CSI Properties Credit Research


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Outlook

CSI Combines Yield, Asset Backing and Growth: Credit Outlook

(Bloomberg Intelligence) -- THESIS: CSI Properties' credit profile benefits from solid sales execution, a high-quality development pipeline, rising recurring income and substantial asset support. The company remains positioned to meet its HK$9 billion sales target, while ultra-luxury projects and incremental rental income from Central Crossing and Andaz should bolster margins and cash generation. With reasonable asset coverage and demonstrated capital-market access, CSI bonds offer spread pickup alongside strengthening credit fundamentals. (07/31/26)

Credit Considerations

Credit Checklist

CSI's Sales Visibility and Asset Coverage Enhance Credit Appeal

CSI Properties' credit profile is supported by a combination of strong sales execution, a deep pipeline of premium residential projects, growing recurring income, and substantial asset backing. The developer remains on track to achieve its HK$9 billion sales target by March 2029, while its portfolio of ultra-luxury projects should support margins, while Central Crossing and the Andaz Hotel tower are expected to enhance recurring rental income.

Asset coverage is underpinned by approximately HK$14.8 billion of attributable property assets on BI's adjusted basis, vs. net debt (including financial guarantees) of about HK$12.5 billion. Recent fundraising initiatives demonstrate continued access to multiple funding channels. Relative to niche peers, CSI bonds have yield pickup backed by premium projects, solid asset coverage and improving cash flow visibility, vs. Shui On and PCPD. (07/31/26)

Click for Interactive Checklist

Credit Drivers	Outlook	Outlook Trend	Weighting (%)
Earnings & Cash Flow		N.A.	25
Leverage & Financial Policies		N.A.	15
Competitive Landscape		N.A.	15
M&A		N.A.	5
Event Risk		N.A.	10
Stock Performance		N.A.	10
Debt Maturities		N.A.	20
Valuation		N.A.	N.A.

Unfavorable Neutral Favorable

Note: This reflects a qualitative analysis by a Bloomberg Intelligence Analyst and is as of the date of publication.

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Source: Bloomberg Intelligence

Credit Drivers: Target Looks Achievable

CSI Properties's HK$9 Billion Sales Target Looks Within Reach

CSI Properties is on track to achieve its HK$9 billion sales target, supported by a recovering residential market and a robust pipeline including projects at Yau Tong, Gage Street and Wellington Street. Ultra-luxury projects should support margins, while recurring income could rise with the opening of Central Crossing and Andaz Hotel. Asset coverage looks sufficient with a strong level of attributable assets against net debt including those from JV and associates. (07/30/26)

Key Launches Across Residential Portfolio

CSI Properties appears well positioned to achieve its HK$9 billion contracted-sales target before March 2029, supported by improving Hong Kong residential demand. Attributable contracted sales, including joint ventures and associates, exceeded HK$7 billion as of June 15, leaving less than HK$2 billion to meet the target. The main remaining pipeline includes about 285 unsold units at One Park Place, FOCO, 11 remaining floors at DL Tower and 141 units at No. 38 Wai Yip Street, which could support further progress toward the HK$9 billion target. Luxury-house projects at Repulse Bay Road, Middle Gap Road and Stanley Village Road could support margins. Recurring income could also rise after the 50%-owned Central Crossing's office tower is completed in September 2026, followed by the Andaz hotel in mid-2027. (07/30/26)

Residential, Commercial Pipeline (as at Jun. 15)

	Current Project Status
Residential	
Sales of the Topside Residences, residential units at Nos. 350-352 Nathan Road (51% stake)	258 units sold and signed out of 259 units
Presales of residential units at the "Deep Water Pavilla" above MTR Wong Chuk Hang (15% stake)	Launched June 2025 with c. 791 units presold YTD
Presales of residential units at "One Park Place" adjacent to MTR Yau Tong (20% stake)	Launched Nov 2025 with c. 463 units presold YTD
Luxury Detached House at No. 10 Peak Road (100% stake)	Sold
One Triplex unit at Infinity at No. 8-12 Peak Road (65% stake)	Sold
Remaining units at High Peak at No. 23 Po Shan Road (30% stake)	Total 14 units sold and signed since launch with 2 units remaining
6 houses at the "Cadenza" near Fanling Golf Course (92% stake)	5 houses sold and signed since launch with 1 house remaining
Remaining units of the "Knightsbridge" residential project in Beijing (65% stake)	101 of the total 114 refurbished units sold since launch
Remaining houses at No. 15 Shouson Hill (8% stake)	11 houses sold since launch with 4 houses remaining
Remaining units at Dukes Place (60% stake)	Sold
Commercial	
G/F shops at Capital Centre at Gloucester Road in Wanchai (100% stake)	Sold
Remaining F&B floors at LL Tower, No. 2 Shelley Street (100% stake)	Sold 2 out of 3 F&B floors with 1 floor remaining
DL Tower, Nos. 92-96 Wellington St. commercial building (51% stake)	10 floors sold since launch with 11 floors remaining
Commercial Tower FOCO at No.46-48 Cochrane Street (100% stake)	In market
No.38 Wai Yip Street Office Tower in Kowloon Bay (30% stake)	Remaining 141 units in market

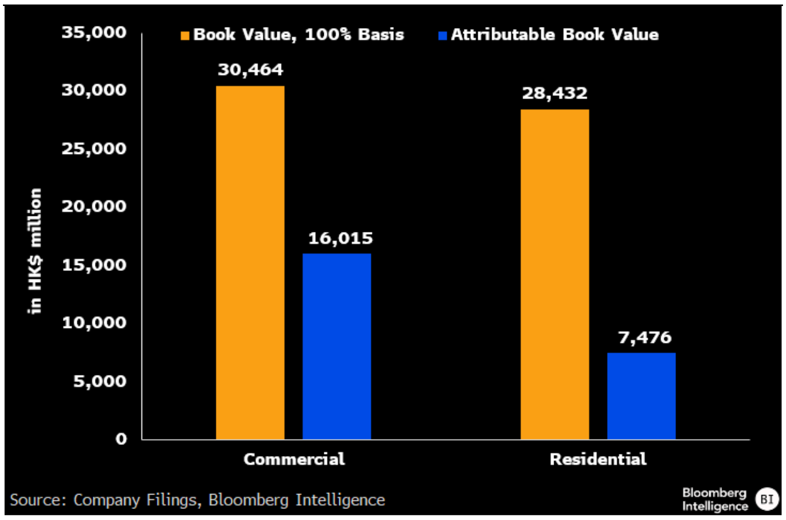
Source: Company Filings, Bloomberg Intelligence

Decent Portfolio Provide Buffer Against Market Weakness

CSI's substantial asset base should provide a meaningful buffer through property market downturns. As of end-March, the company's attributable commercial property portfolio was valued at approximately HK$16 billion, of which about HK$7.3 billion was attributable to majority-owned assets. Its attributable residential property portfolio was valued at around HK$7.5 billion. Although many of these residential interests are held through joint ventures, the group's key wholly owned redevelopment project at 152-164 Wellington Street has a book value of about HK$1.3 billion.

Against this asset base, CSI's net debt including financial guarantee stood at HK$12.5 billion as of March, reflecting over 1x coverage against attributable book value of HK$14.8 billion. The developer strengthened its balance sheet through a HK$2 billion recapitalization plan in 2025 and subsequently raised $250 million dollar bonds maturing in 2028. (07/30/26)

Asset Valuation, HK$ Million (as at end March '26)



Cash Flow Outlook Brightens on Project Pipeline

CSI's cash flow should improve, supported by its access to equity and debt capital markets and stronger-than-expected sales progress. Profitability should also be aided by its residential pipeline, including the 50%-owned 92 Repulse Bay Road, 40%-owned 24 Middle Gap Road and 50%-owned Lai Sun Yuen Long Centre projects. The first two are expected to be marketed by tender, which could support premium pricing and margins. These projects should support development earnings, though sales timing and tender execution are key risks. The key project is the wholly owned redevelopment of 152-164 Wellington Street, comprising about 69,000 sq ft of residential gross floor area and targeted for presales in 2H28. Management plans to benchmark pricing against Central Residence, where some units have sold for more than HK$60,000 per sq ft. (07/30/26)

Property Portfolio (as at end Mar. '26)

Commercial properties

		Book value[1] (HK$m)
"Central Crossing" Gage Street / Graham Street commercial development (CSI – 50%)	Central	13,152
"Harbourside HQ", No.8 Lam Chak Street (CSI – 25%)	Kowloon Bay	6,532
Nos. 350-352 Nathan Road (Redeveloped commercial podium) (CSI – 51%)	Jordan	2,965
No. 38 Wai Yip Street (CSI–30%)	Kowloon Bay	1,815
In-Point Shopping Mall, No. 169 Wujiang Road & Basement Level 1, No. 1 Lane 333 Shimen Road	Jing'an District, Shanghai	1,729
Hong Kong Health Check Tower, Nos. 241and 243 Nathan Road	Jordan	1,650
Richgate Plaza, Level 1, Level 2 and Basement Level 1, No. 1-6, Lane 222, Madang Road	Huangpu District, Shanghai	1,422
"FOCO" 48 Cochrane Street	Central	647
Remaining floors at "DL Tower", Nos. 92-96 Wellington Street (CSI - 51%)	Central	500
"LL Tower", No. 2 Shelley Street (one and B floor)	Central	38
Remaining units at 2 Floors of Broadway Center (CSI–60%)	Macau	14
Sub-total		**30,464**

Residential properties

		Book value[1] (HK$m)
"Deep Water Pavilla" MTR Wong Chuk Hang Station Package Five Property Development (CSI – 15%)	Wong Chuk Hang Station	15,518
"One Park Place" MTR Yau Tong (CSI – 20%)	Yau Tong	4,068
Remaining units at "High Peak" No. 23 Po Shan Road (CSI – 30%)	Mid Levels	1,935
Nos. 152-164 Wellington Street and Nos. 1-2 Wa On Lane Residential Redevelopment	Central	1,314
Remaining units at No. 15 Shouson Hill (CSI – 8%)	Shouson Hill	1,195
Lai Sun Yuen Long Centre Residential Redevelopment (CSI-50%)	Yuen Long	1,037
No. 24 Middle Gap Road (CSI – 40%)	Island South	915
No. 44 Stanley Village Road Residential Redevelopment (CSI – 50%)	Stanley	817
No. 92 Repulse Bay Road (CSI 50%)	Repulse Bay	712
"Knightsbridge" Nos. 90 &92 Jinbao Street (CSI – 65%), Remaining Apartments + Car parks	Dongcheng District, Beijing	561
Remaining houses at "Cadenza" No. 333 Fan Kam Road (CSI–92%)	Sheung Shui	360
Sub-total		**28,432**

Source: Company information and website
Notes: Based on 100% ownership interest
(1) Approximate gross floor area, market value, and book value, on 100 per cent. interest basis
(2) Market value was based on valuation reports conducted by independent qualified valuers subsequent to year ended 31 Mar 2026, except otherwise indicated.

Source: Company Filings, Bloomberg Intelligence

Bloomberg Intelligence BI

Liquidity: Diversified Funding Channels

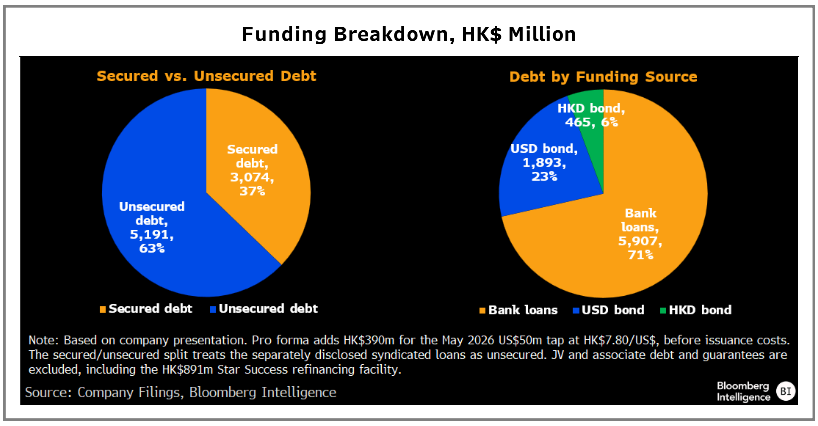
CSI Properties Extends Refinancing Runway With Market Access

CSI Properties' access to bank loans, bond markets, equity and joint-venture financing provides multiple options to address its maturities. This flexibility is tempered by elevated funding costs and reliance on loan rollovers. Refinancing progress bears watching as most assets have been pledged, resulting in low unencumbered asset headroom. (07/29/26)

Diversified Funding Channels to Support Operations

CSI Properties has the ability to access multiple channels to fund operations, given a recent re-tap of its dollar bond in May and a one-year joint-venture loan facility at a 50%-owned JV, albeit at a relatively high funding cost for the former. Its pro forma total debt of about HK$8.3 billion as of March, consists mainly of HK$5.9 billion of bank loans and HK$2.4 billion of notes.

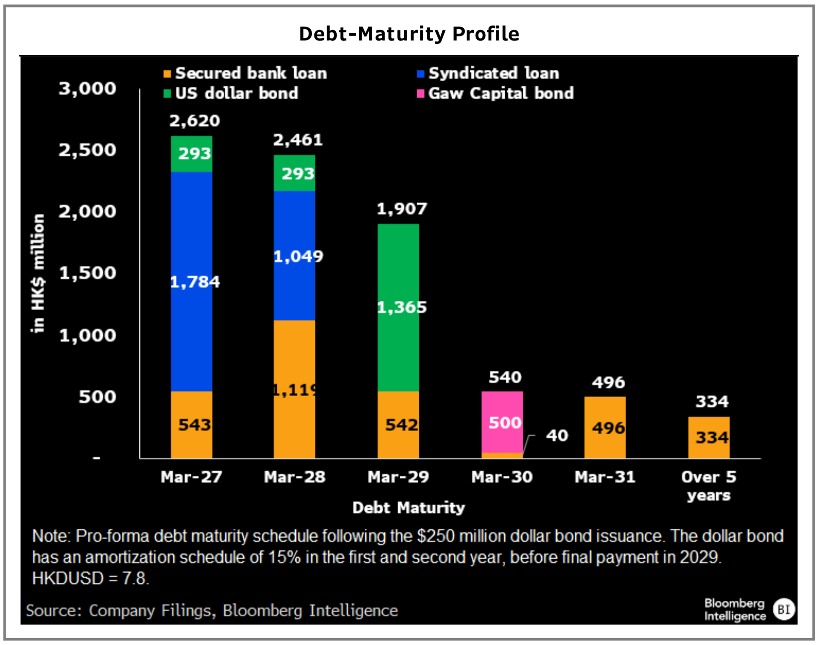
In June, CSI Properties and Lai Sun jointly secured an HK$891 million one-year loan to refinance borrowings backed by Lai Sun Yuen Long Centre. Separately, CSI Properties in May 2025 raised a total of $250 million through 10.5% bonds due in 2028, following the issuance of HK$500 million of notes due in 2029 at an 8.22% coupon to Gaw-led consortium and a roughly HK$1.5 billion rights issue completed in April 2025. Among its peers, both Shui On and PCPD tapped the US dollar bond market for refinancing. (07/29/26)



Positioned to Extend Debt Maturities Amid Active Efforts

CSI Properties should be able to extend its relatively short debt-maturity profile of about three years, supported by its established refinancing track record even amid a challenging funding environment. Its contracted sales pipeline, which remains on track, should also provide additional support to liquidity and cash-flow generation. Nevertheless, refinancing progress remains a key area to monitor, as all of its HK$3.2 billion investment property portfolio and 89% of HK$4.3 billion of properties held for sale were pledged as collateral as of the end of March.

The company might need to rely on rolling over bank loans, given cash to short-term debt was only 0.8x as of March. (07/29/26)

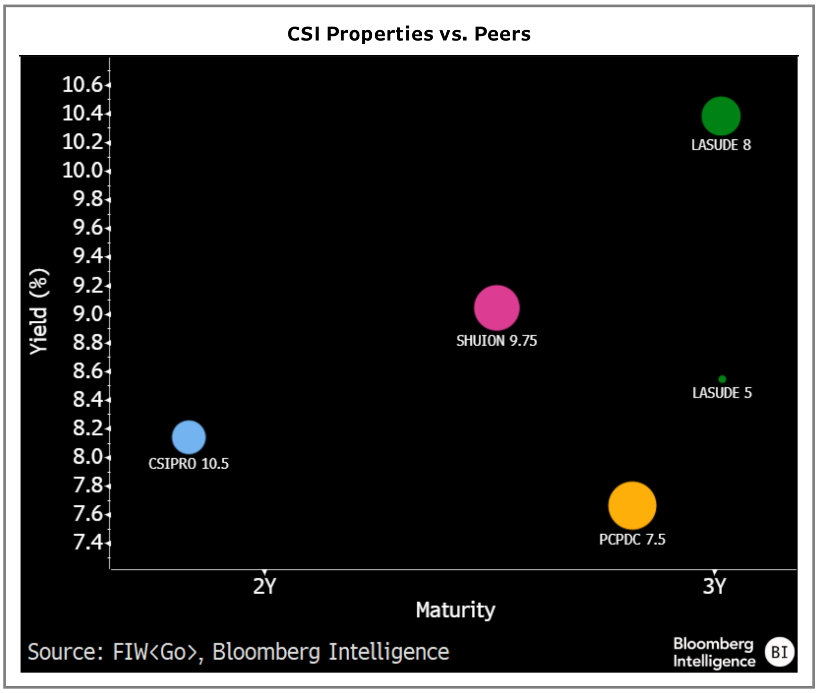


Valuation: Pick Up vs. PCPD

CSI Properties Bonds Provide Pickup Over Niche Peer PCPD

CSI bonds provide a spread pickup over niche peers such as PCPD, which has greater exposure to the cyclical tourism sector through its hotel operations in Japan. Both CSI and PCPD benefit from support from large institutional investors as holders. About 29% of CSI's outstanding bonds are held by various BlackRock entities, while around 80% of PCPD's newly issued $500 million of notes are reportedly held by RRJ Capital and Pimco. CSI also had more than HK$6 billion of attributable contracted-sales commitments as of March 31. By comparison, Lai Sun's newly issued bonds due in 2029, following its exchange offer, may continue to reflect execution risk surrounding its asset-disposal plan. Shui On's spread pickup is driven primarily by its exposure to China, despite its niche focus on the ultra high-end property segment.

CSI re-tapped $50 million of dollar bonds in May, bringing the cumulative issuance to $250 million.
(07/29/26)



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