

## **Shui On Land and China Xintiandi Partner with Brookfield on Commercial Property Investment and Cooperation**

(31 October 2013, Hong Kong)

Shui On Land Ltd ('Shui On Land' or the 'Company', Stock Code: 272) and its fully-owned subsidiary, China Xintiandi, announced that they have entered into agreement with Brookfield Property Partners ('Brookfield') on an up to US\$750 million (approximately HK\$5,835 million) investment into China Xintiandi.

According to the agreement, the Initial Portfolio to be held by China Xintiandi will comprise the following properties:

- Shanghai Xintiandi;
- Xintiandi Style;
- Corporate Avenue 1;
- Corporate Avenue 2;
- Shui On Plaza; and
- The HUB

The properties constituting the Initial Portfolio, with a leasable GFA of 663,000 square meters, carry a total valuation of RMB26,294 million as of 30 June 2013 according to independent third party valuation. For the financial year ended 31 December 2012, the rental revenue attributable to the Initial Portfolio was RMB633 million and the net profit after taxation attributable to the holding companies of the Initial Portfolio was RMB1,382 million. For the six months ended 30 June 2013, the rental revenue attributable to the Initial Portfolio was RMB334 million and the net profit after taxation attributable to the holding companies of the Initial Portfolio reached RMB736 million.

Brookfield will initially invest US\$500 million (approximately HK\$3,890 million) in China Xintiandi in the form of Convertible Perpetual Securities, representing when converted approximately 21.7% of the issued share capital of China Xintiandi on a fully diluted basis. The Convertible Perpetual Securities will convert automatically into China Xintiandi Shares at an agreed conversion price upon listing of China Xintiandi.

The equity percentage in China Xintiandi represented by the Convertible Perpetual Securities issued to Brookfield represents an approximate 8.83% discount to the adjusted book value of the Initial Portfolio.

The Company intends to apply the net proceeds from the Investment to repay existing indebtedness with near term maturities and to fund the capital expenditures related to the Company's existing development projects.

In addition, Shui On Land will issue 415 million Warrants to Brookfield, exercisable for 415 million Company Shares at HK\$2.85 per share and representing about 4.9% of the total issue share capital of the Company upon full exercise of the subscription rights.

Upon identification of a defined use of proceeds by China Xintiandi, Brookfield will be entitled to subscription rights to invest a further US\$250 million of Convertible Perpetual Securities in China Xintiandi, and at the same time Shui On Land will have the option to subscribe up to US\$250 million of ordinary shares in China Xintiandi.



中国新天地  
CHINA XINTIANDI

Mr Vincent H.S. Lo, Chairman of Shui On Land and China Xintiandi, says he is delighted to enter into the investment and cooperation agreement with Brookfield, “Brookfield is a leading global asset investor and manager. We share a common vision on the tremendous prospects of China’s commercial property sector because of the massive urbanization program and the continuous rise in personal income in China.

We also strongly believe in China Xintiandi’s potential to create sustainable value from its quality portfolio. Our common goal is to forge a long term, successful partnership.” Mr Bill Powell, Australasian Chief Executive Officer of Brookfield, says, “The cornerstone investment in China Xintiandi provides Brookfield exposure to high quality assets in Shanghai while allowing an opportunity for future growth through asset purchases and strategic partnerships. China is an important market in Brookfield’s long term growth. The partnership with Shui On Land to invest into China Xintiandi is an ideal way for us to enter this market.”

Mr Philip K.T. Wong, Chief Executive Officer of China Xintiandi, says the partnership with Brookfield will be all-round, “Brookfield’s investment provides long term capital to China Xintiandi. We will also cooperate closely with Brookfield on asset management, financial management, information technology and corporate governance. Brookfield’s investment and cooperation is a ringing endorsement of the quality and value of our commercial property assets, as well as China Xintiandi’s business model and management capability. Last but not least, the investment will set a valuation benchmark for our commercial asset portfolio.”