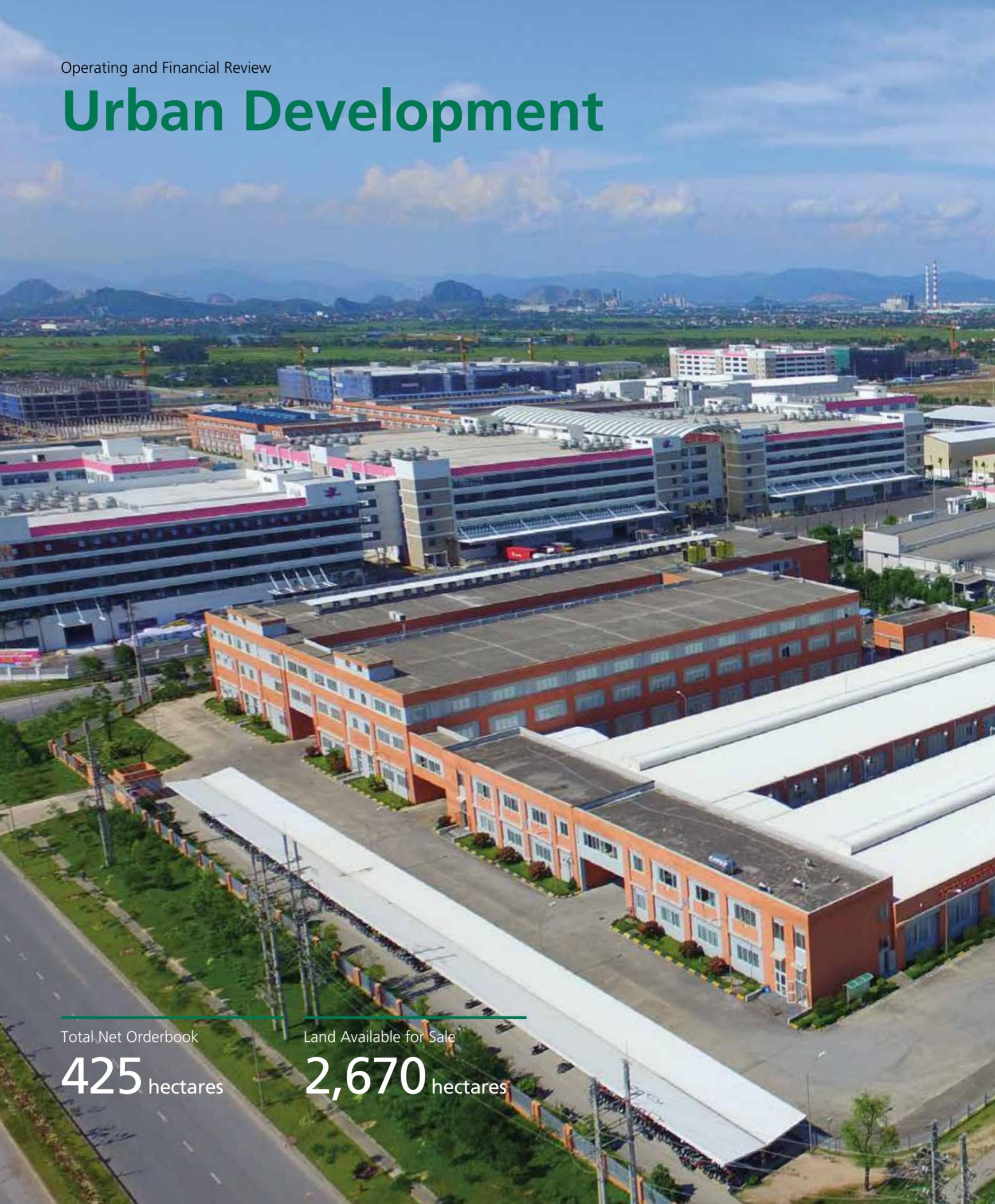


# Urban Development



Total Net Orderbook  
**425** hectares

Land Available for Sale  
**2,670** hectares

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



**Far left to right:**  
Vietnam Singapore Industrial Park (VSIP) in Hai Phong City, Vietnam

A new park and playground at VSIP Hai Phong, Vietnam, serves residents of Thuy Nguyen district and surrounding communities

The *International Water Hub* in Nanjing will open its doors by the end of 2019 to technology companies looking to test-bed new water and environmental technologies for the China market

## Competitive Edge

### Strong Track Record

Over 25 years of track record in undertaking master planning, land preparation and infrastructure development to transform raw land into urban developments

### Supporting Industrialisation and Urbanisation

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

Integrated urban developments comprising industrial parks as well as business, commercial and residential space in Vietnam, China, Indonesia and India

### Building Better Cities

People-centric approach to urban planning, incorporating green solutions and smart technology to enhance the liveability and sustainability of the developments

**Performance Scorecard**

**Financial Indicators** (S\$ million)

	2018	2017*	Change (%)
Turnover <sup>1</sup>	5	12	(58)
Profit from operations	94	90	4
– Earnings before interest and tax	*	(13)	NM
– Share of results: Associates & JVs, net of tax	94	103	(8)
Net profit	86	83	4
Return on equity (%)	8.9	9.2	(3)

# In accordance with SFRS(I). Please see page 28 for details

\* Less than S\$1 million

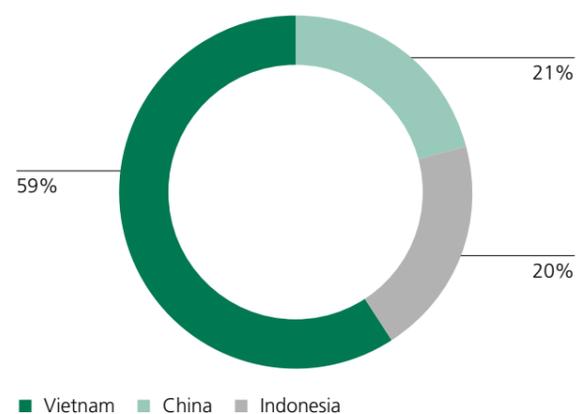
<sup>1</sup> Most of our Urban Development businesses are associates or joint ventures. Turnover reflected consists of payment for services provided to these associates or joint ventures

**Operational Indicators** (hectares)

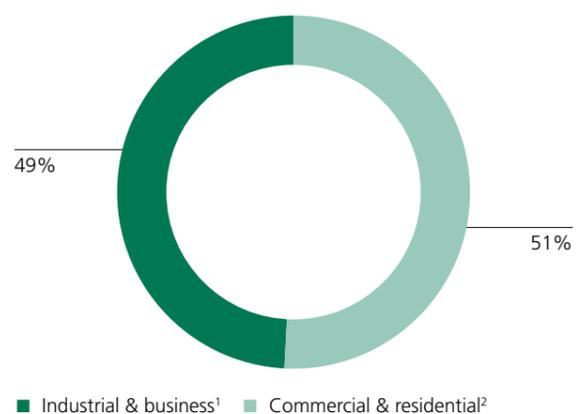
	2018	2017
Saleable land inventory	5,742	5,729
Land sold (cumulative)	2,647	2,340
Total net orderbook	425	251
Land available for sale	2,670	3,138

Note: Figures are based on current planned estimates and exclude projects under Gallant Venture

**Remaining Saleable Land by Geography**



**Remaining Saleable Land by Segment**



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

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

**Key Developments**



Achieved good growth in land sales and new commitments at the VSIP projects, taking net orderbook to an all-time high



Sold 99% of apartment units at *Riverside Grandeur* in Nanjing, the business' first residential development in China



Launched the *Singapore Innovation Centre* at the Singapore-Sichuan Hi-tech Innovation Park in China

**Operating and Financial Review**

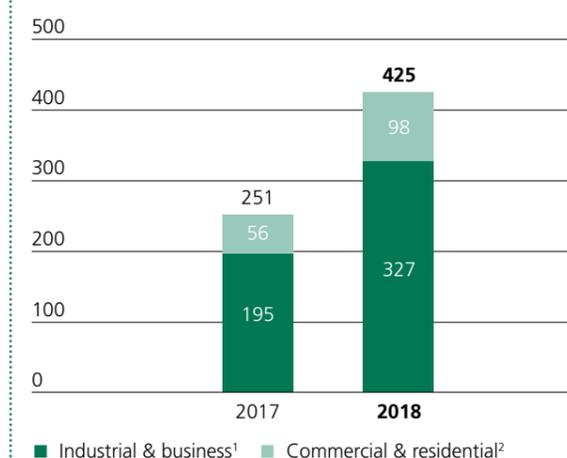
**Land sales momentum continued**

In 2018, the Urban Development business achieved record profits. Profit from operations grew to S\$94 million from S\$90 million, while net profit increased to S\$86 million from S\$83 million, with steady contributions from Vietnam and China.

During the year, the business maintained strong growth in land sales, selling a total of 307 hectares of land compared to 280 hectares in 2017. Land sales in Vietnam increased 40% to 258 hectares from 184 hectares in 2017, driven by robust demand for industrial land at the Vietnam Singapore Industrial Park (VSIP) projects. Land sales in China and Indonesia amounted to 28 hectares and 21 hectares respectively.

Land commitments received from customers increased to 481 hectares. As such, the net orderbook increased 69% to a record 425 hectares, driven by the VSIP projects.

**Total Net Orderbook** (hectares)



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

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



VSIP Quang Ngai in central Vietnam attracted companies seeking to diversify their manufacturing bases

**Vietnam**

Our VSIP integrated townships continued to perform well in 2018.

Demand for industrial land grew, with sales and new commitments increasing in 2018 as our VSIP projects in Vietnam benefitted from a trend of companies looking to diversify their manufacturing bases. These companies are attracted to the country's competitive labour market, tax incentives and improved access to other markets given Vietnam's multiple trade agreements.

In 2018, we completed the handover of all 267 apartment units in the first phase of *The Habitat Binh Duong* to residents. *The Habitat Binh Duong*, our first residential development within VSIP Binh Duong, won industry recognition as the Best Mid-end Condo Development in its category at the 2017 PropertyGuru Vietnam Property Awards. Encouraged by the good response to the launch of the first phase of the development, we then launched phase two comprising 460 apartment units with a total gross floor area (GFA) of 48,460 square metres. At the end of 2018, the take-up rate for phase two was 93%. These units will be progressively handed over to residents in 2020.

A residential development undertaken by our joint venture (JV) VSIP Bac Ninh was launched in May. *BelHomes*, comprising 262 terraced houses and 103 shophouses with a total GFA of 58,539 square metres, was sold out within a day. The units will be handed over to customers in 2019. *BelHomes* was named Best Sustainable Residential Development Southeast Asia at the Dot Property Southeast Asia Awards 2018.



93% of phase two of *The Habitat Binh Duong* residential development was taken up

In addition, during the year we entered into a JV with Japan's CRE Asia to develop our warehousing business. CRE Asia, a subsidiary of Tokyo Stock Exchange-listed CRE Inc, took a 30% stake in Sembcorp Infra Services, our warehousing subsidiary based in VSIP Hai Phong, with Sembcorp Development holding the remaining 70% stake. The new investment from CRE Asia and bank borrowings will fund the development of an additional 30,000 square metres of warehouse space, doubling our warehouse space to 60,000 square metres. CRE Asia's strengths in logistics tenant leasing and the management and development of logistics properties will complement our capabilities in industrial and warehousing property development.

**China**

In 2018, the Singapore-Sichuan Hi-tech Innovation Park (SSCIP) project in Chengdu increased its commercial and residential land sales compared to 2017, and also improved its profit. During the year, the *Singapore Innovation Centre* was launched at the SSCIP as a platform for Singapore enterprises looking to gain market access to West China. The centre will provide office and co-working spaces for start-ups, as well as innovation ecosystem players such as incubators and accelerators. The first batch of tenants at the *Singapore Innovation Centre* is expected to commence operations in the second half of 2019.

Operations at our Wuxi-Singapore Industrial Park (WSIP) project continued to be stable and plans are underway to develop more ready-built factories in the park. In December, we completed the sale of our 49% indirectly held stake in Wuxi Singapore Property Investment Co, which owned the *Hongshan Mansion* residential development, for RMB323 million (approximately S\$65 million). This sale resulted in the Urban Development business recognising a net gain of S\$16 million.

Meanwhile, it was a challenging year for our Sino-Singapore Nanjing Eco Hi-tech Island (SNEI) project. No residential land sales were recognised as the Nanjing government did not release any residential land for public auction in Jiangxinzhou,



38% of net lettable area in *International Water Hub* in Nanjing has now been leased out

where SNEI is located. However, we achieved a significant milestone on the residential development front with the successful launch of the *Riverside Grandeur* project in October. 99% of the units in the development were sold, comprising 329 apartment units measuring 40,660 square metres in total GFA. Profit from these sales will be recognised progressively over 2019.



Located at the Singapore-Sichuan Hi-tech Innovation Park, the *Singapore Innovation Centre* is the latest platform for Singapore start-up companies that wish to establish a presence in West China



Park by the Bay, Kendal Industrial Park, in Indonesia has attracted 48 companies



Amaravati Development Partners was formed to develop Amaravati Capital City Start-up Area in India

#### Indonesia

*Park by the Bay*, our Kendal Industrial Park development in Semarang, Central Java, sold 21 hectares of land in 2018. Three ready-built factories were also sold. The business was however impacted by the depreciation of the Rupiah against the Singapore and US currencies. Potential customers deferred land purchases, while existing customers delayed commencing factory operations because of higher material costs from imports.

#### India

Together with our business partners, we formalised our collaboration with the State Government of Andhra Pradesh to jointly master develop the Amaravati Capital City Start-up Area with the signing of a shareholders' agreement to form Amaravati Development Partners (ADP). Sembcorp's effective share in ADP is 29%. ADP also signed a Concessions and Development Agreement with the state government relating to development rights, licences and required authorisations and concessions for the Start-up Area, and to undertake catalytic development works subject to the fulfillment of conditions precedent.

#### Outlook

According to World Bank forecasts, global economic growth is projected to soften to 2.9% in 2019 from 3.1% in 2018, as international trade and manufacturing activity soften and trade tensions persist. This could impact more export-dependent markets such as South Korea, Taiwan and Singapore, where many of our customers in the VSIP projects are from. We maintain a cautiously optimistic outlook for our projects in Vietnam, although a potential reduction in export demand and tightening global liquidity could reduce capital inflows and foreign investment and negatively impact our developments.

Although headwinds to China's economic growth have increased, technology spending is likely to grow as the country continues its innovation-driven growth strategy. Our key projects in China, including SSCIP, SNEI and *International Water Hub (IWH)*, are focused on providing innovative, knowledge-based development platforms and remain well-positioned. SNEI is the designated artificial intelligence application showcase for Nanjing, while *IWH* is positioned as a test bed for water and environmental technologies. *IWH*, which is wholly developed by Sembcorp, is slated for completion in late 2019 and has achieved 38% take-up rate of its facilities and laboratories to date.

Earnings growth for the Urban Development business is expected to continue in 2019, underpinned by a strong orderbook in Vietnam and the recognition of income from the sale of a residential development in China.