

TAPLICHOW











June 2018

TYTAM

BAY



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Section 1

FY2018 - financial highlights



FY 2018 sales highlights



CSI made over HK\$9 billion of sales and presales for FY 2018 to ensure good cashflow for the coming years

		For the year	Unrecognised
		ended 31 March 2018	Contracted Sales committed up to 31 March 2018
	%	HK\$'000	HK\$'000
Group level			
Hong Kong residential properties		2,854,600	1,465,433
Hong Kong commercial properties		807,459	1,558,238
Sub-total	<u>-</u>	3,662,059	3,023,671
Joint Ventures and Associates			
PRC residential properties	50%	288,283	209,217
Hong Kong residential properties	50%	181,967	-
Hong Kong commercial properties	30% - 50%	1,124,400	779,904
Sub-total	<u>-</u>	1,594,650	989,121
Total		5,256,709	4,012,792
Less: Non-controlling interests	_	(11,728)	(122,377)
Contracted sales attributable to the Group	_	5,244,981	3,890,415



FY 2018 key disposals



CSI has made a few key disposals for FY2018 to ensure good profitability

Date completed	Projects sold FY2018	Location	Disposal price (HK\$m)
Apr 2017	12/F Le Diamont, Nos.703 and 705 Nathan Road	Mongkok	HK\$33m
May/Jun 2017	Units 1006 and 1007 Bank of America Tower	Central	HK\$106m
Jun 2017	14/F Block C Sea View Estate and one parking	North Point	HK\$104.5m
Sep 2017	Duplex Penthouse plus remaining units/shops at yoo Residence (50% interest)	Causeway Bay	HK\$450m
Oct 2017	232 Wanchai Road commercial site (50% interest)	Wanchai	HK\$1,180m
Jun 2017 to Mar 2018	14 floors at Oriental Crystal Building, No.46 Lynhurst Terrace	Central	c.HK\$618m
Sep/ Dec 2017	2 houses at kau to HIGHLAND (92% interest) in FY 2018	Shatin	c. HK\$147m
Mar 2018	Nos. 3-6 Glenealy redevelopment site *	Central	c. HK\$2,018m
Mar 2018	41-43/F, 45/F, 46/F, Enterprise Square (40% interest)	Kowloon Bay	c. HK\$1,336m

Notes:

Subsequent to FY 2018, we have sold or presold a number of other properties with scheduled completion in the future:

- 1. All 204 residential units of COO Residence in Tuen Mun presold in Sep and Oct 2017 for c. HK\$850m
- 2. 7 more houses of kau to HIGHLAND sold for c. HK\$580m and to be booked in FY2019, bringing total sold to 13 houses
- 3. Presold a number of strata floors at Wai Yip Street at Kowloon Bay (CSI 30% interest) for total c. HK\$3.5b
- 4. A commercial site at Electric Road, Tin Hau sold (CSI 91% interest) for c. HK\$844m
- 5. 8 floors of Shelley Street presold for c. HK\$560m



^{*:} CSI will continue to gain a further 50% of project profit from sale of Glenealy site.

FY 2018 key acquisitions



CSI has made new site acquisitions for FY2018 to replenish land bank for future growth

Date acquired	Projects acquired YTD	Location	Purchase price (HK\$m)
May 2017	Beijing Legendale Residential units (65% interest)	Beijing	c. RMB1.76bn
May 2017	A commercial site of c. GFA 52k sq.ft. (3.4K sq.ft. site area) at Electric Road (91% interest) (SOLD)	Tin Hau	c. 662
Jun 2017	A residential site of c. 3.1k sq.ft. site area at Glenealy in Central (for possible amalgamation with site already owned by CSI) (100% interest) (SOLD)	Central	c. 386
Oct 2017	An industrial building in Yuen Long with GFA of c. 391k sq.ft (50% interest)	Yuen Long	c.520
Oct 2017	A commercial redevelopment site with GFA of c. 63k sq. ft. in Central (95% acquired)	Central	c. 650
Nov 2017	G/F and 1/F units at 21A Ashley Road for final amalgamation	Tsim Sha Tsui	158
Dec 2017	Commercial site #C of c. 400k sq.ft. from Urban Renewal Authority ('URA') redevelopment at Gage Street/ Graham Street in Central (CSI part ownership with Wing Tai Properties)	Central	TBA



Notes: Subsequent to the FY 2018, we have acquired a number of other major properties including

- 1. Everest Building in Jordon closing in June 2018 for c. HK\$1.9bn
- 2. Won MTR residential site tender in Yau Tong with Sino Land (CSI-20%) in May 2018 for c. HK\$2.6bn

FY 2018 results highlights



(Period ended 31 st March) (HK\$m)	FY2018 (A)	FY2017 (B)	% change (A/B-1)
Gross revenue from property business Property sale Rental income	3,969 3,662 307	1,868 1,587 281	112%
Gross profit	859	601	43%
Profit from property JV/associates	467	58	
Gain on disposal of Property, Plant & Equipment (note 1)	24	955	
Profit attributable to equity holders	1,010	1,346	25%
EPS (basic)	10.1 cents	13.4 cents	25%

FY 2017 had a significant gain in the disposal of J-Plus Hotel (under the PPE line) and distorted the FY 2018 results a bit





1. In relation to the sale of J-Plus Hotel by yoo in FY 2017 which was classified as Property, Plant & Equipment on balance sheet.

FY 2018 results highlights (cont'd)



Good cash and cash-equivalent investment balances demonstrate financial stability

(HK\$m)	FY 2018 31 st Mar 2018	FY 2017 31 st Mar 2017
Properties & related assets	20,110	16,507
Cash & bank balances (including cash held by securities brokers)	2,580	3,603
Investments	2,018	2,491
Other assets	1,153	440
Total assets	25,861	23,041
Bank loans	8,348	8,021
Guaranteed notes	1,950	2,768
Other liabilities	2,252	1,483
Total liabilities	12,550	12,272
Common stock equity	11,743	10,755
Non-controlling interests	28	14
Perpetual capital securities	1,540	0
	N. C.	
Shareholders' equity	13,311	10,769



Visible disposal and profitability pipeline¹



CSI has a strong visible disposal pipeline in the forthcoming years to ensure good profitability for the Group

FY 2019	
Asset	Туре
Electric Road site (91% stake)	Commercial (SOLD)
Capital Centre (formerly AXA Centre) - Ground Floor shop and 51 car parks	Commercial
No.2-4 Shelley Street (Redevelopment)	Commercial (8 floors contracted to sell already)
Oriental Crystal Commercial Building ground floor shops plus 1/F	Commercial
Remaining villas of Kau To Shan (kau to HIGHLAND) (92% stake)	Residential (7 villas contracted to sell already)
Remaining 42 villas and 96 additional apartments at Queen's Gate, Daihongqiao in Shanghai (50% stake)	Residential (Awaiting government pricing scheme approval)
1/3 of 17 residential units at Nos. 47 & 49 Perkins Road, Jardine's Lookout (60% stake)	Residential



FY	2020
Asset	Туре
COO Residence in Tuen Mun	Residential (all 204 residential units presold)
2/3 of 17 residential units at 47 & 49 Perkins Road (60% stake)	Residential
Wai Yip Street Office Tower in Kowloon Bay (30% stake)	Commercial (1/3 already presold)
Broadway Shopping Mall in Macau	Commercial
Half of 6 houses near Fanling Golf Course (92% stake)	Residential
2/3 of 17 residential units at 8-12 Peak Road (65% stake)	Residential
No.47 Barker Road	Residential
Ashley Road redevelopment site, TST	Commercial

Steady commercial sales pipeline coupled with strong residential properties sales will help ensure excellent cash flow and profitability in the coming years

Pro-forma Balance Sheet adjusted for market valuation as at 31 March 2018



Properties valued at historical cost basis on book with no revaluation surplus. Even after revaluation adjustment still represents significant value in terms of a significant discount to pro forma adjusted NAV of **HK\$1.91 per share** when compared to current share price

	Net asset value (unaudited) (HK\$m)
Net assets attributable to shareholders (FY2018, audited)	11,743
Add	
 Attributable revaluation surplus relating to the group's properties held for sale as per independent valuations at 31 March 2018¹ 	6,671
 Attributable revaluation surplus relating to the group's properties held for sale by jointly controlled entities as per independent valuations at 31 March 2018¹ 	661
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 value ²	19,075
Pro-forma adjusted NAV per share ³	HK\$1.90

Notes:

- 1 Based on latest open market valuations at Mar 31, 2018 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 latest 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 10,037 million shares in issue



FY 2018 financial highlights



	FY 2018	FY 2017	FY 2016
Davisson	(HK\$m)	(HK\$m)	(HK\$m)
Revenue	3,969	1,868	2,201
Gross profit	859	601	1,172
Margin %	21.6%	32.2%	53.2%
EBITDA ¹	1,340	1,531	1,998
Margin %	33.8%	82.0%	90.8%
Interest expenses ²	316	269	172
Cash and cash equivalent	2,580	3,603	3,529
Short-term realisable investments	2,018	2,491	1,825
Total debt	10,298	10,789	8,011
Short-term debt	1,359	2,142	561
Long-term debt	8,939	8,647	7,450
Net debt	7,718	7,186	4,482
Commitment to JVs	5,164	3,685	2,765
Total assets	25,860	23,041	18,242
Adjusted total assets ³	33,193	27,530	21,464
Total equity	13,311	10,769	9,681
Adjusted total equity ⁴	20,643	15,258	12,903
Key credit metrics			
EBITDA ¹ / interest expenses ²	4.2x	5.7x	11.6x
Net debt / total assets	29.9%	31.2%	24.6%
Net debt / adjusted total assets ³	23.3%	26.1%	20.9%
Net debt plus commitment to JVs /adjusted total assets plus JV assets ⁵	34.6%	35.0%	29.8%

Note:

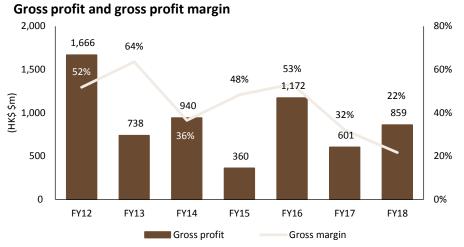
CSI PROPERTIES

- EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortisation of financial guaranteed contracts and depreciation of property, plant and equipment
- Including capitalised interest
- Adjusted total assets equals total assets plus revaluation surplus
 Adjusted total equity equals total equity plus revaluation surplus
- Adjusted total equity equals total equity plus revaluation surplus
 Adjusted total assets plus JV assets equals total assets plus revaluation surplus and JVs attributable assets

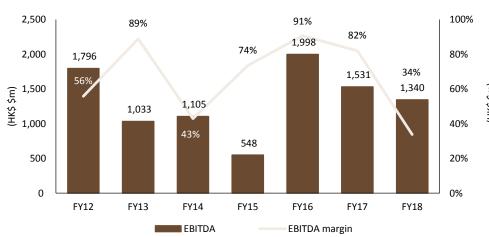
Consistent profitability and growth



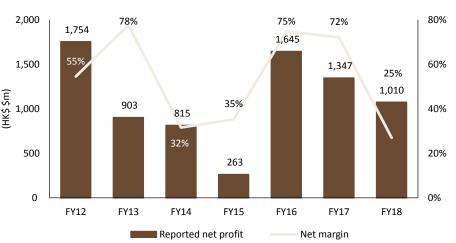




EBITDA and EBITDA margin¹



Reported net profit² and net margin



FY 2018 margins have been affected by a few sizeable and more immediate turnaround transactions



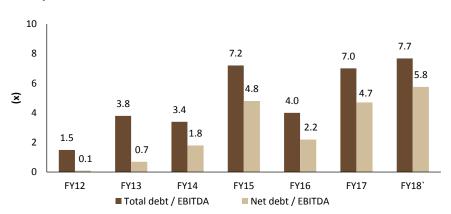
Notes:

- EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortisation of financial guaranteed contracts and depreciation of property, plant and equipment
- 2 Attributable to owners of the Company

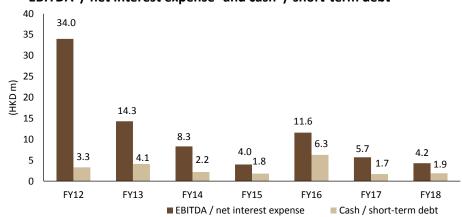
Prudent leverage metrics



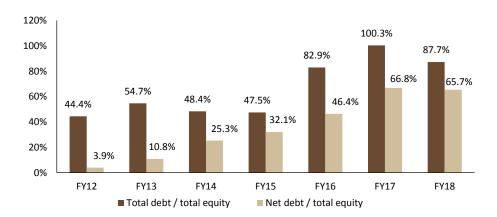
Debt / EBITDA¹



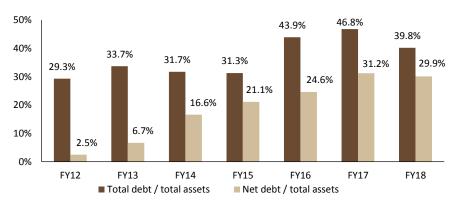
EBITDA¹ / net interest expense² and cash³ / short-term debt



Debt / total equity



Debt / total assets



Notes:



- EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortisation of financial guaranteed contracts and depreciation of property, plant and equipment
- Net interest expense equals total interest paid net of interest income
- 3 Cash includes bank balances and cash

Conservative capital structure backed by prudent financial policies



Prudent funding and treasury policy

- Prudent funding and treasury policy with regard to overall business operations
- Effective interest rate of c. 2.8% for the Group's bank borrowings as at 31 Mar 2018

Dividends

• Prudent dividend policy (c. 12-15% of net profit) by taking account into cash requirements, investment and growth plans, future prospects, general economic and business conditions and also peer group norms

Leverage

- Total debt (bank and other borrowings) to assets ratio of c.40.2% (* at book cost) as at 31 Mar 2018
- Net debt / total assets (* at book cost) at c. 30.1% as at 31 Mar 2018

Liquidity

- Maintain a prudent amount of cash and bank balances at all times, and steady credit facilities
- Current cash balance³: c. HK\$2, 580million
- Marketable securities held for sale which can be easily liquidated: c.HK\$2,018mm
- Cash³ plus marketable securities/ short-term debt: c. 3.4x as at 31 Mar 2018
- Cash³ plus marketable securities/ total assets (* at book cost) of c. 17.9% as at 31 Mar 2018

Low leverage coupled with high cash resources puts CSI in a favourable position to capitalise on viable acquisition opportunities

Notes

- CSI PROPERTIES
- 1 EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortization of financial guaranteed contracts and depreciation of property, plant and equipment
- 2 Total interest expense includes finance costs plus capitalised interest
- Cash includes bank balances, cash and cash held by securities brokers as at 31 Mar 2018

Portfolio of prime properties in premier locations (as at 31 Mar 2018)



Commercial properties

		Date of Purchase	Gross area sq.ft. ¹ (000s) (approx)
G/F, 51 carparks of Capital Centre (formerly AXA Centre)	Wan Chai	Aug-06/ Aug-07/Jun-08	17
Novotel Nathan Road Hotel	Jordon	Jul-12 - Nov-15	220
Nos. 2–4 Shelley Street (Redeveloping currently)	Central	Mar-11	40
Nos. 21, 21A(80%+), 23–25 & 27 Ashley Road (Redevelopment)	Tsimshatsui	Sep-06	70
In Point, No. 169 Wujiang Road & Shimenyi Road	Jing An, Shanghai	Aug-09	122
Nos. 58-60, Sai Yeung Choi Street (CSI-50%)	Mongkok	Jun-13	5
2 Floors of Broadway Center (CSI-60%)	Macau	Jan-15	9
New Kowloon Lot No. 6313, Office Land site in Kowloon Bay (from gov't tender) (CSI–30%)	Kowloon Bay	May-15	490
Nos. 46 & 48 Cochrane Street (Redevelopment)	Central	Mar-16	21
Level 1, Level 2 and Basement Level 1, No. 1-6, Richgate Plaza Lane 222, Madan Road	Huangpu District, Shanghai	Sep-16	122
18 floors, ground floor shops and roof of Oriental Crystal Commercial Building	Central	Dec-16	40
Site at Electric Road, Tin Hau for redevelopment (Sales Completion July 2018)	Tin Hau	May-17	52
Yuen Long Industrial Building (CSI-50%)	Yuen Long	Oct-17	39′
Commercial site in Central (Gage Street/ Graham Street) from URA (CSI – Wing Tai)	Central	Dec-17	c.400
Sub-total Sub-total			1,999

Residential properties

		Date of purchase	Gross area sq.ft. ¹ (000s) (approx)
No. 47 Barker Road	The Peak	Feb-11	4
Queen's Gate, Villas in Daihongqiao (CSI-50%)	Daihongqiao, Shanghai	Jun-11	195
cau to HIGHLAND, Nos. 39-77 Lai PingRoad, Villas in Kau To Shan (from gov't tender (CSI-92%)	^{r)} Shatin	May-12	41
Nos. 47 & 49 Perkins Road (CSI-60%)	Jardine's Lookout	Dec -12	70
COO Residence, 8 Kai Fat Path	Tuen Mun	Sep-14	81
and Lot No. 1909 Fan Kam Road (from gov't tender) (CSI-92%)	Sheung Shui	May-15	33
17 residential units and 1 house at 8-12 Peak Road (for refurbishment) (CSI-65%)	The Peak	Oct-15	47
No. 44 Stanley Village Road (CSI – 50%)	Stanley	Oct-16	62
Beijing Legendale Residential Units (CSI – 65%)	Beijing	May-17	301
11 Perkin's Road	Jardine's Lookout	Nov-17	5
Sub-total Sub-total			834



Notes: Based on 100% ownership interest

- 1 Gross area, market value, book value, current/committed annual rent on 100 per cent. interest basis
- Market value was based on valuation reports conducted by independent qualified valuers subsequent to year ended 31 Mar 2018 or transaction price

Why invest in CSI properties



Proven value unlocking capabilities

Since 2004, as the pioneer of real estate asset crystallisation, CSI has unlocked value by selling prime assets in Hong Kong and Shanghai and generated approximately **HK\$9** billion cash profits via over **50** major transactions



Superior business model

Unlike developers and landlords in Hong Kong, the successful track record of asset disposals on both commercial and residential fronts helps us to differentiate as we can crystallise our assets and generate substantial value for reinvestment



Premium landbank

Approximately 2 million sq. ft. of prime commercial and residential landbank under active management, including around ½ million sq. ft. of prime commercial landbank in Central, ready to be unlocked in the coming years to generate good steady profits for shareholders



Healthy balance sheet

Cash and cash equivalent of c.HK\$4billion, strong cash profit growth, stable rental income of HK\$300 million per year, cheap and steady access to debt capital markets, while keeping steady dividend yield averaging c. 3-4% in past years

Solid Mid-cap HK property company

Compared to other Hong Kong property companies, CSI has premium assets, steady dividend policy while cheap valuation compared to its peers, warranting a reason for good re-rating



Section 2

Prime property portfolio review



Commercial properties highlights



Key prime commercial assets in Hong Kong and Shanghai helps to anchor c. HK\$340 million rental income annually



Novotel Hotel - Jordan



Everest Building— Jordan



Richgate Plaza — Shanghai



CSI PROPERTIES

ANDORA DEL

Nos. 21, 21A, 23-25 & 27 Ashley Road

In Point — Shanghai

Central projects highlights



Prime commercial assets under management in Central at GFA c.500,000 sq.ft., anchoring Group's future profit pipeline

Wellington St.

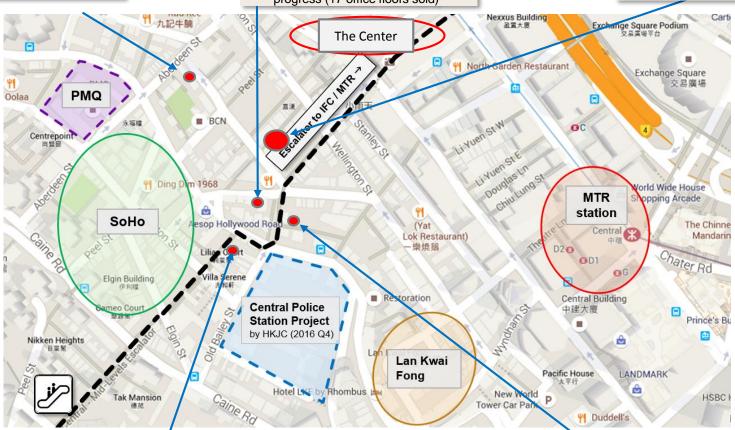
 Commercial redevelopment site with GFA of approx. 63K sq.ft.

Oriental Crystal Building

 18 office floors, 2 ground floor shops and rooftop with GFA of c.40k sq.ft. with strata sale in progress (17 office floors sold)

Gage St./ Graham St.

 Commercial redevelopment site from URA tender with GFA of c. 400k sq.ft. with plan for office/ hotel towers



2-4 Shelley Street

 Commercial redevelopment site with GFA of approx. 40K sq.ft. nearing construction completion with eight floors already presold up to May 2018

46-48 Cochrane Street, Central

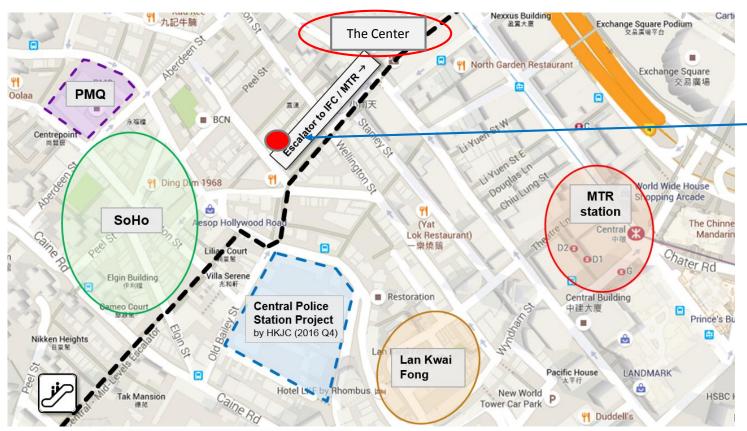
 Commercial redevelopment site with GFA of approx. 30K sq.ft. under construction



Central projects highlights - Gage St./ Graham St.



URA Tender won for Gage Street and Graham Street site marks a new landmark for the Group







Gage St./ Graham St.

- The Group won the tender for Site C of the Peel Street/Graham Street project from the Urban Renewal Authority ("URA"), and our first URA tender project.
- This is in partnership with Wing Tai Properties Limited (0369.hk), a solid real estate company in Hong Kong
- The project is well located in the heart of the bustling Central financial hub and will be developed into a commercial complex comprising Grade-A office tower, a hotel and retail shops, providing a gross floor area of up to 40,275 square meter
- Being adjacent to the Central/ Mid Levels escalator with easy access to core Central/ MTR/ SOHO/ Mid Levels, the location is extremely convenient for office workers/ travelers looking for easy accessibility and entertainment in the nearby area
- Recently The Center which is located near the site was transacted at record prices at HK\$40.2 b or HK\$33k psf, confirming the strong demand for premium office address in Central in the future



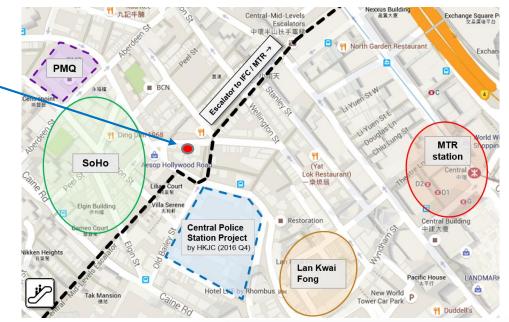
Central projects highlight - Oriental Crystal Commercial Building

(17 office floors sold)



No. 46 Lynhurst Terrace

- The Group acquired via 18 office floors, 2 ground floor shops and rooftop of this office building in Central/SOHO for a consideration of c. HK\$700 million for GFA of around 43,000 sq.ft.
- Renovation of the lobby and entrance to modern classic style to capture the value appreciation for this prime address nearing completion
- Up to date, have sold or contracted to sell 17 office floors (at average of over HK\$20K+ psf.) to buyers including end users/ investors already
- Plan is to complete sale of the remaining first floor and the ground floor shops in the near future at this prime central/ SOHO address







Central projects highlights – Soho Central

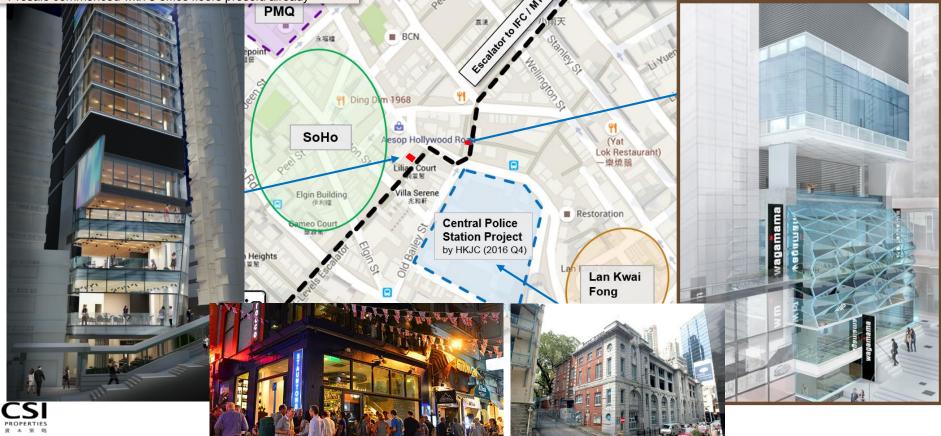


2-4 Shelley Street, Central (Presale in Progress)

- Situated in Central's Soho area, 25-storeys of chic yet contemporary office space with total GFA over 40,000 sq.ft. soon to be completed in late 2018 (CSI - 100%)
- Nestled in the heart of a bustling commercial zone along the famous Mid-Levels escalator, and still within minutes of the Central CBD
- Podium shops on LG/F, G/F and 1/F planned to be food & beverage
- Construction well under way with potential presale commenced
- Presale commenced with 8 office floors presold already

46-48 Cochrane Street, Central

- Situated in the core of Central district, adjacent to the Central-Mid Levels Escalators and right next to Hollywood Road, within 5 minutes walking distance of Central MTR Station (CSI - 100%)
- 25 floors of prime retail and restaurant outlets with total GFA over 30,000 sq.ft. expected to be completed in 2020
- Potential heavy passerby traffic, especially once the Central Police Station Revitalization Project (by HK Jockey Club) next door is completed
- Old structure demolished with site formation in progress



Central-Mid-

Novotel Hotel - Kowloon



Novotel Hotel Jordan

- 4-star international branded hotel with commercial podium in prime Nathan Road.
- 5-min travelling distance from future Express Rail Link terminus
- 389 hotel rooms and prime shopping space in prime Jordon
- Consolidated 100% interest of hotel after acquisition of other 50% stake at HK\$3.4 billion in 2015
- Potential to convert into mix-use commercial tower including flagship office/ retail of GFA of 250,000 sq.ft.





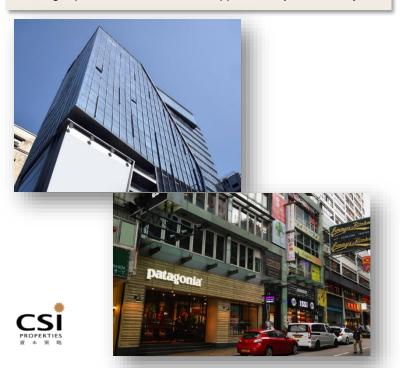


21-27 Ashley Road - Tsimshatsui



21-27 Ashley Road

- Ginza-style F&B buildings located in the heart of Tsim Sha Tsui
- Key landmarks in area including Peninsula Hotel/ Harbour City/ iSquare all with 3-minutes walking distance
- GFA of 62,000 sq.ft. with current market value at approximately HK\$1170 million versus our book value of HK\$430 million
- Annual committed rent of over HK\$28 million
- Consolidation of remaining units at 21/21A just completed with CSI having full ownership of this prime site
- Potential redevelopment opportunity for this 8,200 sq. ft. site in the near future into mix-use commercial/ hotel tower including flagship retail /F&B with GFA of approximately 100,000 sq.ft.





In-Point Shopping Mall - Shanghai

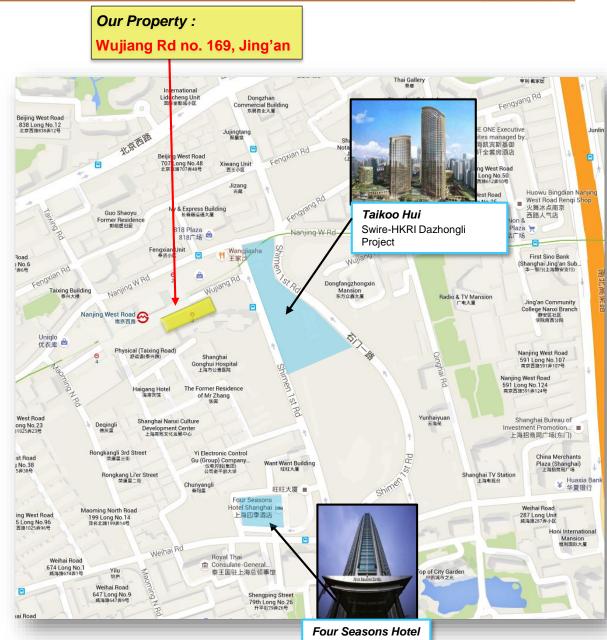


In-point Shopping Mall

- Popular shopping mall located in the heart of Shanghai just behind the Four Seasons Hotel on Wujiang Road
- GFA of 122,000 sq.ft. with current market value at approximately HK\$1,400 million versus our book value of HK\$619 million
- Annual committed rent of over HK\$51 million
- Next to the Taikoo Hui Project of Swire Properties which recently opened and attracting strong rental
- Repositioning plan to enhance yield approved by government for this mall into double-decker premium street front stores similar to the Park Lane shopping street in Tsim Sha Tsui in Hong Kong
- Conversion plan will be implemented in phases to minimise disruption to current tenants while maintaining decent rental income in duration







CSI's Major Commercial Property Pipeline – Kowloon East



Kowloon Bay Office Site (Presale in Progress)

- JV with Sino Land and Billion Development, the two big landlords in Kowloon Bay CBD2 (CSI - 30%)
- Site area of 40,849 sf with maximum GFA at 490,193 sq.ft.
- New office building in this prime office area in East Kowloon scheduled to be completed in 2019
- Spectacular view, overlooking Kai Tak Cruise Terminal
- Presale of strata floors already commenced with about 40% sold and Occupancy Permit expected for 3Q 2019

Enterprise Square III 41, 43, 45, 47, 49/F (SOLD)

- Headquarter of Esprit Holdings in the heart of Kowloon Bay CBD2 with total gross area of 83,500 sq.ft. on the top five floors together with external signage (CSI - 40%)
- Capture steady annual rental income while monitoring market conditions for sale of the office floors at optimal pricing in future
- Recently sold in Mar 2018



Siu Yip St

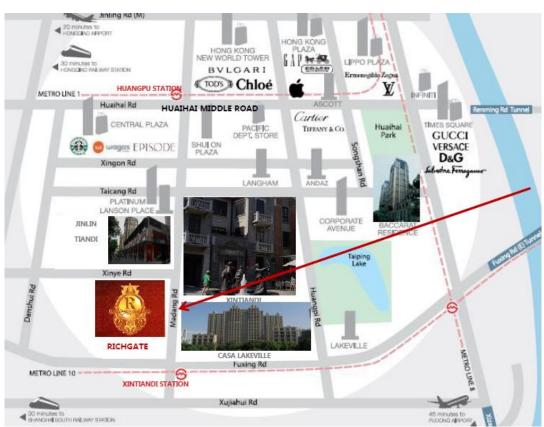
Richgate Plaza

Premium Retail Project in XinTianDi, Shanghai





- The Group purchased a retail shopping mall named Richgate Plaza in prime Xintiandi area for a total consideration of RMB 1.37 billion with total GFA of 11.3k sqm
- Cost amounts to approximately RMB121k psm
- Currently annual rental at approximately RMB 70 million at 85% occupancy with mid-end tenants including banks, F&B outlets and supermarket
- Following future refurbishment and repositioning of the mall by bringing in premium brand tenants, we believe the prime location of this retail mall will drive significant value creation



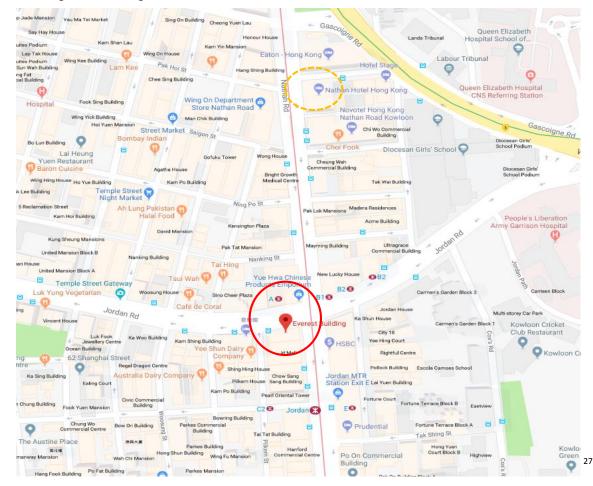
Everest Building

Prime commercial/ retail building at the heart of Jordon





- The Group purchased a prime commercial./ retail building at the heart of Jordan at a total cost of c. HK@1.9bn in May 2018
- The property is located at No. 241 and 243 Nathan Road, one of the busiest business spots in Kowloon. Total GFA is approximately 62,000 sq.ft.
- Currently annual rental at approximately HK\$ 34million with tenants including banks and jewelry outlets at ground floor and also mid-end office/ commercial tenants on higher floors
- Following future refurbishment and repositioning of the building to increase rental and by changing tenant mix within the new themed building, we believe the prime location of this building will drive significant value creation





Couture Homes – Luxury Residential Development Projects Highlights







47 Perkins Road – Jardine's Lookout



Beijing Legendale (Refurbishment) –Beijing

8-12 Peak Road (Refurbishment) - The Peak



Queen's Gate - Shanghai



kau to HIGHLAND - Sha Tin



kau to HIGHLAND- (SALE IN PROGRESS)

The Only Pure House Collection in New Kau To







- Acquisition of Kau To Shan land site through government tender in May 2012, G.F.A. of approximately 50,000 sq. ft. for a cost of HK\$531 million
- Developed into 20 luxury villas of approximately 2,000 to 4,000 sq.ft. each
- Sale in progress with 13 houses closing sale at price of c. HK\$35,000 psf as at end of may 2018











COO Residence Project - (ALL 204 RESIDENTIAL UNITS PRESOLD)

Luxurious Highrise Residential Project in Tuen Mun

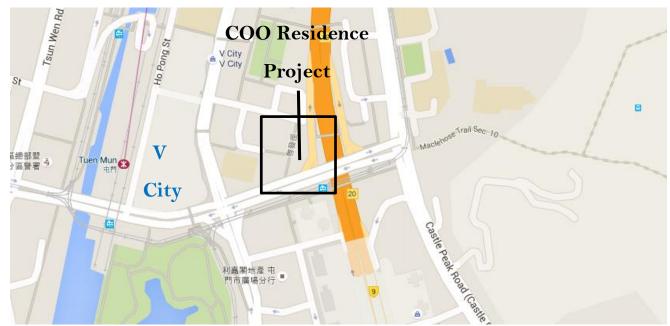








Located at Tuen Mun Yan Ching Street, the street is adjacent to V City and Tuen Mun Town Plaza, being
the very heart of the city. Presale started in early Sep 2017 and all of the 204 residential units sold at
approximately HK\$15,000 psf.for a total of HK\$800mn+ with commercial units to be sold in future.
Expected delivery in 3Q2019.



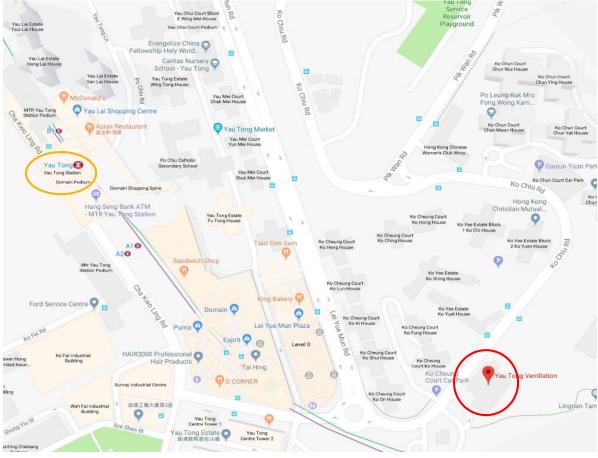
First MTR Residential Project-

Mass Residential site at Yau Tong





- The Group acquired with its JV partner Sino Land (80% partner) through MTR tender in April 2018 a residential site at Yau Tong at the total consideration of approximately HK\$2.62bn.
- The property is located near the Yau Tong MTR station and can be developed into a saleable GFA of around 325K Sq.ft.. The AV is around HK\$8,130 per sq.ft.





Queen's Gate - (SALE IN PROGRESS)

The Finest Expression of British Elegance







- A luxurious villa district in Dahongqiao area, Shanghai named as Queen's Gate and only 15 minutes driving distance from the new Hong Qiao International Airport
- Developed into 224 luxurious villas with additional 96 apartment units
- Presale in progress since Aug 2015 (around 180 villas sold as at end of May 2017) with sale price of c. RMB 60K+ psm
- Remaining villas and apartments awaiting final sale price approvals from government









Perkins Road Project – JV with





World-class Landmark Development in Jardine's Lookout



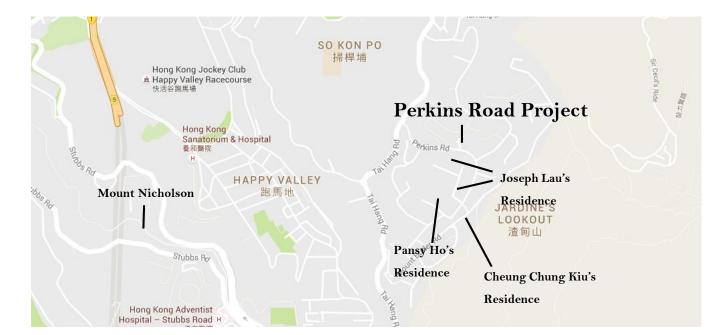




Acquisition of old residential tower at Jardine's Lookout, the premier luxury residential district in Hong Kong in December 2012

G.F.A. of approximately 73,000 sq. ft and old structure demolished for redevelopment

Target completion and sale for c.16 super luxurious units by FY 2019 with target sale price of c. HK\$80,000+ psf as seen by peers like Mount Nicholson which transacted at c. HK\$100,000+ psf





Peak Road Project -













Acquired c. 60.3% interest in this old residential building in June 2015 at HK\$1.8 billion

17 apartments and one house with total saleable area of 46,512 sf

AV amounts to approximately HK\$39k

Plan is to refurbish the façade and interiors of the existing older building and individual units to capture the valuation premium at this super prime site with unmatched Victoria Harbor view (peer is the Opus which last transacted at HK\$100+k psf)

Barker Road Project -

Precious Single Lot House Site at the Peak





Acquired the heritage site at 47 Barker Road in February 2011 at HK\$204 million

A rare land lot at Barker Road in the ultra premier residential area at the Peak

The house will be redesigned and refurbished and will blend in with its historical façade

Recent sales at 3 Severn Road and 22 Barker Road serve as good reference point for our target sale price





Beijing Legendale Residential Project -

Luxurious Residential Renovation Project in Beijing











- The Group entered into a preliminary purchase agreement in October 2016 in conjunction with a joint venture partner in the acquisition of 114 units totaling
 around 28k sqm at Beijing Legendale, a luxury residential project at JinBao Street, for c. RMB1.76 billion. The transaction would be completing in phases with
 majority already completed in May 2017.
- Surrounding area is one of the most prime locations in Beijing and neighboring the Regent Hotel and the Hong Kong Jockey Club clubhouse in Beijing.
- Current plan will be to refurnish the existing structure including the facade and lobby areas and the interior of residential units to modern designs to capture the significant price appreciation of this primely located project.





Fan Kam Road Project

<u>Luxurious Manor Site in Kwu Tung South</u>









 The site was acquired by CSI Properties in 2015 and is a very rare manor site next to the Hong Kong Golf Club and Beas River Country Club of The Hong Kong Jockey Club. Other than being adjacent to renowned clubs, it is also extremely convenient to travel from the site to business districts. The Group intends to build 5 to 6 superb luxurious manors with 7,000 to 8,000 square feet plus enormous garden and private swimming pools.



Maryknoll Missionary House -

Project in Stanley





- The Group acquired via a 50-50 JV the Maryknoll House in Stanley for a consideration of c. HK\$780 million for the site of around 83,000 sq.ft.
- The site is located adjacent to Stanley Knoll, a high end residential area in Stanley with stunning seaview of Stanley Bay
- The Group is working closely with the relevant government authorities on the preservation plan for this site

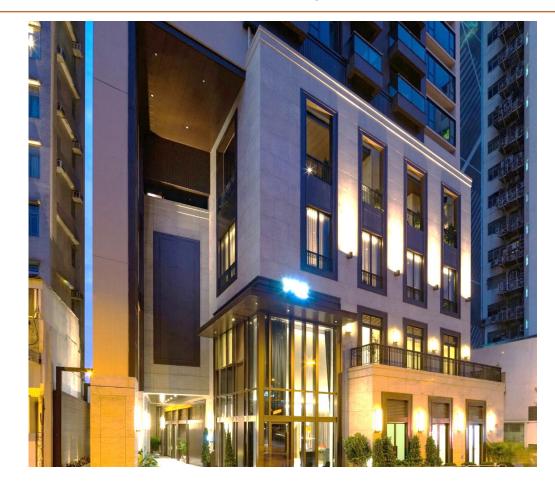




yoo Residence – (ALL SOLD)

The First Internationally Branded Residence in Hong Kong







A prime residential project in the heart of Causeway Bay within a few walking steps to the Victoria Park

144 high-end lifestyle units ranging from around 400 sq.ft. to over 5,000 sq. ft.,

All 144 units and car parks and shops sold and delivered for a total consideration of approximately c. HK\$2,560 million









Section 3

Company Background



Corporate history and key milestone



Over 20 prime commercial and residential projects in Hong Kong and Shanghai · The group successfully issued

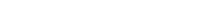
200 million USD new perpetual securities in Sep 2017

117

Total staff of over 220 people

Net asset over HK\$10.7 billion

• Net profit at HK\$1.35 billion



Net assets

120

100

80

40

20

2004

· Mico Chung took control of CSI

Net Asset of HK\$300 million

Total staff around 10 people

Commercial Division started

Value Enhancement of Commercial Properties in Prime

Hong Kong locations

FY04

2006

focusing on Repositioning and

• Started Shanghai Office

Chung's takeover

(10 million HKD) 2016 • The group has successfully issued 250 2015

The annual growth rate for 2004-2017 fiscal year increase at up to 23%

 Awarded "Best Hong Kong Small Cap Company" by FinanceAsia

2013

Net asset over HK\$7 billion

Total staff around 60 people

under "Couture Homes" brand Net asset reached HK\$3.4

· Formal launch of High-end

lifestyle residential division

2010

billion

Total staff around 30

FY05 FY06 **FY07**

· First Project in Shanghai with repositioning of

International Capital Plaza in Prime Shanghai

First time corporate dividend payment since Mico

2012

FY08

· First official residential project launch for the Hampton in Happy Valley

FY10

Net asset over HK\$5.9 billion

FY09

• Net profit reached HK\$1.75 billion

FY12

42

FY11

Awarded "Best Hong Kong Small Cap Company" by FinanceAsia second year in a row

FY15

FY16

FY17

million USD new bond

in August 2016

Couture Homes awarded as "Best Developer" in China Property Awards 2014

FY14

- Yoo Residence awarded as "Best Residential Development (HK)" in China Property
- The Hampton awarded as "Highly Commended" in China Property Awards 2014
- Net asset over HK\$7.7 billion

FY13

Kau To Highland awarded as

in China Property Awards 2015

"Best Luxury Residential Development (HK & Macau)"

Queen's Gate awarded as

China Property Awards 2015

Net asset over HK\$8.2 billion

71

"Best Luxury Residential Development (Shanghai)" in





FY18

Our business model



Since the inception at 2004, CSI has evolved from an asset trading focused property company to becoming a solid, mid-cap full service real estate investor/ developer with 5 major lines of business

Commercial properties



Couture Homes

Greenfield
development of
prime
commercial
properties at
prime locations

Commercial redevelopment and opportunistic repositioning at prime locations like Central

Strong rental generating commercial assets at prime locations Super luxury and luxury residential products targeting Super HNWs and HNWs Mass market design-oriented residential targeting young and hip audience

Become the leading mid-cap HK real estate company with steady profitability and dividend policy

Young, high growth company with passionate and experienced management team

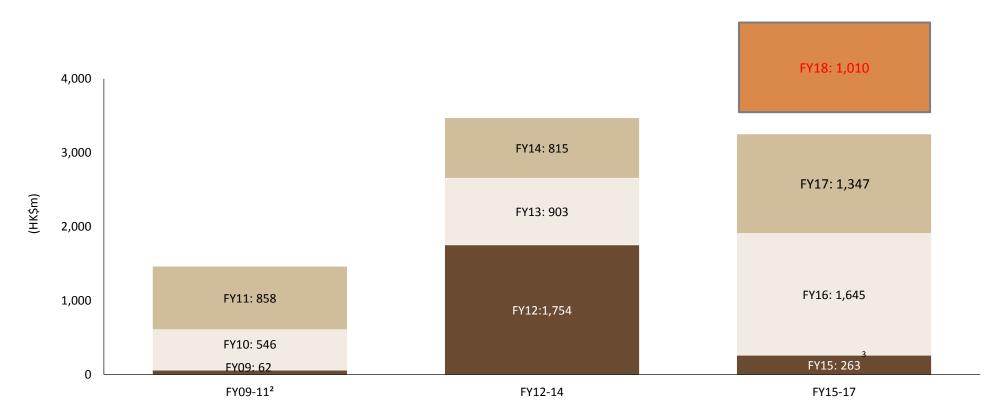


Proven track record in profit



Proven profitability for our properties with all **cash profit only and no revaluation gain**, with stable profitability of **averaging over HK\$1 billion** in last three years

Net profit¹



Notes:

- 1 Attributable to owners of the Company
- 2 Profit for FY 09 was lower due to financial crisis
- 3 Profit for FY 15 was lower due to Occupy Central Movement

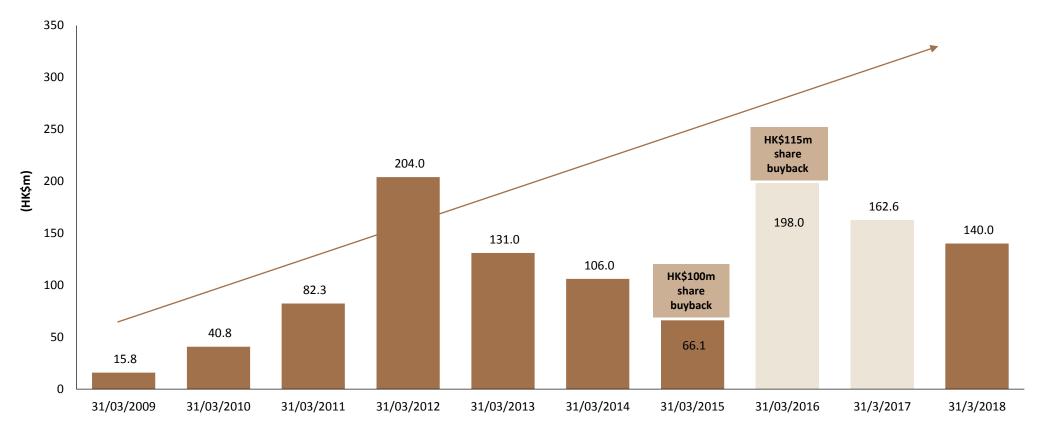


Proven track record in dividend



Steady dividend policy at 12-15% of net profit

Dividend payout



Notes: 1) CSI spent c. HK\$100m and HK\$115m for share repurchases in FY 15 and FY 16

2) Mico Chung also bought shares in open market to increase his stake to 47.9% in Feb 2017 and to 49.9% in April 2018



Successful new perpetual capital securities issue in September 2017 reaffirms debt market as a solid financing avenue



- The Group successfully completed the inaugural perpetual capital securities issue arranged by DBS, HSBC, JP Morgan and UBS etc. to raise US\$200 million in September 2017 at an attractive coupon rate of 5.75%
- This is one of the first unrated perpetual bond issues in market by mid/small cap Hong Kong real estate company, marking investors' confidence in the credit and financial strength for the Group
- The issue follows the successful US\$250 million 5-year 4.875% bond issue in 2016, which also gathered strong interest from both institutional and private bank investors, to help raise capital for the Group
- The issue reinforces the debt and quasi-equity instruments as new financing options for the Group and allows more flexibility in financing our future growth, while also giving us access to a broader investor base of global fixed income investors

ESTATE SKY LIMITED

with limited liability under the laws of the British Virgin Islands)

U.S.\$250,000,000
4.875 per cent. Guaranteed Notes due 2021
Unconditionally and Irrevocably Guaranteed by



CSI PROPERTIES LIMITED 資本策略地產有限公司

(Stock Code: 497)

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ESTATE SKY I IMITE

Incorporated with limited liability under the laws of the British Virgin Islands)

U.S.\$200,000,000

5.75 per cent. Senior Perpetual Capital Securities Unconditionally and Irrevocably Guaranteed by



CSI PROPERTIES LIMITED

porated with limited liability under the laws of Bermuda

(Stock Code: 497)

Issue Price: 100.00 per cent

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Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners
DBS Bank Ltd. HSBC J.P. Morgan

Joint Lead Managers

Oceanwide Securities Company Limited

China Merchants Securities (HK)

This Offering Circular is dated 13 September 2017.



Proven investment and capital recycling track record of delivering attractive IRR's



Selected projects and returns

Projects		Months of holding	Cost (HK\$m)	Selling price (HK\$m)	IRR
	B/F Ginza Plaza, Macau	3	234	23% 288	171%
	11/F – 23/F Henan Building, Wanchai	13	338	496	70%
	Nos. 703-705 Nathan Road, Mongkok	7	821	1,029	47%
	CUBUS, Causeway Bay	64	499	1,530	43%
	Golden Center, Sham Shui Po	20	523	665	26%
	H8, Tsim Sha Tsui	85	328	668	25%
	The Platinum, Shanghai	65	2,150	3,456	19%



Highly experienced and disciplined management team



Group senior management

Mico Chung	Chairman, Founder and Executive Director	 Acquired control in CSI in 2004 as a platform to expand his property investment business Currently a non-executive director of HKT Limited, HKT Management Limited and HKC (Holdings) Limited and was previously a non-executive director of PCCW Limited Previously worked for the investment banking arm of Standard Chartered Bank, Bond Corporation International, China Strategic Holdings Limited and PCCW Limited Led several landmark deals including HK\$1.72 billion acquisition of World Trade Centre from Hongkong Land (1990) Spin-off of Pacific Century Premium Development from PCCW Acquisition by PCCW of HKT Inception of the Cyberport project Graduated from University College, University of London in the UK with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986 	
Simon Kan	Chief Operating Officer and Executive Director	 Joined CSI in 2001 Over 18 years of legal and compliance experience, previously with Freshfields and Mayer Brown JSM and also as legal counsel for China Oil and Gas Group Graduated from Wadham College, Oxford University in 1993 and qualified as solicitor in Hong Kong in 1997 	
Louis Chow	Chief Financial Officer and Executive Director	 Joined CSI in 2001 Over 18 years of financial experience in various listed companies in Hong Kong and overseas and previously worked in an international audit firm Member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants Graduated from Baptist University in Hong Kong and holds a Master of Business from the Hong Kong Polytechnic University 	



Highly experienced and disciplined management team



Commercial property

Barry Ho	CEO and Director of CSI Macau	 Joined CSI in 2005, prior to which he worked at various property agency companies with extensive experience in analyzing market data and trends. Responsible for sales and leasing of commercial properties of the Group
Ethan Wong	Senior Director, Acquisition & Investment	 Joined CSI in 2017, prior to which he worked at GAW Capital and BEI Capital, with experience in China, Hong Kong, Vietnam, Singapore, and United States. Over 10 years of real estate planning and acquisition experience in the United States and Asia-Pacific. Responsible for sourcing, screening, and executing real estate investment opportunities Received a Bachelor and a Master of Science in Civil and Environmental Engineering from the University of California, Berkeley, a MBA degree from Carnegie Mellon University, and a Master of Laws from the Open University of Hong Kong.
Vincent Chan	Director of Investment/ Research	 Joined CSI in 2010, prior to which he worked at Cheung Kong Holdings, Emperor Property Ltd., Jones Lang LaSalle and Colliers. Chartered Financial Analyst and Chartered Surveyor since 2012. Over 17 years of experience in asset management, property leasing and acquisition.
Wong Chung Kwong	Consultant	 Joined CSI in 2004 and was previously General Manager of Commercial Division and Executive Director of Group Over 30 years of experience in the Hong Kong and PRC real estate markets Has solid experience in properties related projects such as sales and marketing, acquisitions, repositioning and asset management Previously worked in property development and management companies in Hong Kong and the PRC



Highly experienced and disciplined management team



Couture Homes ("CH")

Execution Director of CSI and Managing Director of Sales and Marketing of CH	 Joined CSI in 2011, prior to which he worked as the Director of Savills Hong Kong Limited Over 20 years of experience in luxury residential property development and investment as well as in-depth knowledge of the property market
Head of Development	 Joined CSI in 2015, prior to which he worked at Sino Land and Swire Properties in development planning and project management. Authorised Person and Registered Architect with over 20 years of experience in luxury residential property development.
Head of Design	 Joined CSI in 2008, prior to which he worked at Aedas Limited in design Experienced and renowned designer with over 10 year experience in luxury residential and commercial developments
Senior Project Director	 Joined CSI in 2008, prior to which he worked at Aedas Limited and Simon Kwan & Associates Registered architect and member of Royal Institute of British Architects with over 20 years of experience in residential and commercial property developments in Hong Kong, Macau and Shanghai He also manages regular property management projects for the Group
Senior Project Director	 Joined CSI in 2015, prior to which he worked at New World Development in properties development and project management. Authorized Person and Registered Architect with over 16 years of experience in luxury residential property development.
	and Managing Director of Sales and Marketing of CH Head of Development Head of Design Senior Project Director



Strong management team with accolades



- Chairman Chung was nominated as one of the "Asia's Business Leaders" by CNBC Asia in 2014
- The Group was also awarded the "Best Mid-cap Company in Hong Kong" for 2018 and "Best Small-cap Company in Hong Kong" for 2013 and 2014 in Asia's Best Managed Companies annual poll conducted by FinanceAsia, the leading financial journal in the Asia Pacific region
- This award reflects the wide recognition and trust by the investment community in the Group's business strategy and track record during the past decade
- Our quality commercial and residential development projects also received numerous awards and wide industry recognition, a true reflection of the strength of our management's leadership and deliveries



















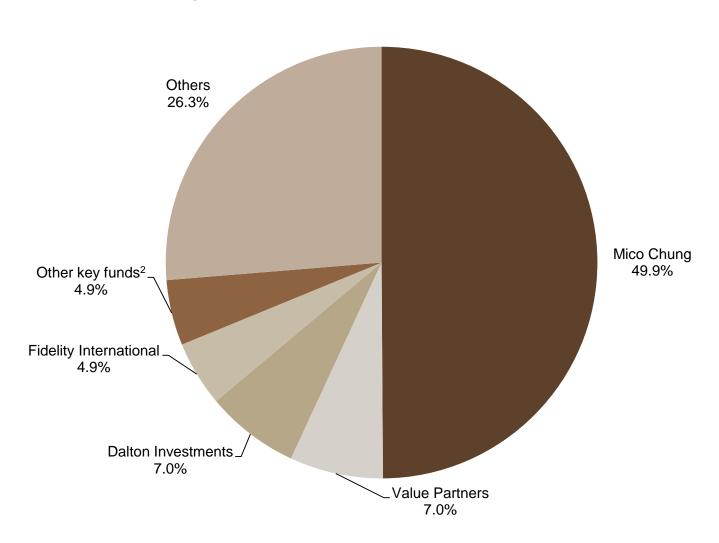




Long term sponsorship from the Chairman and an institutional investor focused equity register



Current shareholding overview¹



- Strong commitment
 of Chairman and
 controlling
 shareholder indicating
 confidence in the
 future growth
 prospect of CSI
- Mr. Mico Chung's ownership interest in Company increased to over 49.9% from 47.9% as a result of open market share purchase in Mar/Apr 2018
- Significant institutional ownership from various global fund managers also helps to drive valuation and growth



Source: Company information, Factset as 15 May 2018
Notes:

- . Based on 10,037 million shares currently outstanding
- Others key funds include Janus Capital/Dimensional/Schroders/Blackrock/Vanguard/Mass Mutual/TIAA CREF

Q&A









