



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

**2017 Annual Results Announcement**

**21<sup>st</sup> March 2018**



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## Key Achievements in 2017

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- **Solid overall growth:** For 2017, the Group has achieved solid growth in many of its key financial indicators driven by improved sales margin and positive contribution from various asset divestments. Total property sales, including but not limited to property sales recognised as turnover, disposal of investment properties and equity in subsidiaries, and turnover of associates, were RMB30,296 million, an increase of 38% compared to 2016. Property sales recognised as turnover increased by 4% to RMB16,169 million, while rental and related income increased by 14% to RMB1,961 million.
- **Increase in attributable net profit:** Profit for the year was RMB2,324 million, compared to RMB1,776 million in 2016. Profit attributable to shareholders was RMB1,669 million in 2017, representing a 53% increase compared to RMB1,088 million in 2016. Core earnings after taking into account the profit generated from the disposal of investment properties and disposal of equity interests in commercial properties increased by 75% to RMB3,147 million.
- **Achieved gearing target:** The Group achieved its gearing target set in 2015, with net gearing ratio at 51% as at 31 December 2017, representing a decrease of 17 percentage points from 68% as at 31 December 2016 and a decrease of 36 percentage points from the peak of 87% as at 30 June 2015. Cash and bank deposits was RMB16,760 million at the end of the year.



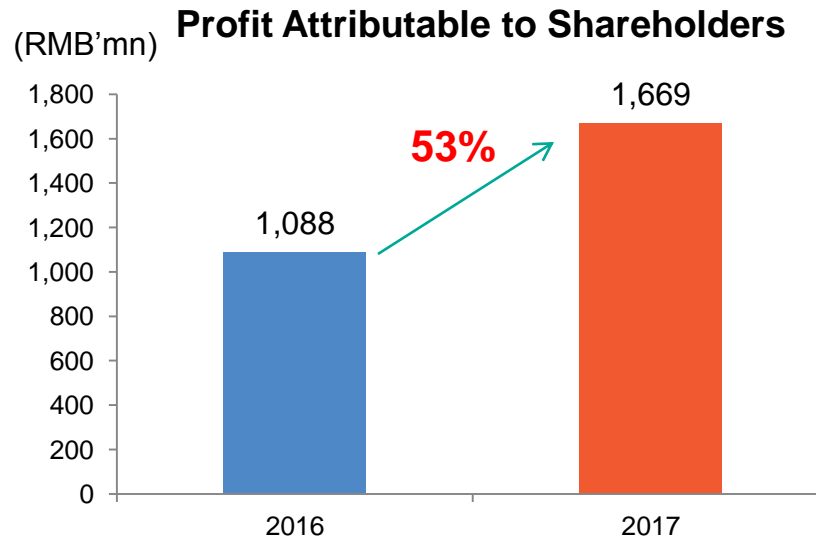
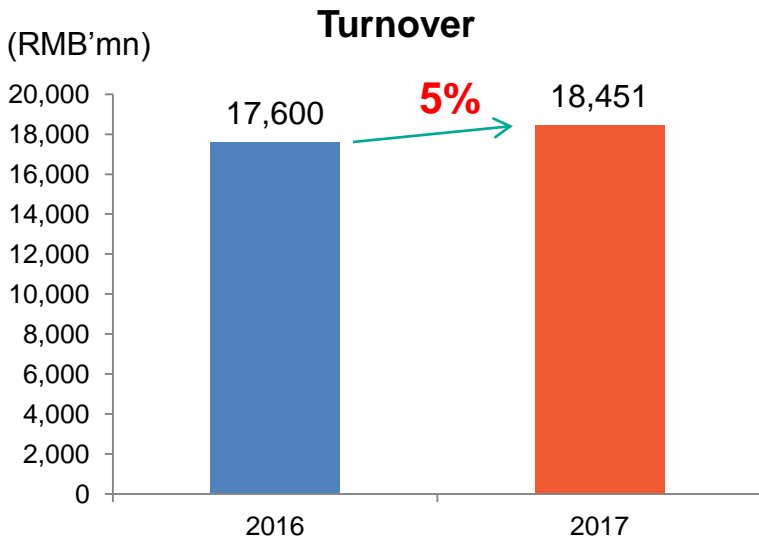
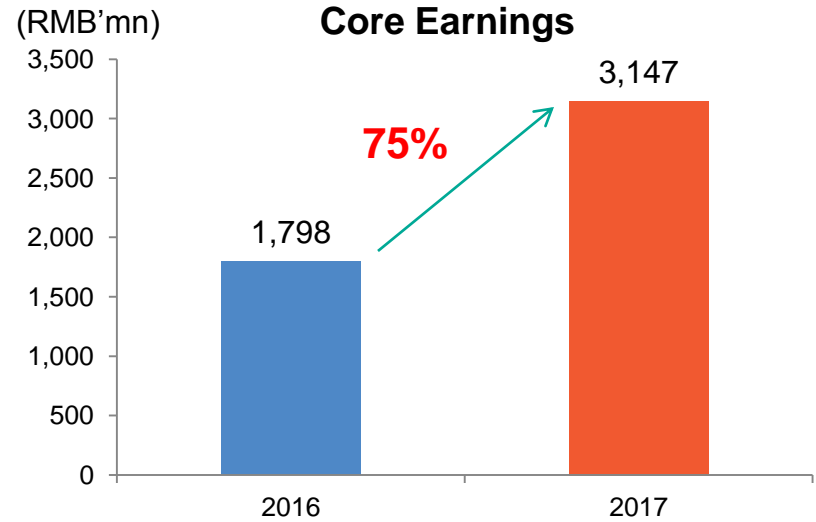
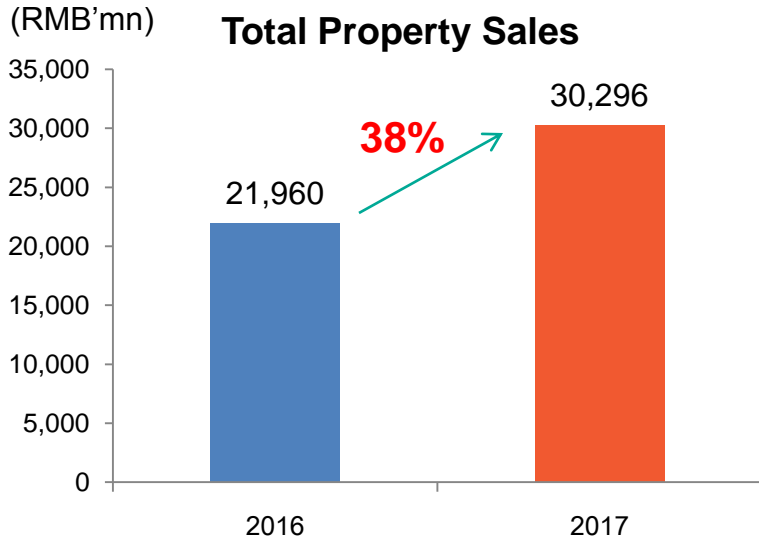
## Key Achievements in 2017

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- **New investments under Asset Light Strategy:** The continuous pursuit of the Asset Light Strategy has enabled the Group to realise value of its mature assets, strengthen its financial position, and form strategic partnerships which allowed us to participate in new ventures with reduced capex and financial risks. During the year the Group made three new landbank investments, including two new development sites with joint venture partners, namely Wuhan Optics Valley and RHXC Lot 167, together with a total GFA of 1,511,000 sq.m.. We also acquired two newly completed office buildings in Yangpu District, Shanghai to both augment the future growth of our KIC project, and to expand the Group's footprint in the Shanghai office market. These investments also highlight the Group's long term commitment to the Shanghai and Wuhan markets.
- **Outlook:** The global economy staged a broad-based upturn in 2017, but the outlook this year remains uncertain in view of immense geopolitical risk, as reflected by heightened financial markets volatility in early 2018. With respect to the property market, we expect various measures affecting the residential sector such as price controls, restrictions on home purchases, and granting of sales permit will remain in place. Residential sales activities in the top tier cities are therefore expected to stay modest in the near future.



# Higher Total Property Sales and Core Earnings

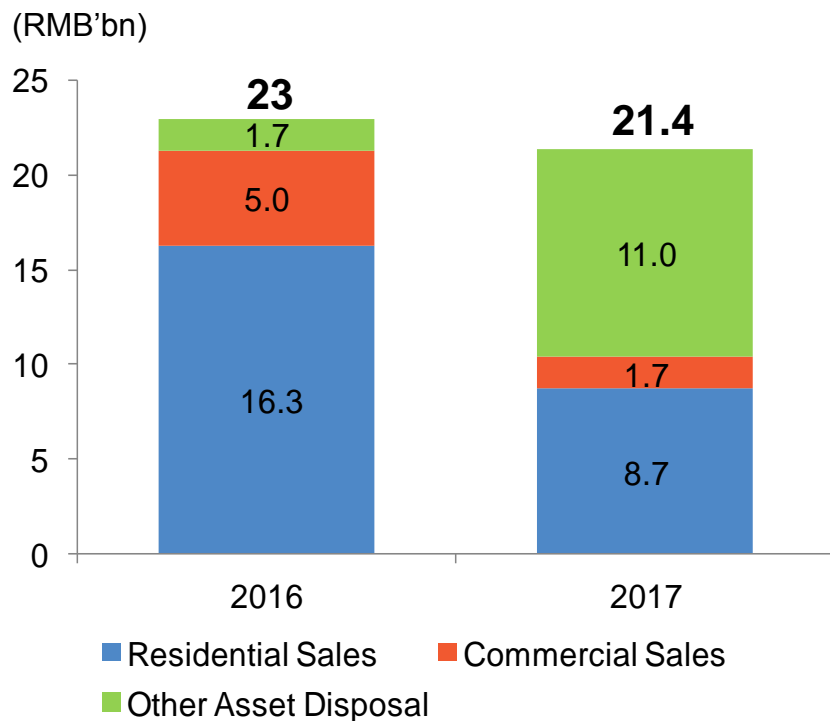




# Contracted Sales Reached Target Set

## Slowdown in residential sales offset by other asset disposal

### Contracted Sales



- The Group has achieved the sales target of RMB21 billion for the year 2017.
  - 41% - Residential property sales
  - 51% - Other asset disposal
  - 8% - Commercial property sales
- As at 31 December 2017, subscribed other asset disposal was RMB3,160 million, and subscribed residential property sales was RMB651 million.

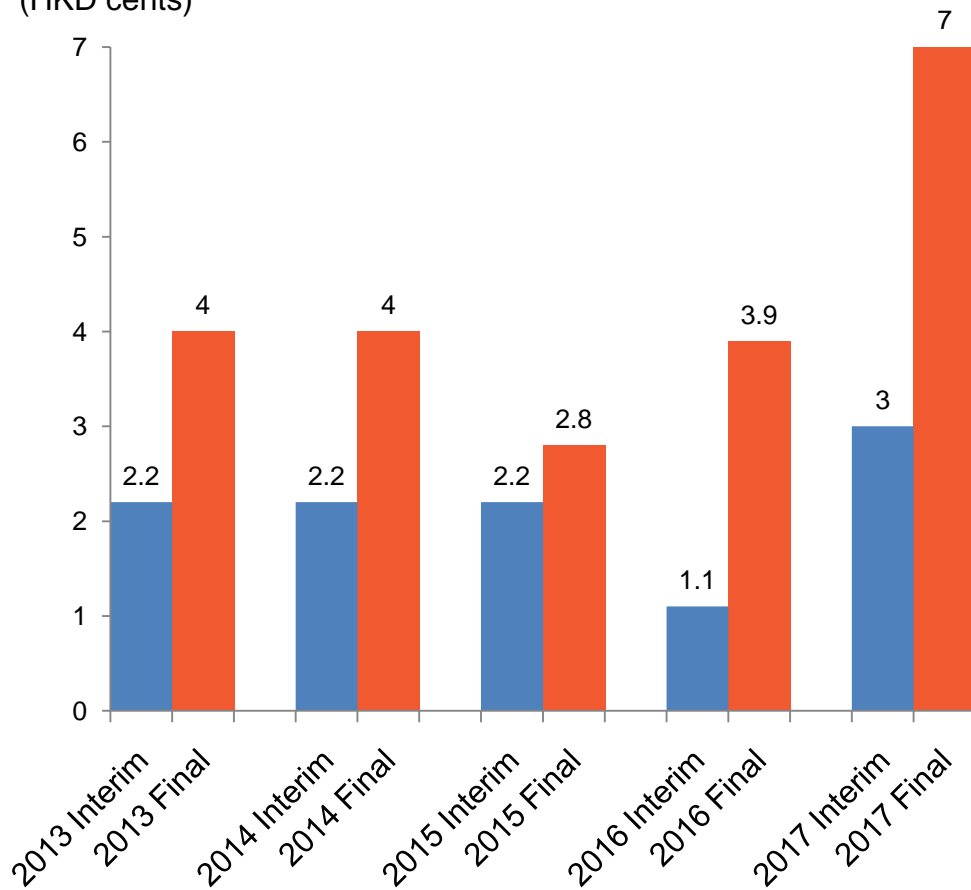


# Focus on Increasing Shareholders' Return

## Increased dividend payout

### DPS

(HKD cents)



The Board recommends 2017 final dividend at HKD0.07 per share, full year dividend is HKD0.10 per share, an increase of 100% compared to last year. The increase was driven by:

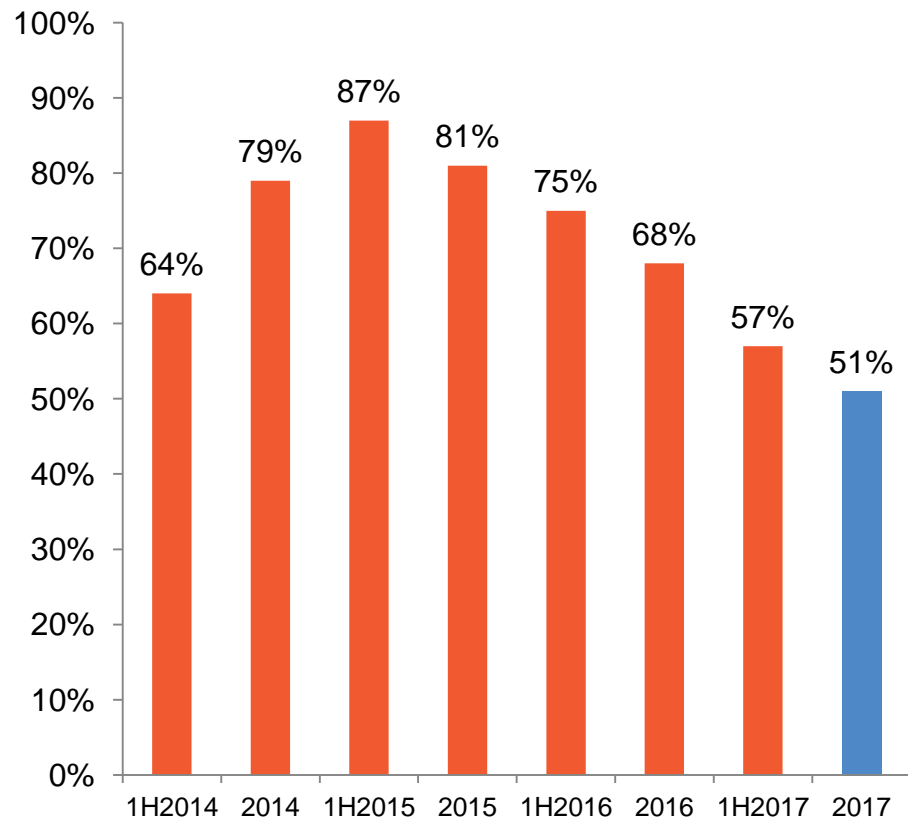
- 2016 Dividend per share was lower due to restriction in bond covenants;
- The Group's financial positions and cash flow have improved in the past 2.5 years.



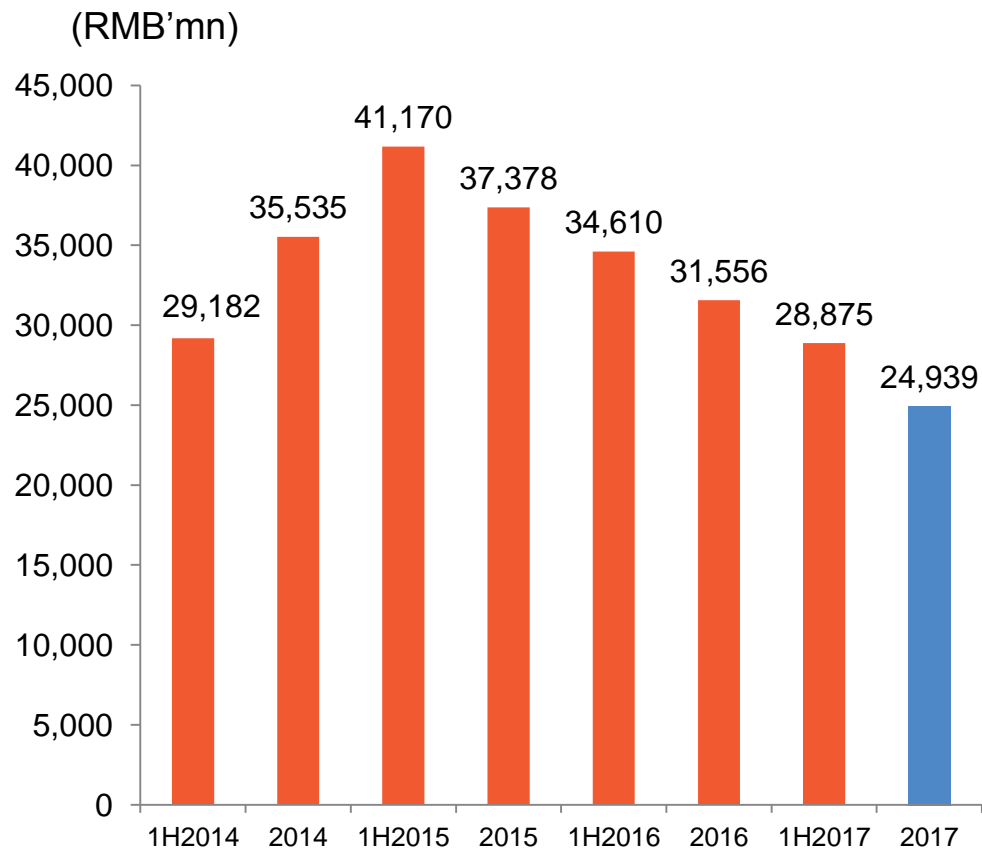
# Gearing Target Achieved

Net gearing ratio at 51% as at 31 December 2017

## Net Gearing



## Net Debt







# Asset Light Model: Joint Venture Platform

Joint Ventures with China Life for commercial properties in Shanghai

Target Assets (% disposed of)	Total GFA (sq.m.)	Contracted Sales (RMB'mn)	Net Proceeds (RMB'mn)	Disposal Gain/(Loss) (RMB'mn)	Partners & Equity Holding
KIC Project (49% equity interest owned)	253,000	2,949	2,751	(14)	51% - SOL <sup>1</sup> 49% - China Life <sup>1</sup>
RHXC Commercial Partnership Portfolio (49.5% equity interest)	393,500	3,869	3,614	1,383	49.5% - SOL 49.5% - China Life 1% - Hong Fang
<b>Total</b>	<b>646,500</b>	<b>6,818</b>	<b>6,365</b>	<b>1,369</b>	

On 19 December 2017, the Group and China Life also entered into a strategic cooperation agreement to jointly invest in real estate projects in China.



1. The equity holdings represent the interests in two subsidiaries which partially owned the KIC project. Accordingly, the Group has effective equity interests of 50.49% or 44.27% in different properties at KIC.



# Asset Light Model: Divestments

## Unlock hidden value and enhance cash flow

Target Assets (% disposed of)	Contracted Sales(RMB'mn)	Net Proceeds (RMB'mn)	Disposal Gain/(Loss) (RMB'mn)
Chongqing Partnership Portfolio (79.2% equity interest)	4,133	3,913	1,248
Dalian Tiandi <sup>1</sup> (entire equity interest)	3,160 (Subscribed Sales)	3,102	(524)
<b>Total</b>	<b>7,293</b>	<b>7,015</b>	<b>724</b>



1. Dalian transaction is yet to be completed. It was counted as subscribed sales as at 31 December 2017. Net proceeds and disposal loss were 10  
estimated amount.



# Asset Light Model: New Landbank

New investments highlight the Group's long term commitment to Shanghai and Wuhan

Target Assets	Total GFA (sq.m.)	Total Consideration (RMB' mn)	Partners & Equity Holding	Status
Wuhan Optics Valley 35% for residential 65% for commercial	1,279,000	1,410	50% - SOL 50% - CITIC	Commenced construction on 19 Mar 2018; First batch of residential to be launched in 2H 2018
Shanghai RHXC Lot 167 36% for residential 64% for commercial	232,000	Total estimated relocation cost RMB10.6bn	49 % - SOL 31% - GTJA 20% - Hong Fang	Relocation commenced in August 2017; 95% residents signed relocation agreements; Approximately RMB6.7bn has been paid as at 31 Dec. 2017
Shanghai Jianfa Junyi Building 91% for office 9% for retail	45,000	1,144	100% - SOL	Bare-shell condition and expected to start operation in 2H 2018
<b>Total</b>	<b>1,556,000</b>			



Wuhan Optics Valley



Jianfa Junyi Building



# 2018 Outlook

## Remain cautious and pursue Asset Light Strategy

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- **Global Economy:** The global economy staged a broad-based upturn in 2017, but heightened financial market volatility since February this year reflects immense geopolitical risks which can undermine the pace of economic recovery. US-China trade relation, interest rate hikes and exchange rate fluctuations remain the key uncertainties affecting China's economic outlook for 2018.
- **China Economy:** China achieved above-expectation GDP growth of 6.9% in 2017, the first acceleration since 2010. The key tasks of the government for the coming year include institutional restructuring, debt deleveraging and prevention of systemic financial risks.
- **Housing Policy:** “Houses are built for living, not for speculation” ( “房子是用来住的、不是用来炒”) .
  - A range of measures affecting the residential sector such as price controls, restrictions on home purchases, and granting of sales permit will remain in place. The housing market correction in the top tier cities is expected to continue, as property policies will remain tight. This will be another challenging year for residential sales (“调控决心不变、调控目标不变”).
  - Going forward, the government will put in place a long-term housing system with an increased focus on rental property(“建立住房制度长效机制”). Meanwhile, the authorities will continue to apply differentiated property policies based on local market conditions ( “实行差别化调控”).
- **Asset Light Strategy:** Given the headwinds we face, prudence is clearly advisable, and we will continue to take a cautious approach and pursue our Asset Light Strategy.



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## Performance Highlights

	2017	2016	Change %
<b>Contracted Sales</b>			
Contracted sales (RMB'mn)	21,366	22,975	(7%)
Contracted ASP for residential property (RMB per sq.m.)	45,300	35,200	29%
<b>Selected Financial Information (RMB'mn)</b>			
Turnover	18,451	17,600	5%
Gross profit	7,858	5,905	33%
Profit for the year	2,324	1,776	31%
Profit attributable to shareholders of the Group	1,669	1,088	53%
Core earnings	3,147	1,798	75%
<b>Selected Financial Ratios</b>			
Gross profit margin	43%	34%	9 ppt
Net profit margin	13%	10%	3 ppt
Net gearing	51%	68%	(17 ppt)



# Income Statement

Gross profit up 33% to RMB7,858 million underpinned by higher margin

RMB'mn	2017	2016	Change %
Turnover of the Group	18,451	17,600	5%
Property sales	16,169	15,604	4%
Rental & related income (including income from hotel operations)	1,961	1,716	14%
Construction and others	321	280	15%
Cost of sales	(10,593)	(11,695)	(9%)
Gross profit	7,858	5,905	33%
Gross profit margin	43%	34%	9 ppt
Other income	456	580	(21%)
Selling & marketing expenses	(298)	(324)	(8%)
General & administrative expenses	(826)	(889)	(7%)
Operating profit	7,190	5,272	36%
Increase in fair value of the remaining investment properties	518	1,176	(56%)
Gain on disposal of IP through disposal of subsidiaries	1,755	476	269%
Other gains and losses	(595)	495	(220%)
Share of losses of associates and joint ventures	(927)	(289)	221%
Finance costs, inclusive of exchange differences	(1,691)	(2,495)	(32%)



## Income Statement (Cont'd)

Profit attributable to shareholders increased 53%

RMB'mn	2017	2016	Change%
Profit before taxation	6,250	4,635	35%
Taxation	(3,926)	(2,859)	37%
Profit for the year	2,324	1,776	31%
Attributable to:			
Non-controlling shareholders of subsidiaries	82	239	(66%)
Owners of perpetual capital securities	459	337	36%
Owners of convertible perpetual capital securities	114	112	2%
<b>Profit attributable to shareholders</b>	<b>1,669</b>	<b>1,088</b>	<b>53%</b>
Core earnings	3,147	1,798	75%
Earnings per share – Basic	RMB20.8 cents	RMB13.6 cents	53%
Final dividend (per share)	HKD0.070	HKD0.039 <sup>1</sup>	79%
Full year dividend (per share)	HKD0.100	HKD0.050	100%

1. The final dividend was partially paid in the form of cash and shareholders was given the option to elect to receive their final dividend in new, fully paid shares in lieu of all or part of cash.





# Total Property Sales<sup>1</sup>

Total RMB30,296 million for 2017

RMB'mn	2017	2016	Change %
<b>Property Sales (including car parks)</b>	<b>16,169</b>	<b>15,604</b>	<b>4%</b>
TPQ	1,999	3,711	(46%)
RHXC	7,858	3,633	116%
KIC	2	125	(98%)
Wuhan	1,269	3,980	(68%)
Chongqing	1,488	1,530	(3%)
Foshan	324	2,625	(88%)
Chongqing Partnership Portfolio - Residential Inventories	3,229	-	N/A

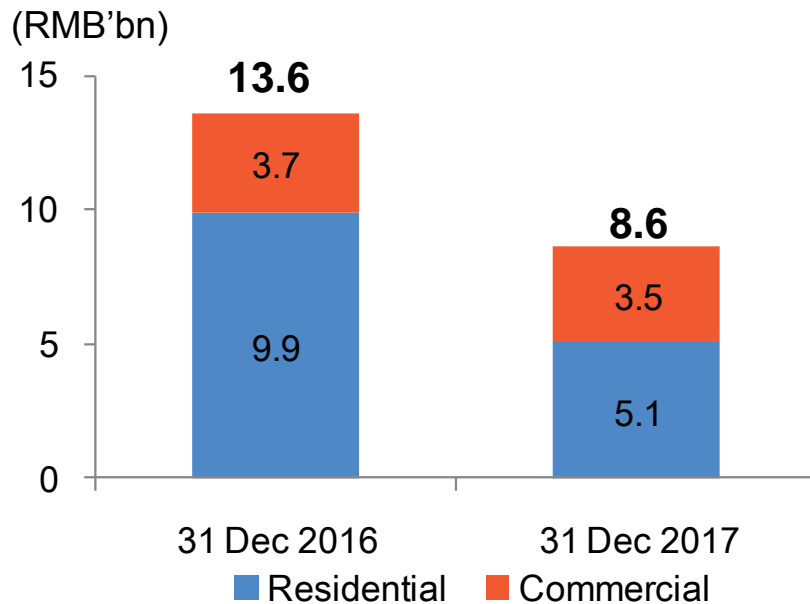
<b>Property Sales Recognised as:</b>	<b>2017</b>	<b>2016</b>	<b>Change %</b>
- property sales in turnover of the Group	16,169	15,604	4%
- disposal of investment properties	1,144	58	1,872%
- disposal of property, plant and equipment (PPE)	21	-	100%
- disposal of equity in subsidiaries holding commercial properties(Chongqing Partnership Portfolio Commercial Portion and RHXC Commercial Partnership Portfolio)	12,442	5,700	118%
- turnover of associates	520	598	(13%)
<b>Total Property Sales</b>	<b>30,296</b>	<b>21,960</b>	<b>38%</b>

1. Inclusive property sales in turnover of the Group, disposal of investment properties, disposal of PPE, disposal of equity in subsidiaries holding commercial properties, and turnover of associates.

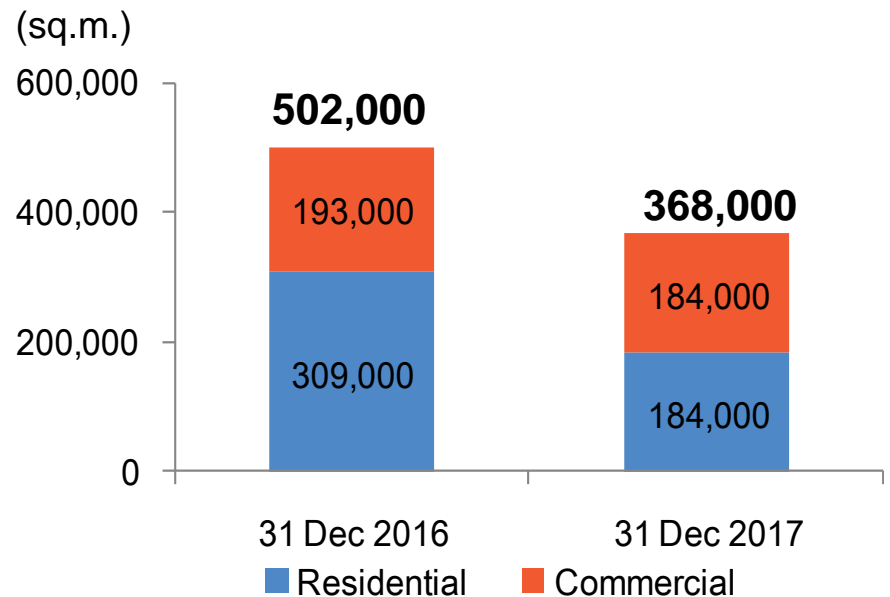


# RMB8.6 Billion Locked-in Sales for Delivery in 2018 and Beyond

## Locked-in Sales



## Locked-in Sales GFA



- RMB660 million contracted sales achieved in January & February 2018.
- As at 28 February 2017, subscribed other asset disposal was RMB3,160 million (from disposal of Dalian Tiandi), and subscribed residential property sales was RM836 million.



# Valuation of Investment Property Portfolio

RMB40,636 million portfolio on 1.3% valuation gain

66% of completed IP carrying value was located in Shanghai

Project		Product	Leasable GFA	Fair Value Gain / (Loss) in 2017	Carrying Value as at 31 December 2017		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	145	7,473	93,400	1.9%
	Shui On Plaza	Office	24,000	12	1,883	78,500	0.6%
THE HUB		Office & Retail	263,000	(189)	8,921	33,900	(2.1%)
Shanghai RHXC <sup>1</sup>		Retail	400	40	15	37,500	N/A
Shanghai KIC		Office, Retail & Hotel	240,000	330	7,436	31,000	4.4%
Wuhan Tiandi		Retail	232,000	90	7,086	30,500	1.3%
Chongqing Tiandi		Retail	134,000	43	1,726	12,900	2.5%
Foshan Lingnan Tiandi		Retail	151,000	38	4,324	28,600	0.9%
Sub-total			1,124,400	509	38,864	34,600	1.3%
<b>Investment properties under development at valuation</b>							
TPQ Shui On Plaza - Retail		Retail	28,000	9	1,772	63,300	0.5%
Sub-total			28,000	9	1,772	63,300	0.5%
<b>Total of investment property portfolio at valuation</b>			<b>1,152,400</b>	<b>518</b>	<b>40,636</b>	<b>35,300</b>	<b>1.3%</b>

1. On 27 December 2017, the disposal of 49.5% equity interest in the RHXC Commercial Partnership Portfolio was completed and the RHXC Commercial Partnership Portfolio is no longer consolidated by the Group. A total GFA of 400 sq.m. is the remaining consolidated investment portfolio at Shanghai RHXC as at 31 December 2017. RMB40 million reflected the increase in fair value from the RHXC Commercial Partnership Portfolio in 1H 2017.



# Financial Position

Net gearing ratio at 51%

Net debt decreased by RMB16,231 million in the past 2.5 years

RMB'mn	31 Dec 2017	31 Dec 2016	Change %	30 Jun 2015	Change %
<b>Total cash and bank deposits</b>	16,760	15,567	8%	7,126	135%
<b>Total debt</b>	41,699	47,123	(12%)	48,296	(14%)
Bank and other borrowings	30,993	29,811	4%	33,969	(9%)
Senior Notes	10,706	17,312	(38%)	14,327	(25%)
<b>Net debt</b>	24,939	31,556	(21%)	41,170	(39%)
<b>Total equity</b>	49,175	46,256	6%	47,384	4%
<b>Net gearing</b>	51%	68%	(17 ppt)	87%	(36 ppt)
<b>Shareholders' Equity per share</b>	RMB4.77	RMB4.68	2%	RMB4.85	(2%)

■ Average cost of debt as at end of year: 2017: **5.8%** vs. 2016: **6.1%**

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



# Debt Profile

Repaid USD1,252 mn and RMB2,500 mn senior notes

Repaid USD500 mn perpetual notes

## Debt Profile – Nature & Maturity Breakdown

RMB'mn	2018	2019	2020-2022	2023 & after	Total
USD Senior Notes	4,177 <sup>1</sup>	1,632	3,293	-	9,102
HKD Bank Borrowings	604	2,809	-	-	3,413
USD Bank Borrowings	1,166	2,268	1,038	-	4,472
RMB Bank Borrowings	7,826	8,584	3,007	3,691	23,108
<b>Total</b>	<b>13,773</b>	<b>15,293</b>	<b>7,338</b>	<b>3,691</b>	<b>40,095</b>

1. On 22 Jan 2018, the remaining USD250 mn 9.625% of senior notes were repaid, and is excluded from 2018 maturity total.

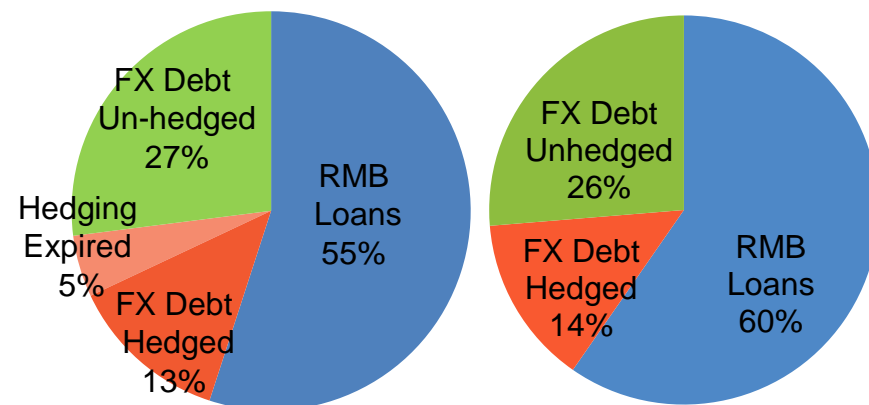
### In addition

- USD225 million 7.50% of convertible perpetual capital securities
- USD600 million 6.40% of perpetual capital securities
- RMB1.6 billion 6.875% of senior notes due 2021 was issued on 2 Mar 2018  
(RMB6,991 million equivalent in total, based on the exchange rate at 31 Dec 2017)

2017

vs.

2016



### Notes:

1. Hedging for a total amount of USD300 million FX debt expired on 31 Dec 2017, and was shown as “Hedging Expired” in the chart.
2. After 31 Dec 2017, the Group entered into forward contracts of USD121 million (1.9% of the total debt as at 31 December 2017) as at 28 Feb 2018.



# Bond Repayment and New Issues

## Senior Notes Repaid in 2017

Amount (Currency' mn)	Coupon Rate	First Callable Date	Maturity Date	Repaid Amount (mn)	Repayment Date
RMB2,500	6.875%	-	26 Feb 2017	Fully Redeemed	-
USD500	8.700%	-	24 Nov 2017		-
USD500	10.125%	10 Dec 2017	Perpetual		-
USD202	9.75%	19 May 2017	19 May 2020		-
USD550	9.625%	10 Jun 2017	10 June 2019	USD300	Dec 2017
				USD250	Jan 2018

## Outstanding Senior Notes as at 31 December 2017 & New Issue in 2018

Amount (Currency' mn)	Coupon Rate	First Callable Date	Maturity Date	Issue Date
USD637	8.700%	-	19 May 2018	19 May 2014
USD225	7.500%	4 Jun 2020	Convertible Perpetual Securities	4 Jun 2015
USD250	4.375%	-	5 Oct 2019	5 Oct 2016
USD500	5.700%	-	6 Feb 2021	6 Feb 2017
USD600	6.400%	20 Jun 2022	Perpetual	20 Jun 2017
RMB1,600	6.875%	2 Mar 2020	2 Mar 2021	2 Mar 2018



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## Residential Available for Sale and Pre-sale in 2018

Residential projects	Product type	GFA sq.m.	Group's interest %	Attributable GFA sq.m.
<b>Shanghai Taipingqiao – Lakeville Luxe (Lot 116)</b>	High-rises	42,500	98.00%	41,700
<b>Shanghai RHXC</b>	High-rises	21,300	99.00%	21,100
<b>Wuhan Tiandi</b>	High-rises	27,400	100.00%	27,400
<b>Foshan Lingnan Tiandi</b>	Townhouses/Low-rises /High-rises	71,000	100.00%	71,000
<b>Wuhan Optics Valley</b>	High-rises	79,400	50.00%	39,700
<b>Chongqing Tiandi</b>	High-rises	163,900	19.80%	32,500
<b>Total GFA<sup>1,2</sup></b>		<b>405,500</b>		<b>233,400</b>

1. On 14 November 2017, the Group entered into the agreement in relation to the disposal of 61.54% share interest of Richcoast, the offshore loans and onshore debts in Dalian project and upon completion, the Group will no longer have any interests in Dalian Tiandi. Otherwise, there would be a total GFA of 46,800 sq.m. available for sale and pre-sale from Dalian Tiandi, in which the Group would have an effective interest of 44.72% in Lot C03 with a total GFA of 4,000 sq.m. and 48% in the remaining lots.

2. Subject to obtaining pre-sale permits and other relevant government approvals.



# Residential Developments

Estimated over RMB55 billion attributable saleable resources from Shanghai & RMB20 billion from other cities (base on current selling price)

Shanghai  
Attributable Saleable GFA: 250,500 sq.m.  
(Completed & PUD)

Shanghai  
Attributable Saleable GFA: 198,080 sq.m.  
(Under relocation)



**Taipingqiao (Lot 116)**

**Taipingqiao (Lot 118)**

**RHXC (Lot 2)**

**RHXC (Lot 1)**

**RHXC (Lot 7)**

**RHXC (Lot 167)**

■ Saleable GFA: 42,500 sq.m.

■ 80,000 sq.m.

■ 21,100 sq.m.

■ 110,000 sq.m.

■ 159,000 sq.m.

■ 83,000 sq.m.

■ Attributable GFA: 41,700 sq.m.

■ 79,000 sq.m.

■ 20,900 sq.m.

■ 108,900 sq.m.

■ 157,410 sq.m.

■ 40,670 sq.m.

Wuhan, Foshan and Chongqing  
Attributable Saleable GFA: 743,100 sq.m.



**Wuhan Tiandi**

**Wuhan Optics Valley**

**Foshan Lingnan Tiandi**

**Chongqing Tiandi**

■ Saleable GFA: 243,000 sq.m.

■ 444,000 sq.m.

■ 149,000 sq.m.

■ 651,900 sq.m.

■ Attributable GFA: 243,000 sq.m.

■ 222,000 sq.m.

■ 149,000 sq.m.

■ 129,100 sq.m.

Note: This represents saleable resources not yet recorded as contracted sales as at 31 Dec 2017.



# Relocation Progress Update

**Lots 10 and 1 at RHXC completed relocation in 2017**

**Lot 7 at RHXC is scheduled to be cleared in 2018**

Lot	Leasable & Saleable GFA sq.m.	% of relocation completed as at 31 Dec 2016	% of relocation completed as at 31 Dec 2017	Year of relocation started	Actual/ Estimated year of relocation completion
TPQ Lot 118 - Residential	80,000	100%	100%	Q4 2014	Completed in 2016
RHXC Lot 10 - Retail - Office	182,000 156,000	99.9%	100%	Q4 2010	Completed in 2017
RHXC Lot 1 - Residential - Ancillary retail	109,000 1,000	98%	100%	Q4 2013	Completed in 2017
RHXC Lot 7 - Residential - Ancillary retail	158,000 1,000	95%	98%	Q4 2013	2018
RHXC Lot 167 - Residential - Office - Retail	83,000 69,000 78,000	-	95%	Q3 2017	2019
<b>Total</b>	<b>917,000</b>				

■ RMB 4.8 billion of relocation cost was paid as at 31 December 2017 for TPQ Lot 118.

■ RMB18.5 billion of relocation cost was paid as at 31 December 2017 for RHXC Lots 1,7,10 & 167.



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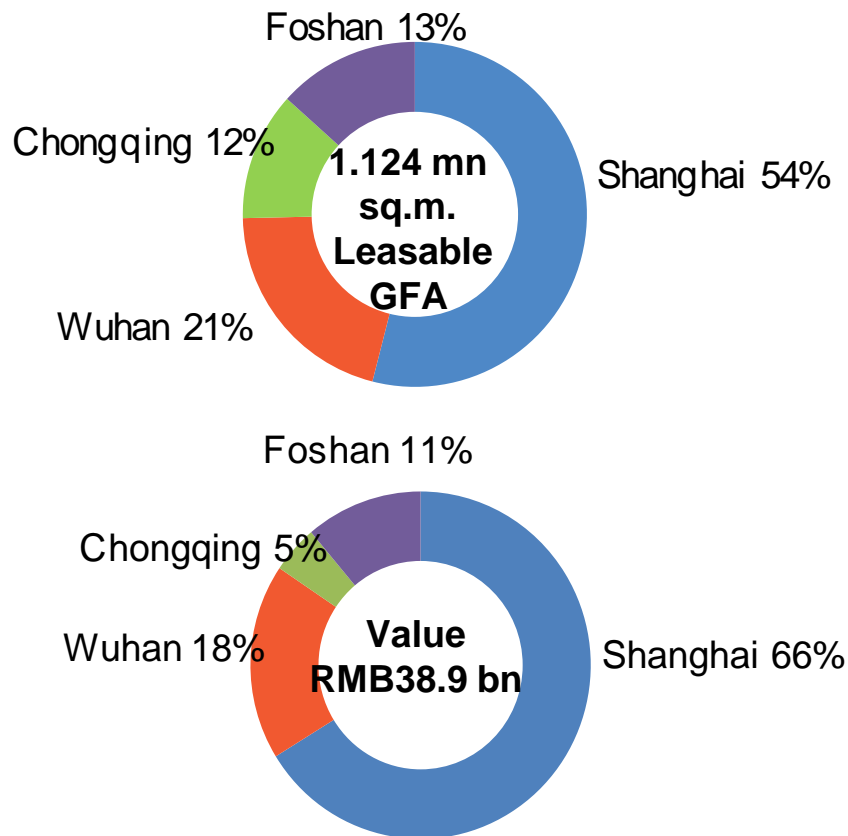
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  - **Commercial Property Portfolio**
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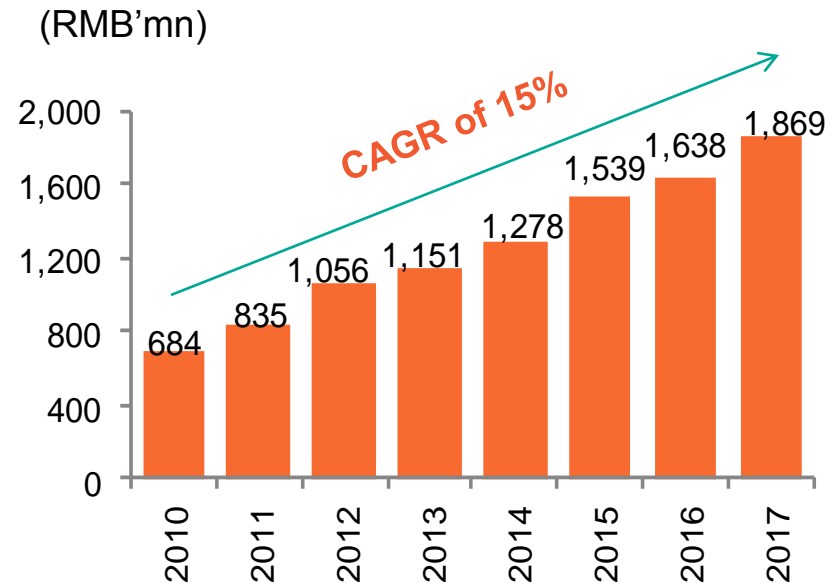
# Completed Investment Property Portfolio

Rental and related income grew to RMB1,869 mn, increased 14% YOY

## Completed IP at Valuation by City



## Rental and Related Income<sup>1</sup>



1. Excluding income from hotel operations.



# Rental and Occupancy Rates Analysis

## 77% rental income generated from Shanghai projects

Project	Product	Leasable GFA sq.m.	Occupancy rate as at		Rental & related income RMB'mn		Change %	Effective Interest %
			31 Dec 2017	31 Dec 2016	2017	2016		
<b>Shanghai Taipingqiao</b>								
Shanghai Xintiandi	Office / Retail	54,000	100%	99%	410	360	14%	78.11%
Xintiandi Style	Retail	26,000	94%	99%	88	82	7%	77.33%
Shui On Plaza <sup>1</sup>	Office	32,000	97%	100%	99	153	(35%)	62.49% <sup>2</sup>
3 Corporate Avenue	Office	-	-	-	-	15	-	-
<b>THE HUB</b>								
Office Towers	Office / Retail	97,000	98%	95%	326	269	21%	78.11%
Mall & Xintiandi	Retail	147,000	93%	79%				
Performance Center	Retail	19,000	100%	-				
<b>Shanghai RHXC</b>								
The Palette 3	Retail	28,000	95%	100%	144	97	48%	49.5%
Hall of the Stars	Retail	19,000	95%	97%				
Hall of the Moon	Retail	64,000	91%	61%				
<b>Shanghai KIC</b>								
1-3 & 5-12 KIC Plaza	Office / Retail	137,000	96%	89%	378	349	8%	44.27%
KIC Village R1 & R2	Office / Retail	22,000	97%	93%				44.27%
KIC Village 12-8	Office	5,000	100%	100%				44.27%
5-7 KIC Corporate Avenue	Office / Retail	61,000	94%	94%				50.49%
Lot 311 Hotel	Hotel	22,000	97%	-				50.49%
<b>Total</b>		<b>733,000</b>			<b>1,445</b>	<b>1,325</b>	<b>9%</b>	

1. Retail space of Shui On Plaza with a total GFA of 28,000 sq.m. was under AEI in 2017.

2. The Group has a 62.49% interest in Shui On Plaza, except for a GFA of 2,000 sq.m. at the Shui On Plaza 15<sup>th</sup> floor, in which the Group has an effective interest of 78.11%.



# Rental and Occupancy Rates Analysis

## Continued leasing progress made at HORIZON and NOVA

Project	Product	Leasable GFA sq.m.	Occupancy rate as at		Rental & related income RMB'mn		Change %	Effective Interest %
			31 Dec 2017	31 Dec 2016	2017	2016		
<b>Wuhan<sup>1</sup></b>								
Wuhan Xintiandi	Retail	46,000	85%	95%	102	99	3%	78.11%
HORIZON	Retail	114,000	89%	79%	118	45	162%	100.00%
<b>Chongqing Tiandi</b>								
The Riviera I – III	Retail	6,000	98%	98%	46	49	(6%)	99.00%
Chongqing Tiandi	Retail	49,000	90%	83%				
2, 6, 7 & 8 Corporate Avenue Retail	Retail	79,000	42%	84%				
<b>Foshan Lingnan Tiandi</b>								
Lingnan Tiandi	Retail	49,000	86%	82%	158	120	32%	100.00%
Shui On New Plaza (Lot D retail podium)	Retail	15,000	2%	2%				
NOVA	Retail	73,000	97%	84%				
Lot E Office	Office	16,000	75%	-				
<b>Total</b>		<b>447,000</b>			<b>424</b>	<b>313</b>	<b>35%</b>	

1. Park Place (Lot B4/5 Retail) with a total GFA of 72,000 sq.m. for retail use was completed in 2H 2017, and not included in the above leasable GFA. No rental & related income was generated at 2017 year end.



# Completed Commercial Property Portfolio

## 955,000 sq.m. of attributable GFA

### Shanghai Portfolio<sup>1</sup> (Attributable leasable GFA: 449,400 sq.m.)



#### Taipingqiao

- Office & Retail
- Leasable GFA: 104,000 sq.m.
- Attributable GFA: 77,600 sq.m.



#### THE HUB

- Office & Retail
- Leasable GFA: 263,000 sq.m.
- Attributable GFA: 205,400 sq.m.



#### RHXC

- Retail
- Leasable GFA: 111,000 sq.m.
- Attributable GFA: 55,300 sq.m.



#### KIC

- Office, Retail & Hotel
- Leasable GFA: 240,000 sq.m.
- Attributable GFA: 111,100 sq.m.

### Wuhan, Chongqing and Foshan<sup>1</sup> (Attributable leasable GFA: 505,600 sq.m.)



#### Wuhan Tiandi

- Retail
- Leasable GFA: 232,000 sq.m.
- Attributable GFA: 221,900 sq.m.



#### Chongqing Tiandi

- Retail
- Leasable GFA: 134,000 sq.m.
- Attributable GFA: 132,700 sq.m.



#### Foshan Lingnan Tiandi

- Retail
- Leasable GFA: 151,000 sq.m.
- Attributable GFA: 151,000 sq.m.

1. A total GFA of 17,000 sq.m. was occupied as self-use offices by the Group, and leasable GFA of which is excluded.



# Commercial Property Portfolio

1,854,700 sq.m. of attributable GFA under development or for future development

Shanghai – RHXC Lot 10



- Office & Retail
- Leasable/saleable GFA: 338,000 sq.m.
- Attributable GFA: 167,300 sq.m.

Shanghai – RHXC Lot 167



- Office & Retail
- Leasable/saleable GFA: 147,000 sq.m.
- Attributable GFA: 72,000 sq.m.

Wuhan Tiandi



- Office & Retail
- Leasable/saleable GFA: 437,000 sq.m.
- Attributable GFA: 437,000 sq.m.

Wuhan Optics Valley



- Office & Retail
- Leasable/saleable GFA: 833,000 sq.m.
- Attributable GFA: 416,500 sq.m.

Foshan Lingnan Tiandi



- Office, Retail & Hotel
- Leasable/saleable GFA: 651,000 sq.m.
- Attributable GFA: 651,000 sq.m.

Chongqing Tiandi



- Office, Retail & Hotel
- Leasable/saleable GFA: 560,000 sq.m.
- Attributable GFA: 110,900 sq.m.





**Thank You**

**Q & A**



## Appendix

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- CAPEX and Core Earnings
- Major Commercial Property Disposals
- Market Information
- Company Introduction



## Capital Expenditure (CAPEX)

RMB'bn	2017	2016
Construction Cost	3.7	5.1
% of total CAPEX	46%	73%
Land Premium	2.1	-
Relocation Cost	2.2	1.9
% of total CAPEX	54%	27%
<b>Total CAPEX</b>	<b>8.0</b>	<b>7.0</b>

- Total committed and available bank loan facilities as at 31 December 2017: RMB2.4 billion
  - Construction and working capital loan facilities: RMB2.2 billion
  - Relocation loan facilities: RMB0.2 billion



## Core Earnings

RMB'mn	2017	2016	Change %
Profit attributable to shareholders of the Company	1,669	1,088	53%
Net increase in fair value of the remaining investment properties	(518)	(1,176)	(56%)
Effect of corresponding deferred tax charges	129	294	(56%)
Realised fair value gains of investment properties disposed <sup>1</sup>	851	1,556	(45%)
Gain arose from acquisition of subsidiaries	-	(867)	-
Realised bargain purchase gain from acquisition of subsidiaries	256	337	(24%)
Share of results of associates –fair value losses, net of tax	183	113	62%
Non-controlling interests	4	4	0%
Net effect of changes in the valuation of investment properties	905	261	247%
Profit attributable to shareholders of the Company before revaluation of the remaining investment properties	2,574	1,349	91%
Add:			
Profit attributable to owners of perpetual capital securities	459	337	36%
Profit attributable to owners of convertible perpetual capital securities	114	112	2%
Core earnings of the Group	3,147	1,798	75%

1. Realised fair value gains of investment properties for 2016 was mainly related to disposal of 3 Corporate Avenue in Shanghai Taipingqiao Project, for 2017 it was from the disposal of RHXC Phase 4 retail (the Palette 2), and the disposal of RHXC Commercial Partnership Portfolio.

# Major Commercial Property Disposals

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	Foshan Lot 4	1,693	231,500
2016	Wuhan Tiandi A1 Office <sup>1</sup>	3,365	177,100
2016	Wuhan Tiandi 3 Corporate Avenue	1,134	55,100
2017	Chongqing Project (majority equity interests in Partnership Portfolio)	4,133	1,259,200
2017	49% of equity interests of KIC Project	2,949	253,000
2017	Entire equity interests owned of Dalian Project <sup>2</sup>	3,160	2,736,000
2017	49.5% of equity interests of RHXC Partnership Portfolio	3,869	393,500
<b>Total</b>		<b>47,922</b>	<b>5,907,100</b>

1. It is scheduled to be completed and delivered in 2020.

2. The transaction is expected to complete in 2018.



# Market Information

Indicator	Year	China	Shanghai	Wuhan	Chongqing	Foshan	Dalian
GDP (RMB billion)	2015	67,671	2,496	1,091	1,572	800	773
	2016	74,413	2,747	1,191	1,756	863	681
	2017	82,712	3,013	1,341	1,950	955	736
Population (million)	2015	1,375	24.15	10.61	30.17	7.43	7.03
	2016	1,383	24.19	10.77	30.48	7.46	7.03 <sup>3</sup>
	2017	1,388	24.18	10.77 <sup>1</sup>	30.48 <sup>1</sup>	7.46 <sup>1</sup>	7.03 <sup>3</sup>
Per Capita GDP (RMB)	2015	49,351	103,100	104,132	52,112	108,299	111,030
	2016	53,817	113,600	111,469	57,902	115,891	96,873 <sup>4</sup>
	2017	59,590	124,606	124,500 <sup>2</sup>	63,969 <sup>2</sup>	126,332	104,737 <sup>5</sup>
Real GDP Growth	10-yr Avg.	8.3%	7.9%	11.2%	13.1%	10.7%	10.3%
	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%
	2017	6.9%	6.9%	8.0%	9.3%	8.5%	7.1%

Year end	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
M2 (RMB trillion)	40.3	47.5	61.0	72.6	85.2	97.4	110.7	122.8	139.2	155.0	167.7
PBOC deposit rate (1 year %)	4.14	2.25	2.25	2.75	3.50	3.00	3.00	2.75	1.50	1.50	1.50
PBOC lending rate (over 5 years %)	7.83	5.94	5.94	6.40	7.05	6.55	6.55	6.15	4.90	4.90	4.90
Personal housing provident fund lending rate (over 5 years %)	5.22	3.87	3.87	4.30	4.90	4.50	4.50	4.25	3.25	3.25	3.25

1. Population in 2016    2. GDP in 2017/Population in 2016    3. Population in 2015  
 4. GDP in 2016/Population in 2015    5. GDP in 2017/Population in 2015



## Market Information (cont'd)

Indicator	Year	China		Shanghai	Wuhan	Chongqing	Foshan	Dalian
Residential Housing Price Growth	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%
	2017	5.7%		22.6%	1.8%	31.1%	5.3%	10.9%
Residential Transaction Area (million sq.m.)	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
	2017	1448		6.5	20.9	25.4	12.1	3.9
City Core ASP (RMB/sq.m.)	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
	2017	7614		102,637	15,737	9,331	11,918	13,816
Residential inventory (mn sq.m)	2015	452		10.8	27.0	14.5	9.8	8.3
	2016	403		6.6	10.0	13.0	3.4	7.3
	2017	302		4.9	10.9	8.3	3.3	5.1
Residential inventory absorption time (month)	2015	8.2 <sup>1</sup>	10.1 <sup>2</sup>	7.4	12.3	9.2	7.5	35.9
	2016	7.1 <sup>1</sup>	6.1 <sup>2</sup>	6.3	4.2	6.8	2.1	21.3
	2017	12.0 <sup>1</sup>	8.5 <sup>2</sup>	10.3	6.0	4.4	2.9	11.3
Residential new start (mn sq.m)	2015	1,067		15.6	18.2	36.7	9.7	4.9
	2016	1,159		14.4	18.5	30.0	n.a.	4.0
	2017	1,281		14.0	22.0	37.6	n.a.	4.0
Residential REI growth	2015	0.4%		5.1%	13.9%	(2.5%)	10.4%	(36%)
	2016	6.4%		8.4%	(2.9%)	(3.0%)	30.1%	(43%)
	2017	9.4%		9.5%	6.6%	13.5%	18.2%	3.0%



# Large-scale Mixed-use City Center Development



Xintiandi – Entertainment Area



Corporate Avenue – Grade A Office Tower



High-end Residential



Shopping Centre



Man-made Lake





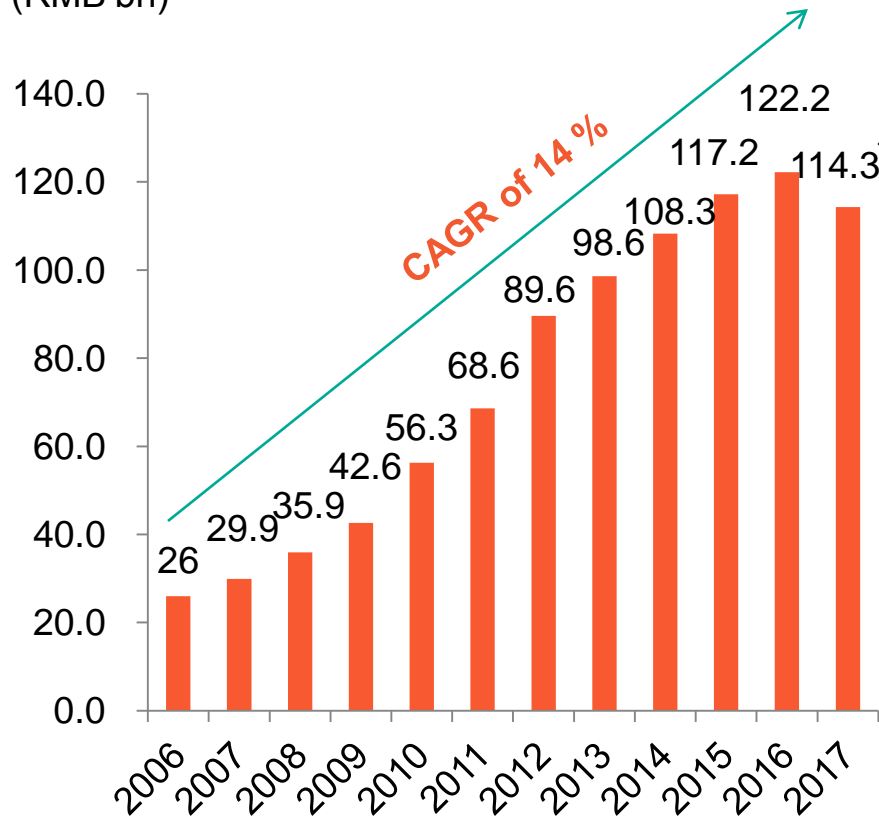
# A Strong Asset Base

Total assets were RMB114.3 billion as at 31 December 2017

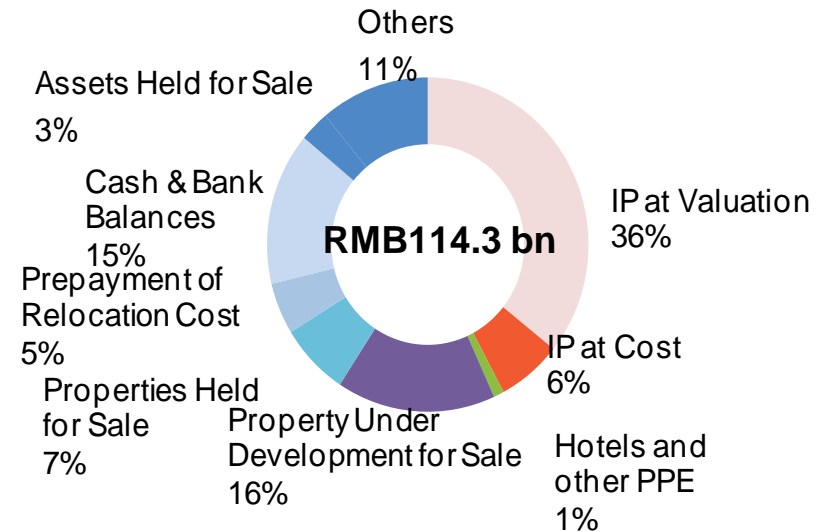
IP consists of 42% of total

## Growing Asset Base

(RMB'bn)



## Asset Value – by Nature



1. The decrease was mainly due to disposals of equity interest in Chongqing Partnership Portfolio and Shanghai RHXC Commercial Partnership Portfolio.



# Landbank in High Growth Cities

6.8 mn sq.m GFA excluding Dalian Tiandi

**Wuhan Tiandi**  
0.9 mn sq.m.



**Wuhan Optics Valley**  
1.3 mn sq.m.



**Chongqing**  
1.4 mn sq.m.<sup>4</sup>



**Foshan**  
1.0 mn sq.m.



**Total Landbank<sup>1,2,3</sup>:**  
**GFA 6.8 mn sq.m.**



**Shanghai Taipingqiao**  
0.7 mn sq.m.



**Shanghai RHXC**  
1.0 mn sq.m.



**Shanghai KIC**  
0.25 mn sq.m.



**Shanghai THE HUB**  
0.3 mn sq.m.



1. Total leasable and saleable landbank excludes 2.7 million sq.m. of Dalian and 2.0 million sq.m. of clubhouse, carpark and other facilities.
2. On 14 November 2017, the Group entered into the agreement in relation to the conditional major disposal of 61.54% share interest and the related loans in Richcoast and upon completion, the Group will no longer have any interests in Dalian Tiandi.
3. In December 2017, the Group acquired Jianfa Junyi Building with a total saleable GFA of 45,000 sq.m. and it was delivered on 4 January 2018 and thus excluded from the landbank above.
4. The Group shares 19.8% effective interests of a GFA of 1.254 million sq.m. out of the total GFA of 1.4 million sq.m. in Chongqing Tiandi.



# Shanghai Taipingqiao and Rui Hong Xin Cheng

## Shanghai Taipingqiao



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

<b>Total GFA</b>	<b>1,266,000 sq.m.</b>
<b>Completed Properties</b>	299,000 sq.m. (Sold & delivered residential) 49,000 sq.m. (Sold yet to be delivered; available for sale) 112,000 sq.m. (IP) 282,000 sq.m. (Sold IP & hotel)
<b>Properties under development</b>	<b>108,000 sq.m.</b>
<b>Properties for future development</b>	<b>416,000 sq.m. (Yet to start relocation)</b>

## Shanghai Rui Hong Xin Cheng



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

<b>Total GFA</b>	<b>1,743,000 sq.m.</b>
<b>Completed Properties</b>	746,000 sq.m. (Sold & delivered residential and IP) 49,000 sq.m. ( Sold yet to be delivered; available for sale) 111,000 sq.m (IP)
<b>Properties under development</b>	<b>607,000 sq.m.</b>
<b>Properties for future development</b>	<b>230,000 sq.m.</b>



# Shanghai KIC and THE HUB

## Shanghai KIC



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

**Total GFA**

**498,000 sq.m.**

**Completed  
Properties**

**249,000 sq.m. (Sold & delivered)  
247,000 sq.m. (IP)  
2,000 sq.m. (Available for sale)**

## THE HUB



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

**Total GFA**

**308,000 sq.m.**

**Completed  
Properties**

**45,000 sq.m. (Sold & delivered  
hotel)  
263,000 sq.m. (Office, retail &  
Performance Center)**



# Wuhan Tiandi and Wuhan Optics Valley

## Wuhan Tiandi



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

**Total GFA**

**1,581,000 sq.m.**

**Completed  
Properties**

**669,000 sq.m. (Sold & delivered)  
232,000 sq.m. (IP)**

**Properties  
under  
development**

**285,000 sq.m.**

**Properties for  
future  
development**

**395,000 sq.m.**

## Wuhan Optics Valley



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

**Total GFA**

**1,277,000 sq.m.**

**Properties for  
future  
development**

**1,277,000 sq.m.**

# Chongqing Tiandi and Foshan Lingnan Tiandi

## Chongqing Tiandi



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

<b>Total GFA</b>	<b>2,803,000 sq.m.</b>
<b>Completed Properties</b>	1,398,000 sq.m. (Sold & delivered) 17,000 sq.m. (Sold yet to be delivered, available for sale) 134,000 sq.m. (IP) <sup>1</sup>
<b>Others</b>	<b>1,254,000 sq.m.<sup>2</sup></b>

1. The Group has a 99% effective interest in the investment properties.

2. Others include properties under development and properties for future development. The Group has a 19.8% effective interest.

## Foshan Lingnan Tiandi



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

<b>Total GFA</b>	<b>1,524,000 sq.m.</b>
<b>Completed Properties</b>	279,000 sq.m. (Sold & delivered) 21,000 sq.m. (Sold yet to be delivered ; available for sale) 196,000 sq.m. (IP and hotel )
<b>Properties under development</b>	<b>81,000 sq.m.</b>
<b>Properties for future development</b>	<b>715,000 sq.m.</b> 232,000 sq.m. (Other asset disposal)



# Dalian Tiandi

## Dalian Tiandi<sup>1</sup>



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

Total GFA	3,104,000 sq.m. <sup>2</sup>
Completed Properties	368,000 sq.m. (Sold & delivered ) 58,000 sq.m. <sup>3</sup> ( Sold yet to be delivered; available for sale ) 248,000 sq.m. (IP)
Properties under development	904,000 sq.m.
Properties for future development	1,526,000 sq.m.

1. On 14 November 2017, the Group entered into the agreement in relation to the disposal of 61.54% share interest of Richcoast, the offshore loans and onshore debts in Dalian project and upon completion, the Group will no longer have any interests in Dalian Tiandi.

2. The Group has a 48% effective interest in Dalian Tiandi, except for Lots C01, C03, B08, B09 and E02a in which we have a 44.72% effective interest.

3. Including leasehold of 37,000 sq.m..