

Urban Review



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

- Over 30 years of track record in undertaking 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 our developments



Total Net Orderbook
277 hectares



Remaining Saleable Land
2,473 hectares

Above: Sino-Singapore Nanjing Eco Hi-tech Island is part of the new Jiangsu Free Trade Zone pilot scheme to promote integrated development of the Yangtze River region and to improve overseas investment cooperation in China

Performance Scorecard

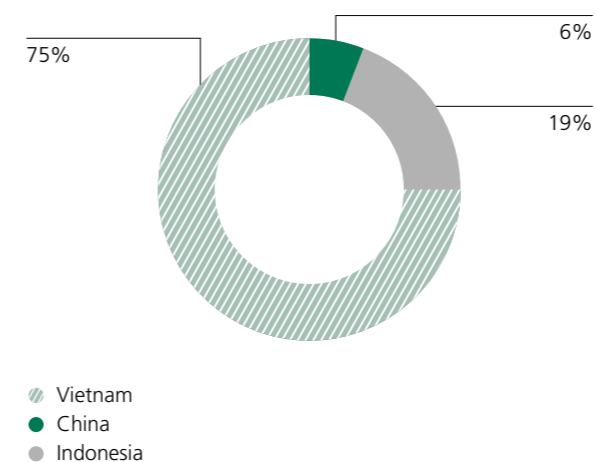
Financial Indicators (\$ million)

	2020	2019	Change (%)
Turnover ¹	9	280	(97)
Earnings before interest and tax	(14)	102	NM
Share of results: Associates & JVs, net of tax	109	75	45
Net profit	92	117	(21)
– Net profit before exceptional items	60	117	(49)
– Exceptional items ²	32	–	NM
Return on equity (%)	8.3	11.4	(27)

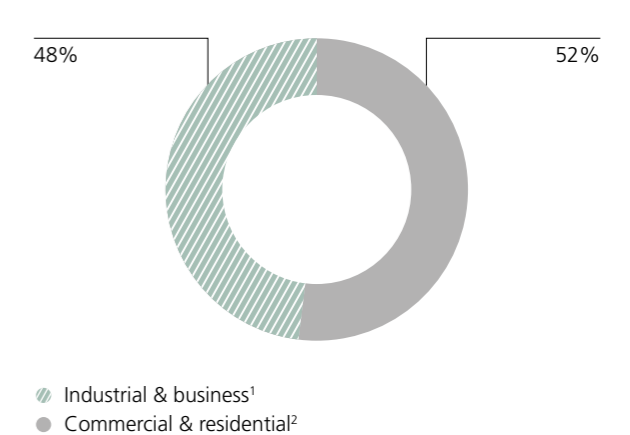
¹ Most of our Urban businesses are associates or joint ventures. Turnover reflects payment for services provided to these associates or joint ventures. For 2019, turnover included recognition from the sale of *Riverside Grandeur* in Nanjing, China, a residential development wholly-owned by Sembcorp

² 2020 exceptional items relate to the Singapore-Sichuan Hi-tech Innovation Park project comprising the recognition of S\$23 million additional income from finalisation of the project and a S\$9 million gain from share of equity reduction in Sino-Singapore (Chengdu) Innovation Park Development Co

Remaining Saleable Land by Geography



Remaining Saleable Land by Segment



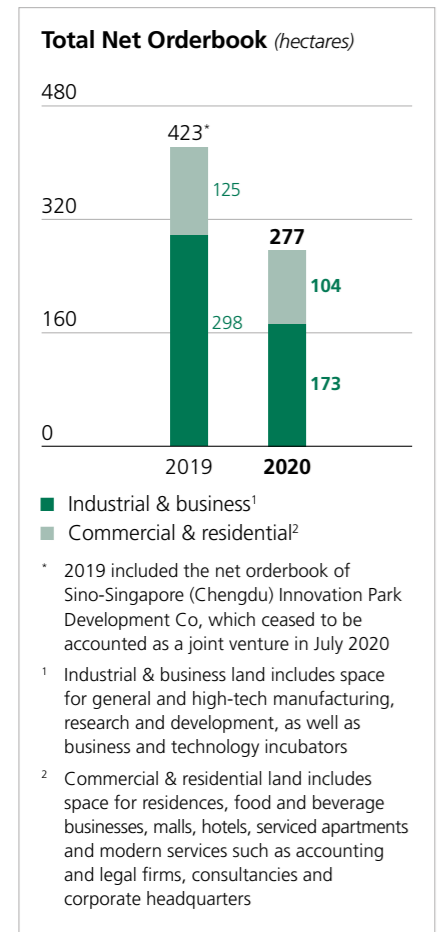
¹ Industrial & business land includes space for general and high-tech manufacturing, research and development, as well as business and technology incubators

² Commercial & residential land includes space for residences, food and beverage businesses, malls, hotels, serviced apartments and modern services such as accounting and legal firms, consultancies and corporate headquarters

Creditable performance despite the COVID-19 pandemic

The Urban business turned in a creditable performance in 2020, driven by higher contributions from our China and Indonesia projects, despite the impact of COVID-19. Net profit was S\$92 million compared to S\$117 million the year before. 2020 net profit included the recognition of S\$23 million in additional income from the finalisation of the Singapore-Sichuan Hi-tech Innovation Park project and a S\$9 million gain from our share of equity reduction in Sino-Singapore (Chengdu) Innovation Park Development Co (SSCIP). Net profit in 2019 included significant contribution from the sale of residential units in the *Riverside Grandeur* development in China. Return on equity for the business was 8.3% in 2020.

Land sales in 2020 amounted to 172 hectares, compared to 268 hectares the year before. The uncertain economic



Operational Indicators (hectares)

	2020	2019*
Saleable land inventory	5,718	5,938
Land sold (cumulative)	2,968	2,915
Total net orderbook	277	423
Remaining saleable land	2,473	2,600

* 2019 included figures relating to Sino-Singapore (Chengdu) Innovation Park Development Co, which ceased to be accounted as a joint venture in July 2020
 Note: Figures are based on current planned estimates



Strong attendance at the launch of *BelHomes* in VSIP Hai Phong, Vietnam

outlook due to the COVID-19 pandemic led to lower take-up and demand at our Vietnam Singapore Industrial Park (VSIP) developments in Vietnam. Strong land sales at the Sino-Singapore Nanjing Eco Hi-tech Island (SNEI) project in China as well as record land sales at the Kendal Industrial Park project in Indonesia mitigated the decline in VSIP land sales. In 2020, the net orderbook was 277 hectares, compared to 423 hectares in 2019. Additionally, 2019 included the net orderbook of SSCIP, totalling 19 hectares, which ceased to be accounted as a joint venture in July 2020.

Vietnam

Performance at the VSIP integrated townships and industrial parks was negatively impacted by a combination of the COVID-19 pandemic and severe wet weather conditions. According to Markit Economics which monitors the

Purchasing Manager's Index (PMI) for economic trends in the manufacturing and service sectors, the Vietnam PMI contracted below 50 in February 2020 following the COVID-19 outbreak. Manufacturing activity was weak as a result of supply shortages, issues with importing materials, increases in input costs and weak global demand for goods. Vietnam's foreign direct investment (FDI) inflows decreased 2% from a year earlier and FDI pledges, which indicate the size of future FDI disbursement, decreased 25% in 2020.

Factories that were under construction experienced construction delays owing to movement restrictions. Prospective customers delayed investment decisions as physical site inspections and meetings with government agencies could not be conducted. While these factors contributed to the slowdown in land



The Habitat Binh Duong phase three – a residential development in Vietnam jointly developed by Sembcorp Properties and VSIP

sales, no tenants shut down operations or withdrew land orders. We also do not see a structural shift away from manufacturing investments in Vietnam.

Vietnam's housing market proved resilient during the year. Demand in

the mid-tier housing segment was high as residents maintained their confidence in the real estate sector. We recognised profits from the sale of 351 out of 383 units at the *Sun Casa (Hoa Loi)* residential development in 2019 and 2020. Profits from the sale of

the remaining units will be recognised in 2021. During the soft launch of a sister development named *Sun Casa Central (Vinh Tan)* in December 2020, down payments were made for 150 units of terraced houses and shophouses.

VSIP also launched a second *BelHomes* development in Hai Phong in 2020, with down payments made for all 519 landed houses and shophouses. Profits from these sales will be recognised upon handover to residents from 2021. Phase two of *The Habitat Binh Duong* in VSIP Binh Duong that launched in 2019, was fully sold with the profits from 383 apartment units recognised upon handover to residents in 2020. The remaining 77 units will be handed over to residents in 2021. The development's third phase was launched in 2019 and 2020, with 356 out of 793 units taken up to date. These will be handed over to residents from 2022.



VSIP in Bac Ninh Province, Vietnam

Urban Review

China

Our China market contributed significantly to the business' performance in 2020. The Chinese government boosted domestic consumption to keep economic activity going, and kept the broad policy environment supportive by ensuring ample liquidity and reducing lending rates for companies. Our SNEI project sold several land plots during the year, following a concerted effort together with the government to attract companies in the artificial intelligence and environmental industries, in keeping with the island's industry positioning. *Jiangdao Intelligent Cube*, our 106,218-square metre gross floor area business park within SNEI that was completed in 2019, achieved 89% occupancy for its rental units and has sold 82% of its office space.

Sembcorp's wholly-owned business hub, the *International Water Hub* (IWH), commenced operations during the year.



Operations at Wuxi-Singapore Industrial Park in China remained stable during the year

IWH's facilities comprising office, laboratory, retail spaces and conference amenities are leased to companies involved in the R&D and commercialisation of new water solutions. At the end of December 2020, 39% of the building's office and laboratory spaces had been taken up.

We also recognised profits from the sale of the last six remaining apartments of the 332-unit *Riverside Grandeur* residential development.

In Chengdu, our 50%-owned Singapore joint venture company, Singapore-Sichuan Investment Holdings (SSIH), sold a 30%



International Water Hub within SNEI in China, commenced operations during the year

equity interest it held in the 1,000-hectare Singapore-Sichuan Hi-tech Innovation Park to Chengdu Hi-tech Investment Group. The sale was completed in July, with SSIH holding the remaining 20% stake in the project. The Urban business recorded a gain of S\$9 million from the sale and continues to maintain a 10% effective equity interest in SSCIP.

Contribution from our Wuxi-Singapore Industrial Park project remained healthy and was higher than in 2019. With strong support from the local government, tenants' factory operations were unaffected throughout the pandemic with no closures or withdrawals of tenancy contracts.

Indonesia

The Indonesian economy entered into a recession in the third quarter of 2020, its first since the 1998 Asian Financial Crisis. According to the Indonesian Investment Coordinating Board, COVID-19 impacted exports and imports, causing contractions across multiple sectors including mining, manufacturing, construction, trade and more, with the exception of a slight expansion in the communications sector. Following declines in FDI in the first half of the year, FDI increased 1% in the third quarter of 2020 year-on-year due to investments from Singapore, China and Japan.

Despite the impact of COVID-19, Kendal Industrial Park achieved record land sales, more than triple the total in 2019. While the pandemic disrupted operations in the region, the business was able to convert the orderbook for land reserved in earlier years, recognising profit from these sales upon handover to customers.

Outlook

In 2020, pandemic-related disruptions to government services contributed to delays. We were unable to commence construction at two new VSIP developments, VSIP Binh Duong Park III and VSIP Bac Ninh Park II, despite investment licences being



Manufacturers proceeded with factory construction at the Kendal Industrial Park in Indonesia

issued. In August, we announced that the Myanmar Investment Commission had issued a permit approving the development of the Myanmar Singapore Industrial Park in Hlegu Township. However, the agreement to lease the land has yet to be concluded with the authorities. The resultant delays of these three projects will lead to stretched development timelines and a reduction in inventory for land sales in 2021.

The Urban business' remaining effective share in SSCIP is 10% after a reduction of equity interest in 2020. Under accounting standards, SSCIP has been reclassified as a Financial Asset in our financial accounts. As such, Sembcorp will not share in any future gain or loss from the sale of SSCIP's balance land bank.

Looking ahead, the emergence of new COVID-19 variants and potential new waves of outbreaks pose potential risks of protracted economic recovery. Nevertheless, our focus remains on expediting land development for delivery to customers. Underpinned by our orderbook, the underlying performance for the Urban business is expected to improve.