



Press Release

Shui On Land Announces 2021 Interim Results
Strong Recovery in 1H2021 with Both Revenue and Profit Rebounding

[24 August 2021, Hong Kong] – Shui On Land Limited (the “Company”, together with its subsidiaries, “the Group”, Stock Code: 272) today announced its unaudited consolidated results for the six months ended 30 June 2021.

- **Return to Profitability:** The Group recorded a profit of RMB1,288 million in the first half of 2021 (“1H2021”), while profit attributable to shareholders totaled RMB1,082 million. This is a sharp recovery versus the first half of 2020 (“1H2020”), when the Group reported a net loss due to impacts from the COVID-19 outbreak in China. The strong performance in 1H2021 was underpinned by robust residential sales and strong growth in rental income.
- **Robust property sales increase:** Property sales revenue for 1H2021 increased significantly by 62.4x to RMB10,214 million due to contributions from TPQ Ville V (Lot 118) and Wuhan Tiandi La Riva II (Lot B10).
- **Strong recovery in the commercial portfolio:** Total rental and related income was RMB1,570 million, representing robust growth of 32% Y/Y. Amongst the Group’s retail properties, overall sales have significantly recovered since the third quarter of 2020. In June 2021, overall sales reached 149% of 2020 levels. For the office portfolio, occupancy rates have steadily increased during the period, reaching an average of 90% as of June 2021.
- **Maintaining a strong balance sheet:** The net gearing ratio stayed at a very healthy 45%, the same level as 31 December 2020 (45%). Cash and bank deposits totaled RMB14,367 million. The Group expects to maintain its historically very prudent approach to managing the balance sheet.
- **Interim dividend declared:** Having taken into consideration the Group’s solid financial position and improved profit, the Board has resolved to recommend the payment of a 2021 interim dividend of HKD0.036 per share (1H2020: nil per share).

Robust Residential Sales in the Midst of Severe Government Control Measures

To curb speculation and support a healthy sustainable development of the residential market, a range of severe control measures remained in place and further tightened in 1H2021. Notwithstanding this background, sales performance was very encouraging. The Group's contracted property sales for 1H2021 increased 95% to RMB12,115 million, compared to RMB6,222 million for the same period in 2020, with residential property sales accounting for 98%. As of 30 June 2021, RMB1,821 million of subscribed sales is expected to be subsequently turned into contracted property sales in the second half of 2021 ("2H2021") and beyond. The robust sales was primarily recorded from Shanghai Rui Hong Xin Cheng Ocean One (Lot 7) and Shanghai Panlong Tiandi. The strong performance reflected the demand for residential property with prime locations and premium quality.

The Group holds approximately 387,300 sq.m. of residential GFA spanning seven projects available for sale and/or pre-sale during 2H2021 and beyond, with the exact launch timing subject to market conditions as well as government regulations.

Strong Recovery in Commercial Portfolio Post COVID-19

Benefitting from the resilience of the Chinese economy as well as the Group's significant brand strength and innovative business model, the commercial property portfolio has generated strong rental income growth. Including the properties held by joint ventures and associates, the grand total rental and related income increased by 32% Y/Y to RMB1,570 million in 1H2021.

In the retail portfolio, footfall and revenue have recovered strongly from the lows of the pandemic. Of note, 2021 marks the 20th anniversary of Shanghai Xintiandi which is an impressive and important milestone. The Group has been continually exploring creative ways to upgrade and renew its offering to keep up with changes in the retail market, and excels at providing experiences that go beyond the mere purchase of goods through concepts such as Foodie Social at the recently opened Xintiandi Style I in Shanghai. Shanghai Taipingqiao project recorded a 44% increase in rental and related income, which is proving the AEI successful despite external challenges such as COVID-19.

The Group's office portfolio also had a positive six months, with occupancy rates steadily increasing across office properties. As of 30 June 2021, the overall occupancy in the portfolio was 90%, a testimony to the resilience of the office assets.

Expanding Presence in Yangtze River Delta Through Acquisition of High-Quality Assets

The Group intends to seize opportunities to replenish landbank by acquiring high quality assets in the cores cities of key metropolises in China, particularly in the Yangtze River Delta.

During the first six months of 2021 two new investments with joint venture partners were concluded. In February, the Group completed the acquisition of the Nanjing IFC, a mixed-use

Grade A landmark property in Nanjing's Central Business District, through a 50/50 joint venture with Grosvenor Asia Pacific. The Grosvenor Group is one of the world's most respected property companies and the partnership will help the Group expand its assets under management in what is a key city of the Yangtze River Delta and capital of the economically powerful province of Jiangsu.

In June, the Group signed an agreement with the Yongye Group, an arm of the Huangpu District government in Shanghai, to develop Lot 122 of the Taipingqiao project, also on a 50/50 basis. The Land will be developed as a mixed-use development comprising residential, commercial and ancillary facilities with gross floor area estimated to be 99,600 sq.m.. This investment enables the Group to further expand its development footprint in the Taipingqiao masterplan community.

Extending the Longstanding Commitment to Sustainability

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

During the first half of this year, more initiatives have been rolled out under the Group's 10-year 5C Sustainable Development Strategy that was introduced in 2020. The Group became the first China based developer to adopt Science Based targets (SBTi) and commit to a business pledge of Well 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. This marked another milestone in the Group's journey in green and sustainable finance. Furthermore, international recognition for the Group's efforts has come in the form of a 2021 ULI Asia Pacific Award for Excellence for Wuhan Tiandi Site A and a 2021 ULI Global Award for Excellence for THE HUB in Shanghai.

The progress achieved during 1H2021 has further solidified the Group's commitment to sustainable development and financial practices.

Well Positioned to Seize New Opportunities for Growth and Evolution

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, "We are pleased to report that the Group delivered encouraging financial results for the first half of 2021. Both revenue and profit rebounded following the recovery of the Chinese economy from the impact of the COVID-19 pandemic which tested our management and operating capabilities and proved our ability to navigate through significant challenges that arise. Although the environment does remain challenging, we are prepared to weather the ongoing headwinds.

Importantly, China has returned to a solid economic growth trajectory which has led the global economic recovery. We have every confidence in China's future prospects and see great potential for continued growth in the market. We will continue to create long-term value by building vibrant communities in key cities and based on that coupled with a dedicated team,

strong brand, and solid financial fundamentals, we are well positioned to bring lasting benefit to our stakeholders. We will also continually examine various options for optimizing the structure of our business, including a possible spin-off of the Group's commercial investment properties and asset management business, so that we can effectively seize the enormous growth opportunities in front of us.”

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “Our goal is to be a pioneer of sustainable premium communities and we recognize that we can thrive as a business only if we are responsible to the environment and all the stakeholders we serve. One of the key ways we are meeting this need is through the ongoing implementation of our robust 10-year 5C Sustainable Development Strategy. We are integrating sustainability considerations into all aspects of our business strategies, decision-making, and operations. Essentially, this now touches everything we do as a business, and it is resulting in tangible actions and clear results in many areas. We are committed to continuing to innovate in this area and while this will be a long-term journey and a continual learning process, we are proud to be taking necessary and important steps forward.”

Mr. Douglas H. H. Sung, Managing Director, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “The unprecedented challenges caused by the pandemic, and the tightening of lending, have together highlighted the importance of being prudent in capital deployment and management. Fortunately, this has been a longstanding strength and area of critical focus for our business. We will continue to maintain healthy liquidity and diversify our funding capacity with capital from strategic partners, as reflected in our recent investment of Nanjing IFC and TPQ Lot 122. This allowed us to keep gearing at a very healthy level of 45%. We believe our solid financials and prudent capital management will enable the Group to maintain a very strong foundation which will support future growth and our ongoing efforts to evolve as a business.”

Ms. Jessica Y. Wang, Managing Director of Shui On Management Limited, said, “Despite a range of severe control measures that were further tightened in the first half of 2021, the Group achieved strong residential sales. The outstanding performance reflects strong market demands for our premium, people-oriented residential communities. With a number of new projects in Shanghai and elsewhere ready for launch in the coming months, we are confident that we will meet our residential sales target in 2021.”

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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 30 June 2021, the Company has 12 projects in various stages of development and two projects under management in prime locations of major cities, with a landbank of 8.4 million sq.m. (6.1 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 1.72 million sq.m. of office and retail premises, including its flagship Shanghai Xintiandi, which is currently under its management.

The Company was listed on the Hong Kong Stock Exchange on October 4, 2006, being the largest Chinese real estate enterprise listed that year. Shui On Land is a constituent stock of the Hang Seng Composite Index, HSCI Composite Industry Index - Properties & Construction, Hang Seng Composite MidCap Indices as well as the Hang Seng Stock Connect HK Index.

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