



Press Release

Shui On Land Announces Strong 2021 Annual Results

Solid Balance Sheet Enables Company to Capture New Market Opportunities

[24 March 2022, Hong Kong] – Shui On Land Limited (the “Company”, together with its subsidiaries, “the Group”, Stock Code: 272) today announced its audited consolidated results for the twelve months ended 31 December 2021. The Company achieved a strong rebound in both revenue and profitability versus the prior year, which resulted from both a focused business strategy and a very solid balance sheet that has been maintained over the past several years. These have together helped to put Shui On Land in a good position to capture new market opportunities and continue to drive sustainable growth.

- **Robust results with a strong rebound from last year:** Revenue of the Group was RMB17,555 million, representing a 282% increase compared to last year, mainly due to a significant increase in property sales and a strong recovery in the commercial portfolio. The Group recorded a profit of RMB2,208 million and profit attributable to shareholders totaled RMB1,636 million, which is a significant improvement versus the net loss recorded in 2020 due to the COVID-19 outbreak in China.
- **Property sales jumped 8.4x year-on-year:** Property sales revenue increased significantly to RMB13,638 million due to contributions from Shanghai Taipingqiao Ville V (Lot 118), Wuhan Tiandi La Riva II (Lot B10) and Shanghai Panlong Tiandi.
- **Commercial portfolio maintained strong momentum:** Total rental and related income (including joint ventures and associates) was RMB2,915 million, representing a robust growth of 29% year-on-year. Occupancy rates of both retail and office premises were above 90%.
- **Solid balance sheet:** Reflecting a very prudent approach to managing the balance sheet, the net gearing ratio further lowered to a very healthy level of 30% in comparison to 45% at 31 December 2020. Cash and bank deposits totaled RMB17,284 million.
- **Dividend and Share Repurchase declared:** In light of the Group’s strong financials, the Board has recommended a final dividend for the year of HKD0.084 per share (2020: nil). In addition, the Board has approved a Share Repurchase Plan of up to HKD500 million, with a view to enhance earnings per Share and overall Shareholders’ return.

Solid Residential Sales Despite Challenging Environment

In a strong testament to the strength of the business, the Group achieved solid property sales for the full year, despite the very challenging property industry conditions in 2021. The Group's annual contracted property sales increased 43% to RMB30,270 million, compared to RMB21,184 million in 2020, with residential property sales accounting for 99% and the remainder contributed by the sale of commercial units. The increase was due to strong sales performance in Shanghai RHXC Ocean One (Lot 7), Shanghai Taipingqiao Ville V (Lot 118), and Shanghai Panlong Tiandi. A total subscribed sales of RMB5,505 million was recorded, among which RMB4,020 million and RMB705 million were from Shanghai RHXC Ocean One (Lot 7) and Shanghai Taipingqiao Ville V (Lot 118), respectively. These are subject to formal sales and purchase agreements in the coming months.

The Group has approximately 346,900 sq.m. of residential GFA spanning seven projects available for sale and pre-sale during 2022, with the exact launch timing subject to the latest construction progress of the developments and government pre-sale approval timing.

Strong Recovery in Commercial Portfolio Post COVID-19

The Group's significant brand strength and innovative business model enabled the commercial portfolio to remain resilient despite the fact that the Company continues to face headwinds due to sustained COVID-19 impacts. Including the properties held by joint ventures and associates, total rental and related income increased 29% year-on-year to RMB2,915 million in 2021.

The retail portfolio delivered strong recovery versus last year and the occupancy rate reached an average of 93% as of 31 December 2021. In September, the Company successfully opened another landmark project, Hall of the Sun, a 185,000 sq. m. super regional mall located in the Group's Rui Hong Xin Cheng development. The mall opening was greatly anticipated by customers from all over Shanghai, resulting in very impressive foot traffic of one million visitors during the first three days of opening.

The Group's office portfolio also achieved a positive full year performance. Despite the large supply of office in Shanghai, the Group's office portfolio has demonstrated resilience, which is a testimony to the Company's leading service and product offering as well as prime locations. Office rental reversion was positive for the year and occupancy rate maintained at an average of 93% as of 31 December 2021.

Solid Balance Sheet Enabled Company to Seize Market Opportunities

The Group has always adopted a disciplined capital management strategy and maintains a very solid balance sheet. This enabled the Company to capture market opportunities during the major market dislocation in the China real estate sector in 2021.

In February 2021, the Group successfully acquired a mixed-use Grade-A landmark property in the

centre of Nanjing with Grosvenor on a 50/50 basis. In June 2021, the Group formed a joint venture with Shanghai Yongye Enterprise (Group) Co., Ltd. on a 50/50 basis for a residential site within the Xintiandi community in Huangpu District, Shanghai. In December 2021, the Group established a 50/50 joint venture with the subsidiaries of Wuhan Urban Construction Group and won a bid for a large mixed use development site located in the Wuchang district of Wuhan city for a total consideration of RMB17.0 billion. These new land acquisitions will contribute to our saleable resources in the coming years.

These new projects will enable the Group to further its market leadership in Shanghai and Wuhan and build a solid foundation in new markets such as Nanjing. The Company will continue to actively expand our developments in Shanghai and first tier cities as well as strategic locations within the Yangtze River Delta and the Greater Bay Area.

Extending the Longstanding Commitment to Sustainability

Sustainable development is a critical cornerstone of the Group's business and is reflected in its vision to be a pioneer of sustainable premium urban communities.

During 2021, the Company rolled out various initiatives under its 10-year 5C Sustainable Development Strategy that was first introduced in 2020 and solid progress was made. The Group became the first China based developer to adopt Science Based targets (SBTi) and commit to a business pledge of Below 2°C for emissions reductions. The Group also successfully issued its inaugural Sustainability-Linked Bond, again being the first China based developer to do so. In addition, the Group successfully secured renewable energy for Wuhan Tiandi's commercial and office properties to build a near zero carbon community and entered a partnership with Honeywell to progress green building initiatives.

Shui On Land received a number of international recognitions for efforts in sustainability- the Company won the Bloomberg Businessweek ESG Leading Enterprise Award and was named to the 2022 Bloomberg Gender-Equality Index. The progress achieved in 2021 has further solidified the Group's commitment to sustainable development and financial practices.

Creating an Even Stronger Foundation for the Next Phase of Robust Growth

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, "During 2021 we were confronted with a confluence of unprecedented challenges both macro in nature and those that were specific to our industry. I am both pleased and proud that despite this backdrop, the Group delivered strong financial results for fiscal 2021, with both revenue and profit rebounding strongly versus 2020. This is a clear testament to our ability to thrive even during adverse conditions as well as our unique strategies and competitive advantages versus others in our sector.

"Our foresight made us well prepared to manage through uncertain times in 2021 and seize opportunities brought by the industry's market correction. In particular, our solid financial position provided us specific advantage versus peers, allowing us to secure opportunities to expand our

land bank at a reasonable price and strengthen our presence in high growth cities in China. Going forward, we will continue to actively look for new acquisition opportunities to expand our presence in Tier-1 cities like Shanghai and other strategic locations such as major high-growth Tier-2 cities in the Yangtze River Delta and the Greater Bay Area.”

“To evolve our business and better position our Group for success in the rapidly changing real estate market, in 2021 we announced the proposed spin-off and separate listing of our commercial investment properties, property management and asset management businesses, Shui On Xintiandi. We will identify an optimal time to implement the listing. Along with the proposed spinoff, we have named new leaders to carry the Company forward as we prepare for a corporate restructure that we believe will unlock the tremendous value within our business. We are doing all that we can to successfully bring the Group into a next phase of growth while continue to enhance the wellbeing of our customers and deliver robust long-term returns for our shareholders.”

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “During 2021, we made very important progress on our ongoing corporate realignment, and I congratulate Jessica Wang and Allan Zhang on their new respective roles as CEO of Shui On Land and Shui On Xintiandi. These senior appointments will further strengthen the Group’s leadership team and allow both the development and commercial asset management businesses to develop differentiated and accelerated growth strategies.”

“Both Shui On Land and Shui On Xintiandi remain deeply committed to our Group’s vision of being a pioneer in creating premium urban sustainable communities. We believe sustainability is core to all that we do. It is not only our commitment to all our stakeholders, but will open up new opportunities for innovation and will enable us to deliver long-term success for our business. During the past year, we brought a sharpened focus on this and reached new levels of success with strong progress made across our robust 5C Sustainable Development Strategy.”

Ms. Jessica Y. Wang, Chief Executive Officer of Shui On Land, said, “We are delighted to have achieved solid property sales for the full year amid a challenging macro environment and volatile China real estate sector. We are also proud of our ability to drive business growth and strong momentum despite ongoing headwinds from COVID-19 impacts. I am confident that our strength in master planning, urban regeneration, cultural preservation and innovative solutions makes us one of the most qualified developers for urban redevelopment projects in the major metropolitan centers in China and we are therefore well positioned to maintain our growth momentum and deliver strong business performance in 2022.”

Mr. Allan B. Zhang, Chief Executive Officer of Shui On Xintiandi, said, “Driven by a well-balanced portfolio mix, our significant presence in Shanghai and active management of our operations, our commercial asset business was resilient and showed good growth momentum in 2021. We are confident that our current development strategies will enable us to seize opportunities in commercial property investment and asset management that will translate into long-term benefits to the business overall.”

Mr. Douglas H. H. Sung, Managing Director, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “Our Group has always adopted a careful approach to managing our balance sheet and we therefore have a solid financial position that will allow us to make further acquisitions in the market. Since 2016, we have implemented an Asset Light Strategy, through which we were able to further reduce our gearing ratio to only 30% as of 31 December 2021 despite the very challenging credit market. We are also very pleased to have signed MOUs with both Shanghai Pudong Development Bank and Bank of Shanghai on financing collaborations on future real estate M&A and Sustainability investment opportunities. These partnerships will help Shui On Land to seize market opportunities, acquire high-quality assets, and accelerate the Group's development in 2022 and beyond.”

- END -

About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a pioneer of sustainable premium urban communities. As a leading commercial property-focused real estate developer, owner, and asset manager in China, it has a proven track record in developing large scale, mixed-use, sustainable communities, and is the flagship property development company of the Shui On Group.

As of 31 December 2021, the Company has 13 projects in various stages of development in prime locations of major cities, with a landbank of 9.4 million sq. m. (7.0 million sq. m. of leasable and saleable GFA, and 2.4 million sq. m. of clubhouses, car parking spaces and other facilities). It is also one of the largest private commercial property owners and managers in Shanghai, with a total portfolio of 1.72 million sq. m. of office and retail premises, including its flagship Shanghai Xintiandi, which is currently under its management.

Shui On Xintiandi, a wholly owned subsidiary of Shui On Land, is a leading investor and manager of premium and sustainable commercial properties in the Chinese mainland. It engages principally in the commercial and residential property management business, commercial asset management business and investment business. Its net asset value as of 31 December 2021 exceeded RMB 33 billion.

The Company was listed on the Hong Kong Stock Exchange on October 4, 2006. Shui On Land was included in the Hang Seng Composite Index, HSCI Composite Industry Index - Properties & Construction, Bloomberg Gender-Equality Index as well as Bloomberg ESG Score Universe.

For further information please visit website www.shuionland.com

For media enquiries, please contact:

Ms. Joyce Zhou/Ms. Jessica Lu

Tel: (86 21) 6386 1818

Email: cc-sh@shuion.com.cn