

Urban



A leading Asian developer with a strong track record in transforming raw land into sustainable urban developments, delivering the economic engine to support growth

Competitive Edge

- Proven track record with 30 years of experience in master planning, land preparation and infrastructure development to transform raw land into urban developments
- A valued partner to governments, with the ability to deliver the economic engine to support industrialisation and urbanisation by attracting local and international investments
- Significant land bank of integrated urban developments comprising industrial parks as well as business, commercial and residential space in Vietnam, China and Indonesia
- People-centric approach to urban planning, incorporating green solutions and smart technology to enhance the liveability and sustainability of the developments



Total Net Orderbook
423 hectares



Remaining Saleable Land
2,600 hectares

Performance Scorecard Financial Indicators (\$ million)

	2019	2018	Change (%)
Turnover ¹	280	5	NM
Profit from operations	177	94	88
– Earnings before interest and tax	102	*	NM
– Share of results: Associates & JVs, net of tax	75	94	(20)
Net profit	117	86	36
– Net profit before exceptional items	117	71	65
– Exceptional items ²	–	15	(100)
Return on equity (%)	11.4	8.9	28

* Less than S\$1 million

¹ Most of our Urban businesses are associates or joint ventures. Turnover reflects payment for services provided to these associates or joint ventures. For 2019, turnover included recognition from the sale of *Riverside Grandeur* in Nanjing, China, a residential development wholly-owned by Sembcorp

² 2018 exceptional item of S\$15 million relates to the divestment gain from the sale of *Hongshan Mansion* held under Wuxi Singapore Property Investment

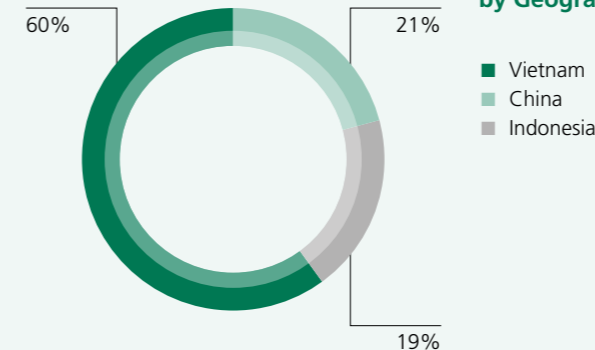
Key Developments

- Completed and handed over wholly-owned *Riverside Grandeur* residential development in China, driving record profits for the year
- Secured investment certificates for an additional 900 hectares of saleable land from two new VSIP developments in Bac Ninh and Binh Duong
- Phase 2 of *The Habitat Binh Duong* residential development in VSIP Binh Duong launched and sold out in 2019, with profit recognition expected in 2020. Soft launched Phase 3A in October 2019

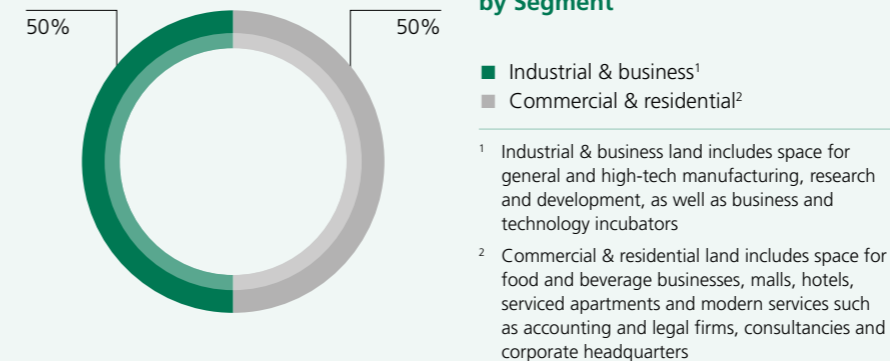
Looking Ahead

- Net orderbook of 423 hectares to be recognised as land sales over the next two to three years
- Continuing to develop new residential projects. Recognition of *The Habitat Binh Duong* Phase 2 and *Sun Casa* projects in Vietnam expected in 2020
- Replenishing land bank for future growth

Remaining Saleable Land by Geography



Remaining Saleable Land by Segment

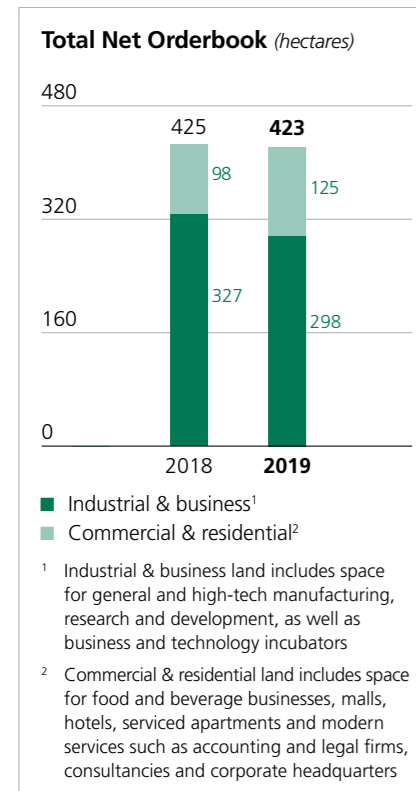


Urban Review

Record financial performance from the Urban business, exceeding S\$100 million in net profit

2019 was a stellar year for the Urban business, underpinned by residential sales. Profit from operations grew to S\$177 million from S\$94 million, while net profit increased to S\$117 million from S\$86 million the year before. This was driven by the recognition of profit from property development, with the successful completion and handover of *Riverside Grandeur* in Nanjing, China, as well as two residential projects at Vietnam Singapore Industrial Park (VSIP) developments in Vietnam. Return on equity for the business was 11.4%. The development properties were also recognised by the industry, receiving a record number of awards and accolades for their concept and design.

Urban's land sales activities were supported by stronger performance at our VSIP developments in Vietnam. However, there were lower land sales from our China and Indonesia projects. Land sales totalled 268



Operational Indicators (hectares)

	2019	2018
Saleable land inventory	5,938*	5,742
Land sold (cumulative)	2,915	2,647
Total net orderbook	423	425
Remaining saleable land	2,600	2,670

* New saleable land added from VSIP Bac Ninh expansion
Note: Figures are based on current planned estimates

hectares compared to 307 hectares in 2018 while net orderbook remained stable at 423 hectares, comparable to 425 hectares in 2018.

Vietnam

The VSIP integrated townships and industrial parks continued to perform well. Manufacturing activity in the country remained robust and with depleting industrial land supply in VSIP projects in the southern and northern economic corridors, manufacturers' demand for industrial land in other VSIP projects increased. Industrial land sales in the provinces of Quang Ngai and Nghe An

in central Vietnam, as well as Hai Duong in northern Vietnam increased 62% over the previous year. In 2019, we secured investment certificates to develop two new VSIP projects in Binh Duong and Bac Ninh provinces which will add an additional 900 hectares of saleable industrial land to our saleable land inventory over the next two years. Prepared land from these two projects is expected to be ready for handover to customers in late 2020.

Our VSIP joint venture also launched a series of mass market homes which saw strong take-up by local buyers.



Construction of factories in VSIP Nghe An, northern central Vietnam



BelHomes, developed by VSIP Bac Ninh in Vietnam, sold out on the same day as its launch

Sun Casa in VSIP Binh Duong and *BelHomes* in VSIP Bac Ninh collectively sold 661 terraced houses and shophouses, with sales profit recognised during the year. Both residential developments and VSIP Bac Ninh received seven awards at the Vietnam Property Awards 2019, in recognition for best developments,

concept and design. For the ninth year running, VSIP was voted Best Industrial / Warehouse Developer in Vietnam in the United Kingdom's Euromoney Real Estate Survey.

During the year, phase two of *The Habitat Binh Duong*, a 460-unit

residential development within VSIP Binh Duong was sold out. Profit from this phase will be recognised in 2020. With the strong interest shown by homebuyers as well as investors, we have soft launched phase 3A with 247 out of 390 apartment units already taken up. The units will be handed over to buyers between 2021 and 2022.

China

Our Sino-Singapore Nanjing Eco Hi-tech Island (SNEI) project achieved another development milestone during the year. SNEI is the largest collaboration between Singapore and Nanjing. In May 2019, the joint venture celebrated its 10th anniversary and unveiled a two-pronged industry focus to drive the island's economic development.

The first focus is on artificial intelligence (AI). The joint venture will develop a China-Singapore Smart City Demonstration Zone to attract high-tech companies to undertake AI research, development and design for smart city applications that can be tested on the island before market launch. *Jiangdao Intelligent Cube*, a 106,218-square metre business park within SNEI was completed and launched to house



Sino-Singapore Nanjing Eco Hi-tech Island in China celebrated its 10th anniversary in 2019. *Jiangdao Intelligent Cube* is pictured on the right in the foreground

Fostering a pipeline of innovation at the *International Water Hub*



Designed by award-winning architecture firm Aedas, *International Water Hub (IWH)* is located on Sino-Singapore Nanjing Eco Hi-tech Island and overlooks Nanjing City's new Hexi central business district. The building was completed in December 2019. *IWH* was named Best Office Building in Nanjing by Yangtze Evening Post.

It will house technology companies looking to test new water and environmental technologies for the Chinese and global markets. As a business centre, *IWH* is designed to be a collaborative workspace for research scientists, technologists and academics to conduct knowledge-driven exchanges and form partnerships. This supports the commercialisation of R&D projects from the pilot phase to market readiness.



IWH provides laboratory space for clinical testing of new solutions



Fully equipped meeting rooms are available for networking and product launches

Our first wholly-owned residential development, *Riverside Grandeur*

Riverside Grandeur is a 332-unit residential complex comprising 11 apartment blocks designed by award-winning architecture firm Aedas, with interiors by Steve Leung Design Group from Hong Kong. *Riverside Grandeur* offers a luxurious waterfront living experience, overlooking the Hexi central business district on Nanjing mainland across the Yangtze River. It is Sembcorp's first wholly-owned residential development in China.

This high-end residential development leverages Sino-Singapore Nanjing Eco Hi-tech Island's unique modern eco-setting as well as its verdant landscaping. The island's landscape designer received the Outstanding Design Award for Wildlife, Biodiversity, Habitat & Enhancement by the International Federation of Landscape Architects (IFLA AAPME Awards).



Strong turnout for the official launch of *Riverside Grandeur*



Artist's impression of a unit in *Riverside Grandeur*

these companies, and has attracted companies including Tencent and iFlytek. Its second focus is on water science research and development (R&D). Sembcorp will lead the development of this industry sector with a new business centre, *International Water Hub (IWH)*, to help international companies undertake R&D for new water solutions to tackle the global challenge of water pollution as well as attain higher standards for effluent discharge. Through a comprehensive ecosystem involving scientists, technologists, academics and investors, *IWH* will support companies by accelerating the commercialisation of new solutions for the global market. *IWH* will launch 33,800 square metres of office and retail space for lease in 2020. The development's total allocated laboratory space of 2,500 square metres has been fully taken up.

On the residential front, we completed a major development wholly-owned by Sembcorp. *Riverside Grandeur* is a 332-unit residential complex, offering panoramic city views of Nanjing's Hexi central business district on Nanjing mainland across the Yangtze River. All units were sold, with 326 units handed over to buyers, driving Urban's record net profit for the year.

Indonesia

Kendal Industrial Park (KIP) in Semarang, Central Java, saw a pick up in manufacturing interest in the second half of 2019 as the central government signalled its support for KIP to be designated the first special economic zone for industrial development on Java Island. In December 2019, KIP which is also known as *Park by the Bay*, was gazetted a special economic zone with accompanying investment incentives for manufacturing tenants. Since the gazette, we have achieved a healthy net orderbook for industrial land which will be converted to land sales over the next couple of years.

Separately, we divested our entire 10.27% equity interest in Gallant Venture for a consideration of S\$62 million. Disposing

of Sembcorp Development's entire holding in Gallant Venture is in line with the Group's strategy to recycle capital.

India

Following a change in scenario for the development of Amaravati Capital City, our joint development company Amaravati Development Partners (ADP) and the State Government of Andhra Pradesh mutually agreed to terminate the master development of Amaravati Capital City Start-up Area. We intend to complete the dissolution of ADP in 2020.

Outlook

In Vietnam, foreign direct investment rose 6.7% in 2019 with the manufacturing and processing industry set to receive the largest amount of investments, comprising 65% of total investment pledges. While gross domestic product expanded 7.0% for the whole year, the economy slowed in the fourth quarter of 2019 due to a contraction in exports. The statistics reflect Vietnam's susceptibility to any slowdown in the global economy as US-China trade relations continue to pose uncertainty for manufacturers. Dampened growth in advanced economies such as the US, Europe and Japan which are traditional recipients of exports from Vietnam, may impact demand for industrial land in VSIPs.

In China, growth decelerated to 6.1% in 2019 on the back of higher trade tariffs to the US as well as flagging consumer confidence. The impact on manufacturing of low value-added products has been significant, with Chinese manufacturers seeking alternative production facilities in Asia. However, we expect demand in our Wuxi-Singapore Industrial Park to remain resilient, as tenants are in the higher value-added semiconductor sector. On the commercial and residential (C&R) front, we sold two plots of C&R land in SNEI which were recognised in 2019. However, land sales are expected to remain slow as the government has upheld property cooling measures and continues to regulate the release of C&R land for development.

In 2019, the Urban business recognised significant contribution from the sale of a residential development in China. Excluding this contribution, the Urban business is expected to provide steady profitability underpinned by its net orderbook. Operations in Vietnam and China may see challenges in the near term arising from US-China trade tensions but this is expected to be partially offset by better performance in Indonesia. The COVID-19 outbreak and its disruptions on manufacturing supply chains could further impact land sales as well as industrial and commercial leasing activities.