



Press Release

Shui On Land Announces 2023 Annual Results

[21 March 2024, 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 2023.

- **Resilience amidst severe industry downturn:** Although the Chinese economy has rebounded to some degree in 2023, a lack of confidence has led to a continuing downturn in the property market. Despite the difficult operating environment, the Group has recorded a revenue of RMB9,752 million and a net profit of RMB1,397 million, with profit attributable to shareholders amounting to RMB810 million.
- **Successful openings of new commercial projects supported rising rental income:** The Group opened several commercial properties in 2023 with great success, including the opening of Shanghai Panlong Tiandi and Shanghai Hong Shou Fang. Total rental and related income (including joint ventures and associates) for the year increased to RMB3,243 million, representing a growth of 16% year-on-year.
- **Prudent capital management:** The Group has been maintaining a stable balance sheet. As of 31 December 2023, the net gearing ratio had increased slightly to 52% while cash and bank deposits totalled RMB8,917 million. The Group is committed to continuing our prudent approach towards managing the balance sheet.
- **Successful issuance of the largest ever private green-mortgage-backed onshore CMBS:** In April 2023, the Group successfully issued an onshore commercial mortgage-backed securities (“CMBS”) backed by THE HUB in the Hongqiao Central Business District, Shanghai. This is the first CMBS in China supported by a transit-oriented development commercial complex. The Group has proactively adopted various means, including this CMBS issuance, asset disposal and the repurchase of USD senior bonds to enhance our liquidity.
- **Dividend declared:** The Board has recommended a final dividend for the year of HKD0.058 per share (2022: HKD0.064). Together with an interim dividend of HKD0.032 per share, the full-year dividend for 2023 amounted to HKD0.09 per share (2022: HKD0.10).

Resilient Performance Highlighted Stable Fundamentals of the Group

Despite the challenges posed by a continuing lack of confidence in the property market following the rebound of the Chinese economy in 2023, we have successfully sustained profitability, attributable to the long-term strategy of the Group.

Mr. Douglas H. H. Sung, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “Amid a continuing downturn in the property market, the Group has successfully met all financial obligations and maintained a stable balance sheet. The Group has proactively employed various strategies to enhance our liquidity. Moreover, we have effectively repaid or refinanced RMB14.36 billion in debt during 2023. This is a clear indication of our prudent financial management and our capability for strategic planning.”

Success in Premium Developments and Mixed-Use Communities

The Group’s strategic focus on “Best-in-Class” products and services in premium market of resilient cities, coupled with a strong branding in mixed-use communities, has positioned us well during this period of volatility. Notably, all units of Wuhan Tiandi La Riva III launched were sold on the first day, achieving the highest pre-sale price ever recorded in Wuhan, with an average selling price of approximately RMB64,000 per sq.m., despite a considerable slowdown in Wuhan’s residential market in 2023. Wuhan Optics Valley Innovation Tiandi has seen robust demand from end-users for its office blocks, securing the top spot in both transaction area and transaction value in Wuhan's office market in 2023. Consequently, the Group’s accumulated contracted property sales amounted to RMB11,396 million for the year. RMB367 million of subscribed sales as of 31 December 2023, is expected to be converted into contracted property sales in the coming months.

With a portfolio of landmark investment properties concentrated in Shanghai, our commercial property portfolio has delivered growing recurrent rental income. Including properties held by joint ventures and associates, total rental and related income increased by 16% to RMB3,243 million in 2023, compared to RMB2,802 million in 2022, with 76% contributed by our portfolio in Shanghai. The increase was mainly driven by additional rental contributions from the opening of Shanghai Panlong Tiandi and Shanghai Hong Shou Fang. The Group is well-known for its capability to provide quality urban development solutions that align with emerging economic and social trends. Through rejuvenating cultural contents and business innovation, we are the pioneer in creating premium and thriving communities with social experiences that bring places to life. Shanghai Panlong Tiandi, our signature urban retreat project, attracted over 1 million visitors within the first week of operations and reached a total of 16 million by year's end. This strong turnout underscores the project's market success as a new cultural landmark in the Yangtze River Delta. Furthermore, in September 2023, the Group unveiled another urban

regeneration project in Shanghai, Hong Shou Fang, to great acclaim. It quickly rose to prominence as one of the most sought-after hotspots in the city.

Mr. Allan B. Zhang, Chief Executive Officer of Shui On Xintiandi, said, “Building on the seamless integration of space, content and service, our community has always provided holistic and engaging experience that resonates with visitors and locals alike. By responding proactively to the latest trends, we place a strong emphasis on refining our operational strategies to enhance our commercial offerings to meet consumer needs, thereby driving sustained growth in rental income.”

The occupancy across our retail portfolio remained stable, averaging 91% as of 31 December 2023. Sales and shopper traffic in our retail portfolio for 2023 have increased to 106% and 110%, respectively, of the levels seen in the same period in 2021. Despite the pressure from the economic slowdown and the oversupply, our more mature office properties saw a relatively stable performance, with an average occupancy rate of above 90%. Our rental reversion remained positive as of 31 December 2023, which bears testimony to the quality of our assets and service, as well as the prime location of our properties.

The attractiveness of our commercial portfolio and our strong asset management capabilities have drawn strong investment interest despite the weak property market. In December, Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership), an investment vehicle of Dajia Life Insurance Co., Ltd, agreed to acquire a 65% equity interest in the Shanghai Hong Shou Fang project for an initial consideration of RMB1,206 million. This is in line with our Asset Light Strategy to build enduring partnerships with strategic long-term investors to expand our portfolio of assets.

Strong Shanghai Pipeline in 2024 and beyond

As an international economic, financial and trade centre, Shanghai will continue to play an influential role in leading the development of the Yangtze River Delta and serving as a bridge between domestic and international markets. Shanghai remains attractive with stable demand and market opportunities. The Group is poised to introduce several premier projects in Shanghai throughout 2024, further bolstering our position in the market.

Lakeville phase 6, the last residential plot facing the lake in our Taipingqiao site, will commence sales in the final quarter of 2024. Located on the south bank of Yangpu Binjiang, Riverville is a heritage preservation and development project that will feature a high-end, low-density residential community. It is an extension of the acclaimed Lakeville brand in an alluring new locale in Shanghai, with pre-sales targeted to start in the second half of 2024. Driven by a positive outlook on Shanghai's high-end residential market, the Group's strategic investment in upscale living brands is culminating in both projects showcasing a robust residential sales pipeline in the city's premium sector.

For the commercial properties under development, CPIC Xintiandi Commercial Centre (“CXCC”) is set to redefine the core city of the metropolitan area in Puxi. This commercial complex, conveniently located adjacent to Shanghai Xintiandi, comprises three office towers and a podium retail galleria. It is designed to inject fresh commercial energy into the area and elevate the standard for office spaces within Shanghai’s Central Business District (CBD).

Our competitive advantages and proven abilities in urban village renewal have unlocked new prospects for business growth. In April 2023, the Group established a joint venture to initiate a promising development, Zhaojia Lou, slated for the near future. Riding on the successful experience of Shanghai Panlong Tiandi and enriched by the cultural attributes of Zhaojia Lou, this mixed-use development will be another urban retreat project, integrating heritage with modern life and commercial vitality. This new project will enhance our urban retreat pipeline and fortify our competitive position in this arena.

Ms. Jessica Y. Wang, Chief Executive Officer of Shui On Land, said, “As we continue to develop quality projects that meet the needs of each city we invest in, we will continue to leverage our expertise and resources to capitalize on the opportunities presented by urban regeneration in China. We have always been optimistic about the prospects of Shanghai as it has proven to be a robust and resilient market. Looking ahead, Shanghai will remain our core investment focus for the foreseeable future. With an exciting pipeline of several prime Shanghai projects set to launch in 2024, we strive for a leadership position in the city.”

Embracing Sustainability Across Operations

As the “5C” (Community, Clean, Culture, Care and Corporate Governance) strategy guides us towards our corporate vision “To be a pioneer of sustainable premium urban communities”, promoting sustainability has been an ongoing commitment across every aspect of our operations. We were the first developer in China to participate in the Science Based Target initiative and in July, we secured official approval to raise our target to align with a 1.5°C trajectory.

In pursuit of our target, we are committed to reducing the energy consumption intensity of our existing properties by 20% from 2019 levels by 2030. To facilitate this, our subsidiary Shui On Xintiandi formed a strategic partnership in December with CLP Group to co-operate on the supply of green power in our commercial properties in Nanjing, setting a sustainability benchmark for future urban communities. This initiative builds on the success of our operation in Wuhan, where all our existing commercial properties were already using renewable electricity in 2023, increasing the percentage of renewable energy in our total electricity consumption to 20%.

Our commitment to sustainable practices has been recognized with improved standings in several esteemed ESG ratings. We’ve earned a prestigious 5-star rating

from GRESB, and have advanced to AA with MSCI ESG Ratings and A- with CDP. Additionally, we have upheld our AA- rating from the HKQAA Sustainability Rating and Research and maintained our proud presence on the Hang Seng Corporate Sustainability Benchmark Index. Many of our individual properties, including Xintiandi Plaza, Shanghai Panlong Tiandi, Shanghai Hong Shou Fang, have obtained recognitions from ULI Awards for Excellence, LEED and WELL certifications. As of the end of 2023, 96% of our existing projects by gross floor area have received at least one green or health certification.

A Challenging Year Ahead

The global economy encountered persistent challenges due to elevated inflation, high interest rates, and heightened geopolitical risks. Although China experienced a 5.2% economic recovery in 2023, the property market is still undergoing a protracted downturn with weak market sentiment and a tightened credit market, suggesting that economic challenges and corrections are likely to continue. Moving into 2024, the Group remains mindful of the need for extra caution.

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “To navigate through this unfavourable market environment, we will continue to adopt a Best-in-Class product strategy that focuses on premium developments in high-tier cities, and Asset Light Strategy to further grow our footprint. We are committed to creating long term value by building sustainable premium urban communities that prioritise culture, heritage, and lifestyle, as we firmly believe that this approach will yield long-term benefits for all our stakeholders.”

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, “The long-overdue market adjustment have challenged every company operating in the Chinese property market. Nonetheless, the Group exhibited resilience in the face of adversity. Moving ahead, we adopt a cautious approach and continue to be highly selective in our investments while closely monitoring market developments. I have full confidence in our management team’s ability to steer us through this downturn effectively.”

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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a leading urban solutions provider dedicated to creating sustainable premium urban communities 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 2023, the Company has 14 projects in various stages of development in prime locations of major cities, with a landbank of 8.5 million sq.m. (6.2 million sq.m. of leasable and saleable GFA, and 2.3 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 RMB84 billion of commercial assets located in prime locations in Shanghai.

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.

The Company was established in 2004 and was listed on the Hong Kong Stock Exchange on October 4, 2006. Shui On Land is included in the Hang Seng Composite Index, Hang Seng Composite Industry Index – Properties & Construction, Bloomberg Gender-Equality Index as well as Bloomberg ESG Score Universe.

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