

REDEFINING BRICKS & MORTAR

Strictly confidential

1H FY2017 Presentation

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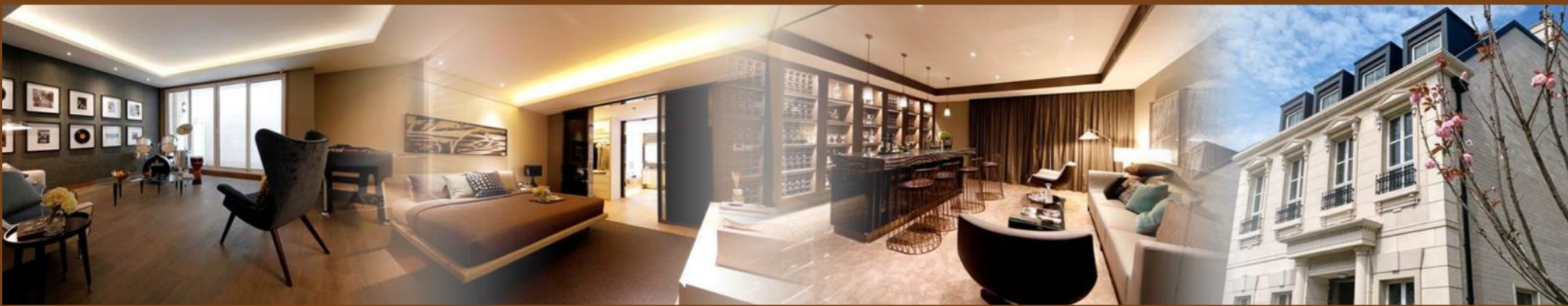
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Section 1

FY2017 interim - financial highlights



FY 2017 interim results highlights



(Interim Period ended 30 th September) (HK\$m)	1HFY2016 (A)	1HFY2015 (B)	% change (A/B-1)
Gross revenue from property business	301	229	31.4% 
Property sale	185	124	
Rental income	116	104	
Gross profit	223	130	71.9% 
Profit from property JV/associates	(19)	526	
Profit attributable to equity holders	124	526	76.4% 
EPS (basic)	1.24 cents	5.02 cents	75.3% 

FY 2017 key sales



CSI has made a few key sales this fiscal year, despite the tough market conditions

Projects sold FYTD	Location	Sale price (HK\$m)
Sky sign and Unit 1502 at AXA Centre	Wanchai	c. 100
House No. 73 at Kau To Highlands	Kau To Shan	c. 67
12 units at yoo Residence (50% interest)	Causeway Bay	c. 162
109 villas at Queen's Gate (to be booked in 2H FY2017)* (50% interest)	DaiHongQiao, Shanghai	c. RMB 1,600

Notes:

**: Over 170 villas sold since project launch totalling c.RMB 2.4 billion and expected to be handover and booked in 2H FY2017*

FY 2017 key acquisitions



CSI has made several key acquisitions in the current fiscal year to build up its landbank to accelerate growth of Group in the future

Projects acquired YTD	Location	Purchase price (HK\$m)
Maryknoll Regional House (50% interest)	Stanley, HK	780
Richgate Retail Mall	XianTianDi, Shanghai	RMB 1.37b
Legendale Residential Units (JV)	Beijing	RMB 1.83b



FY 2017 interim results highlights (cont'd)

Strong cash and cash-equivalent investment balances demonstrate financial stability while allowing for flexibility in capturing future investment opportunities

(HK\$m)	1H FY 2017 30 th Sep 2016	FY 2016 31 st Mar 2016
Properties & related assets	14,637	12,667
Cash & bank balances (including cash held by securities brokers)	3,888	3,529
Investments	2,343	1,873
Other assets	189	172
Total assets	21,058	18,242
Bank loans	7,841	6,971
Guaranteed notes	2,795	1,040
Other liabilities	844	549
Total liabilities	11,480	8,560
Minority interests	14	14
Shareholders' equity	9,564	9,667



FY 2017 interim results financial highlights

	1H FY 2017 (HK\$m)	FY 2016 (HK\$m)
Revenue	301	2,201
Gross profit	223	1,172
Margin %	74.2%	53.2%
EBITDA ¹	197	1,998
Margin %	65.6%	90.8%
Interest expenses ²	111	172
Cash and cash equivalent	3,888	3,529
Short-term realisable investments	2,343	1,813
Total debt	10,636	8,011
Short-term debt	1,061	561
Long-term debt	9,575	7,450
Net debt	6,748	4,482
Commitment to JVs	2,764	2,765
Total assets	21,058	18,242
Adjusted total assets ³	24,183	21,464
Total equity	9,578	9,681
Adjusted total equity ⁴	12,702	12,903
Key credit metrics		
EBITDA ¹ / interest expenses ²	1.78x	11.6x
Net debt / total assets	32.0%	24.6%
Net debt / adjusted total assets ³	27.9%	20.9%
Net debt plus commitment to JVs /adjusted total assets plus JV assets ⁵	35.1%	29.8%

Note:

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 amortisation of financial guaranteed 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 equity equals total equity plus revaluation surplus

5 Adjusted total assets plus JV assets equals total assets plus revaluation surplus and JVs attributable assets

Pro-forma Balance Sheet adjusted for market valuation as at 30 Sep 2016



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\$1.26 per share when compared to current share price

	Net asset value (unaudited) (HK\$m)
Net assets attributable to shareholders (FY2016, audited)	9,564
Add	
• Attributable revaluation surplus relating to the group's properties held for sale as per independent valuations at 31 March 2016 ¹	2,384
• Attributable revaluation surplus relating to the group's properties held for sale by jointly controlled entities as per independent valuations at 31 March 2016 ¹	741
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	12,689
Pro-forma adjusted NAV per share³	HK\$1.26

Notes:

- 1 Based on open market valuations as at 31 Mar 2016 carried out by independent firms of qualified professional valuers not connected to the Group (value adjusted slightly due to RMB – HK\$ exchange rate changes)
- 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

Portfolio of prime properties in premier locations (as at 30 Sep 2016)



Commercial properties

		Date of purchase	Gross area sq.ft. (000s) (approx)	Market value ¹ (HK\$m)	Book value (HK\$m)	Current committed annual rent (HK\$m)	Occupancy (%)
G/F, 1506-07, Sky-sign, 52 carparks of AXA Centre	Wan Chai	Aug-06/Aug-07/Jun-08	20	687	171	21	91
Novotel Nathan Road Hotel	Jordon	Jul-12/ Nov-15	290	3,400	2,744	120	90
No. 1 Irving Street (J-Plus Hotel)	Causeway Bay	May-11	45	850	575	21	85
Nos. 2-4 Shelley Street (Redeveloping currently)	Central	Mar-11	40	380	379	na	na
21, 21A, 23-25 & 27 Ashley Road (Redevelopment)	Tsimshatsui	Sep-06	70	1,065	489	28	94
In Point, Wujiang Road & Shimenyi Road	Jing An, Shanghai	Aug-09	122	1,008	619	52	90
Nos. 58-60, Sai Yeung Choi Street (CSI-50%)	Mongkok	Jun-13	5	630	593	21	100
2 Floors of Broadway Centre (CSI-60%)	Macau	Jan-15	25	239	203	na	na
Office Land site in Kowloon Bay (from gov't tender)(CSI-30%)	Kowloon Bay	May-15	490	3,118	3,098	na	na
232 Wan Chai Road (CSI-50%) (Redevelopment)	Wan Chai	Feb-16	87	760	760	na	na
46 & 48 Cochrane Street (Redevelopment)	Central	Mar-16	32	405	405	na	na
Enterprise Square III 41, 43, 45, 47, 49/F (CSI-40%)	Kowloon Bay	Mar-16	73	1,080	918	29	100
Richgate Plaza in XinTianDi	Jing An, Shanghai	Sep - 16	121	1,556	1,556	80	85
Sub-total			1,420	15,178	12,510	372	

Residential properties

		Date of purchase	Gross area sq.ft. (000s) (approx)	Market value ¹ (HK\$m)	Book value (HK\$m)
No. 47 Barker Road	The Peak	Feb-11	4	390	337
yoo Residence, No. 33-39 Tung Lo Wan Road (CSI-50%)	Causeway Bay	Oct-11	18	650	551
Queen's Gate, Villas in Daihongqiao (CSI-50%) ²	Daihongqiao, Shanghai	Jun-11	658	3,669	2,368
kau to HIGHLAND, Villas in Kau To Shan (from gov't tender) (CSI-92%)	Shatin	May-12	50	1,900	887
Nos. 47 & 49 Perkins Road (CSI-60%)	Jardine's Lookout	Dec -12	68	1,803	1,780
Prime site at 3-4 Glenealy near Lan Kwai Fong	Central	May-13	51	776	776
Residential/commercial site at 513 Yan Ching Street (from gov't tender)	Tuen Mun	Sep-14	81	491	467
Residential site near Fanling Golf Course (from gov't tender) (CSI-92%)	Fanling	May-15	33	355	312
17 residential units and 1 house at 8-12 Peak Road (for refurbishment) (CSI-65%)	Peak	Oct-15	47	1,872	1,825
118 units at The Legendale (CSI -65%)	Beijing	Oct-16	301	2,954	2,080
Maryknoll House (CSI-50%)	Stanley	Sep-16	--	780	780
Sub-total			1,311	15,640	12,163

Notes: Based on 100% ownership interest

1 Based on valuation reports conducted by independent qualified valuers as at 31 March 2016, or the actual sale and purchase agreement. For the market value of remaining units of yoo Residence and kau to HIGHLAND, values are based on internal sales estimates from Company

2 More than 170 units were presold for a total consideration of approximately RMB\$2.4 billion

Successful new bond issue opens additional financing avenue



- The Group completed a new bond issue through HSBC, UBS and DBS to raise US\$250 million in August 2016 at an attractive coupon of 4.875%.
- This issue is the second time for the Group to access the debt capital markets and was very successful in terms of reception from both institutional and private investors with six times oversubscription.
- The issue reinforces the debt market as a new financing avenue and allows the Group 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
(Incorporated 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*
(Incorporated in Bermuda with limited liability)
(Stock Code: 497)

Issue Price: 100 per cent.

The U.S.\$250,000,000 4.875 per cent. Guaranteed Notes due 2021 (the "Notes") will be issued by Estate Sky Limited (the "Issuer") and will be unconditionally and irrevocably guaranteed (the "Guarantee of the Notes") by CSI Properties Limited (the "Guarantor"), the holding or priority company of the Issuer. The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (Negative Pledge) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (Negative Pledge) of the Terms and Conditions of the Notes) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Interest on the Notes is payable semi-annually in arrears on 8 February and 8 August in each year, commencing on 8 February 2017. Payments on the Notes will be made without deduction for or on account of taxes of the British Virgin Islands and Bermuda to the extent described under "Terms and Conditions of the Notes – Taxation".

The Notes mature on 8 August 2021 at their principal amount but may be redeemed before then at the option of the Issuer, in whole but not in part, at any time at their Make Whole Redemption Price (as defined in the Terms and Conditions of the Notes), together with interest accrued to the date fixed for redemption. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the British Virgin Islands, Bermuda or Hong Kong. See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Tax Reasons". At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes), the holder of a Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Change of Control Put Date (as defined in the Terms and Conditions of the Notes) at 101 per cent. of their principal amount, together with accrued interest to but excluding the Change of Control Put Date. See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Change of Control".

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Guarantor, its subsidiaries, its associated companies, its joint ventures or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 as long as any of the Notes remain listed on the SGX-ST.

Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 16.

The Notes and the Guarantee of the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold or delivered within the United States. The Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "Subscription and Sale".

The Notes will be represented by beneficial interests in a global certificate (the "Global Note Certificate") in registered form, without interest coupons attached, which will be registered in the name of a nominee for, and shall be deposited on or about 8 August 2016 (the "Closing Date"), with a common depository for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

HSBC	UBS	DBS Bank Ltd.		
Joint Lead Managers and Joint Bookrunners				
HSBC	UBS	DBS Bank Ltd.	BofA Merrill Lynch	Sun Hung Kai Financial

This Offering Circular is dated 1 August 2016.

* For identification purpose only

Section 2

Recent Acquisitions

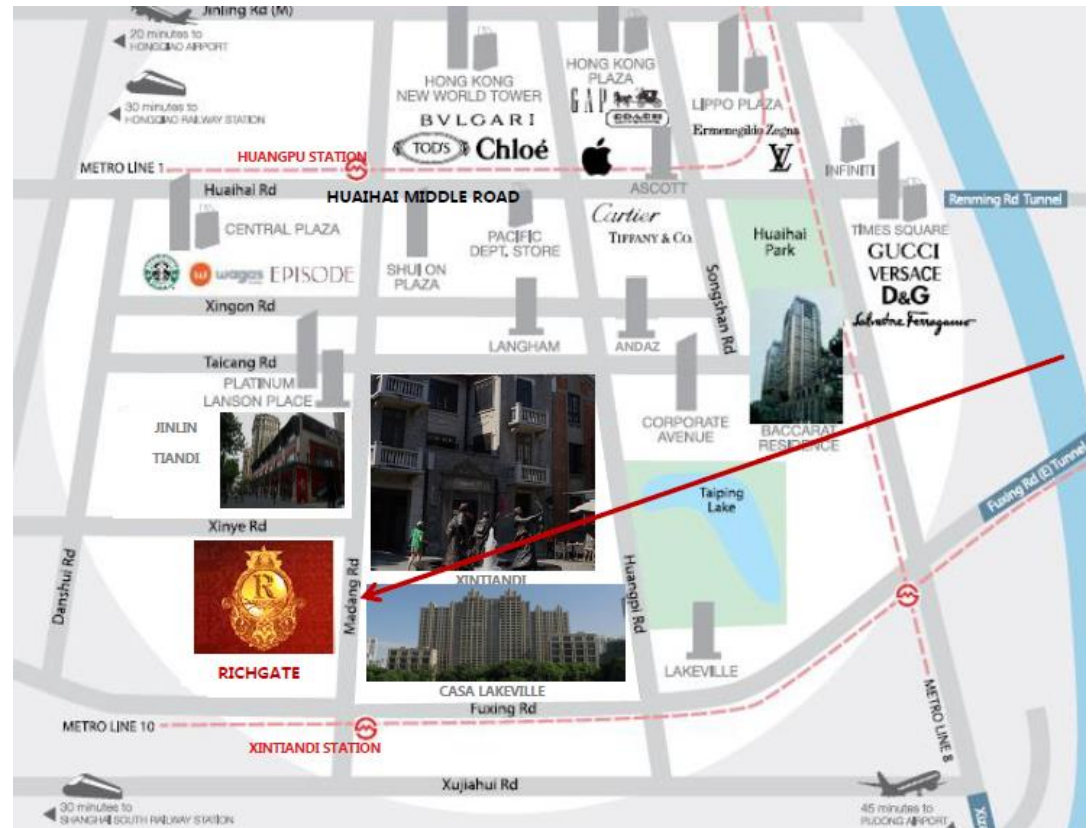


Richgate Plaza

Premium Retail Project in XianTianDi, Shanghai



- The Group purchased a retail shopping mall named Richgate Plaza in prime XiantianDi area for a total consideration of RMB 1.37 billion with total GFA of 11.3k sqm
- AV 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



Legendale Residential Project - Luxurious Residential Renovation Project in Beijing



- The Group made its first entry into the Beijing market through a joint venture in the acquisition of 118 units totaling around 28k sqm at Legendale, a luxury residential project at JinBao Street, for RMB1.83 billion.
- Surrounding area is one of the most prime locations in Beijing and neighbouring 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.



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

