



瑞安房地產
SHUI ON LAND

Shui On Land Limited

2019 Annual Results Announcement

30 March 2020



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Section 1

2019 Business Review and Strategic Outlook



Financial Summary

	2019	2018	Change
Consolidated rental and related income (RMB'mn)	2,251	2,016	12%
Total rental and related income (including JVs and associates) (RMB'mn)	2,573	2,200	17%
Contracted sales (RMB'mn)	12,501	22,279	(44%)
Selected Financial Information (RMB'mn)			
Revenue	10,392	24,841	(58%)
Gross profit	5,313	7,145	(26%)
Profit for the year	2,545	2,686	(5%)
Profit attributable to shareholders of the Company	1,932	1,906	1%
Selected Financial Ratios			
Gross profit margin	51%	29%	22ppt
Net profit margin	24%	11%	13ppt
Selected Balance Sheet Data (RMB'mn)			
	31 Dec 2019	31 Dec 2018	
Total assets	108,416	110,250	(2%)
Total debt	37,741	34,269	10%
Net debt	25,882	18,877	37%
Cash and bank deposits	11,859	15,392	(23%)
Net gearing	52%	40%	12ppt



Stable profit underpinned by strong rental income growth

Profit attributable to shareholders was RMB1,932 million in 2019

- **Stable profit underpinned by strong rental income growth:** Revenue of the Group totalled RMB10,392 million in 2019. Profit attributable to shareholders increased by 1% Y/Y to RMB1,932 million, from RMB1,906 million. The stable profitability was underpinned by rental and related income growth of 12% to RMB2,251 million in 2019. Total rental and related income, including the properties held by joint ventures and associates, increased by 17% to RMB2,573 million in 2019. A final dividend of HKD0.084 per share was declared, which together with the interim dividend of HKD0.036 brings the total dividend for the year to HKD0.120 per share.
- **Increasing strategic focus on Shanghai:** With an increased strategic emphasis on commercial real estate, the Group is also deploying more resources in Shanghai, a market in which Shui On Land (“SOL”) enjoys a well-established brand name. In 2019, the Group completed several major acquisitions in Shanghai, which includes: 5 Corporate Avenue (“5 CA”) by the SOL managed Core-Plus Office Investment Venture (“SCOV”); Hong Shou Fang project, a commercial site in Putuo District near Nanjing West Road, and Panlong Tiandi project which comprises four residential sites in Qingpu District. In September 2019, we also held a ground-breaking ceremony for a major commercial complex – Tai Ping Yang Xintiandi in Shanghai (also known as “Taipingqiao Lots 123,124 &132”).
- **Solid balance sheet to weather macroeconomic headwinds:** Net gearing ratio remained at a healthy 52% as of 31 December 2019, an increase of 12 percentage points compared to 2018, which was mainly due to two new land acquisitions in October and November 2019. Cash and bank deposits held by the Group was RMB11,859 million as of 31 December 2019. The strong financials should enable the Group to better withstand the volatile macroeconomic conditions in the Group’s near future, particularly in light of uncertainties arising from a global COVID-19 outbreak.
- **Issuance of first Green Bond:** The Group successfully issued its inaugural Green Bond due November 2023 @5.75%, with an aggregate principal amount of USD300 million. The Group appointed Sustainalytics as an independent third party to audit the Group’s Green Finance Framework in accordance to the International Capital Markets Association (ICMA) Green Bond Principles 2018. The proceeds from the issuance of the Green Bond will be used exclusively for the financing or the refinancing, in whole or in part, of projects funded by SOL that promote sustainable development in the real estate industry.

Key investments in 2019: Panlong Tiandi, Shanghai

Acquisition of 80% effective interest in four parcels of residential sites located in Panlong area in Qingpu District on 31 October 2019

Shanghai Panlong Tiandi

Site Information

- Location: The project site is located in Qingpu District, Shanghai which is part of the Hongqiao CBD. These residential sites will be part of Panlong Tiandi
- Transportation: Metro line 17 – Panlong Station (in operation) , two stops from Hongqiao Railway station
- Site area: 90,057 sq.m.
- Total GFA: 176,251 sq.m
- Shui On Land holds 80%, two SOEs hold 10% each

Total Land Cost

- RMB3.88 billion
- Average Land Cost per sq.m. GFA: RMB22,000 per sq.m.

Investment Rationale

- Strategic location
- Residential use sites



The Panlong project, located in Qingpu, Shanghai, is within the Hongqiao CBD area and only 3km away from The HUB

Key investments in 2019: Hong Shou Fang, Shanghai

Acquisition of 100% interest in a commercial site in Putuo District of Shanghai on 1 November 2019

Shanghai Hong Shou Fang

Site Information

- A typical “Urban Regeneration” project located at the gateway of Changshou Road, the most prosperous commercial street of Putuo District, Shanghai
- The site is only 2 kilometers away from Nanjing West Road, the prominent CBD of Shanghai
- Directly linked to Changshou Road Station, the interchange station of Metro Line 7 & 13
- Grade A office + “Tiandi” style retail
- Cleared site
- 100% Owned by Shui On Land
- Site Area: 15,258 sq.m.
- Total GFA: 63,021, sq.m. of above ground gross floor area.

Total Land Cost

- RMB1.860 billion
- Average land cost per sq.m.: RMB29,500 per sq.m.

Investment Rationale

- Strategic location
- Attractive land price and returns / Strengthened SOL’s brand as urban regeneration leader / Opportunity of building a new landmark



Increasing Shanghai Presence and Saleable Resources

RMB76 billion commercial property portfolio and RMB58 billion of residential saleable resources as of 31 December 2019

- The Group holds 58% of overall effective interest in commercial portfolio in Shanghai. The portfolio was valued at RMB76 billion.
- The Group has an estimated RMB58 billion of saleable resources in Shanghai.

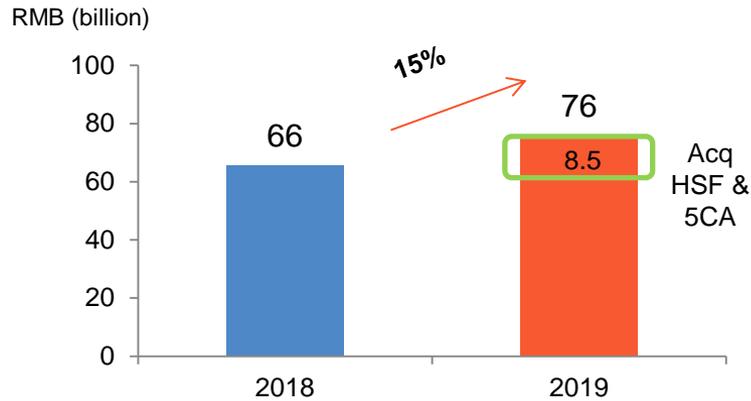
Commercial Project	Office GFA sq.m.	Retail GFA sq.m.	Total GFA sq.m.	Attributable GFA sq.m.	Asset Value as of 31 Dec 2019 RMB' bn	% of ownership
Investment Properties in Shanghai						
Xintiandi, Xintiandi Style, XINTIANDAI PLAZA, Shui On Plaza	36,000	104,000	140,000	128,100	12.54	100% /99%/80%/80%
THE HUB	93,000	170,000	263,000	263,000	8.97	100%
Rui Hong Tiandi (Hall of the Moon, Stars and The Palette 3)	-	111,000	111,000	55,000	3.98	49.50%
Rui Hong Tiandi (Hall of the Sun)	147,000	183,000	330,000	163,400	8.12	49.50%
Rui Hong Xin Cheng (Lot 167 B)	107,000	12,000	119,000	58,300	6.24	49%
KIC	186,000	63,000	249,000	115,500	8.44	44.27%/50.49%
Taipingqiao Lots 123/124/132 (Acquired in 2018)	192,000	88,000	280,000	70,000	17.82	25%
INNO KIC (Acquired in 2018)	41,000	4,000	45,000	45,000	1.43	100%
5 Corporate Avenue (Acquired in 2019)	52,000	27,000	79,000	35,200	6.62	44.55%
Hong Shou Fang (Acquired in 2019)	48,000	15,000	63,000	63,000	1.87	100%
Total	902,000	777,000	1,679,000	996,500	76.03	58%

Residential Project	Residential GFA sq.m	Estimated Gross Saleable Resource RMB' bn	The Group's interest %	Estimated Attributable Sales RMB' bn
Shanghai Taipingqiao Lot 118	78,500	12.3	99%	12.2
Rui Hong Xin Cheng Lot 2	1,300	0.2	99%	0.2
Rui Hong Xin Cheng Lot 1	68,100			
Rui Hong Xin Cheng Lot 7	159,200	24.5	49.5%	12.1
Rui Hong Xin Cheng Lot 167A	85,000	11	49%	5.4
Panlong Tiandi (Acquired in 2019)	176,000	9.5	80%	7.6
Shanghai Sub-total:	568,100	57.5		37.5

Increasing Shanghai Presence and Saleable Resources

RMB76 billion commercial property portfolio and RMB58 billion of residential saleable resources as of 31 December 2019

Shanghai Commercial Portfolio Total Asset Value



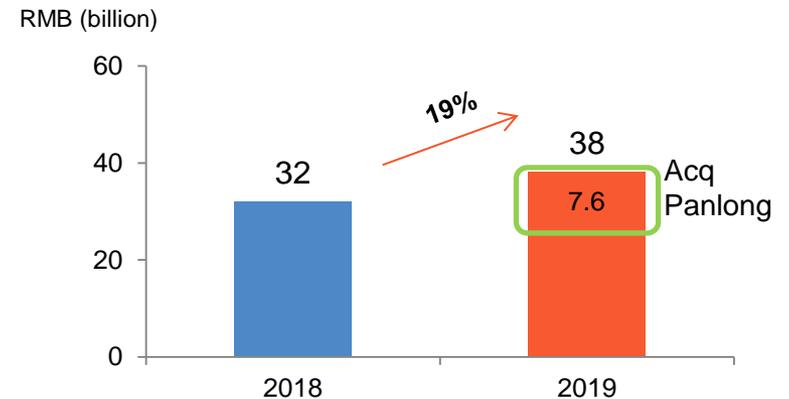
Shanghai Residential Total Saleable Resources



Shanghai Commercial Portfolio Attributable Asset Value



Shanghai Residential Attributable Saleable Resource

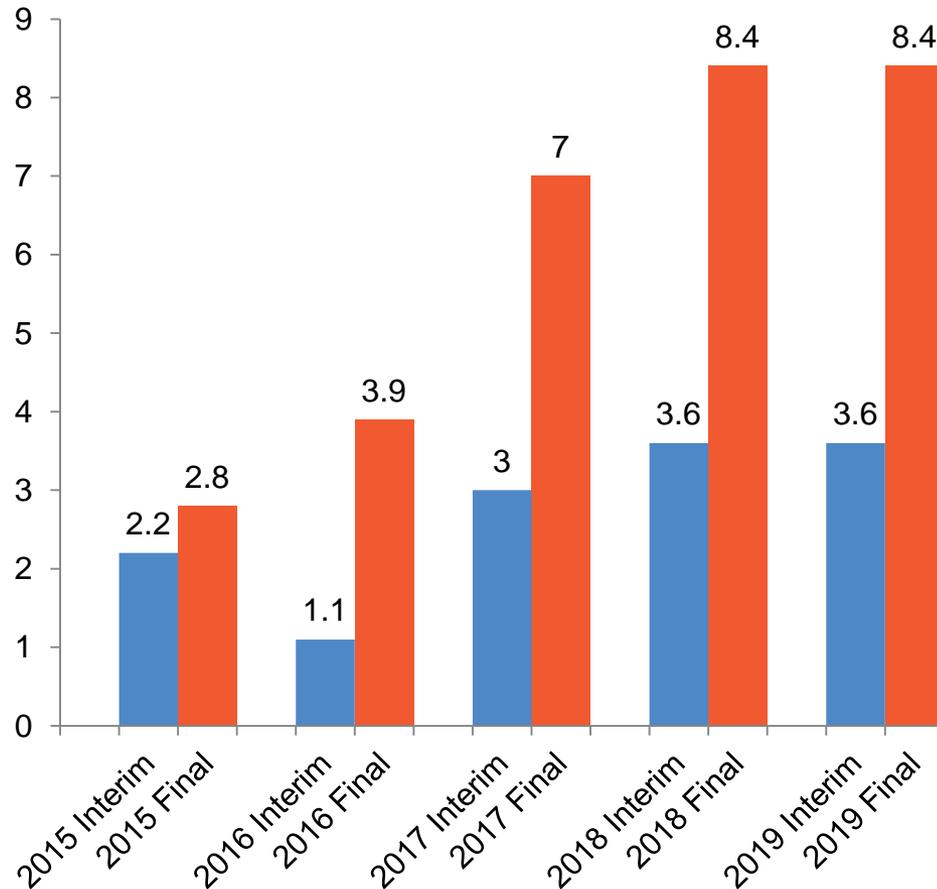




Attractive dividend yield backed by rising recurrent income

DPS

(HKD cents)



- The Board recommends 2019 final dividend at HKD0.084 per share.
- Based on 27 Mar 2020 closing price of HK\$1.3, the stock is yielding at an attractive 9%.



Market and Strategic Outlook

- Looking ahead, 2020 is set to be another challenging year given the ongoing geopolitical uncertainties, prevailing economic risks and the COVID-19 global outbreak. While China and US have reached a milestone “phase one” trade deal, we expect the trade tensions to continue, and will add to uncertainties as tariffs and sanctions reconfigure global production and supply chains.
- The outbreak of COVID-19 will inevitably have an impact on global economic activity and market performances. We are heartened to see the tremendous progress made by China in containing the spread of COVID-19, though business activities and consumption will take time to recover, and improvements to the overall economic environment remains to be seen.
- Given such uncertainties, COVID-19 will likely have a noted impact to our performance in 2020, underscored by the rental concessions and subsidies offered to our tenants; and delays in some construction schedules and anticipated pre-sales timing. In particular, we remain watchful on the Group’s two ongoing projects in Wuhan. We will monitor closely our operations, when the property market will return to normal and how sales/purchase sentiment will be impacted.
- Against this backdrop, Shui On will continue to maintain a prudent positioning, guided by our asset light strategy. We adopt a cautious and disciplined approach towards making new investments, with a view on ensuring that our gearing, currently at 52%, and cashflow remains at a sustainable level. We have set very strict criteria for our investment returns and will continue to work with compatible partners. This may include working with domestic developers on residential developments, leveraging our respective strengths. For the retail and commercial properties, we will strive to ensure that our assets maintain their lead in the changing environment through asset enhancements that are relevant to today’s consumers and businesses.



Section 2

Key Financial Highlights



Key Financial Highlights in 2019

- Revenue in 2019 was RMB10,392 million, while profit attributable to shareholders increased by 1% Y/Y to RMB1,932 million in 2019. The stable profitability was underpinned by rental and related income growth of 12% to RMB2,251 million in 2019 as the Group continues its transition into a leading commercial focused property company.
- Gross profit margin increased by 22 percentage points to 51% in 2019 compared to 29% in 2018.
- Net gearing ratio increased by 12 percentage points to 52% as of 31 December 2019. The increase was mainly due to two new land acquisitions done in October and November 2019.
- Cash and bank deposits held by the Group was RMB11,859 million as of 31 December 2019.
- The strong financials should enable the Group to better withstand the volatile macroeconomic conditions in the Group's near future, particularly in light of uncertainties arising from a global COVID-19 outbreak.



Income Statement

RMB'mn	2019	2018	Change %
Revenue of the Group	10,392	24,841	(58%)
Property sales	7,176	22,131	(68%)
Rental & related income	2,251	2,016	12%
Hotel, construction and others	965	694	39%
Cost of sales	(5,079)	(17,696)	(71%)
Gross profit	5,313	7,145	(26%)
Gross profit margin	51%	29%	22ppt
Other income	536	417	29%
Selling & marketing expenses	(148)	(254)	(42%)
General & administrative expenses	(829)	(790)	5%
Operating profit	4,872	6,518	(25%)
Increase in fair value of investment properties	256	970	(74%)
Gain on disposal of IP through disposal of subsidiaries	-	194	-
Other gains and losses	(150)	(1,123)	(87%)
Reversal (provision) of impairment losses under expected credit loss model	179	(122)	(247%)
Share of gains of associates and joint ventures	195	61	220%
Finance costs, inclusive of exchange differences	(1,497)	(1,583)	(5%)
Net exchange loss	(205)	(140)	46%
Net interest costs and others	(1,292)	(1,443)	(10%)



Income Statement (Cont'd)

Profit attributable to shareholders increased to RMB1,932 million

RMB'mn	2019	2018	Change%
Profit before taxation	3,855	4,915	(22%)
Taxation	(1,310)	(2,229)	(41%)
Profit for the year	2,545	2,686	(5%)
Attributable to:			
Non-controlling shareholders of subsidiaries	228	409	(44%)
Owners of perpetual capital securities	269	259	4%
Owners of convertible perpetual capital securities	116	112	4%
Profit attributable to shareholders	1,932	1,906	1%
Earnings per share – Basic	RMB24.0 cents	RMB23.7 cents	1%
Final dividend (per share)	HKD0.084	HKD0.084	
Full year dividend (per share)	HKD0.120	HKD0.120	



Total Recognised Property Sales¹

RMB'mn	2019	2018	Change %
TPQ	3,326	2,617	27%
RHXC	703	3,721	(81%)
Foshan	1,456	122	1,093%
Chongqing	116	161	(28%)
Car Parks	305	472	(35%)
Chongqing Partnership Portfolio - Residential Inventories	-	57	-
Shanghai RHXC - Residential Inventories (Lots 1 & 7)	1,270	14,981	(92%)
Total Property Sales Recognised as Revenue	7,176	22,131	(68%)
Property Sales recognized as revenue excluding RHXC Lots 1 & 7 Disposal	5,906	7,150	(17%)

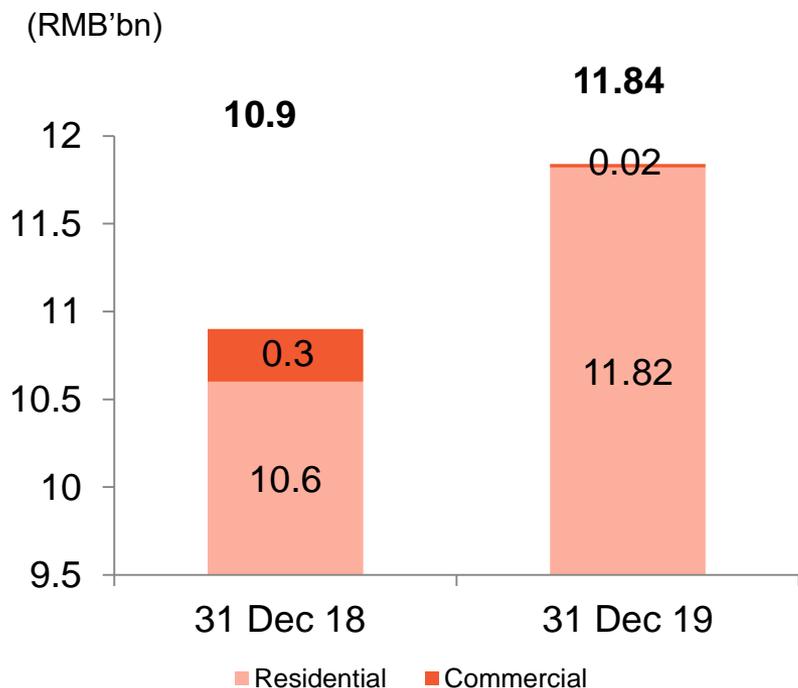
<u>Property Sales Recognised as:</u>	2019	2018	Change %
- Property sales in revenue of the Group	7,176	22,131	(68%)
- Disposal of investment properties	13	19	(32%)
- Revenue of associates	3,501	-	-
- Revenue of joint ventures	1,319	-	-
Total Property Sales	12,009	22,150	(46%)

1. Inclusive property sales in revenue of the Group, disposal of investment properties, revenue of associates and revenue of joint ventures.

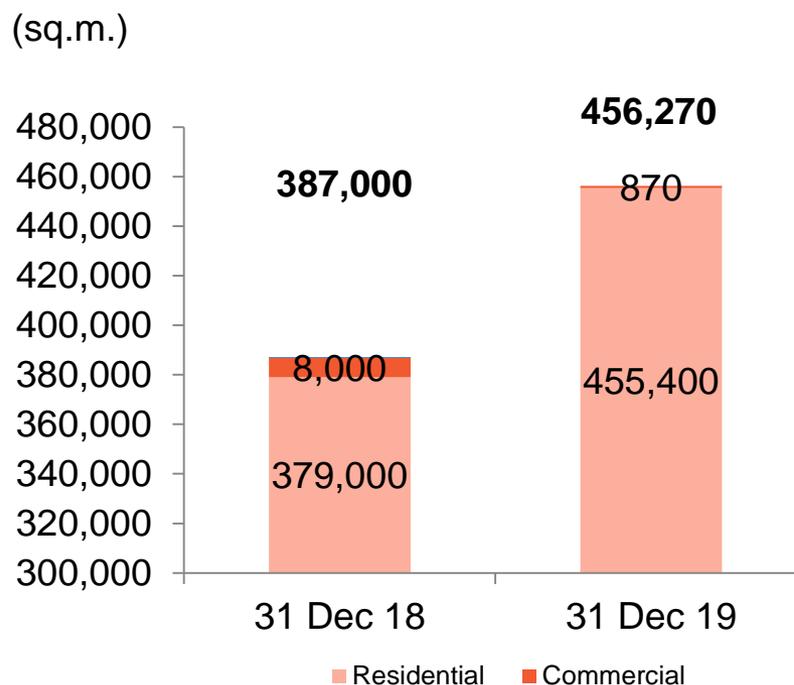


RMB11.84 billion Locked-in Sales for Delivery in 2020 and Beyond

Locked-in Sales



Locked-in Sales GFA





Financial Position as of 31 Dec 2019

A total of RMB11.9 billion cash and bank deposits

RMB'mn	31 Dec 2019	31 Dec 2018	Change %	31 Dec 2017	Change %
Total cash and bank deposits	11,859	15,392	(23%)	16,760	(29%)
Total asset	108,416	110,250	(2%)	114,292	(5%)
Total debt	37,741	34,269	10%	41,699	(9%)
Bank borrowings	25,823	26,321	(2%)	30,993	(17%)
Senior notes	11,399	7,424	54%	10,706	6%
Receipts under securitisation arrangements	519	524	(1%)	-	-
Net debt	25,882	18,877	37%	24,939	4%
Total equity	49,307	47,219	4%	49,175	0.3%
Net gearing	52%	40%	12ppt	51%	1ppt
Shareholders' Equity per share	RMB4.97	RMB4.84	3%	RMB4.75	5%

- Average cost of debt as at end of year: 2019 : **5.4%** vs. 2018: **5.5%**
(The average cost of debt herein only includes interest cost, excluding arrangement fees and other fees.)



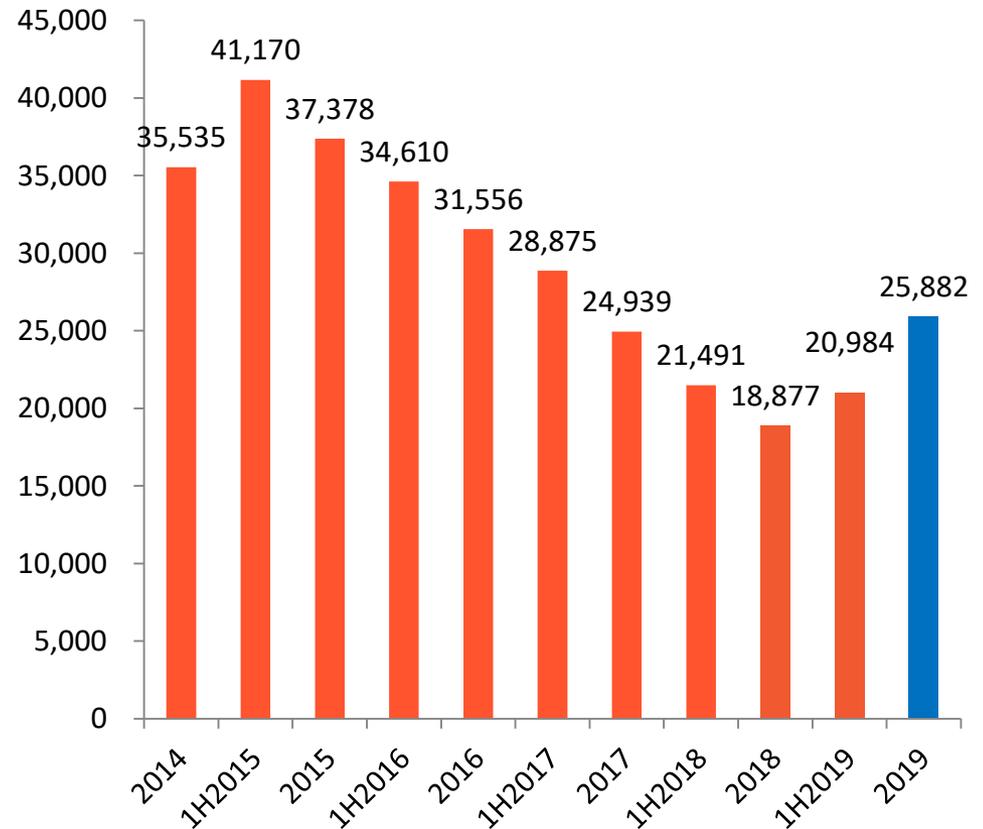
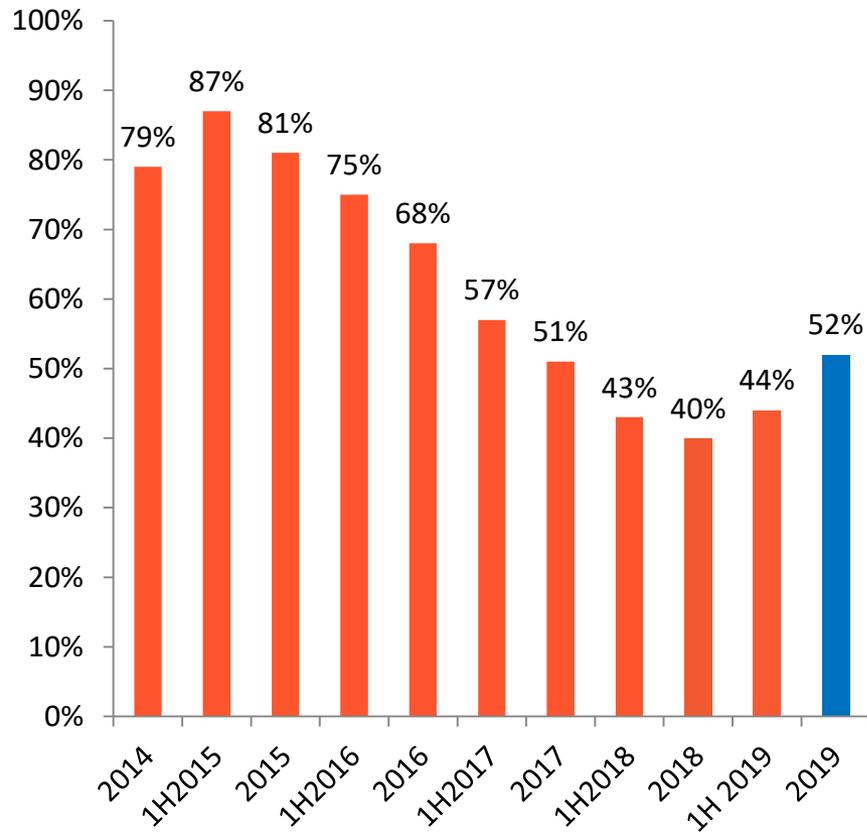
Net gearing ratio at 52% as at 31 Dec 2019

Two land acquisitions in Shanghai in 2H 2019 with total land cost of RMB5.7 billion

Net Gearing

Net Debt

(RMB'mn)





Proactive Liability Management

US\$392.0 million of senior notes maturing in 2021 having been tendered or exchanged

- On 20 February 2020, the Company commenced an Exchange and Tender Offer for its senior notes due in 2021
- The Company also conducted a concurrent New Issuance of US\$400.0 million, 5-year 5.50% senior notes to (i) pay the cash portion of the consideration payable under the Exchange and Tender Offer; (ii) the repayment of existing indebtedness and general corporate purposes

	Exchange for 5.50% new notes due 2025	Tender Offer	Total
5.70% notes due Feb 2021	US\$64,972,000	US\$172,641,000	US\$237,613,000
6.25% notes due Nov 2021	US\$24,942,000	US\$129,408,000	US\$154,350,000 ¹
Total	US\$89,914,000	US\$302,049,000	US\$391,963,000

- A total of US\$302,049,000 notes was accepted for tender and US\$89,914,000 was exchanged for new 5.50% 5-year senior notes
- The final issuance size for the new 5.50% 5-year senior notes is US\$489.9 million

Note: Please refer to the respective offering documents and announcements for definitions and details.

1. Refers to the portion accepted after proration. A total of US\$208,356,000 has been submitted, of which US\$154,350,000 has been accepted

Debt Profile

Debt Profile – Nature & Maturity Breakdown

RMB'mn	<1 year	>1 to <2 years	>2 to <5 years	>5 years	Total
RMB Senior Notes	-	2,237	-	-	2,237
USD Senior Notes	-	7,076 ²	2,086	-	9,162
HKD Bank Borrowings	1,176	1,301	2,364	-	4,841
USD Bank Borrowings	3,571	3,142	1,150	-	7,863
RMB Bank Borrowings	1,105	3,432	5,001	3,581	13,119
CMBS	7	10	50	452	519
Total	5,859 ¹	17,198 ²	10,651	4,033	37,741
2018:Total	14,509	6,111	9,555	4,094	34,269

In addition

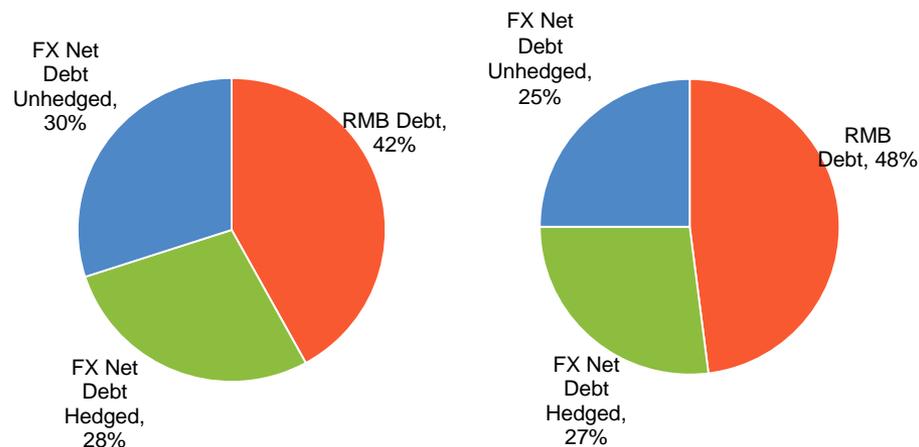
- USD225 million 7.50% of convertible perpetual capital securities
- USD600 million 6.40% of perpetual capital securities

1. RMB758 million had been repaid before 15 March 2020 (unaudited)
2. A total of USD392 million (RMB2,721 million) has been redeemed on 3 March 2020.

31 Dec 2019

vs.

31 Dec 2018



After 31 Dec 2019, the Company entered into the Capped forward contracts of USD355 million and forward contracts of USD270 million and HKD300 million as of 30 Mar 2020.



Senior Notes Maturity Profile

Senior Notes Repaid in 2019

Amount (Currency million)	Coupon Rate	First Callable Date	Maturity Date	Repaid Amount (mn)	Repayment Date
USD250	4.375%	-	05-Oct-19	USD250	27-Sep-19

Outstanding Senior Notes as at 31 Dec 2019¹

Amount (Currency million)	Coupon Rate	Issue Date	First Callable Date	Maturity Date
USD500 / (USD262) ¹	5.700%	06-Feb-17	-	06-Feb-21
RMB2,200	6.875%	02-Mar-18	02-Mar-20	02-Mar-21
USD500 / (USD346) ¹	6.250%	28-Feb-19	-	28-Nov-21
USD300 Green Bond ³	5.75%	12-Nov-19	12-Nov-21	12-Nov-23
USD225	7.500%	04-Jun-15	04-Jun-20	Convertible Perpetual Capital Securities
USD600	6.400%	20-Jun-17	20-Jun-22	Perpetual Capital Securities

New issuance of Senior Notes in Feb 2020

Amount (Currency million)	Coupon Rate	Issue Date	First Callable Date	Maturity Date
USD490 ²	5.500%	03-Mar-20	03-Mar-23	03-Mar-25

Note:

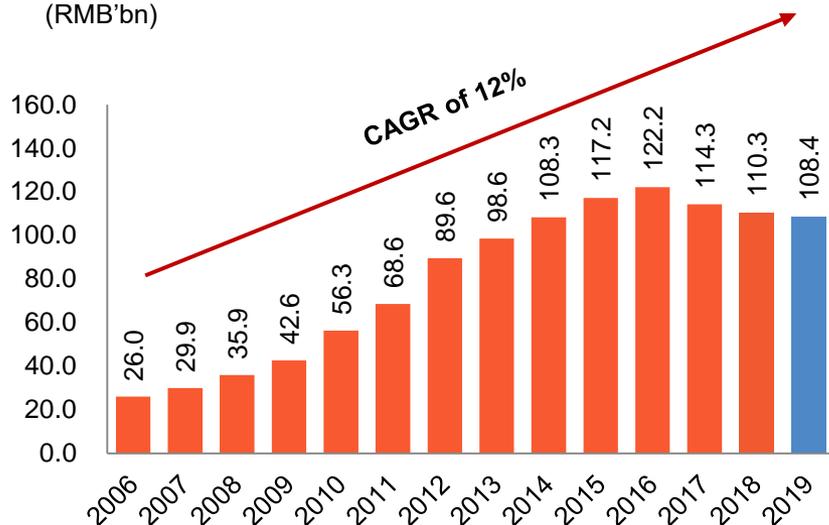
1. On 20 Feb 2020, the Group commenced an exchange and tender offer for the Feb and Nov 2021 due senior notes. The exchange and tender offerings was completed on 03 March 2020. A total of USD238 million Feb 2021 and USD154 million of Nov 2021 due senior notes were exchanged and tendered.
2. The Group has issued US\$489,914,000 of New Notes in which US\$89,914,000 of the proceeds were used for the abovementioned Exchange Offer. The transaction was completed on 3 March 2020.
3. USD255 million of proceeds from the USD300 million Green Bond was invested in buy-back of 5 Corporate Avenue. 5 Corporate Avenue is a LEED-CS Gold certified green building.

Solid Balance Sheet with Substantial Long Term Rental Assets

Total assets of RMB108.4 billion as of 31 Dec 2019, almost 50% in investment property

Strong Asset Base

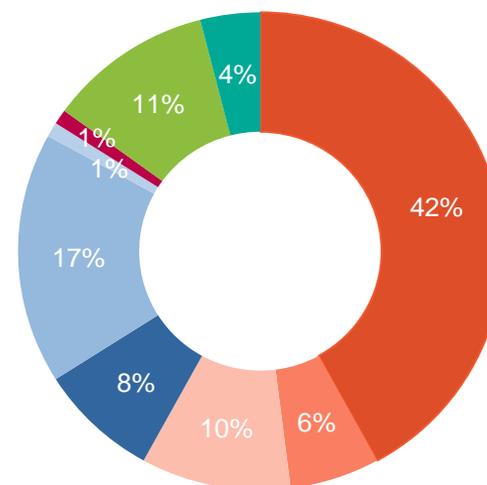
(RMB'bn)



31 Dec 2019

Total asset	RMB 108.4 bn
Net debt	RMB 25.9 bn
Net gearing	52%
Total equity	RMB 49.3 bn
Shareholders' equity per share	RMB 4.97

Asset Value – by Nature



- IP at Valuation
- IP at cost
- JV and Associate Investment & Loans - for IP
- JV and Associate Investment & Loans - for Sale and Mixed use
- Property Under Development for Sale & Prepayment of Relocation Cost
- Properties Held for Sale
- Hotels and other PPE
- Cash & Bank Balance
- Others



Section 3

Investment and Asset Management

World Class Commercial Property Portfolio with Strong Recurring Income

17% rental and related income growth with high occupancy

Project/ property	Product	Leasable GFA sq.m.	Rental & related Income RMB' million		Change %	Occupancy		Change ppt
			2019	2018		31 Dec 2019	31 Dec 2018	
Shanghai Xintiandi	Office / Retail	39,000 ¹	337	417	(19%)	86%	100%	(14)
Xintiandi Style	Retail	26,000	107	100	7%	96%	100%	(4)
Shui On Plaza & XINTIANDI PLAZA	Office / Retail	52,000 ²	194	115	69%	92%	87%	5
THE HUB	Office / Retail	263,000	464	407	14%	99%	91%	8
Shanghai KIC	Office / Retail / Hotel	243,000	469	450	4%	95%	96%	(1)
INNO KIC ³	Office / Retail	45,000	7	-	-	20%	-	-
Wuhan Tiandi	Retail	238,000 ⁴	341	265	29%	94%	87%	7
Foshan Lingnan Tiandi	Office / Retail	136,000 ⁵	260	217	20%	97%	95%	2
Chongqing Tiandi	Retail	131,000 ⁶	57	45	27%	73%	77%	(4)
Nanjing INNO Zhujiang Lu ⁷	Office/Retail	16,000	15	-	-	74%	-	-
Consolidated rental and related income		1,189,000	2,251	2,016	12%			
Shanghai RHXC JV ⁸	Retail	98,000	179	184	(3%)	88%	94%	(6)
Shanghai 5 Corporate Avenue associate	Office/Retail	79,000	143 ⁹	-	-	90%	-	-
Grand Total		1,366,000¹⁰	2,573	2,200	17%			

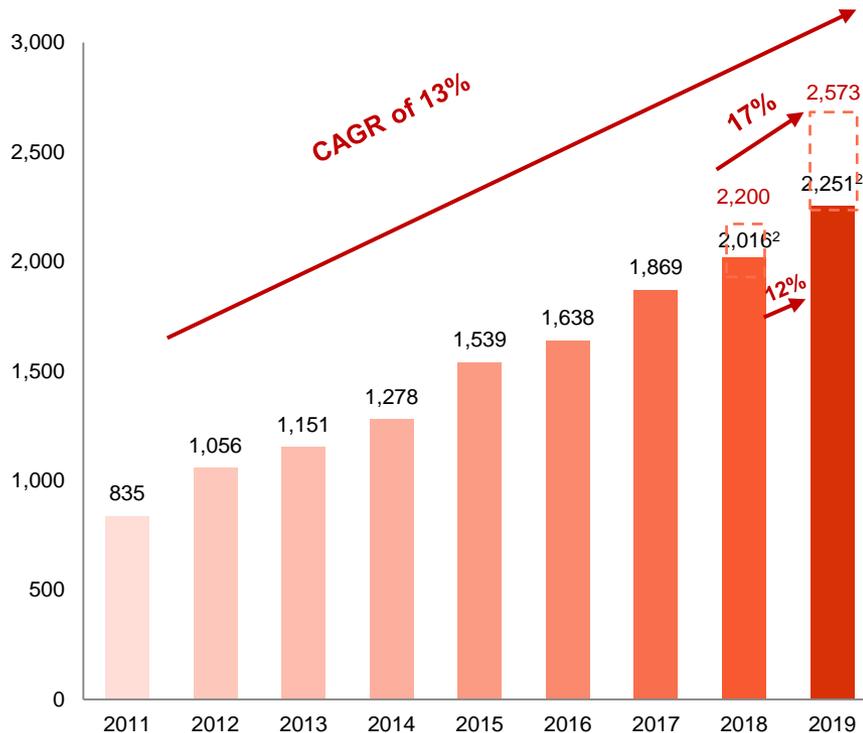
1. A total leasable GFA of 15,000 sq.m. was under AEI since March 2019 and was excluded from the above table.
2. AEI of XINTIANDI PLAZA with a total leasable GFA of 28,000 sq.m. was completed in late 2018 and held the grand opening in May 2019.
3. INNO KIC was newly opened in April 2019.
4. North Hall of Wuhan Tiandi HORIZON with a total GFA of 72,000 sq.m. held the grand opening in November 2019.
5. Foshan Lingnan Tiandi Phase 3 with a total leasable GFA of 6,000 sq.m. was completed in the late 2019. It will be leased out in 2020 and was excluded from the above table. Shui On New Plaza (Lot D retail) with a total of 15,000 sq.m. was also excluded from the above table.
6. Occupancy rate of Chongqing Tiandi area and 6 & 7 Corporate Avenue retail podium was 68%. 8 Corporate Avenue retail podium with a total GFA of 31,000 sq.m. is undergoing repositioning and tenant upgrades.
7. Nanjing INNO Zhujiang Lu has been under pre-leasing since 2H 2018. It is an asset light project under management.
8. The Group held 49.5% effective interest in the property. Rental and related income attributable to the Group was RMB88.6 million in 2019 and RMB91.1 million in 2018. Palette 3 with a total leasable GFA of 13,000 sq.m. was under AEI and was excluded from the above table.
9. The acquisition of 5 CA was completed on 20 June 2019. The Group held 44.55% effective interest of the property as of 31 December 2019. Rental and related income of the property for 2019 was RMB269 million. The rental and related income after the completion was RMB143 million. Rental and related income attributable to the Group was RMB63.7 million in 2019.
10. A total GFA of 16,000 sq.m. located at Shanghai Shui On Plaza, Shanghai KIC and Foshan Lingnan Tiandi were occupied by the Group and were excluded from the above table.

Double digit long term income growth

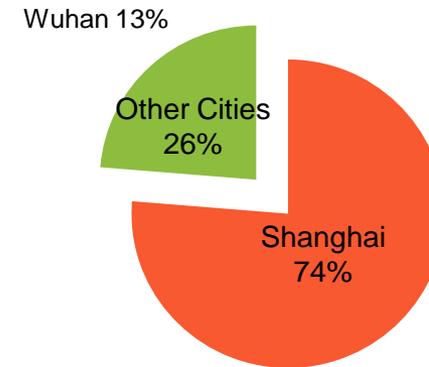
Growing rental and related income of the Company

Consolidated Rental and Related Income¹

(RMB million)



Total Rental & Related Income Contribution



- Including joint ventures and associates, the total rental & related income up 17% in 2019
- Shanghai portfolio up 14% to RMB1.9 billion
- Other cities' portfolio up 28% to RMB673 million

Source: 2011 – 2018 Annual Reports

Notes:

1. Excluding income from hotel operations.
2. Excluding two properties held under JV and associate with a combined rental and related income of RMB322 million (attributable income: RMB152.3 million) in 2019.



First-in-China, First-in-City, Flagships Leasing Strategy

Provides widened choices of international and local shopping and dining experiences

- Total of over 2,000 shops
- 57 First-in-China Stores
- 78 First-in-City Stores
- 31 Flagship Stores



Miller Harris
PERFUMER LONDON



CHA CHA THÉ
采采食茶文化



MAISON KITSUNÉ
PARIS

STUDIOUS
- TOKYO -



Culture and Social Destinations

Over 1,100 events organized for our retail portfolio

Lumieres Shanghai Festival,



Shanghai Fashion Week



XINTIANDI Performing Art Festival



Xintiandi Design Week



Tiandi World Music Festival



Hubindao Weekend Market



- Shoppers' traffic up 18%
- Retail Sales up 16%



- iTiandi membership base up 46% to 1.72 mn members
- Members' sales up 152%

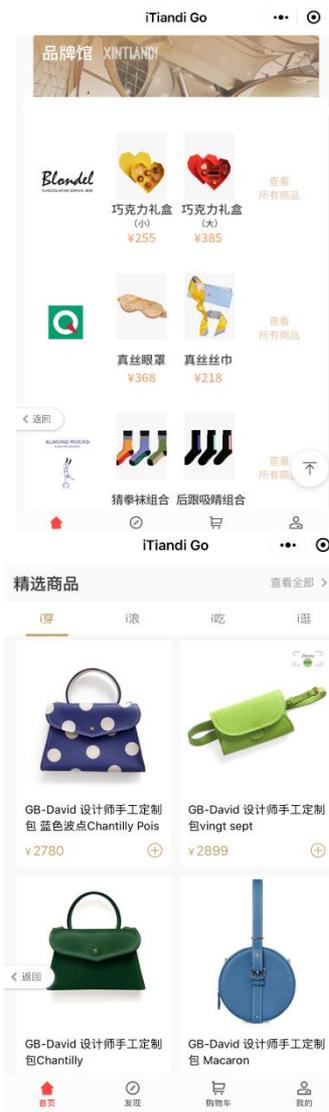
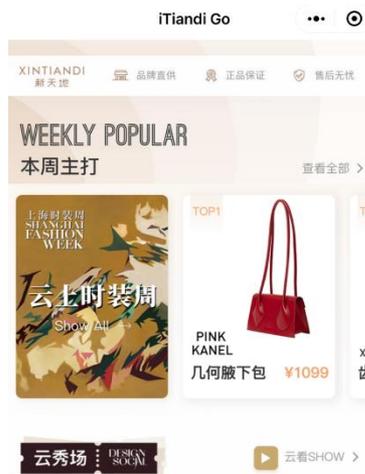


Tiandi Restaurants Week

COVID -19 – Retail Strategy in 2020

iTiandi Go and Omni-Channel Retail Platform

– Collaboration with Shanghai Fashion Week to launch the first global on-line fashion week (24-30 March 2020)



Leading Commercial Portfolio in Shanghai

RMB76 billion of Shanghai commercial portfolio (including properties under development)



Commercial Portfolio in Shanghai

Asset value attributable to the Company increased to RMB44 billion, an increase of 29%

SOL has a strong portfolio of commercial properties in Shanghai. As of 31 Dec 2019, the asset value of Shanghai commercial portfolio was RMB76.03 billion.

Completed Key Projects		Office GFA sq.m.	Retail GFA sq.m.	Total GFA sq.m.	Attributable GFA sq.m.	Asset Value as of 31 Dec 2019 RMB' billion	% of ownership
Investment Properties for rental income							
Shanghai Xintiandi, Xintiandi Style, XINTIANDI PLAZA, Shui On Plaza		36,000	89,000	125,000	113,100	11.5	100% /99%/80%/80%
THE HUB		93,000	170,000	263,000	263,000	8.97	100%
Rui Hong Tiandi		-	111,000	111,000	55,000	3.98	49.50%
KIC		186,000	63,000	249,000	115,500	8.44	44.27%/50.49%
INNO KIC		41,000	4,000	45,000	45,000	1.43	100%
5 Corporate Avenue		52,000	27,000	79,000	35,200	6.62	44.55%
Total		408,000	464,000	872,000	626,800	40.94	
Land & Underdevelopment Key Projects							
Shanghai	XTD South Block AEI	-	15,000	15,000	15,000	1.04	100%
Taipingqiao	Lots 123/124/132	192,000	88,000	280,000	70,000	17.82	25%
Shanghai	Lot 167 B	107,000	12,000	119,000	58,300	6.24	49%
RHXC	Hall of the Sun	147,000	183,000	330,000	163,400	8.12	49.50%
Shanghai Hong Shou Fang		48,000	15,000	63,000	63,000	1.87	100%
Total		494,000	313,000	807,000	369,700	35.09	
2019 Grand Total		902,000	777,000	1,679,000	996,500	76.03	58%



Major Project under Development: Tai Ping Yang Xintiandi



Construction Commencement: 2H 2019

Office GFA: 192,000 sq.m.

Office Completion: 2022 to 2024

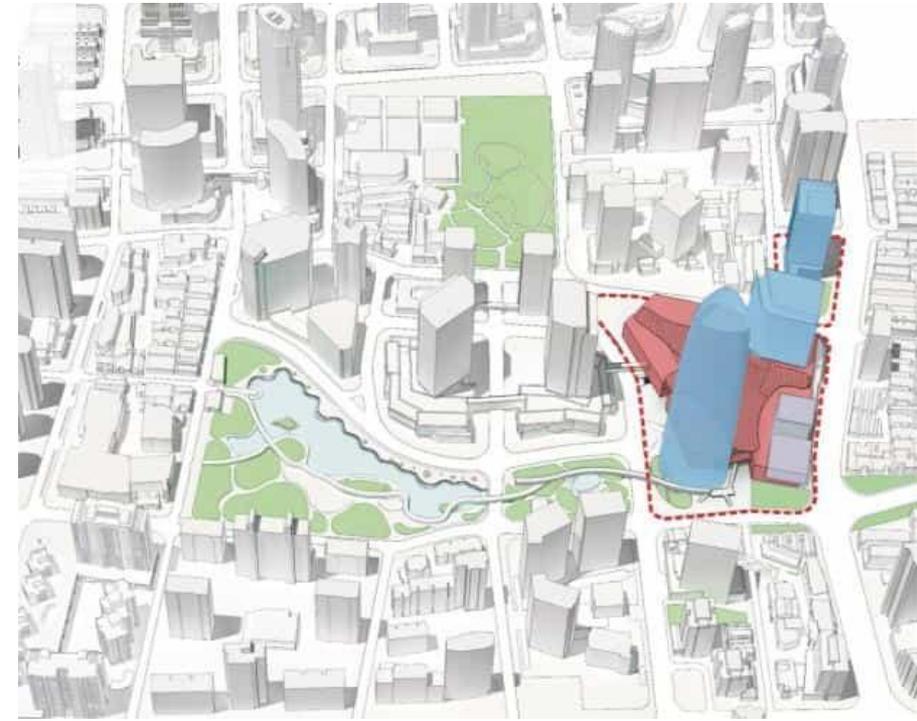
Retail GFA: 88,000 sq.m.

Retail Completion : 2023

Retail Grand Opening: 2023



Major Project under Development: Tai Ping Yang Xintiandi



- Development of an integrated, all-weather mix-use retail, culture, and office district
(打造丰富业态的全天候综合街区)
- An integration and expansion of our XTD commercial district that continues to integrate heritage with contemporary architecture
(打造新老融合的城市人文空间)
- The city's destination of choice for social, arts and cultural experiences
(提供城市最专业的社交、文化艺术场所)
- Providing the premium grade property and tenant quality
(最优良的物业品质和最优质租户)



Major Project under Development: Shanghai Rui Hong Tiandi – Hall of the Sun



Construction Commencement: Q4 2016

Retail GFA: 183,000 sq.m.

Office GFA: 147,000 sq.m.

Retail Completion: 1H 2021

Office Completion: 2H 2021

Retail Grand Opening: 2H 2021

Underground Carpark: 1,482 units

Hall of the Sun - External & Interior Design





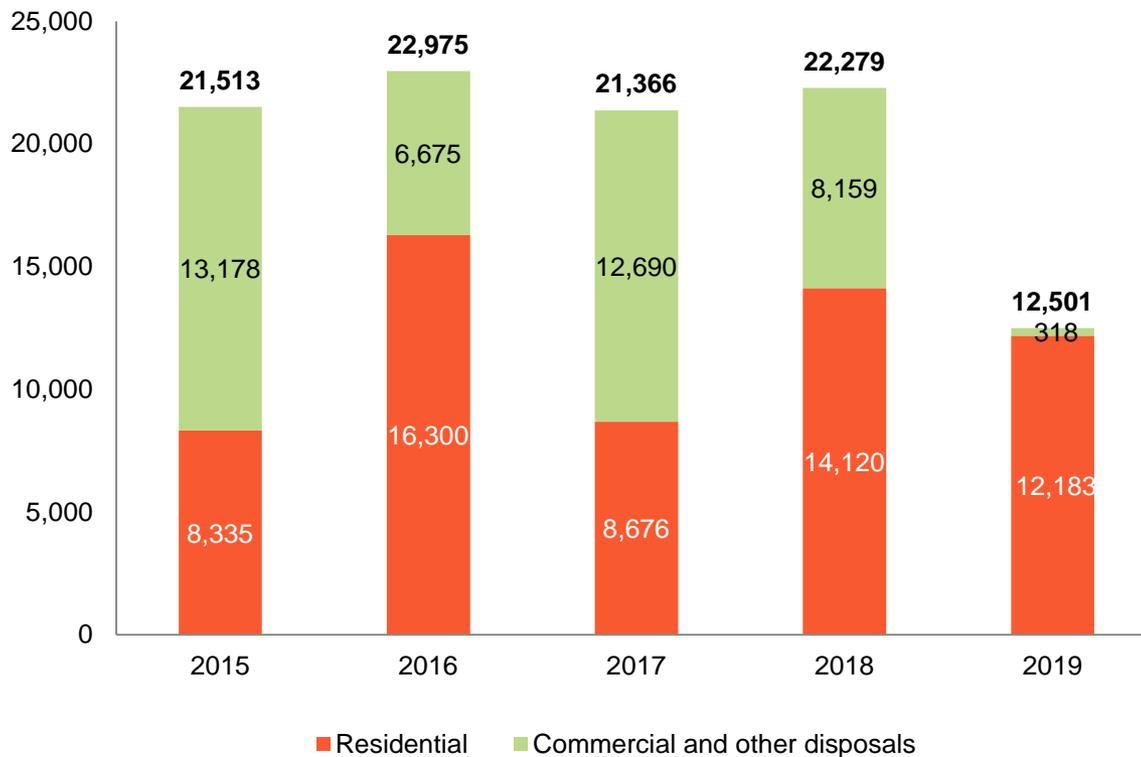
Section 4

Property Development

Contracted Sales in 2019

Residential property sales remains strong

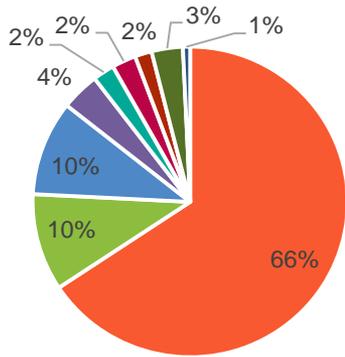
Contracted Sales (RMB million)



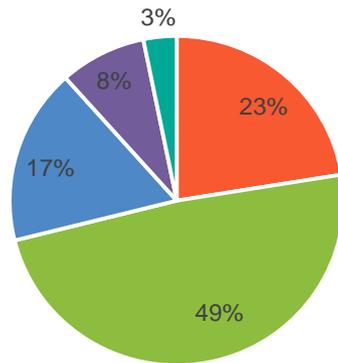
- The Group's contracted property sales for 2019 was RMB12,501 million which decreased by 44% Y/Y due to the absence of asset disposals in 2019 and a backend loaded residential sales launch schedule
- The Group's contracted property sales for 2019 comprises residential property sales of RMB12,183 million and commercial property sales of RMB318 million
- In addition to the contracted property sales reported above, the Group had also recorded a total of RMB2,912 million of subscribed sales as of 31 December 2019, which is expected to be subsequently turned into contracted property sales in the following months
- For 2019, The Group's total property sales, including the contracted and subscribed sales reached RMB15,413 million

Rui Hong Xin Cheng – The Parkview (Lot 1)

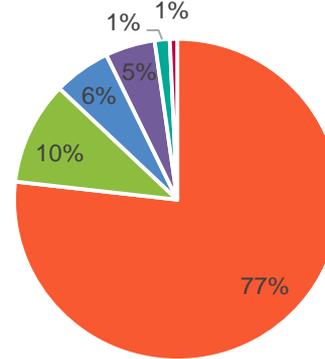
Over RMB6.7 billion contracted/subscribed sales in the December 2019 Launch



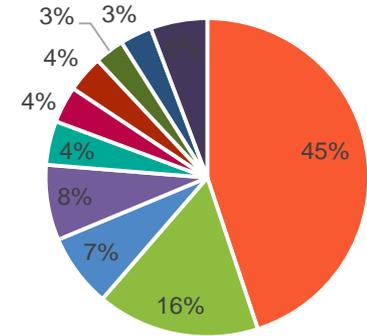
- 虹口
- 杨浦
- 浦东
- 静安
- 普陀
- 黄浦
- 徐汇
- 上海其他区域
- 外省



- 30岁以下
- 31-40
- 41-50
- 51-60
- 60以上



- 改善居住环境
- 为子女
- 投资兼自住
- 独立
- 结婚
- 为其他家人



- 贸易
- 金融
- 制造业
- 政府/事业单位
- 医疗/教育
- 建筑施工/建材
- 服务行业
- 私营/自由职业
- 传播与文化/设计/IT
- 其它





Residential Launch Plans in 2020

Project		GFA in sq.m.	Group's interest %	Attributable GFA in sq.m.
Shanghai Taipingqiao Lakeville Phase 5 (Lot 118)	High-rises	78,500	99%	77,700
Shanghai Rui Hong Xin Cheng The Gallery (Lot 2)	Townhouses /High-rises	1,300	99%	1,300
Shanghai Rui Hong Xin Cheng The Parkview (Lot 1)	High-rises	68,100	49.5%	33,700
Foshan Lingnan Tiandi	High-rises	41,800	100%	41,800
Wuhan Tiandi (Lot B10)	High-rises	39,300	100%	39,300
Wuhan Optics Valley Innovation Tiandi (Lot R1 & Lot R5)	High-rises	50,900	50%	25,500
Chongqing Tiandi	High-rises	82,800	19.8%	16,400
Total		362,700		235,700

Shanghai Taipingqiao Lakeville 5 (Lot 118)

78,500 sq.m. of GFA for sale starting 2020



Saleable area : 78,500 sqm

Carparks : 300 (1: 1.23)

No. of Towers : 5

No. of Units : 244

Flat size : 160-800 sqm

(avg 322 sqm)

Consultants

Architect : RAMSA, Robert A.M.

Stern Architects, US

Lighting : ALG, JP

Landscape : 瀚翔, TW

Interior : HWCD, UK; 无间设计





Rui Hong Xin Cheng Parkview (Lot 1)

68,100 sq.m. of GFA for sale in 2020





Foshan and Wuhan Residential Sales in 2020



Foshan Lingnan Tiandi - The Masterpiece (Lot 13a)
2020 to launch: Total GFA of 33,657 sq.m.



Wuhan Tiandi - La Riva II (Lot B10)
2020 to launch: Total GFA of 33,700 sq.m.



**Wuhan Optics Valley Innovation Tiandi
Residential Lot R5**
2020 to launch: Total GFA of 43,000 sq.m.



Residential Development Saleable Resources

RMB77 billion saleable resources from current landbank as of 31 Dec 2019

Project Name	Residential GFA sq.m	Estimated Gross Saleable Resource RMB' bn	The Group's interest %	Estimated Attributable Sales RMB' bn
Shanghai Taipingqiao Lot 118	78,500	12.3	99%	12.2
Rui Hong Xin Cheng Lot 2	1,300	0.2	99%	0.2
Rui Hong Xin Cheng Lot 1	68,100	24.5	49.5%	12.1
Rui Hong Xin Cheng Lot 7	159,200			
Rui Hong Xin Cheng Lot 167A	85,000	11	49%	5.4
Panlong Tiandi	176,000	9.5	80%	7.6
Shanghai Sub-total	568,100	57.5		37.5
Wuhan Tiandi	173,500	9.3	100%	9.3
Wuhan Optics Valley Innovation Tiandi	330,800	5	50%	2.5
Foshan Lingnan Tiandi	41,800	1	100%	1
Chongqing Tiandi	256,100	4.6	19.8%	0.9
Other Cities Sub-total	802,200	19.9		13.7
Grand Total	1,370,300	77.4		51.2

Note:

This represents saleable resources not yet recorded as contracted sales as at 31 December 2019. Excluded sites yet to commence relocation

Commercial Development

Strong pipeline of commercial properties in Shanghai and other cities for rental growth and capital recycling

List of Commercial Properties Under Development and For Future Development as of 31 Dec 2019 (Excluding sites yet to commence relocation)

Project Name	Office GFA sq.m.	Retail GFA sq.m.	Total GFA sq.m.	The Group's Interest %	Attributable GFA sq.m.
Shanghai Taipingqiao Lots 123,124 and 132	192,000	88,000	280,000	25.00%	70,000
Shanghai RHXC Hall of the Sun	147,000	183,000	330,000	49.50%	163,400
Shanghai RHXC Lot 167B	107,000	12,000	119,000	49.00%	58,300
Shanghai Hong Shou Fang	48,000	15,000	63,000	100.00%	63,000
Shanghai Sub-total	494,000	298,000	792,000		354,700
Wuhan Tiandi	326,000	94,000	420,000	100.00%	420,000
Wuhan Optics Valley Innovation Tiandi	486,000	348,000	834,000	50.00%	417,000
Foshan Lingnan Tiandi	450,000	136,600+ 80,000 ¹	666,600	100.00%	666,600
Chongqing Tiandi	259,000	268,000+ 25,000 ¹	552,000	19.80%	109,300
Other Cities Sub-total	1,521,000	951,600	2,472,600		1,612,900
Grand Total	2,015,000	1,249,600	3,264,600		1,967,600

Note:

1. Hotel use

Section 5

ESG & Sustainability Development Strategy

First Green Bond and Globe's First WELL Community Certification

First Green Bond

- Shui On Land Green Finance Framework aligned with Green Bond and Green Loan Principles 2018 with Sustainalytics' Opinion
- Issuance of the inaugural USD300 million 4NC2 5.75% Green senior notes in November 2019
- A total of USD255 million of the Green Bond proceeds was invested in 5 Corporate Avenue, a LEED Gold and 3 Star Green Building Certified grade A office in Shanghai

WELL Community

- Shanghai Xintiandi Community received the globe's first WELL Community Certification in 2019 – by International WELL Building Institute.
- Covering Shui On Plaza & XINTIANDI PLAZA, Langham Hotel, Xintiandi and Xintiandi Style together with Casa Lakeville.
- The WELL Community Standard focuses on ten concepts to support the development of health-focused, integrated and supported communities.

Carbon Emission

- “Six Major Guidelines of Sustainable Development” was issued in 2017, which specifies the implementation method and development director of the green and healthy philosophy. By 2021, the carbon emission per unit area of all of the real estate owned and operated by the Group to reduced by 1/3 compared with that of 2011.
- In 2019, the Group recorded a total carbon emission of 101,964 t CO₂ equivalent from various projects. A carbon emission of 62.60 kg CO₂ equivalent per unit area, representing a decreased of 31.58% as compared with 2011 (baseline year).

ESG Recognitions in 2019



The Asset ESG Corporate Awards 2019
PLATINUM AWARD WINNERS
<https://www.theasset.com/awards/esg-awards-2019>

Bloomberg Businessweek
 彭博商業周刊 / 中文版

“ESG Forum and Leading Enterprises 2019”
LEADING ENTERPRISE AWARD
<http://www.bbwhkevent.com/esg2019>

Source: Company Filings and Press Release

Note: “Green Buildings”, “Energy Efficiency and Pollution”, “Prevention and Control” are aligned with SDG goals of “9. Industry, Innovation and Infrastructure”, “7. Affordable and Clean Energy” and “11. Sustainable Cities and Communities” respectively.

1.62 million sq.m. leasable GFA of Green Certified Commercial Buildings



Project	Leasable GFA (sq.m.)	LEED-CS	China Green Building	Others
Shanghai Taipingqiao				
Xintiandi, Xintiandi Style	80,000			WELL Community
Shanghai Shui On Plaza	32,000	-	-	SH Green Renewal ¹ - Gold WELL Community
Xintiandi Plaza	28,000	Gold	-	WELL Community
5 Corporate Avenue	79,000	Gold	3 Star	-
Shanghai Rui Hong Xin Cheng				
Hall of the Moon	64,000	Gold	2 Star	-
Hall of the Sun (under construction)	330,000	pre-Gold	2 Star	-
THE HUB				
Lot D17 Office	78,000	pre-Gold	3 Star / Operation	-
Lot D19 Office	19,000	pre-Silver	3 Star / Operation	-
The HUB Xintiandi & Performance Center	41,000	-	3 Star	-
The HUB Mall	125,000	-	2 Star / Operation	-
Shanghai KIC				
KIC Plaza Phase 1	50,000	-	-	SH Green Renewal ¹ - Silver
KIC Plaza Phase 2	49,000	Silver	-	SH Green Renewal ¹ - Silver
Lot 5-7/5-8 Office	38,000	Gold	-	-
KIC Village (R2 7-7 & 7-9)	9,000	-	2 Star	-
5-7 KIC Corporate Avenue	61,000	Platinum	-	-
1-3 KIC Corporate Avenue	2,000	-	2 Star	-
Chongqing Tiandi				
Chongqing Tiandi	49,000	Gold	-	-
2 Corporate Avenue	11,000	pre-Gold	-	-
6-8 Corporate Avenue	68,000	Gold	-	-
Wuhan Tiandi				
Wuhan Tiandi	46,000	Gold	-	-
South Hall of Wuhan Tiandi HORIZON	120,000	-	-	BREEAM Good
North Hall of Wuhan Tiandi HORIZON	72,000	pre-Gold	1 Star	-
Lot A1 Office Tower (under construction)	160,000	pre-Gold	-	-
Foshan Lingnan Tiandi				
Lingnan Tiandi (Phase 1 & 2) (Partial)	10,000	Gold	-	-
Total	1,621,000			



ESG – 5C Sustainability Strategy

Sustainability Committee to report directly to the Board from January 2020

- The Sustainable Development Committee was formed in the Company's listing year in 2006 to integrate sustainability principles into the Group's policy-making process
- Starting January 2020, the Board is responsible for reviewing the set up and implementation of the sustainability strategies proposed by the Sustainability Development Committee
- Launch our new 10 Years (2020-2030) Sustainability Development Strategy



“5C” – New 10 Years (2020 to 2030) Sustainability Development Strategy





瑞安房地產
SHUI ON LAND

Q&A

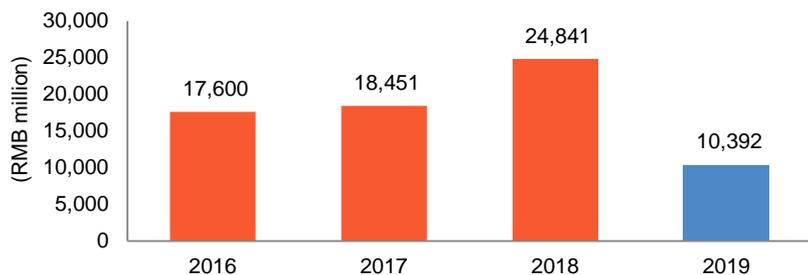


瑞安房地產
SHUI ON LAND

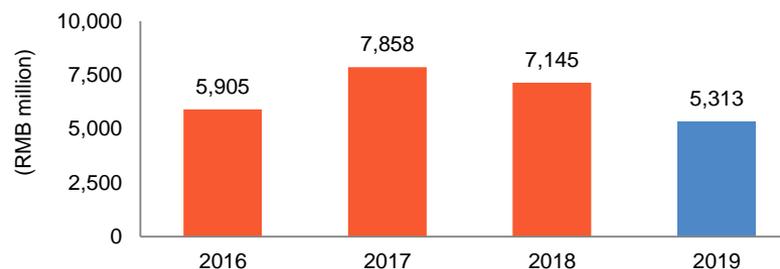
Appendix

Historical Financial Performance

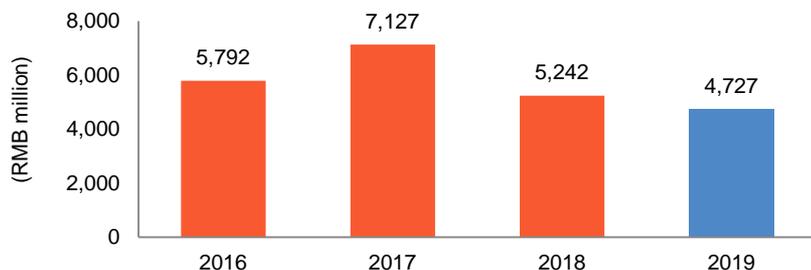
Revenue



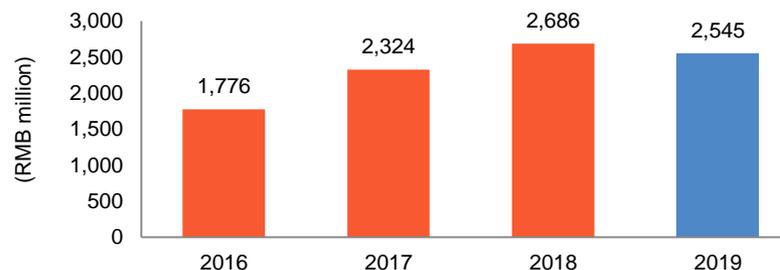
Gross profit



EBITDA¹



Net profit



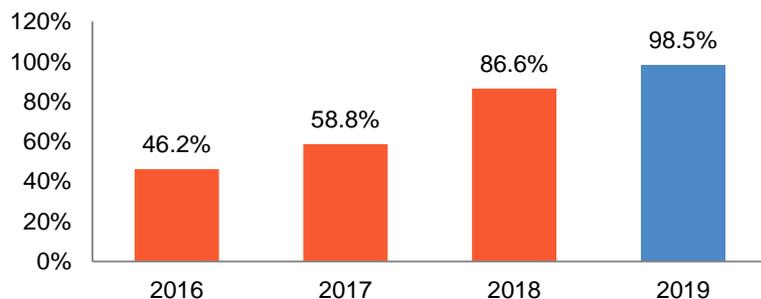
Source: 2016 – 2018 Annual Reports

Notes:

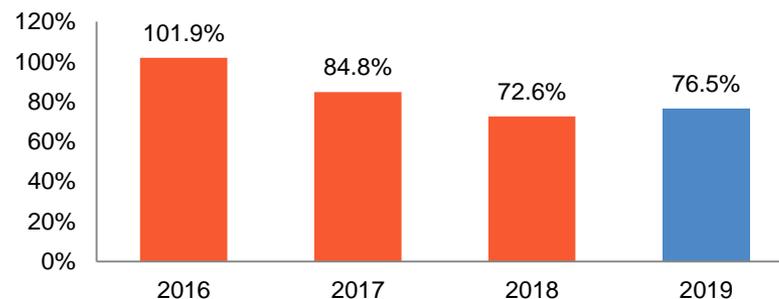
- EBITDA for any year consists of profit for the year less interest income, increase in fair value of investment properties, plus finance costs (inclusive of exchange differences), taxation, depreciation and release of prepaid lease payments. EBITDA should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net profit or indicators of the Issuer's operating performance on any other measure of performance derived in accordance with IFRS. Because it is not an IFRS measure, EBITDA may not be comparable to similarly titled measures presented by other companies.

Historical Credit Profile

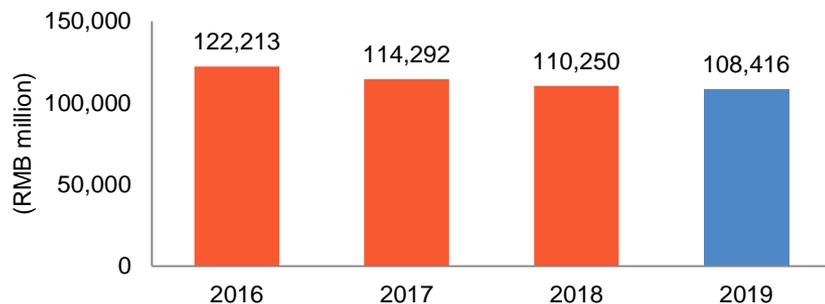
Rental and related income / total interest costs¹



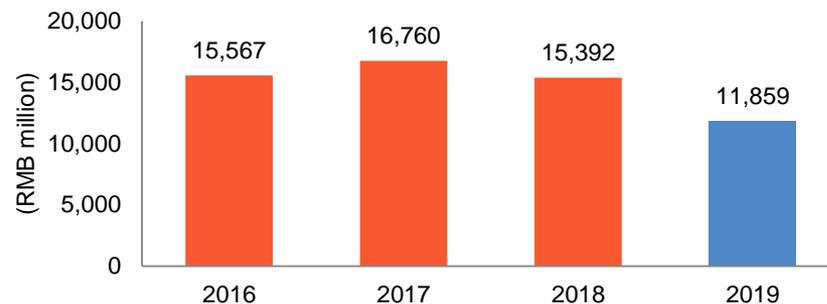
Total debt² / Total equity³



Total assets



Total cash⁴



Source: 2016 – 2018 Annual Reports

Notes:

1. Total interest costs are calculated by adding interest on bank and other borrowings, interest on loans from non-controlling shareholders of subsidiaries, interest on senior notes, interest expense from lease liabilities and net interest expense from interest rate swaps designated as cash flow hedges, imputed interest of deferred consideration in relation to acquisition / disposal of subsidiaries.
2. Total debt is calculated by adding all bank and other borrowings (due within or after 1 year), senior notes and receipts under securitization arrangements.
3. Total equity includes convertible perpetual capital securities, perpetual capital securities and non-controlling shareholders of subsidiaries.
4. Cash includes bank balances and cash, pledged bank deposits and restricted bank deposits.



Company Overview

Shui On Land – Company Background

Leading commercial property focused developer, owner and asset manager in China

Shui On Land – Introduction

- Listed in 2006 on the Hong Kong Stock Exchange (“HKSE”, stock code 272.HK), Shui On Land (“SOL” or “the Company”) is included in the Hang Seng Composite Index, HSCI Composite Industry Index - Properties & Construction, Hang Seng Composite LargeCap & MidCap Index and Hang Seng Stock Connect HK
- Headquartered in Shanghai, the Company engages principally in the development, sale, leasing, management and long-term ownership of high-quality commercial and residential mixed-use properties
- SOL is a leading commercial property owner and operator in Shanghai, with a total of 1.68 million sq.m. of office and retail space, including its flagship Shanghai Xintiandi, currently under its management

Development Strategies

- Large Scale Mixed-use Urban Redevelopments
- Knowledge & Innovative Communities
- Transportation Oriented Developments

Product Strategies

- XINTIANDI
- Corporate Avenue Grade A Office
- INNO Office
- Knowledge Community / Sub-centre & Business Park Office
- High-end residence



Asset Light Strategy

From Land Acquisition & Investment, Design & Positioning, Construction, Sales & Leasing to Asset & Property Management Services

Build up long-term capital & investment platform

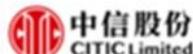
- Formation of SOL Managed Core-Plus Office Investment Venture (SCOV)
- Expand capital base by working with 3rd party partners on new investments
- Established strategic partnerships with world-class institutional investors for both commercial and residential investments

Asset Light Strategy

- Realize value of commercial properties at appropriate timing for recycling of capital
- Deleverage and optimize balance sheet
- Improve overall return to shareholders
- New capital for investment

Strengthen asset management & development capabilities

- Develop a first class asset management platform with unique products
- Seize opportunities to manage third party assets
- Further expand high quality commercial property portfolio
- Land and other acquisitions



The strategy enables the Company to further expand its property portfolio and lower the concentration risk, reduces its own funding requirement, build up its fee income business thus enhancing overall shareholders' return.

Quality Saleable Resources in Top Tier and High Growth Cities

Total leasable and saleable landbank of 6,656,000¹ sq.m. GFA as of 31 Dec 2019

Project	Residential	Commercial	Total GFA (sq.m.)
Shanghai Taipingqiao	165,000	570,000	735,000
Shanghai Rui Hong Xin Cheng	354,000	566,000	920,000
Shanghai KIC	-	249,000	249,000
Shanghai INNO KIC	-	45,000	45,000
Shanghai THE HUB	-	263,000	263,000
Shanghai Panlong Tiandi	176,000	-	176,000
Shanghai Hong Shou Fang		63,000	63,000
Wuhan Tiandi	249,000	658,000	907,000
Wuhan Optics Valley Innovation Tiandi	350,000	837,000	1,187,000
Foshan Lingnan Tiandi	77,000	858,000	935,000
Chongqing Tiandi	474,000	702,000	1,176,000
Total	1,845,000	4,811,000	6,656,000
Completed Properties	30,000	1,464,000	1,494,000
Under Development and for Future Development Properties	1,815,000	3,347,000	5,162,000

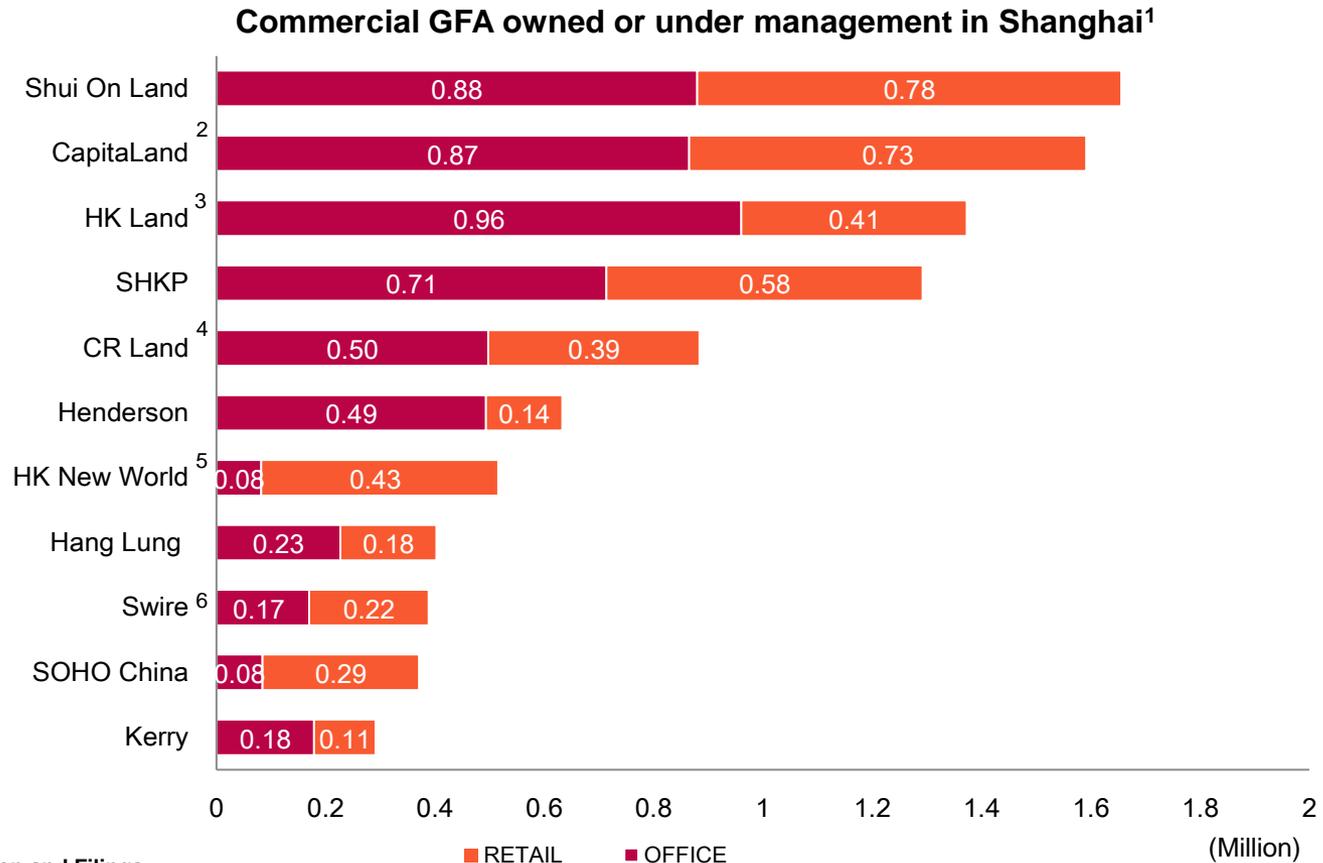


- In October 2019, SOL acquired four land parcels with a total GFA of 176,252 sq.m. in Qingpu District, Shanghai
- In November 2019, SOL acquired a commercial and office use land with a total above ground GFA of 63,021 sq.m. in Putuo District, Shanghai

Note: 1. As of 31 Dec 2019. Total leasable and saleable landbank excludes 2.1million sq.m. of clubhouse, carpark and other facilities.

A Market Leader in Shanghai

Leading landlord in Shanghai with a growing prime commercial portfolio in core city areas



Source: Company Presentation and Filings

Notes:

1. Mainly includes portfolios that are officially disclosed on companies' public released 2018 Annual Report with necessary update, incl. projects under construction and assets under management; CR Land and Hong Kong Land are newly added given their increasing portfolios in Shanghai;
2. CapitaLand portfolio excludes undisclosed assets under management; Retail space of North Bund project adjusted according to annual report;
3. HK Land includes a newly acquired mixed-use site on the West Bund of Shanghai; Land use information quoting from open information; GFA refers to all assets under management;
4. CR Land includes Zhang Garden project required in Jan 2019; Land use information quoting from open information; GFA refers to all assets under management;
5. HK New World's retail portfolio includes HK New World Department Stores (399,930 sq. m. / 11 projects); Ramada plaza deleted according to annual report;
6. Swire portfolio includes Qiantan project;
7. According to SOHO China's 2018 annual report, Sky SOHO was sold at Apr 2018 and therefore was excluded from its portfolio.

Experienced Management Team and Well Established Corporate Governance

Expertise across all disciplines with strong corporate governance

Strong corporate governance procedures and internal controls in place

- Audit and Risk Committee (comprises 3 members, all of whom are independent non-executive directors (“INEDs”))
- Finance Committee (comprises 6 members, 3 of whom are INEDs)
- Nomination Committee (comprises Mr. Lo and 2 INEDs)
- Remuneration Committee (comprises Mr. Lo and 2 INEDs)

Executive Directors



Mr. Vincent H. S. LO
Chairman



Mr. Douglas H. H. SUNG
Chief Financial Officer



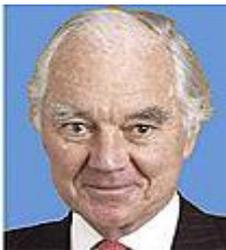
Ms. Stephanie B. Y. LO

Non-Executive Directors



Mr. Frankie Y. L. WONG

Independent Non-Executive Directors



Sir John R. H. BOND



Professor Gary C. BIDDLE



Dr. Roger L. McCARTHY



Mr. David J. SHAW



Mr. Anthony J. L. NIGHTINGALE



Our Management Team



Mr. Vincent H.S. LO
Founder, Chairman
Shui On Group
Chairman
Shui On Land Limited



Mr. Douglas H. H. SUNG
Executive Director
Chief Financial Officer
Chief Investment Officer
Shui On Land Limited
Managing Director
Shui On Management Limited



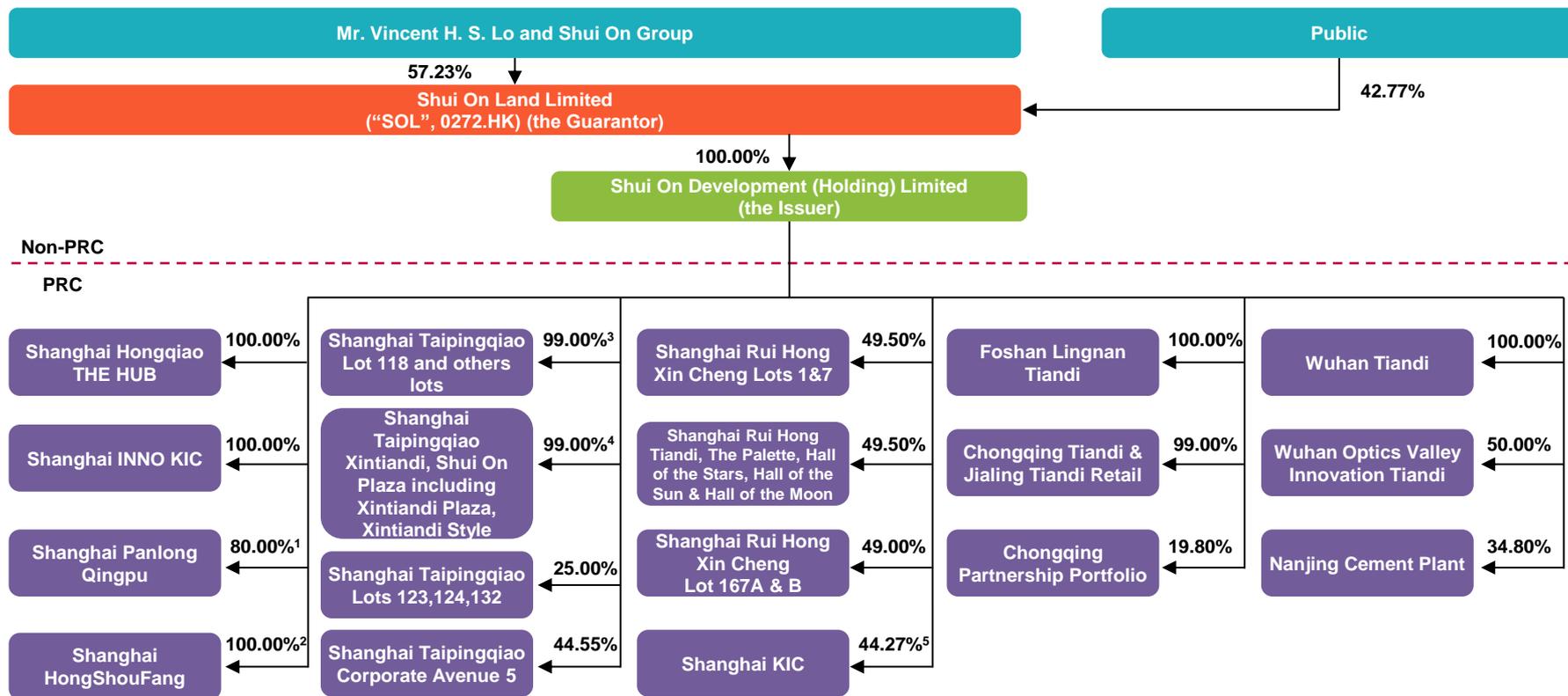
Ms. Stephanie B. Y. LO
Executive Director
Shui On Land Limited
Managing Director
Shui On Management Limited



Ms. Jessica Y. WANG
Managing Director
Shui On Management Limited

Simplified Corporate Structure Overview

(as of 31 December 2019)



Source: Company Information as of 31 December 2019 unless otherwise stated; Stock Exchange Announcements

Notes:

- On 31 October 2019 we acquired 4 parcels of residential sites located in Panlong area in Qingpu District in Shanghai. We have 80% effective interest in the sites.
- On 1 November 2019, we acquired a commercial site located in HongShouFang in Putuo District of Shanghai. We have 100% effective interest in the site.
- We have an effective interest of 99.00% in Lot 118 and the remaining lots except for Lot 116, which we have an effective interest of 98.00%.The remaining Lots 119, 120 & 122 are yet to commence relocation.
- We have 100.00%, 80.00%, 100.00% and 99.00% in Shanghai Xintiandi, Shui On Plaza (Including Xintiandi Plaza), 15th Floor of Shui On Plaza and Xintiandi Style, respectively.
- We have a 44.27% effective interest in all the remaining lots, except for KIC Lot 311 in which we have an effective interest of 50.49%.