



Press Release

Shui On Land Announces 2015 Annual Results

Core earnings up 438% to RMB2,423 million

Asset turnover ratio doubled to 18%

2016 Contracted sales target RMB24 billion

[16 March 2016, Hong Kong] – Shui On Land Limited (“Shui On Land” or the “Company”, Stock Code: 272) today announced its audited consolidated results for the year ended 31 December 2015.

For the year under review, the Company recorded a turnover of RMB6,472 million, compared to RMB10,249 million in 2014. The decline was primarily due to a lower residential sales contribution from Shanghai. In addition to the property sales recognised as turnover, the Company also completed RMB7,907 million of property sales, recognised from the divestment of 1 & 2 Corporate Avenue in Shanghai, disposal of hotel properties in THE HUB and others.

Rental and related income (excluding the income from hotel operations) increased by 20% to RMB1,539 million for 2015. The increase reflects the growing income contributions from THE HUB as it progressively commenced operations during 2015, and rental growth in the completed investment property portfolio.

Meanwhile, the Company recorded a fair value gain of RMB2,970 million in its investment property portfolio. The increase was mainly contributed by the increase in fair value of Shanghai Xintiandi and Xintiandi Style, 3 Corporate Avenue as well as Shui On Plaza located in the Shanghai Taipingqiao project.

Profit attributable to shareholders was RMB788 million in 2015, compared to RMB1,778 million in 2014. The decline was attributable to the depreciation of RMB against the Company’s USD and HKD denominated debt during 2015, which resulted in a loss (both realised and unrealised) of RMB1,310 million in 2015.##

Nevertheless, core earnings during the year increased significantly by 438% to RMB2,423 million in 2015, from RMB450 million in 2014, due to the substantial contribution from the divestment of 1 & 2 Corporate Avenue in Shanghai.

Basic earnings per share decreased to RMB0.10 or HKD0.12, compared to RMB0.22 or HKD0.28 in 2014. The Board recommended a final dividend of HKD0.028 per share.

RMB13,315 Million Locked-In Sales Slated for Delivery from 2016

The launch of the first batch of The Upper at Rui Hong Xin Cheng (“RHXC”) and also the launch of the first batch of Lakeville Luxe at Taipingqiao (Lot 116) in Shanghai both met with enthusiastic response. This propelled our contracted property sales from residential properties and carparks to RMB8,335 million, up 50% from the corresponding sales figure in 2014.

Contracted property sales (including residential and commercial property sales, car parks and those from Dalian associates and Shanghai Taipingqiao Lot 116 joint venture) surged by 121% to RMB21,513 million, of which 61%, amounting to RMB13,178 million, was generated from commercial property sales.

As of 31 December 2015, a total of RMB13,315 million locked-in sales (including disposal of commercial properties and contributions from Dalian associates and Shanghai Taipingqiao Lot 116 joint venture) from the sale of a total GFA of 403,000 sq.m. is slated for delivery in 2016 and beyond.

Increasing Saleable Resources in Shanghai in 2016 Driving Higher Sales

The Company has approximately 631,600 sq.m. of residential GFA spanning six projects available for sale and pre-sale in 2016 and beyond. A total GFA of 236,700 sq.m. of such sales are expected from Shanghai projects: Shanghai Taipingqiao Lakeville Luxe, Shanghai RHXC The Upper and The Gallery. The Upper and The Gallery are expected to account for a total GFA of 48,400 sq.m. and 103,700 sq.m. respectively and the Lakeville Luxe will launch a total GFA of 84,600 sq.m.. The balance will be from Wuhan Tiandi, Chongqing Tiandi, Foshan Lingnan Tiandi as well as Dalian Tiandi.

In February 2016, the second batch of The Upper, Phase 6 of Shanghai RHXC, a large scale, city-core redevelopment project within Shanghai’s inner ring, was launched for pre-sale and 352 residential units were subscribed on the day of launch for a total of approximately RMB3.6 billion. The ASP per sq.m. was approximately RMB80,000, the highest achieved for the project thus far.

Accumulated contracted property sales amounted to RMB3,454 million for the first two months of 2016. This included residential property sales of RMB3,395 million and commercial property sales of RMB59 million. Aggregated GFA sold reached 90,500 sq.m., at an ASP of RMB38,200 per sq.m.. In addition to the contracted property sales reported above, as of 29 February 2016, the Company had recorded a total amount of RMB2,919 million of subscribed property sales, which is expected to convert into contracted property sales in the following months.

Expanding Commercial Property Portfolio and Growing Rental Income

During the year, high levels of occupancy and positive rental reversion for new leases signed were maintained at our investment property portfolio, supporting the growth in rental and related income.

As of 31 December 2015, the Company's investment property portfolio (including Dalian associates) has a total leasable GFA of 1,369,000 sq.m., of which 236,000 sq.m., representing 17% of the total leasable GFA, was completed in 2015 and scheduled for opening in 2016. This included properties in 3 Corporate Avenue and THE HOUSE at Shanghai Taipingqiao project, an office building at Shanghai KIC, Hall of the Moon at Shanghai RHXC, as well as NOVA at Foshan Lingnan Tiandi. Except for 3 Corporate Avenue, which was sold in 2015 and handed over in February 2016, other newly completed commercial properties will start contributing rental and related income in 2016.

Sustained Momentum to Achieve Medium-Term Growth

Mr. Vincent H. S. Lo, Chairman of Shui On Land remarked, "The year 2015 was exceptional for Shui On Land. Against the backdrop of moderated economic growth and softened property market, I am pleased to report that we achieved meaningful traction in our fine-tuned strategy and operating results. Our decisive move to adopt an asset-light strategy has produced great results: the divestments of Corporate Avenue properties in Shanghai, realised at sizeable premiums to carrying value, directly unlocked their value for shareholders and doubled asset turnover ratio from 9% to 18%. In line with our priority of maximising asset value and returns through disposal of mature commercial assets, we believe that an IPO is not the optimal way to realise the full valuation of China Xintiandi's portfolio and we decided not to pursue an IPO for China Xintiandi in the near term. We shall continue to capture suitable opportunities to divest commercial properties to fully maximise our asset value and return to shareholders."

"We are confident about the medium-term prospect of our residential property sales. Powered by the strong Shanghai property market, and smoother relocation in Shanghai projects that provides us with a strong pipeline, the Company targets to achieve a total of RMB24 billion contracted sales in 2016, of which RMB14 billion is expected to be generated from residential property sales and RMB10 billion from commercial properties sales."

Mr. Douglas Sung, Executive Director and Chief Financial Officer of Shui On Land said, "The Company is committed to strengthening its balance sheet, and accelerating asset turnover. The disposals of our Corporate Avenue properties in Shanghai Taipingqiao at a total value of RMB12.3 billion in 2015 demonstrated our resolute focus on unlocking the value of our properties. With improving sentiment in the China property market, the Company is well placed to further improve our financial position."

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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is the flagship property development company of the Shui On Group in the Chinese Mainland with a proven track record in developing mixed-use, sustainable communities. As of 31 December 2015, the Company has eight projects in various stages of development in prime locations of major cities, with a landbank of 11.8 million sq.m. (9.4 million sq.m. of leasable and saleable GFA, and 2.4 million sq.m. of clubhouses, car parking spaces and other facilities). The Company was listed on the Hong Kong Stock Exchange on October 4, 2006, the largest Chinese real estate enterprise listed that year. Shui On Land was included in the 200-Stock Hang Seng Composite Index Series and Hang Seng Freefloat Index Series in March 2007.

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