	<b>(2,495)</b>	<b>(2,619)</b>	<b>(5%)</b>

# Financial Position

Net gearing ratio at 68%

Net debt decreased by RMB9,614 million in past 18 months

RMB'mn	31 December 2016	31 December 2015	Change %	30 June 2015	Change %
<b>Total cash and bank balances</b>	<b>15,567</b>	<b>10,614</b>	<b>47%</b>	<b>7,126</b>	<b>118%</b>
<b>Total assets</b>	<b>122,213</b>	<b>117,170</b>	<b>4%</b>	<b>112,947</b>	<b>8%</b>
<b>Total debt</b>	<b>47,123</b>	<b>47,992</b>	<b>(2%)</b>	<b>48,296</b>	<b>(2%)</b>
Bank and other borrowings	29,811	33,337	(11%)	33,969	(12%)
Senior Notes	17,312	14,655	18%	14,327	21%
<b>Net debt</b>	<b>31,556</b>	<b>37,378</b>	<b>(16%)</b>	<b>41,170</b>	<b>(23%)</b>
<b>Total equity</b>	<b>46,256</b>	<b>46,118</b>	<b>-</b>	<b>47,384</b>	<b>(2%)</b>
<b>Net gearing</b>	<b>68%</b>	<b>81%</b>	<b>(13 percentage points)</b>	<b>87%</b>	<b>(19 percentage points)</b>
<b>Shareholders' Equity per share</b>	<b>RMB4.68</b>	<b>RMB4.57</b>		<b>RMB4.85</b>	

■ Average cost of debt of 2016: **6.1%** vs. 2015: **6.2%**

*(The average cost of debt herein only includes interest cost, excluding arrangement fees and other fees.)*

# Debt Profile

USD/HKD debt reduced by RMB3 billion equivalent or 6% of the total debt

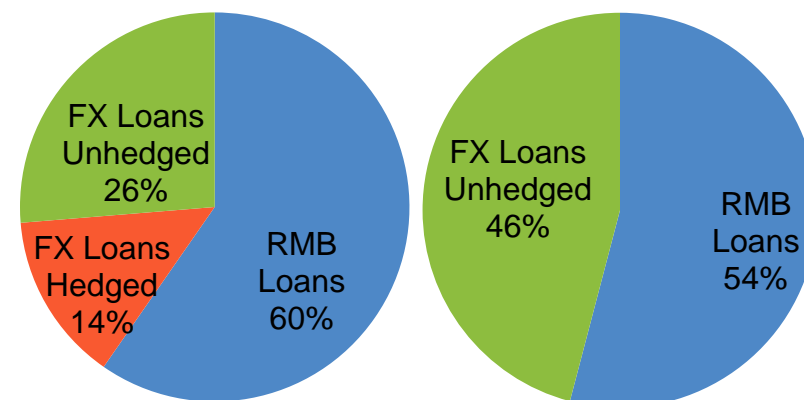
## Debt Profile – Nature & Maturity Breakdown

RMB'mn	2017	2018	2019-2021	2022 & after	Total
Senior Notes	6,023	4,393	6,896	-	17,312
HKD Bank Borrowings	2,592	-	-	-	2,592
USD Bank Borrowings	446	510	760	-	1,716
RMB Bank Borrowings	3,396	5,357	12,130	4,620	25,503
<b>Total</b>	<b>12,457</b>	<b>10,260</b>	<b>19,786</b>	<b>4,620</b>	<b>47,123</b>

2016

vs.

2015



### In addition

- USD225 million 7.50% of convertible perpetual capital securities
- USD500 million 10.125% of perpetual capital securities  
(RMB5,029 million equivalent in total, based on the exchange rate at 31 December 2016)

- During 2<sup>nd</sup> half 2016, the Group entered into a hedging arrangement of USD952 million (14% of the total debt as of 31 December 2016).
- In January 2017, the Group drew down a bank facility of HKD2,115 million plus USD280 million.
- On 6 Feb 2017, the Group issued an aggregate principal amount of USD500 million 5.70% senior note due 2021.
- A 6.875% senior note of an aggregate principal amount of RMB2,500 million matured on 26 Feb 2017 was fully repaid.
- In Feb 2017, the Group fully repaid a bank loan of HKD1,100 million.

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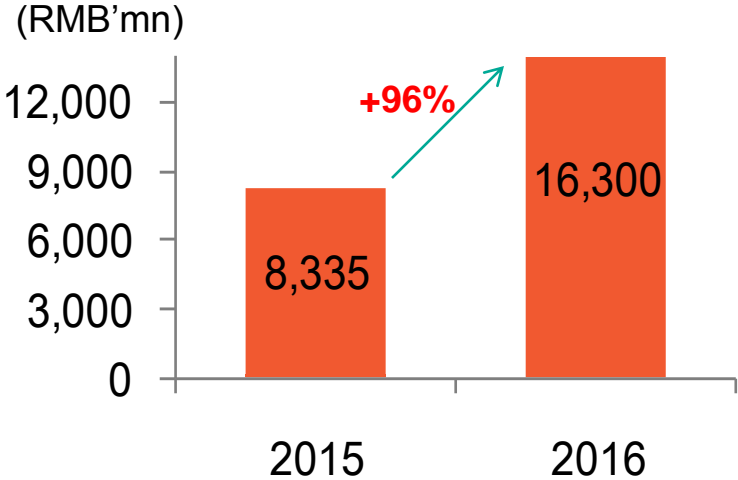
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# Residential Contracted Property Sales Increased by 96%

72% contributed by Shanghai projects

## Residential Property Sales

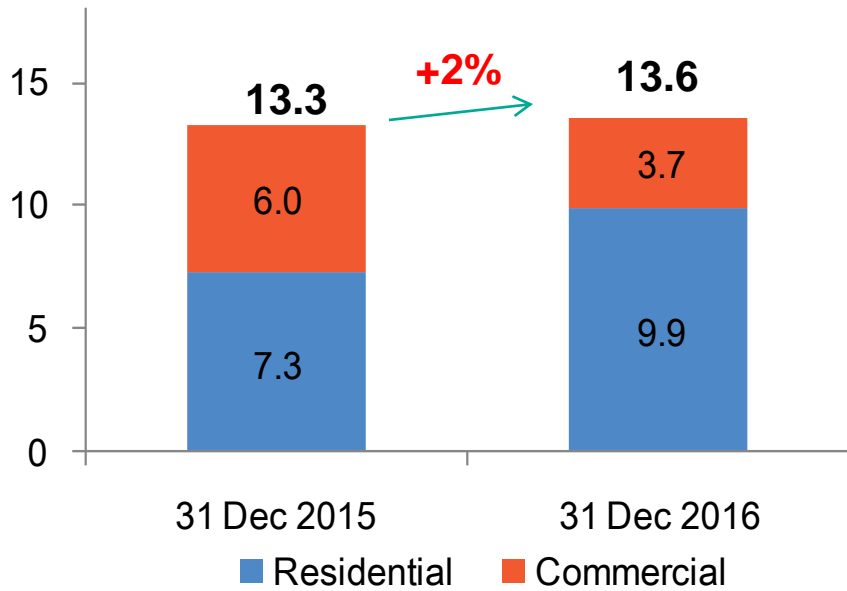


Residential Property Sales (RMB' mn)	2016	2015	Change %
<b>Shanghai</b>	<b>11,699</b>	<b>2,939</b>	<b>298%</b>
TPQ	4,375	380	
RHXC	7,324	2,559	
<b>Non - Shanghai</b>	<b>4,462</b>	<b>5,143</b>	<b>(13%)</b>
<b>Car Park</b>	<b>139</b>	<b>253</b>	

# RMB13.6 Billion Locked-in Sales for Delivery in 2017 and beyond

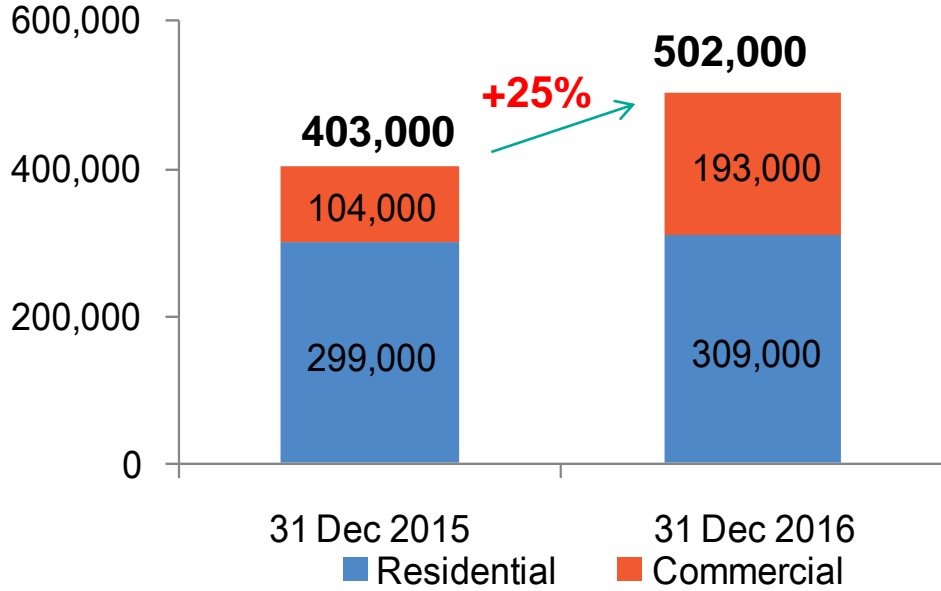
## Locked-in Sales

(RMB'bn)



## Locked-in Sales GFA

(sq.m.)



■ RMB2.3 billion sales achieved in Jan & Feb 2017



# Shanghai Taipingqiao

Robust sell through rate

Shanghai Taipingqiao	Lakeville Luxe(Lot 116)
Date of Launch	Dec 2015
ASP	RMB133,000 per sq.m.
Average Price per Unit	RMB32 million
Total Sales Amount	RMB4.8 billion
Total Units Launched	184
Sell Through Rate	82%





# Shanghai Rui Hong Xin Cheng

## Robust sell through rate and ASP growth

Shanghai Rui Hong Xin Cheng		The Upper (Lot 9)	The Upper (Lot 9)	The Gallery (Lot 2)
		1 <sup>st</sup> Batch	2 <sup>nd</sup> Batch	1 <sup>st</sup> Batch
Date of Launch		Oct 2015	Feb 2016	Jun 2016
RMB	ASP (per sq.m.)	69,000	79,000	94,000
	Average Price per Unit(million)	8	10	12
	Total Sales Amount(billion)	2.7	3.6	3.6
Total Units Launched		328	352	320
Sell Through Rate		98%	100%	97%



# 2017 Residential Available for Sale

## Abundant saleable resources from Shanghai

Residential projects	Product type	sq.m.
<b><i>Shanghai Taipingqiao – Lakeville Luxe (Lot 116)</i></b>	High-rises	51,900
<b><i>Shanghai RHXC</i></b>	High-rises	66,300
<b><i>Chongqing Tiandi</i></b>	High-rises	63,900
<b><i>Foshan Lingnan Tiandi</i></b>	Townhouses / Low-rises	8,600
<b><i>Dalian Tiandi</i></b>	High-rises / Villas / Serviced apartments	138,600
<b><i>Total GFA</i></b>		<b>329,300</b>

# Shui On Land - Residential Developments

GFA 2.1 million\* sq.m. saleable resources

**Shanghai**  
**Saleable GFA: 198,200 sq.m.**  
**(Completed & PUD)**



**Taipingqiao (Lot 116)**  
 ■ Saleable GFA:  
 51,900 sq.m.

**Taipingqiao (Lot 118)**  
 ■ Saleable GFA:  
 80,000 sq.m.

**RHXC (Lots 2,9)**  
 ■ Saleable GFA:  
 66,300 sq.m.

**Shanghai\*\***  
**Saleable GFA: 267,000 sq.m.**  
**(Under relocation)**



**RHXC (Lots 1, 7)**  
 ■ Saleable GFA:  
 267,000 sq.m.

**Wuhan, Chongqing, Foshan and Dalian**  
**Saleable GFA: 1,624,400 sq.m.**  
**( Completed, PUD and for future development)**



**Wuhan Tiandi**  
 ■ Saleable GFA:  
 243,000 sq.m.

**Chongqing Tiandi**  
 ■ Saleable GFA:  
 428,200 sq.m.

**Foshan Lingnan Tiandi**  
 ■ Saleable GFA:  
 155,600 sq.m.

**Dalian Tiandi**  
 ■ Saleable GFA:  
 797,600 sq.m.

\*Above represents GFA not yet recorded contracted sales  
 \*\*Excluding sites yet to start relocation



# Relocation Progress Update

Lot 118 was completely relocated in 2016 &

Three lots at RHXC are scheduled to be cleared in 2017/2018

Lot	GFA sq.m.	% of relocation completed as at 31 Dec 2015	% of relocation completed as at 31 Dec 2016	Year of relocation started	Estimated year of relocation completion	Total relocation cost paid as at 31 Dec 2016 RMB' mn
RHXC Lot 10 - Retail - Office	182,000 156,000	99%	99.9%*	Q4 2010	2017	2,587
RHXC Lot 1 - Residential - Ancillary retail	109,000 1,000	96%	98%	Q4 2013	2017	3,924
RHXC Lot 7 - Residential - Ancillary retail	158,000 1,000	94%	95%	Q4 2013	2017/2018	3,934
TPQ Lot 118 - Residential	80,000	97%	100%	Q4 2014	Completed in Q4 2016	4,800
<b>Total</b>	<b>687,000</b>					<b>15,245</b>

\* We have already completed all the legal procedure , the remaining 1 householder is expected to be vacated in mid-2017.

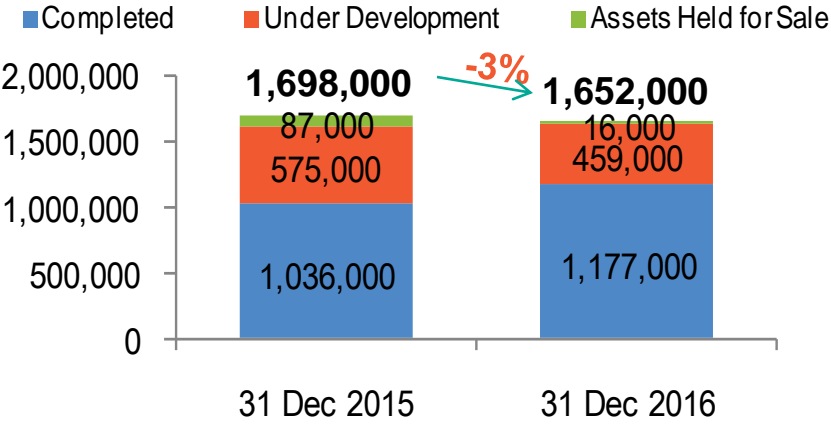
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# Investment Property Portfolio & Valuation Analysis

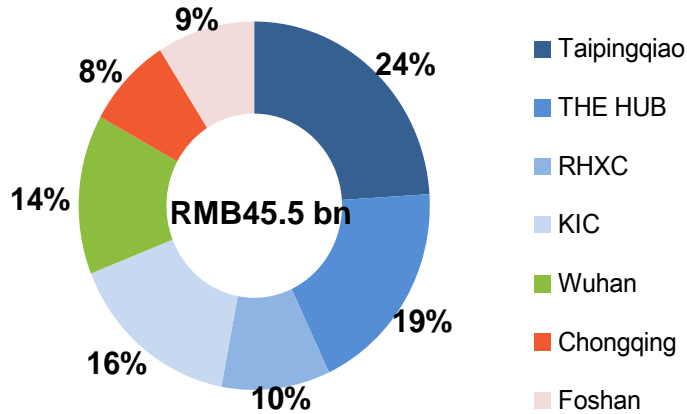
## Realizing the value of our commercial properties

### GFA (sq.m.)

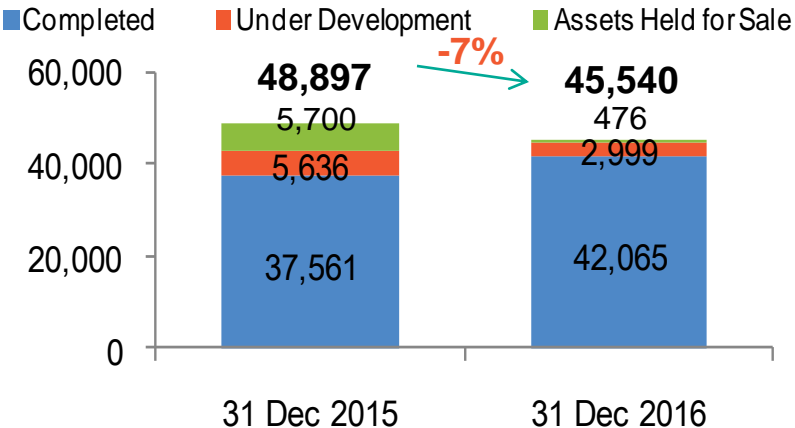


### Composition in Value by Project

69% of asset value was located in Shanghai



### Asset Value (RMB'mn)



■ **Assets held for Sales** - 3 Corporate Avenue at TPQ was sold in 2015 and delivered to the buyer in Feb 2016. RHXC lot 3 hotel is classified as asset held for sales as of 31 Dec 2016.

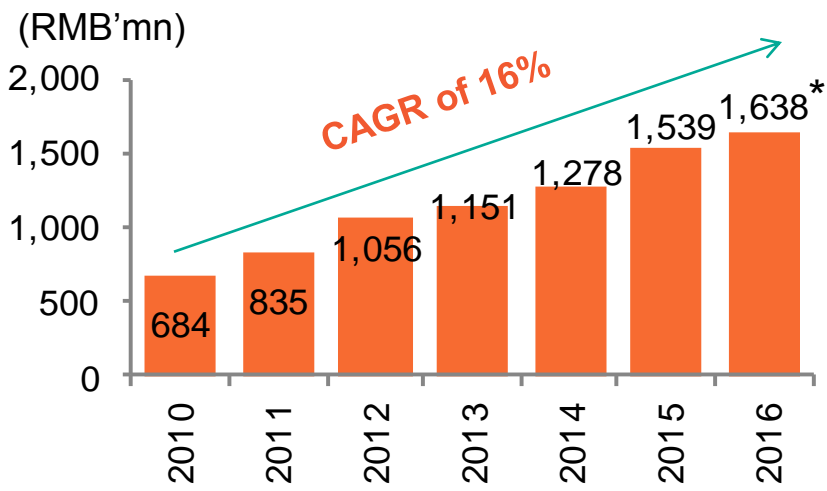
■ Excluding assets held for sales, total asset value increased 4% Y/Y.



# Completed Investment Property Portfolio

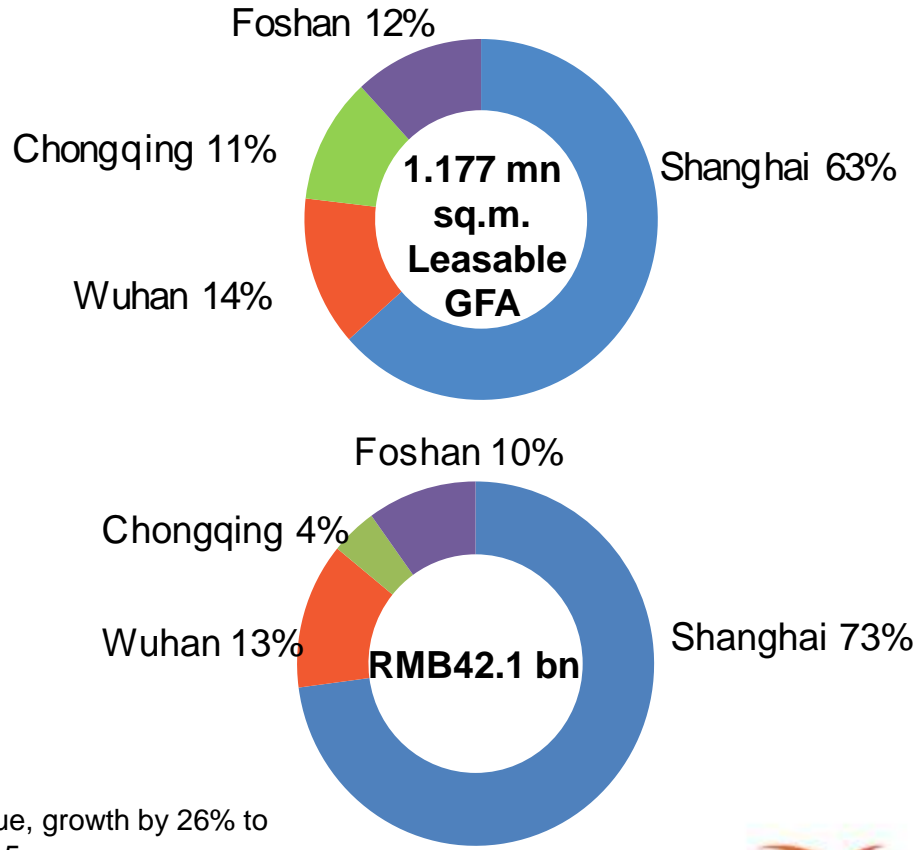
Rental and related income grew to RMB1,638 million, increased 6% YOY

## Rental and Related Income



Note: Excluding income from hotel operations

## Completed IP Composition by City\*\*



\*Excluding rental & related income from 1, 2 & 3 Corporate Avenue, growth by 26% to RMB1,623 million in 2016 compared to RMB1,286 million in 2015.

\*\*A total GFA of 15,000 sq.m. was occupied as self-use offices by the Group, and leasable GFA of which is excluded. RHXC lot 3 hotel is classified as asset held for sales as of 31 Dec 2016, and the leasable GFA is excluded.



# Completed Investment Property Portfolio

Total GFA of 1,177,000 sq.m.

Total carrying value as of 31 December 2016: RMB42.1 billion

## Shanghai Portfolio\* (Leasable GFA: 744,000 sq.m.)



**Taipingqiao** ■ Office & Retail  
■ Leasable GFA: 132,000 sq.m.

**THE HUB** ■ Office & Retail  
■ Leasable GFA: 244,000 sq.m.

**RHXC** ■ Retail  
■ Leasable GFA: 128,000 sq.m.

**KIC** ■ Office, Retail & Hotel  
■ Leasable GFA: 240,000 sq.m.

## Wuhan, Chongqing and Foshan (Leasable GFA: 433,000 sq.m.)



**Wuhan Tiandi** ■ Retail  
■ Leasable GFA: 160,000 sq.m.

**Chongqing Tiandi** ■ Retail  
■ Leasable GFA: 134,000 sq.m.

**Foshan Lingnan Tiandi** ■ Retail  
■ Leasable GFA: 139,000 sq.m.

\* A total GFA of 15,000 sq.m. was occupied as self-use offices by the Group, and leasable GFA of which is excluded. 3 Corporate Avenue was sold and delivered to the buyer in Feb 2016, and the leasable GFA is excluded.



# Commercial Property Portfolio

GFA 2.3 million sq.m. under development or for future development

## Shanghai



**RHXC Lot 10** ■ Office & Retail  
**Hall of the Sun** ■ Leasable GFA:  
 338,000 sq.m.

## Wuhan



**Wuhan** ■ Office & Retail  
**Tiandi** ■ Leasable GFA:  
 508,000 sq.m.

## Chongqing



**Chongqing** ■ Office, Retail & Hotel  
**Tiandi** ■ Leasable GFA:  
 812,000 sq.m.

## Foshan



**Foshan** ■ Office, Retail & Hotel  
**Lingnan Tiandi** ■ Leasable GFA:  
 644,000 sq.m.



# Asset Enhancement Initiatives

## AEI underway at Shui On Plaza (Retail)

- The retail podium of Shui On Plaza to generate better return
- A total GFA of 28,000 sq.m. for retail
- Estimated opening in 3Q 2018



**Thank You**

**Q & A**

- Company Introduction
- CAPEX and Core Earnings
- Rental and Occupancy Rate Analysis
- Market Information
- Others



# Large-scale Mixed-use City Center Development



Xintiandi – Entertainment Area



Corporate Avenue – Grade A Office Tower



High-end Residential

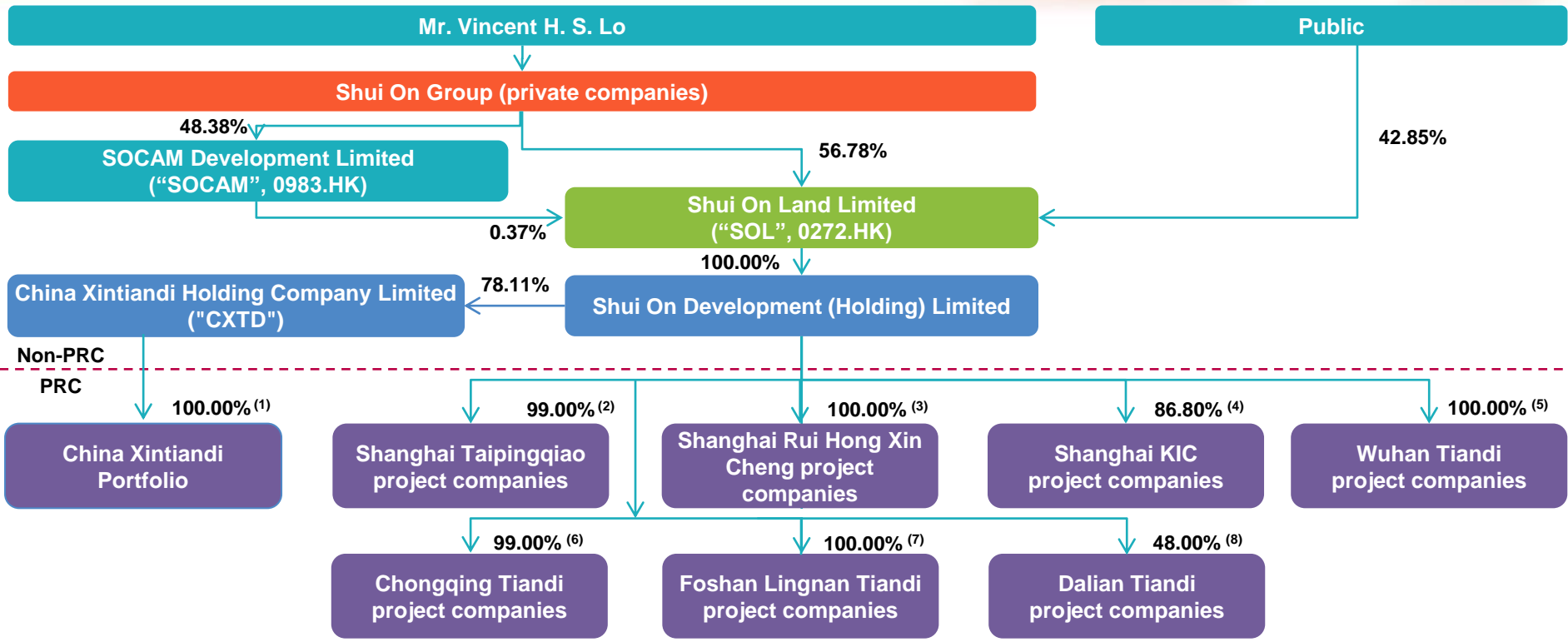


Shopping Centre



Man-made Lake

# Simplified Corporate Structure Overview (as of 28 February 2017)



- Notes:
1. We have a 78.11%, 77.33%, 62.49% ,78.11% ,78.11% and 78.11% effective interest of Shanghai Xintiandi, Xintiandi Style, Shui On Plaza, 15<sup>th</sup> Floor in Shui On Plaza , THE HUB and Wuhan Xintiandi, respectively.
  2. We have a 99.0% interest in all the remaining lots, except for Lot 116, in which we have an effective interest of 56.7456%.
  3. We have a 100.0% effective interest in Phase 1, Lot 167A and Lot 167B and 99.0% interest in all remaining phases.
  4. We have an 86.8% interest in all remaining lots, except for KIC Lot 311 in which we have an effective interest of 99.0%.
  5. We have a 100% effective interest in Wuhan Tiandi.
  6. We have a 99.0% effective interest in Chongqing Tiandi.
  7. We have a 100.0% interest in Foshan Lingnan Tiandi.
  8. We have a 48.0% effective interest in Dalian Tiandi, except for Lots C01, C03, B08, B09 and E02a in which we have a 44.72% effective interest.



# Landbank in High Growth Cities



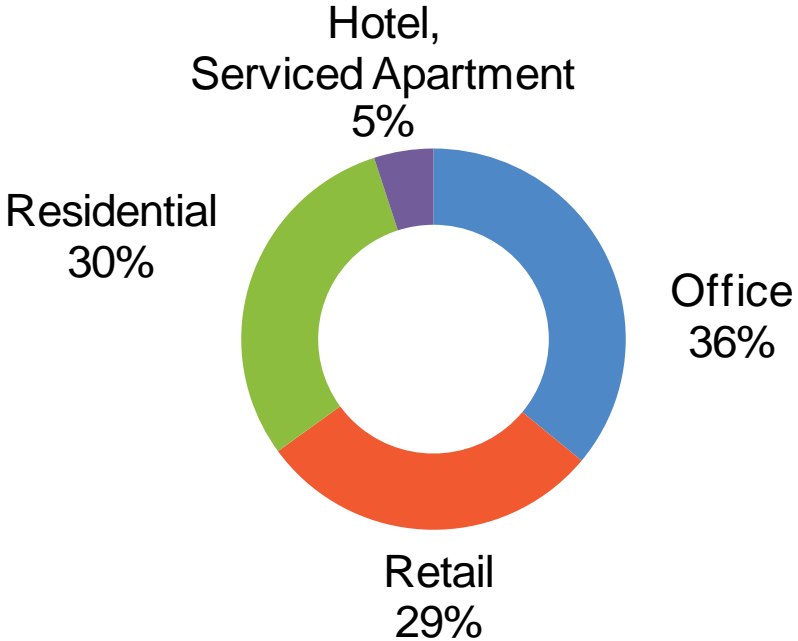
Property Portfolio	GFA (mn sq.m.)
Completed properties	1.7
Properties under development	3.1
Properties for future development	3.8

Notes:  
 \*Total leasable and saleable landbank excluding 2.2 million sq.m. of clubhouse, carpark and other facilities.  
 \*\*On 24 January 2017, Hua Xia Rising, a joint venture company owned indirectly as to 50% by the Group and 50% by CITIC, made a successful bid of a total GFA of 1.28 mn sq.m. in Wuhan.

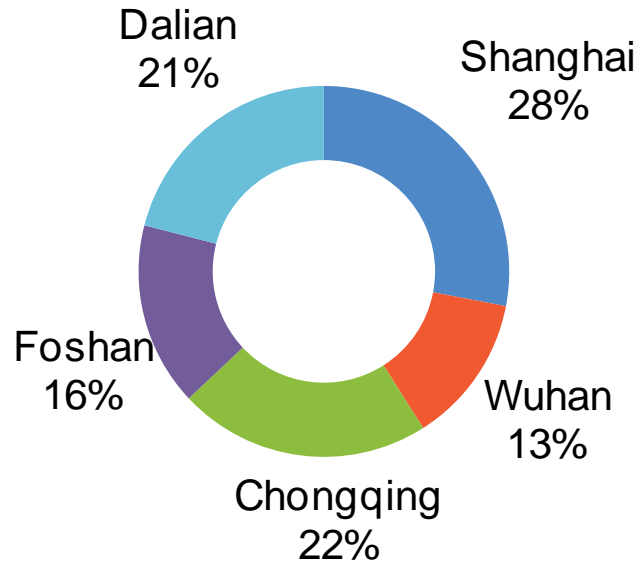


# Superior and Diversified Landbank

Attributable GFA by Property Type



Attributable GFA by City





# Shanghai Taipingqiao & Rui Hong Xin Cheng

## Shanghai Taipingqiao



### Project Information (representing leasable & saleable GFA)

<b>Total GFA</b>	<b>1,265,000 sq.m.</b>
<b>Completed Properties</b>	282,000 sq.m. (Sold & Delivered Residential) 18,000 sq.m. (Sold yet to be delivered; available for sale) 140,000sq.m . (IP) 282,000sq.m. (Sold IP & Hotel)
<b>Properties under development</b>	<b>127,000 sq.m.</b>
<b>Properties for future development</b>	<b>416,000sq.m. (yet to start relocation)</b>

## Shanghai Rui Hong Xin Cheng



### Project Information (representing leasable & saleable GFA)

<b>Total GFA</b>	<b>1,744,000 sq.m.</b>
<b>Completed Properties</b>	624,000sq.m (Sold & Delivered Residential and IP) 50,000 sq.m ( Sold yet to be delivered; available for sale) 128,000 sq.m. (IP)
<b>Properties under development</b>	<b>712,000 sq.m.</b>
<b>Properties for future development</b>	<b>230,000 sq.m. (yet to start relocation)</b>

# Shanghai KIC and THE HUB

## Shanghai KIC



### Project Information (representing leasable & saleable GFA)

<b>Total GFA</b>	<b>498,000 sq.m.</b>
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<b>Completed Properties</b>	<b>249,000 sq.m. (Sold &amp; Delivered)</b> <b>247,000 sq.m. (IP)</b> <b>2,000 sq.m. (Sold yet to be delivered ; available for sale)</b>
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## THE HUB



### Project Information (representing leasable & saleable GFA)

<b>Total GFA</b>	<b>308,000 sq.m.</b>
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<b>Completed Properties</b>	<b>45,000 sq.m. (sold &amp; delivered hotel)</b> <b>263,000 sq.m. (Office, Retail, Performance &amp; Exhibition Center)</b>
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# Wuhan Tiandi and Chongqing Tiandi

## Wuhan Tiandi



### Project Information (representing leasable & saleable GFA)

<b>Total GFA</b>	<b>1,580,000 sq.m.</b>
<b>Completed Properties</b>	<b>628,000 sq.m. (Sold &amp; Delivered) 160,000sq.m. (IP)</b>
<b>Properties under development</b>	<b>397,000 sq.m.</b>
<b>Properties for future development</b>	<b>395,000 sq.m.</b>

## Chongqing Tiandi



### Project Information (representing leasable & saleable GFA)

<b>Total GFA</b>	<b>2,778,000 sq.m.</b>
<b>Completed Properties</b>	<b>1,261,000 sq.m. (Sold &amp; delivered) 32,000 sq.m. (Sold yet to be delivered, available for sale) 134,000sq.m. (IP)</b>
<b>Properties under development</b>	<b>898,000 sq.m.</b>
<b>Properties for future development</b>	<b>453,000 sq.m.</b>

# Foshan Lingnan Tiandi and Dalian Tiandi

## Foshan Lingnan Tiandi



### Project Information (representing leasable & saleable GFA)

Total GFA	1,520,000 sq.m.
Completed Properties	270,000 sq.m. (sold & delivered) 45,000sq.m. (sold yet to be delivered ; available for sale) 182,000 sq.m. (IP and Hotel )
Properties under development	7,000 sq.m.
Properties for future development	784,000 sq.m. 232,000 sq.m. (other assets disposed)

## Dalian Tiandi



### Project Information (representing leasable & saleable GFA)

Total GFA	3,105,000 sq.m.
Completed Properties	304,000 sq.m. (sold & delivered ) 69,000 sq.m.* ( sold yet to be delivered ; available for sale ) 248,000sq.m. (IP)
Properties under development	919,000 sq.m.
Properties for future development	1,565,000 sq.m.

\*Including leasehold of 37,000 sq.m.

# Capital Expenditure (CAPEX)

RMB'bn	2016	2015
Construction Cost	5.1	5.4
% of total CAPEX	73%	53%
Land Premium	-	0.4
Relocation Cost	1.9	4.3
% of total CAPEX	27%	47%
Total CAPEX	7.0	10.1

- Total committed and available bank loan facilities as of 31 December 2016: RMB6.6 billion
  - Construction and working capital loan facilities: RMB6.3 billion
  - Relocation loan facilities: RMB0.3 billion

# Core Earnings

RMB'mn	2016	2015	Change %
Profit attributable to shareholders of the Company	1,088	788	38%
Net increase in fair value of the remaining investment properties	(1,176)	(2,970)	
Effect of corresponding deferred tax charges	294	743	
Realised fair value gains of investment properties disposed*	1,556	2,944	
Gain arose from acquisition of subsidiaries	(867)	-	
Realised bargain purchase gain from acquisition of subsidiaries	337	-	
Share of results of associates – fair value losses, net of tax	113	56	
Non-controlling interests	4	311	
Net effect of changes in the valuation of investment properties	261	1,084	(76%)
Profit attributable to shareholders of the Company before revaluation of the remaining investment properties	1,349	1,872	(28%)
Add:			
Profit attributable to owners of perpetual capital securities	337	316	7%
Profit attributable to owners of convertible perpetual securities	-	174	(100%)
Profit attributable to owners of convertible perpetual capital securities	112	61	84%
Core earnings of the Group	1,798	2,423	(26%)

\* Cumulative realised fair value gains of investment properties for 2015 was mainly related to disposal of 1 and 2 Corporate Avenue and for 2016 was mainly related to disposal of 3 Corporate Avenue in Shanghai Taipingqiao Project.



# Rental and Occupancy Rates Analysis

Excluding rental & related income from 1, 2 & 3 Corporate Avenue, growth by 26% to RMB1,623 million in 2016 compared to RMB1,286 million in 2015

Project	Product	Leasable GFA sq.m.	Occupancy rate as of		Rental & related income RMB'mn		Change %
			31 Dec 2016	31 Dec 2015	2016	2015	
<b>Shanghai Taipingqiao</b>							
Shanghai Xintiandi	Office / Retail	54,000	99.6%	99%	360	302	19%
Xintiandi Style	Retail	26,000	99%	99%	82	82	0%
1 & 2 Corporate Avenue	Office / Retail	-	-	-	-	177	-
3 Corporate Avenue	Office / Retail	-	-	-	15	76	(80%)
Shui On Plaza	Office / Retail	52,000	100%	96%	153	146	5%
<b>THE HUB</b>							
Office Towers	Office / Retail	97,000	95%	80%	269	186	45%
The Mall & Xintiandi	Retail	147,000	79%	69%			
<b>Shanghai RHXC</b>							
The Palette 1, 2, 3 and 5	Retail	45,000	100%	96%	83	73	14%
Hall of the Stars	Retail	19,000	97%	96%			
Hall of the Moon	Retail	64,000	61%	NA	14	-	-
<b>Shanghai KIC</b>							
1-3 & 5-12 KIC Plaza	Office / Retail	137,000	89%	94%	349	270	29%
KIC Village R1& R2	Office / Retail	22,000	93%	98%			
KIC Village Lot 12-8	Office	5,000	100%	NA			
5-7 KIC Corporate Avenue	Office / Retail	61,000	94%	74%			
Lot 311 Hotel	Hotel	22,000	81%	NA			
<b>Wuhan Tiandi</b>							
Wuhan Xintiandi	Retail	46,000	95%	97%	99	92	8%
HORIZON	Retail	114,000	79%	NA	45	-	-
<b>Chongqing Tiandi</b>							
The Riviera I – III	Retail	6,000	98%	88%	49	40	23%
Chongqing Xintiandi	Retail	49,000	83%	63%			
2, 6, 7 & 8 Corporate Avenue Retail	Retail	79,000	84%	80%			
<b>Foshan Lingnan Tiandi</b>							
Lingnan Tiandi	Retail	49,000	82%	85%	120	95	26%
Shui On New Plaza (Lot D retail podium)	Retail	15,000	2%	2%			
NOVA	Retail	75,000	84%	NA			
<b>Total</b>					<b>1,638</b>	<b>1,539</b>	<b>6%</b>
<b>Rental &amp; related income excluding CA1,2 &amp; 3</b>					<b>1,623</b>	<b>1,286</b>	<b>26%</b>



# Major Commercial Property Transactions since 2011

Realising value of commercial properties at appropriate timing for recycling of capital

Year	Project	Contracted Amount (RMB'mn)	GFA Sold (sq.m.)
2011	Wuhan Tiandi Corporate Centre 5	963	58,800
2011	Shanghai KIC C2 Lot 5-5	600	14,400
2011	Chongqing Tiandi B12-3, B12-4 & B12-1	3,232	233,200
2012	Shanghai KIC C2 Lot 5-5 (remaining portion)	170	4,600
2013	Chongqing Tiandi 2 Corporate Avenue	2,412	119,500
2013	Shanghai Taipingqiao 5 Corporate Avenue	4,300	79,000
2014	Shanghai Taipingqiao Langham Xintiandi Hotel	1,739	34,200
2014	The HUB Hotel	965	45,000
2014	Wuhan Tiandi 2 Corporate Avenue	937	42,500
2015	Shanghai Taipingqiao 1 & 2 Corporate Avenue	6,601	83,200
2015	Shanghai Taipingqiao 3 Corporate Avenue	5,700	87,300
2016	Wuhan Tiandi A1 Office*	3,365	177,100
2016	Wuhan Tiandi 3 Corporate Avenue	1,134	55,100
<b>Total</b>		<b>32,118</b>	<b>1,033,900</b>

\*Schedule to be completed and delivered in 2020

# Market Information

Indicator	Year	China	Shanghai	Wuhan	Chongqing	Foshan	Dalian
GDP (RMB billion)	2014	63,614	2,356	1,007	1,427	744	766
	2015	67,671	2,496	1,091	1,572	800	773
	2016	74,413	2,747	1,191	1,756	863	815
Population (million)	2014	1,368	24.26	10.34	29.91	7.4	7.0
	2015	1,375	24.15	10.61	30.17	7.43	7.03
	2016	1,383	24.19	10.77	30.48	7.43*	7.03*
Per Capita GDP (RMB)	2014	46,629	97,370	98,434	47,859	101,617	109,939
	2015	49,351	103,100	105,974	52,112	108,888	111,030
	2016	53,817	113,600	110,648	57,902	116,150**	116,662**
Real GDP Growth	10-yr Avg.	9.5%	9.3%	13.7%	13.9%	12.7%	12.3%
	2014	7.3%	7.0%	9.7%	10.9%	8.6%	5.8%
	2015	6.9%	6.9%	8.8%	11.0%	8.5%	4.2%
	2016	6.7%	6.8%	7.8%	10.7%	8.3%	6.5%

Year end	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
M2 (RMB trillion)	34.6	40.3	47.5	61.0	72.6	85.2	97.4	110.7	122.8	139.2	155.0
PBOC deposit rate (1 year %)	2.52	4.14	2.25	2.25	2.75	3.50	3.00	3.00	2.75	1.50	1.50
PBOC lending rate (over 5 years %)	6.84	7.83	5.94	5.94	6.40	7.05	6.55	6.55	6.15	4.90	4.90
Personal housing provident fund lending rate (over 5 years %)	4.59	5.22	3.87	3.87	4.30	4.90	4.50	4.50	4.25	3.25	3.25

\* Population in 2015

\*\* GDP in 2016/Population in 2015

## Market Information (cont'd)

Indicator	Year	China		Shanghai	Wuhan	Chongqing	Foshan	Dalian
Residential Housing Price Growth	2014	1.4%		11.3%	8.4%	-2.8%	-0.3%	2.7%
	2015	9.1%		17.5%	15.6%	-5.0%	-2.5%	2.1%
	2016	11.3%		24.1%	6.8%	5.2%	11.6%	4.0%
Residential Transaction Area (million sq.m.)	2014	1,052		9.9	17.7	16.0	11.7	2.2
	2015	1,124		15.0	22.7	16.3	14.1	2.6
	2016	1,375		14.1	30.0	21.7	19.7	3.1
City Core ASP (RMB/sq.m.)	2014	5,932		62,742	9,267	7,122	9,253	11,453
	2015	6,472		75,868	9,882	6,768	9,403	11,688
	2016	7,203		91,759	11,545	7,120	11,121	12,158
Residential inventory (mn sq.m)	2014	407		13.3	14.5	17.0	12.2	8.4
	2015	452		10.8	14.9	14.5	9.8	8.3
	2016	403		6.6	7.4	13.0	3.4	7.3
Residential inventory absorption time (month)	2014	12.2*	15.7**	11.3	9.8	9.4	9.5	33.8
	2015	7.9*	11.9**	6.5	8.1	9.2	7.5	35.9
	2016	7.3*	6.2**	6.3	5.4	6.8	2.1	21.3
Residential new start (mn sq.m)	2014	1,249		15.5	16.8	42.8	7.1	9.4
	2015	1,067		15.6	18.2	36.7	9.7	4.9
	2016	1,159		14.4	18.5	30.0	6.9***	4.0
Residential REI growth	2014	11%		6.8%	24.8%	20.5%	16.6%	-15%
	2015	1%		5.1%	13.9%	3.3%	10.4%	-36%
	2016	6.9%		8.4%	-2.5%	-3.0%	30.1%	-40%

\* Tier 1 cities \*\* Tier 2 cities \*\*\* Data from Jan-Sep 2016

# Recent Government Policies

City	Date	Policies
2016		
Wuhan	2-Oct	30% of down-payments for first home buyers ; 50% /70% of down-payments are required for upgraders
Shanghai	8-Oct	Stricter presales management , launch price be same with last batch
Shanghai	8-Oct	50% of down-payments are required for upgraders to purchase ordinary house 70% of down-payments are required for upgraders to purchase non-ordinary house
Foshan	8-Oct	30% of down-payments for first home buyers ; With loan NOT paid off: from 30% to 40% for upgraders ; Relaunch HPR, both locals and non-locals (social insurance proof for 1 years for 2 <sup>nd</sup> home) can buy two houses ; presales restriction, price limit
Shanghai	3-Nov	To prevent WMP illegal entry into land sales market ; Comprehensive strengthen individual mortgage risk management Strict supervise “fake divorce” for mortgage application
Wuhan	14-Nov	Both locals and non-locals (Social insurance for 2 years) can buy two houses ;30% of down payment for first home buyers 50% of down payment for upgraders
Shanghai	28-Nov	35% of down payment for first home buyers ; 50%/70% of down payment for upgraders
Wuhan	21-Dec	HPR in more districts
2017		
Shanghai	6-Jan	cease certain commercial properties sales and cease issue presale certificate for certain commercial properties
Chongqing	8-Jan	Increase residential land supply ; presales restriction, price limit
Chongqing	14-Jan	Property tax(0.5%) for non-locals with no job or non corporate owner in Chongqing ;