



資本策略地產有限公司
CSI PROPERTIES LIMITED

Stock Code 股份代號 : 497



*Investor Presentation
Final Results FY 2021
June 2021*

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Section 1

FY2021 Financial Highlights



FY 2021 Sales Highlights

CSI recorded around HK\$1.7 billion of sales (incl. JV/ Associates) this fiscal year

		For the year ended 31 Mar 2021 HK\$'000
	%	
Group level		
Hong Kong residential properties		N/A
Hong Kong commercial properties		141,800
Sub-total		141,800
Joint Ventures and Associates		
PRC residential properties	50%	492,125
Hong Kong commercial properties	30%	13,994
Hong Kong residential properties	50-65%	1,084,162
Sub-total		1,590,281
Total		1,732,081
Less: Non-controlling interests		—
Total revenue attributable to the Group from Sales of Properties (incl. JV)		1,732,081

FY 2021 Key Disposals

CSI has recognized a few key disposals within this fiscal period to ensure profitability

Date completed	Projects sold and booked FY2021	Location
Apr 2020 – Mar 2021	8 units of Dukes Place at 47 Perkin's Road (CSI-60%)	Jardine's Lookout
Apr 2020 – Mar 2021	22 villas and 33 apartments for Queen's Gate project in DaiHongQiao in Shanghai (CSI – 50%)	Shanghai
Aug 2020	Remaining two ground floor shops at Oriental Crystal Building	Central
Mar 2021	3 units at commercial office building at No.38 Wai Yip Street in Kowloon Bay (CSI- 30%)	Kowloon Bay

Date presold	Projects presold for future bookings	Location
Jan 2021 – Mar 2021	13 units at Knightsbridge residential project in Beijing* (CSI-65%)	Beijing
Apr 2020 – Mar 2021	3 villas for Queen's Gate project in DaiHongQiao in Shanghai (CSI – 50%)	Shanghai

Note:

** Up until the end of June 2021, approximately 30 units at Knightsbridge have entered into sales contacts.*

FY 2021 Key Acquisitions



Residential site at Wong Chuk Hang






- The Group acquired with other JV consortium partners a residential site at Wong Chuk Hang on the South side of Hong Kong Island through an MTR tender in Jan 2021
- The property is located adjacent to the Wong Chuk Hang MTR station and can be developed into a saleable GFA of around 636K sq.ft..
- Construction work will commence soon with target completion around 2025.

Note: Other acquisitions include JV interests in a land site at Kwu Tong North and No.92 Repulse Bay Road

Source: Company information



FY 2021 Final Results Highlights

(Period ended 31 Mar) (HK\$m)	FY2021 (A)	FY2020 (B)	% change (A/B-1)
Gross revenue from property business	369	3,710	90% 
Property sale	142	3,498	
Rental income	227	212	
Gross profit	236	1,497	84% 
Profit from property JV/associates	246	402	39% 
Profit attributable to equity holders	331	1,156	71% 
EPS (basic)	3.43 HK cents	11.77 HK cents	71% 

FY 2021 Final Results Highlights (contd.)

Strong balance sheet and ample liquidity to ensure financial stability

(HK\$m)	FY 2021 31 st Mar 2021	FY 2020 31 st Mar 2020
Properties & related assets	24,954	21,546
Cash & bank balances (including cash held by securities brokers)	1,501	2,675
Investments	1,701	2,343
Other assets	488	548
Total assets	28,644	27,112
Bank loans	10,079	9,328
Guaranteed notes	1,860	1,924
Other liabilities	1,834	1,401
Total liabilities	13,773	12,653
Common stock equity	13,298	12,884
Non-controlling interests	34	36
Perpetual capital securities	1,539	1,539
Total equity	14,871	14,459

Source: Company information

Notes:

(1) Properties & related assets = Properties held for sale + Property, plant and equipment + Interests in joint venture + Amounts due from joint ventures + Interests in associates + Amount due from associates + Contract costs

FY 2021 Key Credit Metrics

Key credit metrics	FY 2021 (HK\$m)	FY 2020 (HK\$m)	FY 2019 (HK\$m)
EBITDA ¹ / interest expenses ²	2.3x	6.3x	2.9x
Net debt / total assets (net gearing ratio)	36.4%	31.6%	34.1%
Net debt / adjusted total assets ³	29.2%	25.5%	25.6%
Net debt plus commitment to JVs /adjusted total assets plus JV assets ⁴	39.6%	36.8%	38.3%

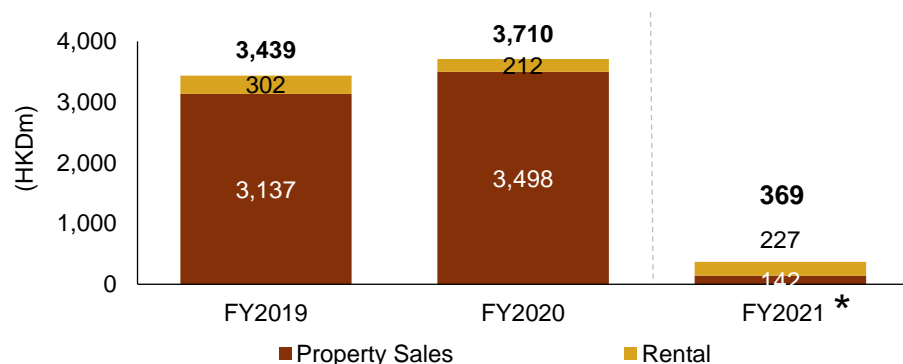
Source: Company information

Notes:

- (1) EBITDA is calculated as profit before taxation adjusted for fair value changes of financial assets at fair value through profit or loss, fair value changes of derivative financial instruments, (net reversal of write-down) write-down of properties held for sale, gain on disposal of property, plant and equipment, gain on disposal of a subsidiary, bank and loan interest income, finance costs, income from amortisation of financial guarantee contracts and depreciation of property, plant and equipment
- (2) Including capitalised interest
- (3) Adjusted total assets equals total assets plus revaluation surplus
- (4) Adjusted total assets plus JV assets equals total assets plus revaluation surplus and JVs attributable assets

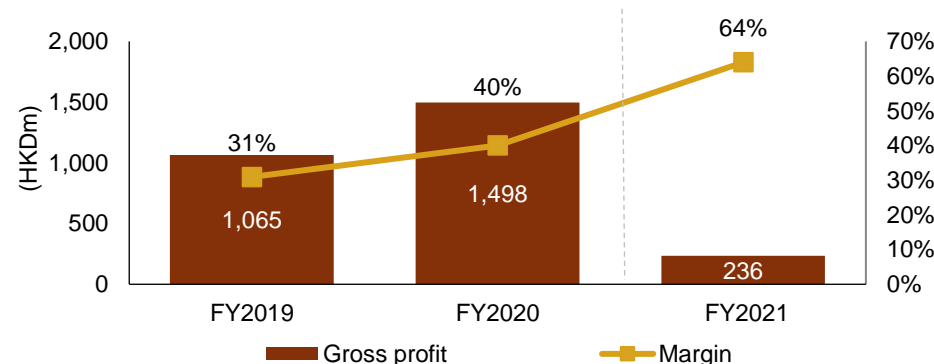
FY 2021 Financial Highlights

Revenue

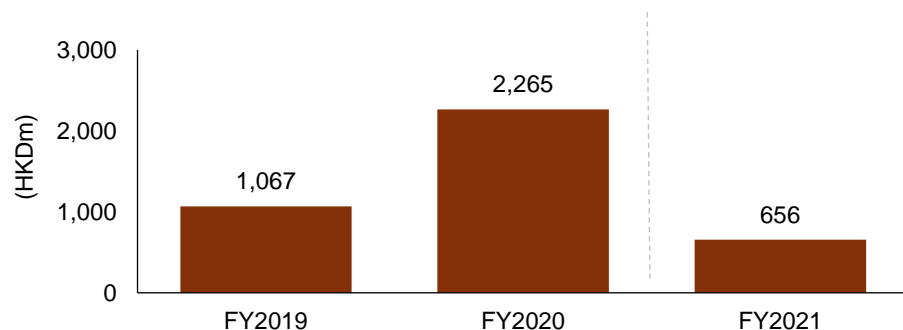


**FY2021: Revenue will increase by additional HK\$1,590m if including revenue from Joint Venture and Associates which dominates sales for the fiscal year*

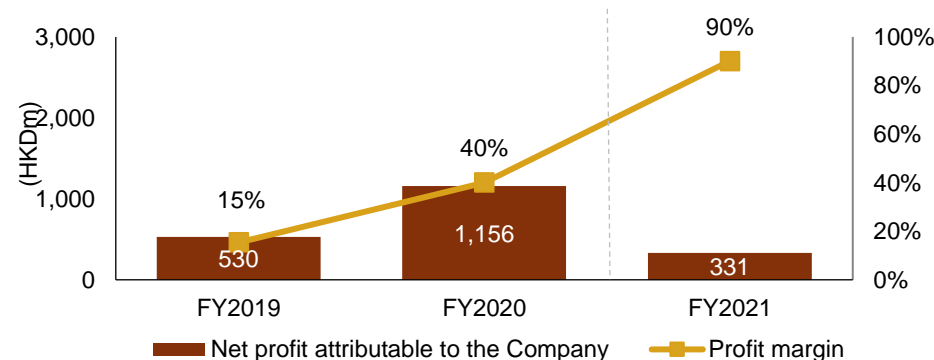
Gross profit and gross profit margin



EBITDA¹



Reported net profit ²



Source: Company information

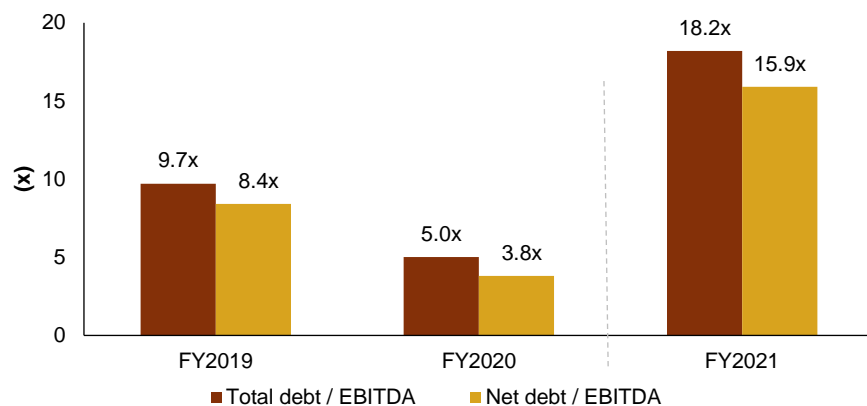
Notes:

(1) EBITDA is calculated as profit before taxation adjusted for fair value changes of financial assets at fair value through profit or loss, fair value changes of derivative financial instruments, (net reversal of write-down) write-down of properties held for sale, gain on disposal of property, plant and equipment, gain on disposal of a subsidiary, bank and loan interest income, finance costs, income from amortisation of financial guarantee contracts and depreciation of property, plant and equipment

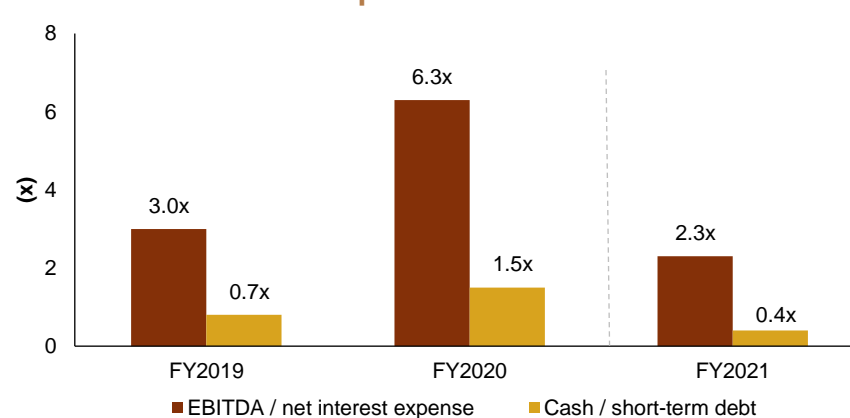
(2) Attributable to owners of the Company

FY 2021 Credit Highlights

Debt / EBITDA¹

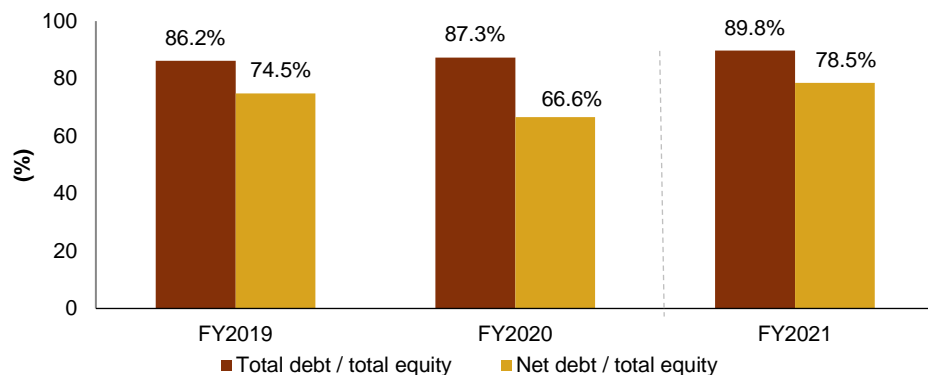


EBITDA¹ / net interest expense² and cash³ / short-term debt

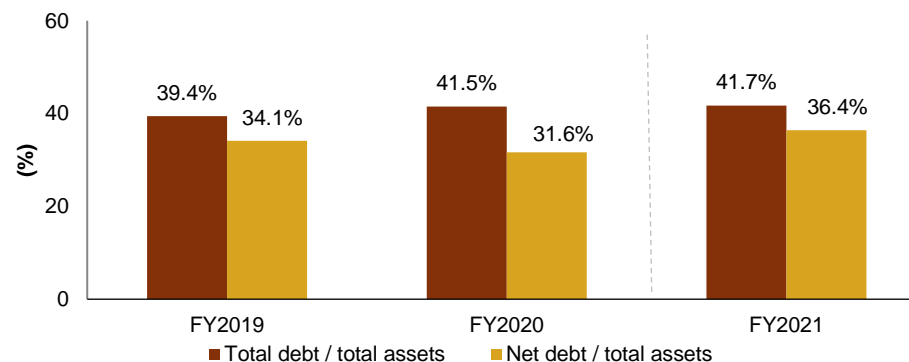


*FY2021 Cash + Marketable Securities/ Short term debt is 0.9X

Debt / total equity



Debt / total assets



Source: Company information

Notes:

- (1) EBITDA is calculated as profit before taxation adjusted for fair value changes of financial assets at fair value through profit or loss, fair value changes of derivative financial instruments, (net reversal of write-down) write-down of properties held for sale, gain on disposal of property, plant and equipment, gain on disposal of a subsidiary, bank and loan interest income, finance costs, income from amortisation of financial guarantee contracts and depreciation of property, plant and equipment
- (2) Net interest expense equals total interest paid net of interest income
- (3) Cash includes bank balances and cash

Diversified Funding Sources and Well Managed Bank Borrowing

- The Group maintained a conservative approach to its bank borrowings with well balanced and staggered maturities
- Bank loans are mostly project loans (land plus construction loans) tied to the real estate investment and development projects
- **In August 2020, we have committed a syndicated loan of HK\$1.6bn from various HK and Chinese banks at attractive rate to secure the funding for refinancing our existing 5-year note due Aug 2021**

Diversified funding sources ¹

- **Equity**
 - 16 Sep 2014—Share placement of 1.3 billion shares with gross proceeds of approximately HK\$455 million
 - 13 Sep 2017 - 5.75% senior perpetual securities with gross proceeds of US\$200m
- **Debt**
 - Bonds—Issued US\$250m 4.875% 5-year Notes in August 2016
 - In October 2019, the Company also entered into a syndicated loan agreement for a total loan amount of HK\$2.0 billion

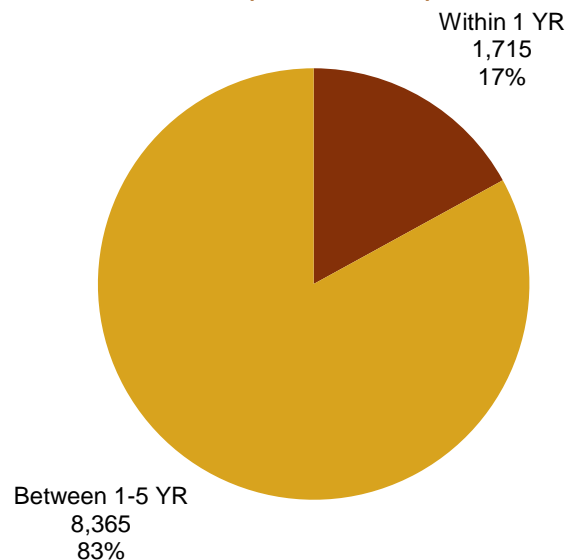
Source: Company information

Note:

(1) As of Mar 31, 2021

Bank Borrowing Profile as at 31 Mar, 2021

Total Bank Borrowings at HK\$ 10,080 million and
Its Breakdown (HK\$ 'million)



Conservative Capital Structure Backed by Prudent Financial Policies

Prudent funding and treasury policy	<ul style="list-style-type: none"> • Prudent funding and treasury policy with regard to overall business operations • Majority HIBOR-based and effective interest rate ranges from 0.6% to 5.9% (inclusive of PRC projects) for the Group's bank borrowings as at 31 Mar 2021
Dividends	<ul style="list-style-type: none"> • Prudent dividend policy (c.12-15% of net profit) while taking account into cash requirements, investment and growth plans, future prospects, general economic and business conditions and also peer group norms
Leverage	<ul style="list-style-type: none"> • Total debt (bank and other borrowings) to total asset ratio of c.41.7% (* at book cost) as at 31 Mar 2021 • Net debt / total assets incl. JV assets (mark-to-market) at c. 29.2% as at 31 Mar 2021
Liquidity	<ul style="list-style-type: none"> • Maintain a prudent amount of cash and bank balances at all times, and steady credit facilities • Current cash balance³: c. HK\$1,500.8 million • Marketable securities held for sale which can be easily liquidated: c.HK\$1,700.9 million • Cash³ plus marketable securities/ short-term debt: c. 0.9 x as at 31 Mar 2021 • Cash³ plus marketable securities/ total assets (* at book cost) of c. 11.2% as at 31 Mar 2021

Prudent leverage policy coupled with rich cash resources puts CSI in a favourable position to capitalise on viable and strategic acquisition opportunities

Source: Company information

Notes:

(1) EBITDA is calculated as profit before taxation adjusted for fair value changes of financial assets at fair value through profit or loss, fair value changes of derivative financial instruments, (net reversal of write-down) write-down of properties held for sale, gain on disposal of property, plant and equipment, gain on disposal of a subsidiary, bank and loan interest income, finance costs, income from amortisation of financial guarantee contracts and depreciation of property, plant and equipment

(2) Total interest expense includes finance costs plus capitalised interest

(3) Cash includes bank balances, cash and cash held by securities brokers as at 31 Mar 2021

Pro-forma Balance Sheet Adjusted for Market Valuation as at 31 Mar 2021

Properties valued at historical cost basis on book with no revaluation surplus. Even after revaluation adjustment, it still represents significant value in terms of a significant discount to pro forma adjusted NAV of HK\$2.15 per share when compared to current share price

	Net asset value (unaudited) (HK\$m)
Net assets attributable to shareholders (as at 31 Mar 2021)	13,298
Add	
• Attributable revaluation surplus relating to the group's properties held for sale as per independent valuations ¹	5,818
• Attributable revaluation surplus relating to the group's properties held for sale by jointly controlled entities as per independent valuations ¹	1,250
Net assets attributable to shareholders as if properties held for sale by jointly controlled entities and interests in jointly controlled entities were stated at open market value²	20,366
Pro-forma adjusted NAV per share³	HK\$2.15

Source: Company information

Notes:

- (1) Based on latest open market valuations as at 31 Mar 2021 as carried out by independent firms of qualified professional valuers not connected to the Group (value adjusted slightly due to RMB – HK\$ exchange rate changes) or actual transaction prices or estimated based on average transaction price
- (2) Deferred tax liabilities have not been provided for the attributable revaluation surplus of properties held for sale
- (3) **NAV per share calculated based on 9,488.7 million shares in issue as at 31 Mar 2021 after share repurchase to boost value**

Resourceful Pipeline to Ensure Profitability and Liquidity

FY 2022

4 out of remaining 8 residential units at Dukes Place, No. 47 Perkins Road (60% stake)

Capital Centre (formerly AXA Centre) - Ground Floor shop and 51 car parks

30% of 11 residential units at “Infinity”, Peak Road (65% stake)

Half of remaining 46% of No.38 Wai Yip Street Office Tower in Kowloon Bay (30% stake)

No.2 Shelley Street (Redevelopment) – remaining 5 lower floors F&B/ 2 office floors

30% of Beijing Legendale Residential units (65% stake)(Total 114 apartments)

30% of 6 houses near Fanling Golf Course (92% stake)

Presales of 30% of 48 Cochrane Street Commercial Tower in Central (Redevelopment)



FY 2023

4 out of remaining 8 residential units at Dukes Place, 47 Perkins Road (60% stake)

50% of 48 Cochrane Street Commercial Tower in Central (Redevelopment)

30% of 11 residential units at the “Infinity”, Peak Road (65% stake)

Half of remaining 46% of No.38 Wai Yip Street Office Tower in Kowloon Bay (30% stake)

30% of Beijing Legendale Residential units (65% stake)(Total 114 apartments)

50% of 6 houses near Fanling Golf Course (92% stake)

No. 45 Barker Road House

Presales of MTR mass residential project at Yau Tong (20% stake)

Presales of MTR mass residential project at Wong Chuk Hang (15% stake)

Disciplined and conservative capital recycling with strong pipeline from residential and commercial sales in the next few fiscal years to ensure strong EBITDA

Portfolio of Prime Properties in Premier Locations (as at 31 Mar 2021)

Commercial properties

		Approximate gross area sq.ft. ¹ (000s)	Market value ^{1,2} (HK\$m)	Book value ¹ (HK\$m)
G/F, 51 carparks of Capital Centre	Wan Chai	17	700	150
No. 348 Nathan Road (Redevelopment)	Jordan	254	4,500	2,727
LL Tower, No. 2 Shelley Street (G/F to 3/F and office floors: 22/F & 23/F)	Central	9 ³	580	258
In-Point Shopping Mall, No. 169 Wujiang Road & Basement Level 1, No. 1 Lane 333 Shimen Road	Jing'an District, Shanghai	122	2,019	682
2 Floors of Broadway Center (CSI-60%)	Macau	9	174	174
No. 38 Wai Yip Street (CSI-30%)	Kowloon Bay	259	4,793	2,027
48 Cochrane Street (Redevelopment)	Central	32	560	560
Richgate Plaza, Level 1, Level 2 and Basement Level 1, No. 1-6, Lane 222, Madang Road	Huangpu District, Shanghai	122	2,237	1,604
Lai Sun Yuen Long Centre (CSI-50%)	Yuen Long	388	1,650	1,037
Gage Street/Graham Street commercial site, Developer's Portion at Inland lot no. 9065, URA Project H18 (Site C) (CSI – 50%)	Central	432	10,300	10,300
Hong Kong Health Check Tower (formerly Everest Building), Nos. 241 and 243 Nathan Road	Jordan	62	1,700	1,700
Harbourside HQ, No.8 Lam Chak Street (CSI – 25%)	Kowloon Bay	680	7,700	7,679
Nos. 92-96 Wellington Street (Redevelopment)	Central	43	941	609
Retail spaces at COO Residence, No. 8 Kai Fat Path	Tuen Mun	11 ³	720	274
Sub-total		2,440	38,574	29,781

Residential properties

		Approximate gross area sq.ft. ¹ (000s)	Market value ^{1,2} (HK\$m)	Book value ¹ (HK\$m)
No. 45 Barker Road	The Peak	4	1,200	661
House B, "8-12 Peak Road", No. 10 Peak Road	The Peak	5	600	385
Dukes Place, No. 47 Perkins Road (CSI-60%) (8 units, 17 car parks and 1 motorcycle parking space)	Jardine's Lookout	35	2,829	1,504
No. 333 Fan Kam Road (CSI-92%)	Sheung Shui	33	910	710
11 residential units infinity collection at 8, 10 & 12 Peak Road (for refurbishment) (CSI-65%)	The Peak	42	3,240	2,039
No. 44 Stanley Village Road (CSI – 50%)	Stanley	34	1,395	964
Knightsbridge (formerly known as "Beijing Legendale"), Dongcheng District (CSI – 65%), 101 Apartments +124 Car parks	Beijing	365	3,825	2,471
No. 23 Po Shan Road (CSI – 20%)	Mid Levels	79	3,240	1,979
MTR Yau Tong Construction site at New Kowloon Inland Lot No. 6602 (CSI – 20%)	Yau Tong	325	3,365 ⁵	2,806
92 Repulse Bay Road (CSI 50%)	Island South	8	655	558
Lot Nos. 6-9, 10S.A, 10 R.P. & 12 in Demarcation District No. 95, Kwu Tong North. (CSI – 40%)	Kwu Tong North, Sheung Shui	941	1,720	1,583
MTR Wong Chuk Hang Station Package Five Property Development Site E of Aberdeen Inland Lot No. 467 (CSI – 15%)	Wong Chuk Hang Station	636	10,534 ^{4,5}	10,534
Sub-total		2,507	33,513	26,194

Source: Company information

Notes: Based on 100% ownership interest

(1) Approximate gross floor area, market value, and book value, on 100 per cent. interest basis

(2) Market value was based on valuation reports conducted by independent qualified valuers subsequent to year ended 31 Mar 2021 or transaction price, except otherwise indicated

(3) Saleable area applied.

(4) Market value as at 31 May 2021

(5) Being market value less unpaid lump sum payment payable to the MTR Corporation Limited

Section 2

Management Strategies Highlights





Management Strategy Highlights

1

Manage Disposal Pipeline to Recycle Capital & Crystallise Profit

2

High Quality Residential and Commercial Real Estate Portfolio to be Realised

3

Maintain Prudent Financing for Strong Asset Coverage & Liquidity

1 Disposition Pipeline to Recycle Capital & Crystalize Profit

- Management prioritizes annual asset sales to recycle capital & crystalize profit
- Strict and prudent principle of balanced asset sale first before making new acquisitions to ride out the current challenging market
- **Good cash recycling with realized sales in FY 2021 including:**
 - Dukes Place, ultra high-end residential development at Jardine's Lookout (CSI-60%) – 8 units sold
 - Queen's Gate, high-end residential development at Shanghai (CSI-50%) – remaining 58 units sold
 - Ground Floor shops at Oriental Crystal Building
 - 38 Wai Yip Street commercial tower (CSI 30%) – 3 units sold
 - Collectively these sales account for over **HK\$1.73 billion of completed sales for FY 2021**
- These sales, together with our strong sales pipeline of high quality residential and commercial projects in our portfolio of over 25 projects, will provide ample liquidity and EBITDA to ensure the Group's financial health in the future

2 High Quality Residential Portfolio with Massive Value to be Realised

- Prime luxury residential portfolio in Hong Kong and China
- Current value of these residential projects to be sold within the next few fiscal years totaling approximately HK\$9 billion per CSI's stake
- Additional strong contributions will come from presales of MTR mass residential projects including Wong Chuk Hang and Yau Tong within the next few years

Hong Kong — High-end Luxury Residential

Dukes Place in Jardine Lookout
c. HK\$1.7b



"Infinity" - Luxury units and house on Peak Road
c. HK\$2.7b



Single House on Barker Road
c. HK\$1.2b



Villa collections on Fan Kam Road
- neighboring Hong Kong Golf Club
- c. HK\$0.8b



China — High-end Luxury Residential



Knightsbridge (formerly Beijing Legendale)
c. HK\$2.5b
Luxury apartments in The Peninsula Beijing neighborhood

Hong Kong — MTR Mass Residential

Future presales for premium units at MTR Wong Chuk Hang project

Future presales for premium units at MTR Yau Tong project

2

- St



Graham St/Gage St
c.432k sqft GFA
Comm'l Development
(CSI: 50%)

**Core
Central**

48 Cochrane St
c.32k sqft GFA
Comm'l Development



2 Shelley St
Remaining c.9.4k sqft GFA
Completed Comm't Bldg.

2 High Quality Commercial Portfolio in Central to be Realised

Strong portfolio with steady rental income and material valuation upside upon future sale

- Hong Kong** — Core Central; Core Kowloon (TST/Jordan) and Kowloon East

**Novotel
Redevelopment,**
348 Nathan Rd,
Jordan
c. 254K sqft
Commercial/
Residential Mixed
Redevelopment



Harbourside HQ
Kowloon East
c.680K sqft Office
(CSI: 25%)



**Hong Kong Health
Check Tower
(previously Everest
Building)**
241-243 Nathan Rd,
Jordan
c. 62k sqft Comm'l Bldg.

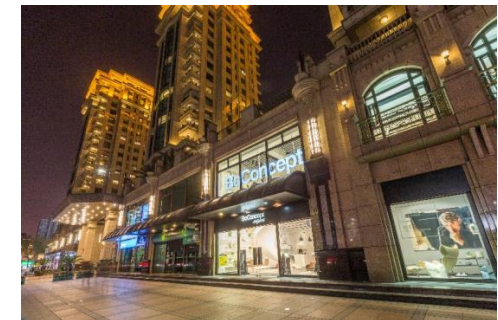


- China** — c. 244K sq.ft. fully-renovated, re-tenanted high-street retail podiums in prime locations in Shanghai Puxi

In-Point 四季汇
Wujiang Rd. Pedestrian Walk
c.122k sqft Street-front Retail

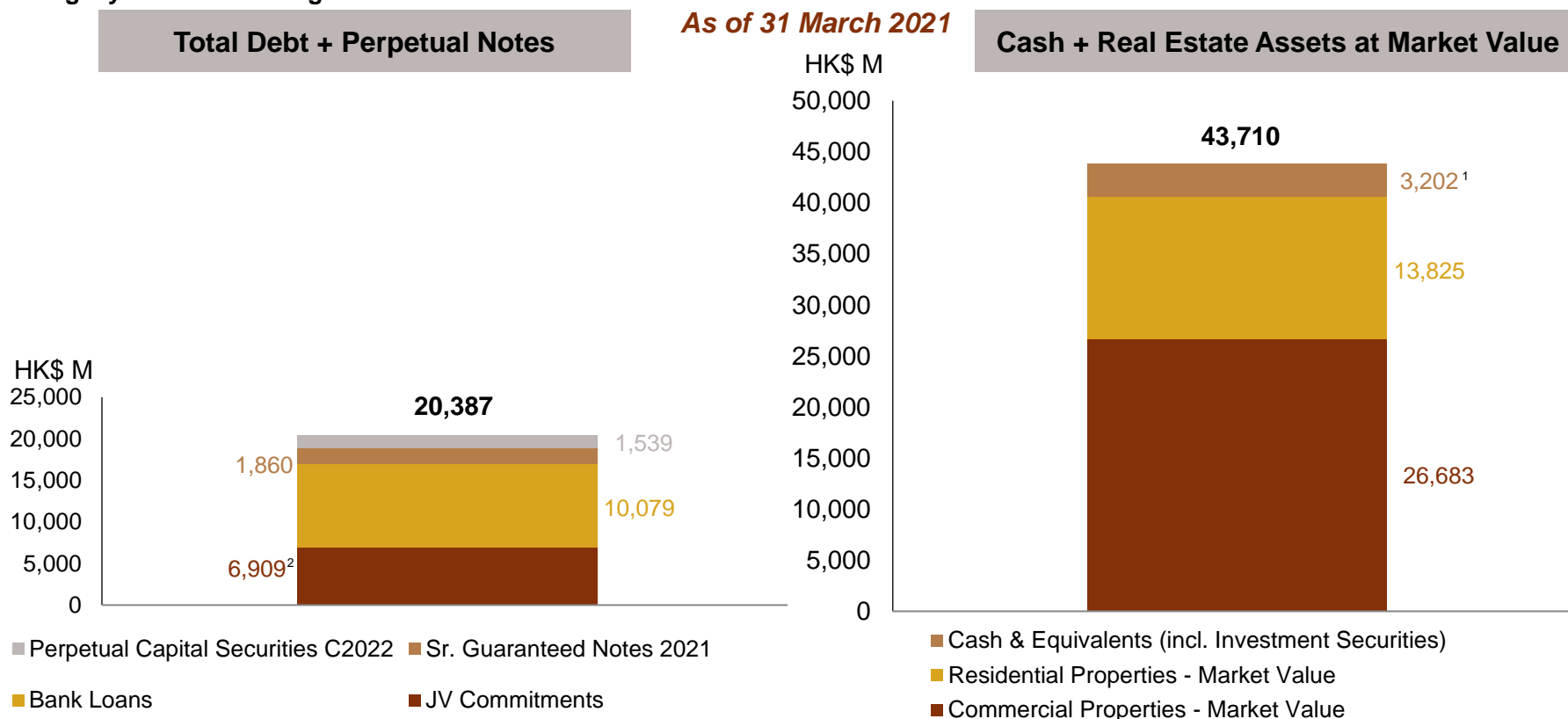


Richgate Plaza 华府天地
Xintiandi
c.122k sqft Street-front Retail



3 Prudent Financing with Strong Asset Coverage & Liquidity

- Strong cash and investment balances of over HK\$3.2 billion together with solid commercial bank support via various syndicated loans and credit lines available
- In August 2020, we have committed a syndicated loan of HK\$1.6bn from various Hong Kong and Chinese banks, including Bank of Communications, Hang Seng Bank, Dah Sing Bank, Chong Hing Bank etc., at very attractive rate to secure the funding for refinancing our existing 5-year note due Aug 2021



Source: Company information

Notes:

(1) Cash and Equivalents (incl. Investment Securities) = Bank Balances and cash + Cash held by Securities brokers + Current and Non Current Financial assets at fair value through profit or loss

(2) JV Commitments is detailed as FY2021 results announcement



Q&A

