

2011 Final Results | Analyst Briefing



15 March 2012 Hong Kong



1. Key Developments



Key Developments

| | |
|----------|---|
| Apr 2011 | Acquired two parcels of land adjoining the existing Brickell CitiCentre site in Miami, U.S.A. Approval has been received for a mixed-use development of approx. 2.9m sq ft, comprising retail, office, hotel with serviced apartments and residential components over two phases of development. |
| Aug 2011 | Sold our 100% interest in Festival Walk for HK\$18.8b with a net gain of HK\$595m and an underlying profit on the sale of HK\$8,615m. |
| Sep 2011 | Opening of the retail mall at TaiKoo Hui, a 3.8m sq ft mixed-use development at Tianhe district of Guangzhou. Handover of the office space to tenants commenced in Aug 2011, whilst the hotel and serviced apartments are scheduled to open in 2H 2012. Approx. 99% of the retail space was leased. |
| Oct 2011 | Contemporisation project for The Mall at Pacific Place was substantially completed, which includes the addition of a fourth hotel (The Upper House), new interior decoration, designer shop facades and reconfiguration. |



Key Developments

| | |
|----------|---|
| Dec 2011 | ONE INDIGO, the office tower of the INDIGO development, a retail-led mixed-use project in Jiang Tai, Beijing, opened. The retail component started to open in Mar 2012. |
| | Acquired two adjacent residential sites in Cheung Sha on Lantau Island in Hong Kong through public tender. The sites will be developed into luxury residential properties for sale. |
| Jan 2012 | Secured planning approval to expand Three Pacific Place in Hong Kong by redeveloping two nearby buildings, which will provide an additional 100,000 sq ft space to our portfolio, subject to obtaining lease modification and other Government approvals. |
| | Successfully listed on the main board of the Hong Kong Stock Exchange on 18th Jan 2012 by way of Introduction. Swire Pacific now holds approx. 82% stake in us. |



2. Financial Summary



Financial Summary

| HK\$M | 2010 | 2011 | Change |
|---|---------|----------------|---------|
| Turnover | 8,871 | 9,581 | +8.0% |
| Valuation gains on investment properties | 20,480 | 20,345 | -0.7% |
| Operating profit | 26,969 | 26,945 | -0.1% |
| Attributable profit | 26,045 | 25,126 | -3.5% |
| Underlying profit | 4,782 | 12,932 | +170.4% |
| Adjusted underlying profit | 3,833 | 4,372 | +14.1% |
| NAV attributable to the Company's shareholder ⁽¹⁾ | 157,877 | 176,043 | +11.5% |
| Net debt | 36,836 | 27,700 | -24.8% |
| Gearing ratio | 23.3% | 15.7% | n.m. |
| Earnings per share (HK\$ per share) | 4.58 | 4.40 | -3.9% |
| NAV per share ⁽¹⁾ (HK\$ per share) | 27.75 | 30.09 | +8.4% |
| Interim dividend per share ⁽²⁾⁽³⁾ (HK\$ per share) | n.m. | 0.18 | n.m. |

(1) NAV = Total equity attributable to the Company's shareholder.

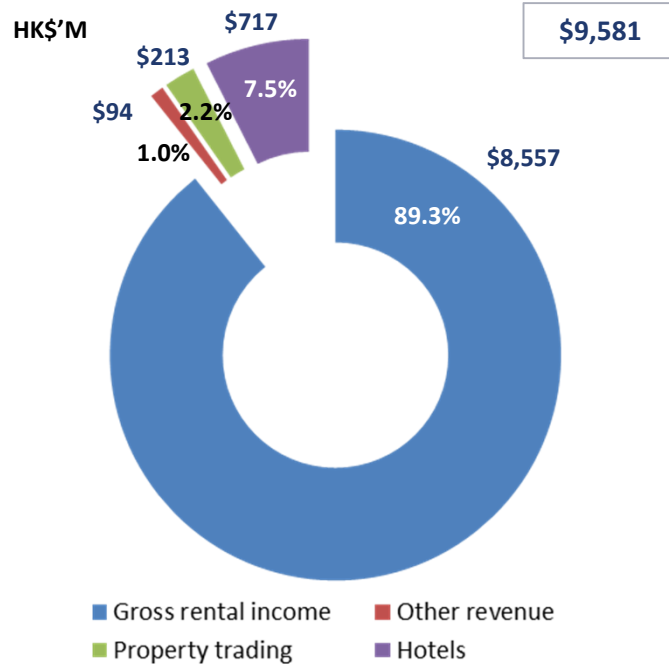
(2) Interim dividend for 2011 was declared on 15th Mar 2012 and payable on 3rd May 2012.

(3) The 2010 final dividend HK\$2,425m (or HK\$0.43 per share) and the two special interim dividends for 2011 of total HK\$10,014m (or HK\$1.76 per share) were paid in 2011 to the Company's then sole shareholder – Swire Pacific Limited.

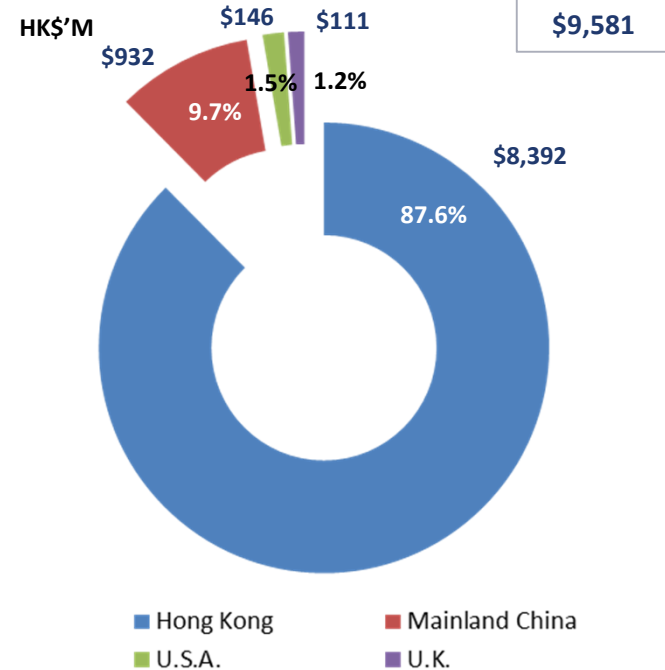


Turnover Analysis

2011 Turnover Breakdown by Segments



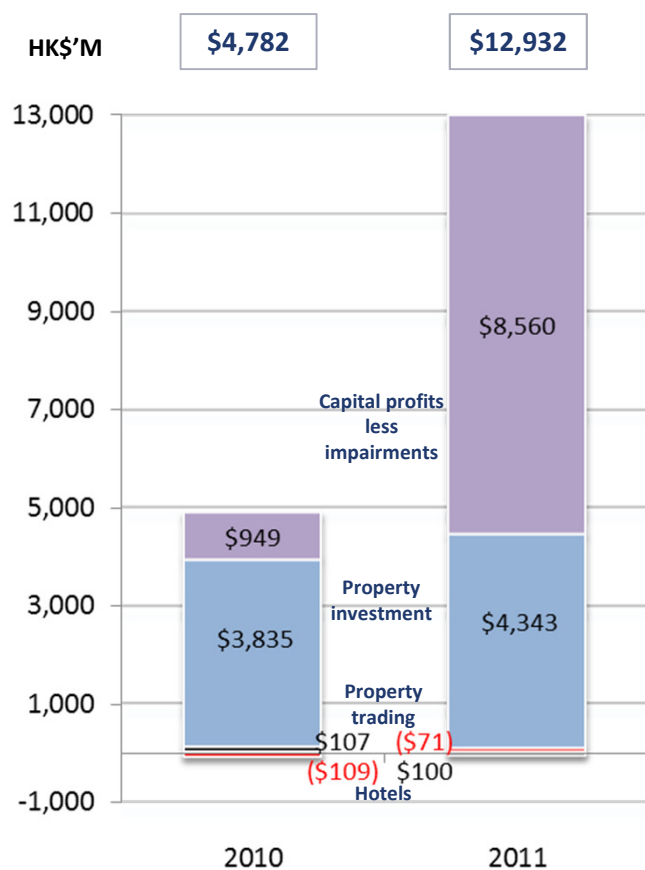
2011 Turnover Breakdown by Region



- Turnover increased by 8% in 2011 due to higher rental income from our investment properties and higher turnover from our owned and managed hotel operations, partially offset by lower turnover from property trading.
- Continuous strong and stable revenue stream derived from investment properties, principally from Hong Kong operations.
- Turnover from Mainland China is expected to increase upon various projects completion.

Turnover
+ 8%

Underlying Profit by Segments



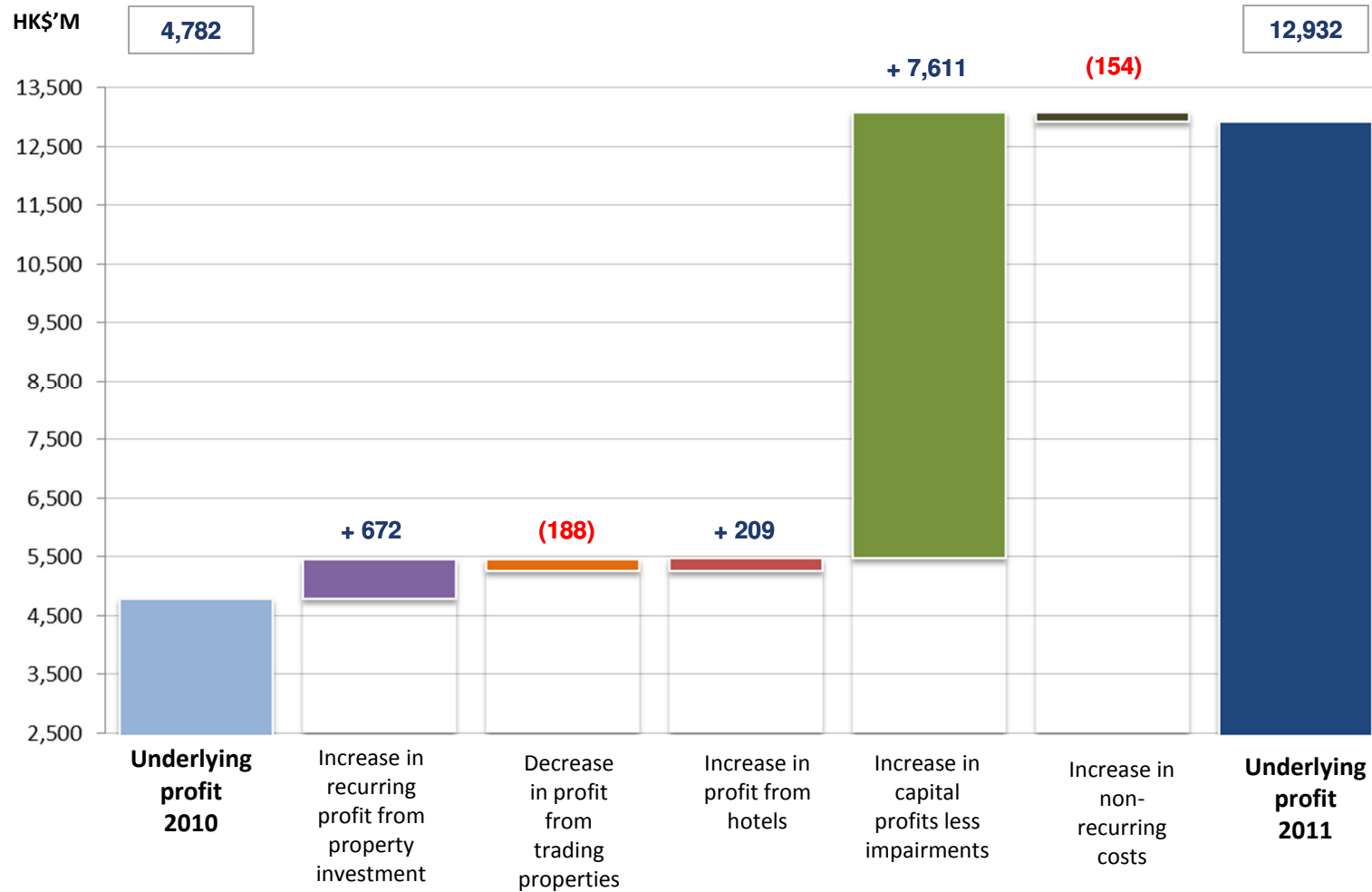
Underlying Profit Reconciliation

| HK\$M | 2010 | 2011 |
|---|--------------|---------------|
| Attributable profit | 26,045 | 25,126 |
| Revaluation of investment properties | (22,373) | (21,066) |
| Deferred tax on revaluation movements | 853 | 526 |
| Realised profit on sale of investment properties / Festival Walk | 211 | 8,020 |
| Depreciation of owner occupied investment properties | 16 | 22 |
| Non-controlling interests adjustments related to revaluation of investment properties | 42 | 45 |
| Adjustments on fair value of Sanlitun Village put option | (12) | 259 |
| Underlying profit | 4,782 | 12,932 |
| Remeasurement gains and profit on sale of shareholdings in PCCW Tower | (342) | - |
| Profit on sale of investment properties / Festival Walk | (576) | (8,615) |
| Net impairment loss / (reversal) | (31) | 55 |
| Adjusted underlying profit | 3,833 | 4,372 |



Movement in Underlying Profit

Movement in Underlying Profit



Underlying Profit + 170%



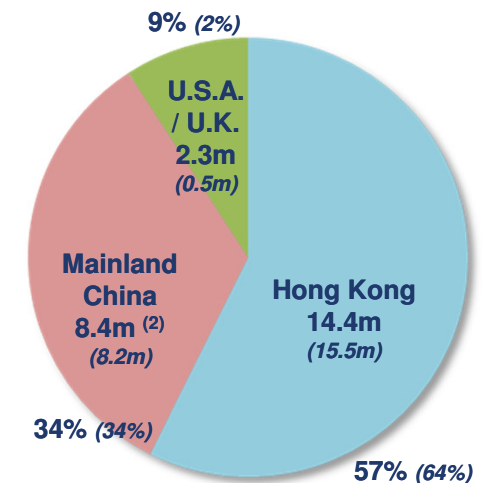
3. Property Investment



Property Investment Portfolio

□ GFA attributable to our property investment portfolio reached **25.1 million sq ft** as at 31st December 2011.

| Attributable GFA ('m sq ft) ⁽¹⁾ | Office | Retail | Hotels ⁽³⁾ | Resid. | Total |
|---|-------------|------------|-----------------------|------------|-------------|
| Completed Investment Properties | | | | | |
| <i>Hong Kong</i> | 10.5 | 2.4 | 0.7 | 0.6 | 14.2 |
| <i>Mainland China</i> | 2.0 | 2.5 | 0.2 | 0.0 | 4.7 |
| <i>U.S.A. and U.K.</i> | 0.0 | 0.0 | 0.5 | 0.0 | 0.5 |
| Sub-Total (A) | 12.5 | 4.9 | 1.4 | 0.6 | 19.4 |
| Investment Properties under Development or Held for Future Development | | | | | |
| <i>Hong Kong</i> | 0.1 | 0.0 | 0.0 | 0.1 | 0.2 |
| <i>Mainland China ⁽²⁾</i> | 0.9 | 1.6 | 1.1 | 0.1 | 3.7 |
| <i>U.S.A.</i> | 1.0 | 0.5 | 0.2 | 0.1 | 1.8 |
| Sub-Total (B) | 2.0 | 2.1 | 1.3 | 0.3 | 5.7 |
| TOTAL = (A) + (B) | 14.5 | 7.0 | 2.7 | 0.9 | 25.1 |



Numbers in bracket refer to the comparative figures as at 31st December 2010

Attributable Investment Portfolio
25.1 m sq ft

(+0.9 m sq ft)

(1) Excludes GFA of the car parks.

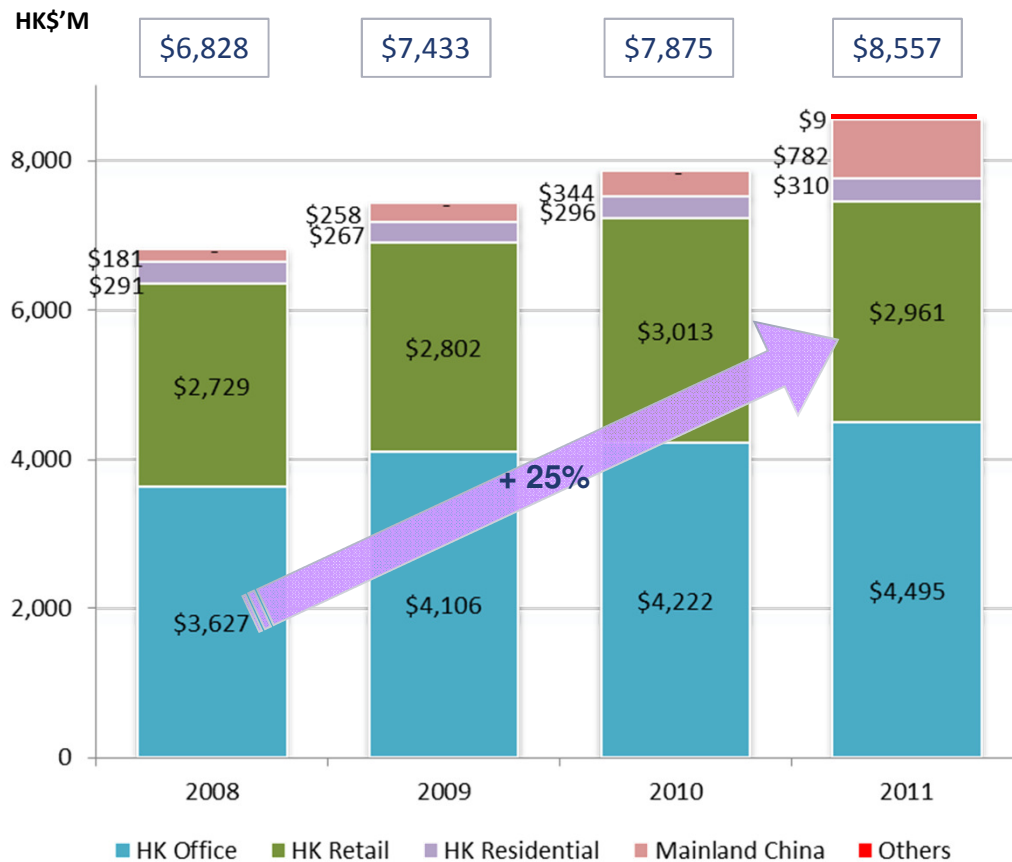
(2) Excludes GFA of the office portion of Daci Temple project which is intended to be developed for trading purposes. Attributable GFA of such office portion is approx. 0.64m sq ft and if included, the overall Mainland China property portfolio will be 9.1m sq ft

(3) Hotels are accounted for under property, plant and equipment in the accounts.



Rental Income

2008 – 2011 Gross Rental Income



- ❑ Gross and net rental income increased by 8.7% and 9.1% respectively in 2011.
- ❑ Positive rental reversions in HK office portfolio, reflecting strong demand in 1H 2011, and remained positive in 2H 2011 notwithstanding a slowdown in leasing activity. (+ 6.5% in 2011)
- ❑ Strong turnover rents for HK retail portfolio. Retail sales and the demand for retail space in HK continued to be robust throughout 2011. (+ 12.4% in 2011, excl. Festival Walk)
- ❑ Improved rental performance of Sanlitun Village, together with the opening of TaiKoo Hui retail mall.

**Total Gross
Rental Income
+8.7%**



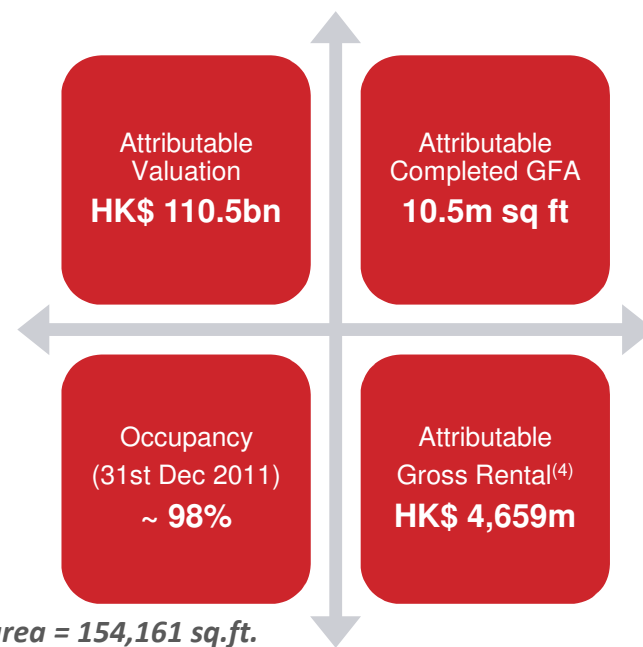
HK Office Portfolio

| Principal Completed HK Office Properties | GFA (sq.ft.) (100% basis) | Occupancy (31st Dec 2011) | Attributable Interest |
|---|---------------------------|---------------------------|-----------------------|
| Pacific Place | 2,186,433 | 99% | 100% |
| Cityplaza | 1,632,930 | 98% | 100% |
| TaiKoo Place Office Towers ⁽¹⁾ | 3,136,541 | 99% | 50% / 100% |
| One Island East | 1,537,011 | 100% | 100% |
| Techno Centres ⁽²⁾ | 1,816,667 | 95% | 100% |
| Others ⁽³⁾ | 461,587 | 98% | 20% / 50% |



| Latest rentals | HK\$ per sq ft |
|-------------------------|----------------------|
| One & Two Pacific Place | 120 |
| Three Pacific Place | mid 90s |
| Island East | high 30s to mid 40s |
| Techno Centres | low to mid 20s |
| One Island East | high 50s to high 60s |

- (1) Including PCCW Tower (50% owned), managed by Swire Properties.
- (2) The valuation of Somerset House reflects the fact that it is to be redeveloped.
- (3) Others comprise One Citygate (20% owned) and 625 King's Road (50% owned), managed by Swire Properties.
- (4) Reported gross rental income was HK\$4,495m



Vacancy area = 154,161 sq.ft.



HK Retail Portfolio

| Principal Completed HK Retail Properties | GFA (sq.ft.) (100% basis) | Occupancy (31st Dec 2011) | Attributable Interest |
|--|---------------------------|---------------------------|-----------------------|
| Pacific Place Mall | 711,182 | 100% | 100% |
| Cityplaza Mall | 1,105,227 | 100% | 100% |
| Citygate Outlets | 462,439 | 100% | 20% |
| Others ⁽¹⁾ | 530,467 | 100% | 20% / 60% / 100% |



Pacific Place Mall

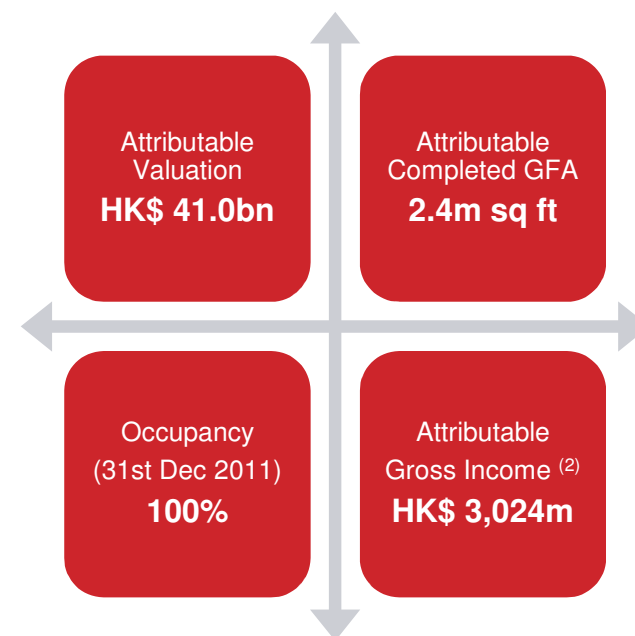
- ❑ Introduction of Harvey Nichols Asia flagship store, with previous space occupied by Lane Crawford being reconfigured.
- ❑ A beauty gallery to be created to house retailers of upscale cosmetics and skin care brands.
- ❑ Exterior façade is being refurbished and an additional arcade will link up the two sides of the Mall to improve pedestrian flow.

Retail Sales Growth in 2011

| | |
|--------------------|------|
| Pacific Place Mall | +18% |
| Cityplaza Mall | +8% |
| Citygate Outlets | +36% |
| Overall | +18% |

(1) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (which are wholly-owned), Island Place (60% owned) and Tung Chung retail premises (20% owned).

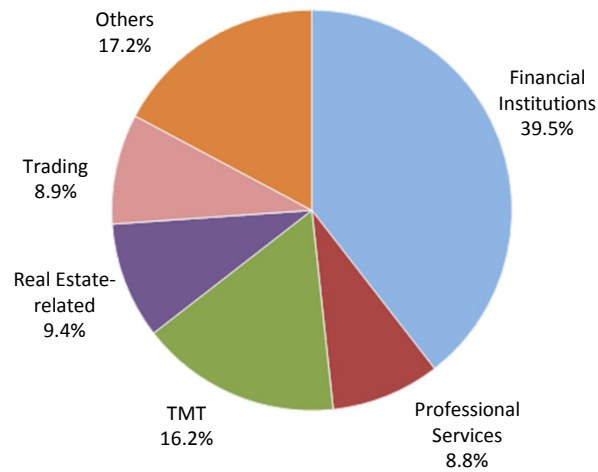
(2) Reported gross rental income was HK\$2,961m



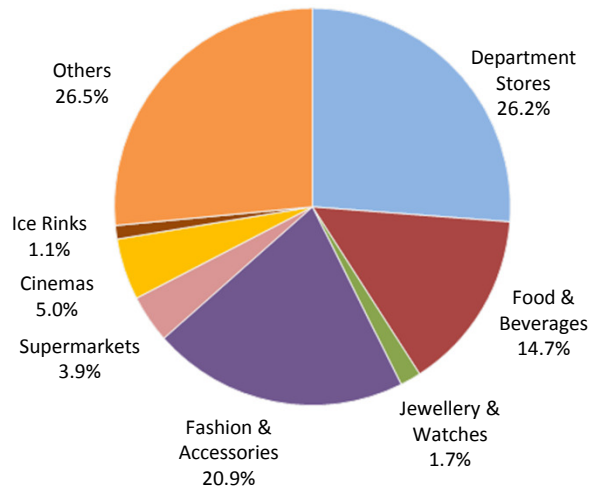


HK Portfolio – Tenant Mix and Lease Expiry Profile

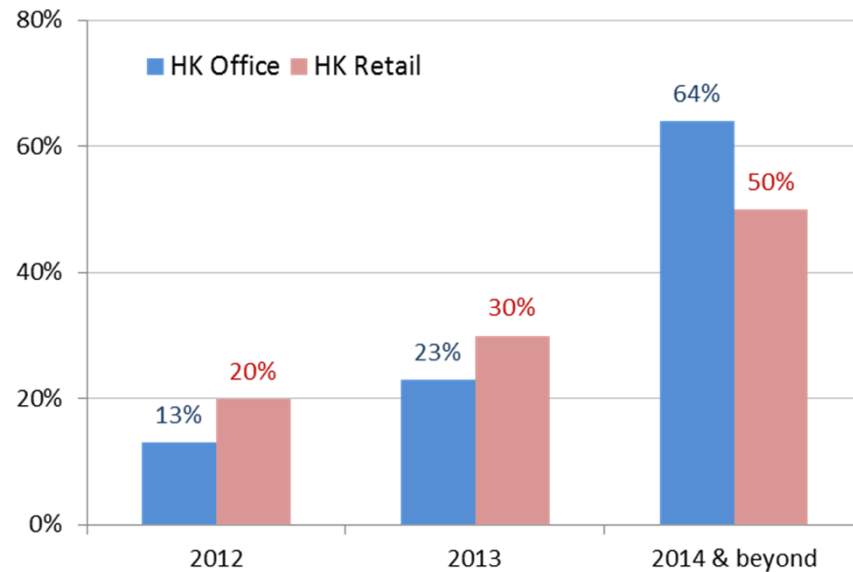
HK Office Tenant Mix⁽¹⁾



HK Retail Tenant Mix⁽¹⁾



Lease Expiry Profile⁽¹⁾⁽²⁾

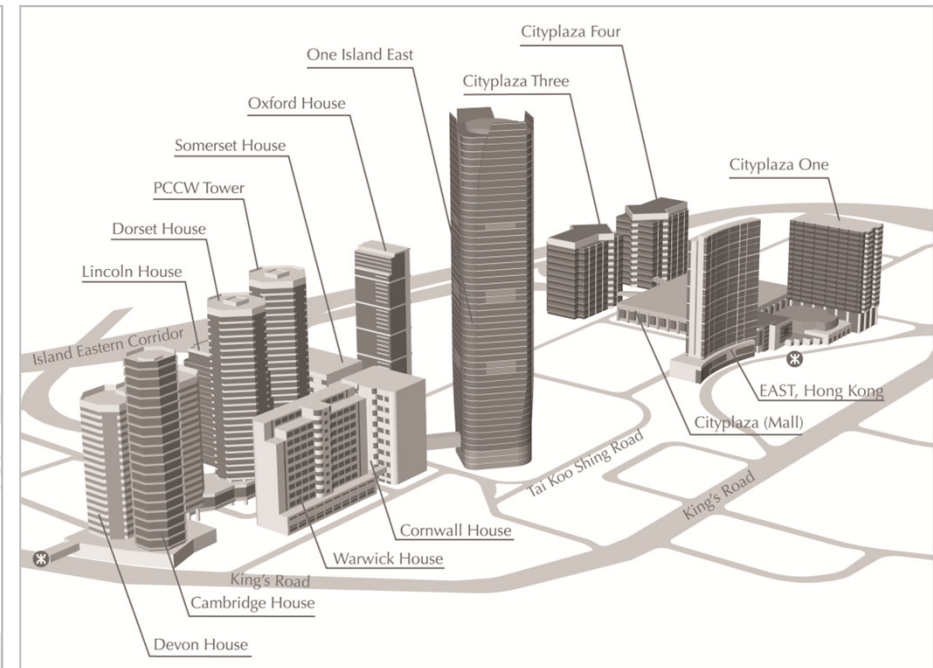
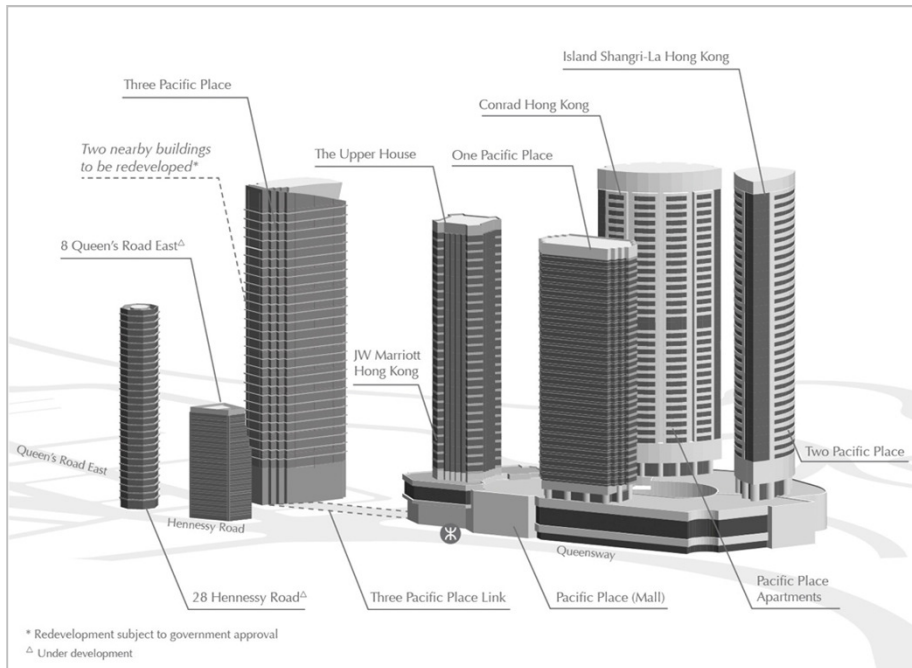


- ❑ Strong and diverse tenant base.
- ❑ Well-balanced lease expiry profile.
- ❑ Top 10 office tenants occupied approx. 21% of office area in HK.
- ❑ Top 10 retail tenants occupied approx. 33% of retail area in HK.

(1) As at 31st December 2011.

(2) Based on the percentage of the total rental income attributable to the Group for the month ended 31st December 2011.

HK Portfolio – Outlook



Retail

- ❑ Consumer demand and accordingly competition for retail space are expected to remain strong in 2012.
- ❑ Continue to monitor consumer preferences, brand popularity and tenant mix.

Office

- ❑ Remain cautious for 2012.
- ❑ Financial services industry is undergoing a period of consolidation.
- ❑ Low vacancy rates and modest new office supply should mitigate the effect on rents.
- ❑ Completion of 28 Hennessy Road redevelopment and 8 Queen's Road East refurbishment.

Note:

- The simplified maps are not to scale and are for illustrative purpose only



Pacific Place Reinforcement

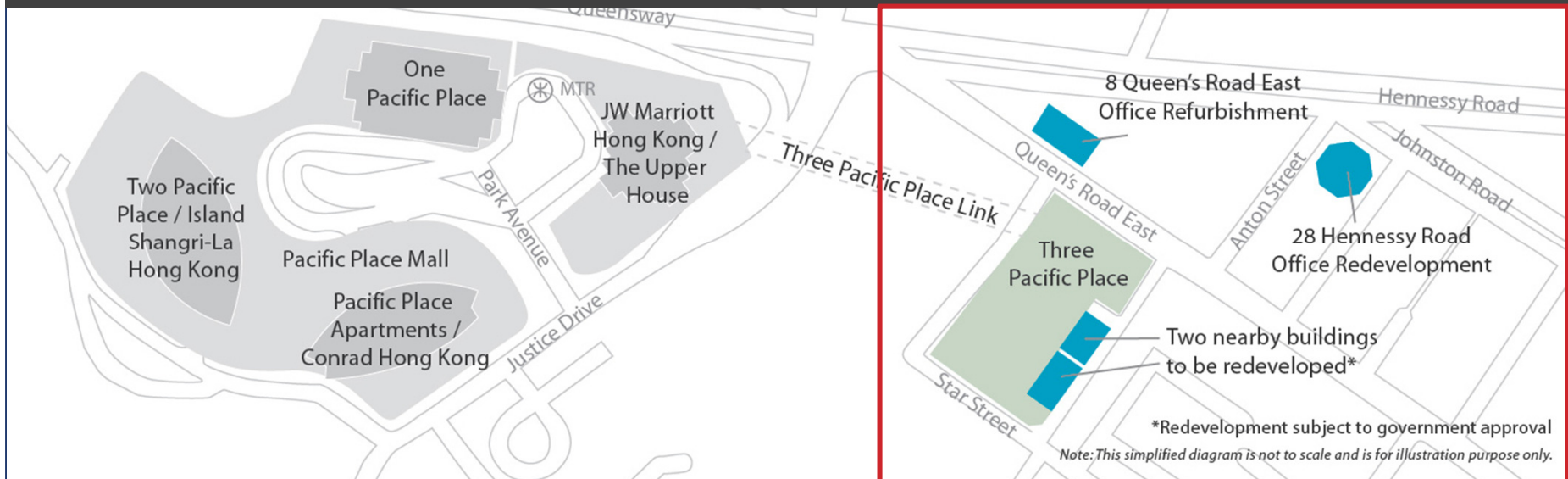
HK\$2 billion⁽¹⁾
contemporisation project
substantially completed
in Oct 2011

Completion of an office
tower at 28 Hennessy
Road⁽²⁾ which adds GFA
145,390 sq ft

Refurbishment of the
office tower at 8 Queen's
Road East⁽²⁾ with GFA
81,346 sq ft

Propose to expand Three
Pacific Place with the
redevelopment of two
nearby buildings⁽³⁾

Pacific Place Initiatives



- (1) Excludes the cost associated with the addition of The Upper House
- (2) Expected to be completed in late 2012
- (3) Subject to obtaining lease modification and other government approvals

Pacific Place Reinforcement



Pacific Place Contemporisation



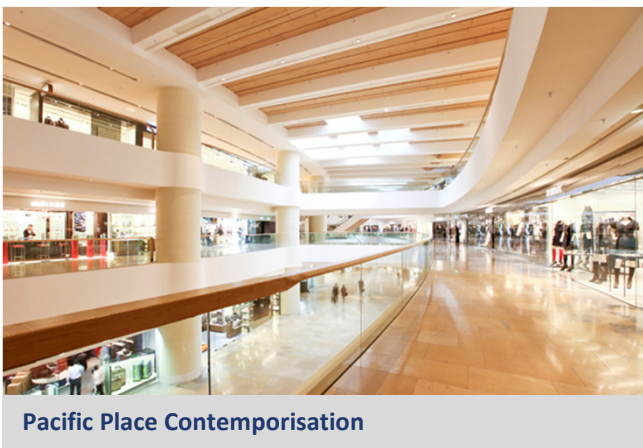
Artist's Impression

8 Queen's Road East



Artist's Impression

28 Hennessy Road



Pacific Place Contemporisation



The Upper House



Island East Reinforcement

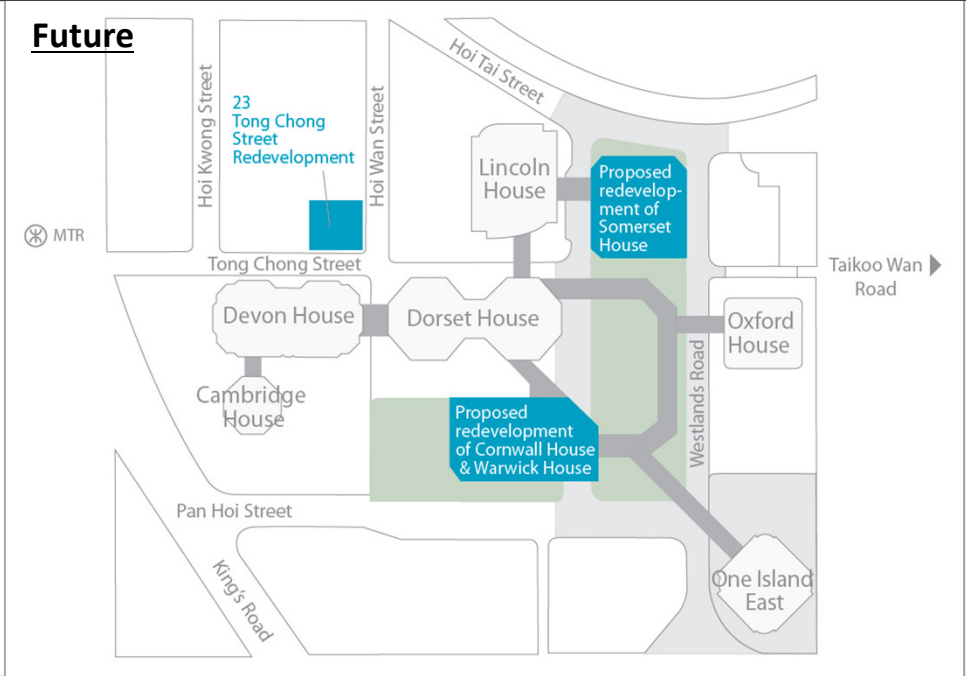
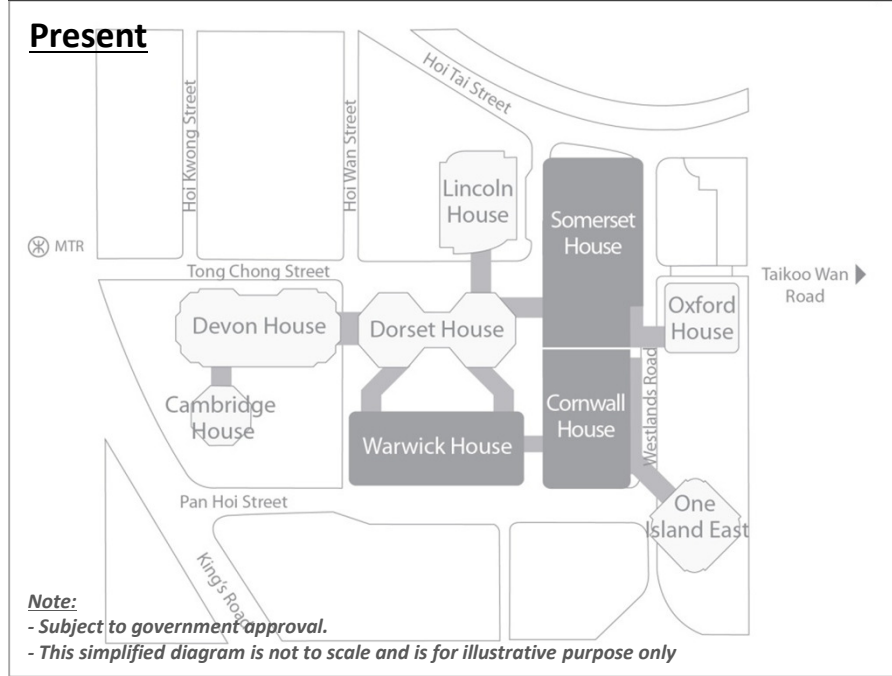
Working on long term plan for Island East with a view to increasing its size and attractiveness to high quality tenants

Have secured planning approvals for the three Techno-centres to be redeveloped as two Grade-A office buildings

Plan to commence first phase of the project with the redevelopment of Somerset House in 2013 upon obtaining vacant possession

23 Tong Chong Street now under redevelopment into serviced apartments, to be completed by 2014

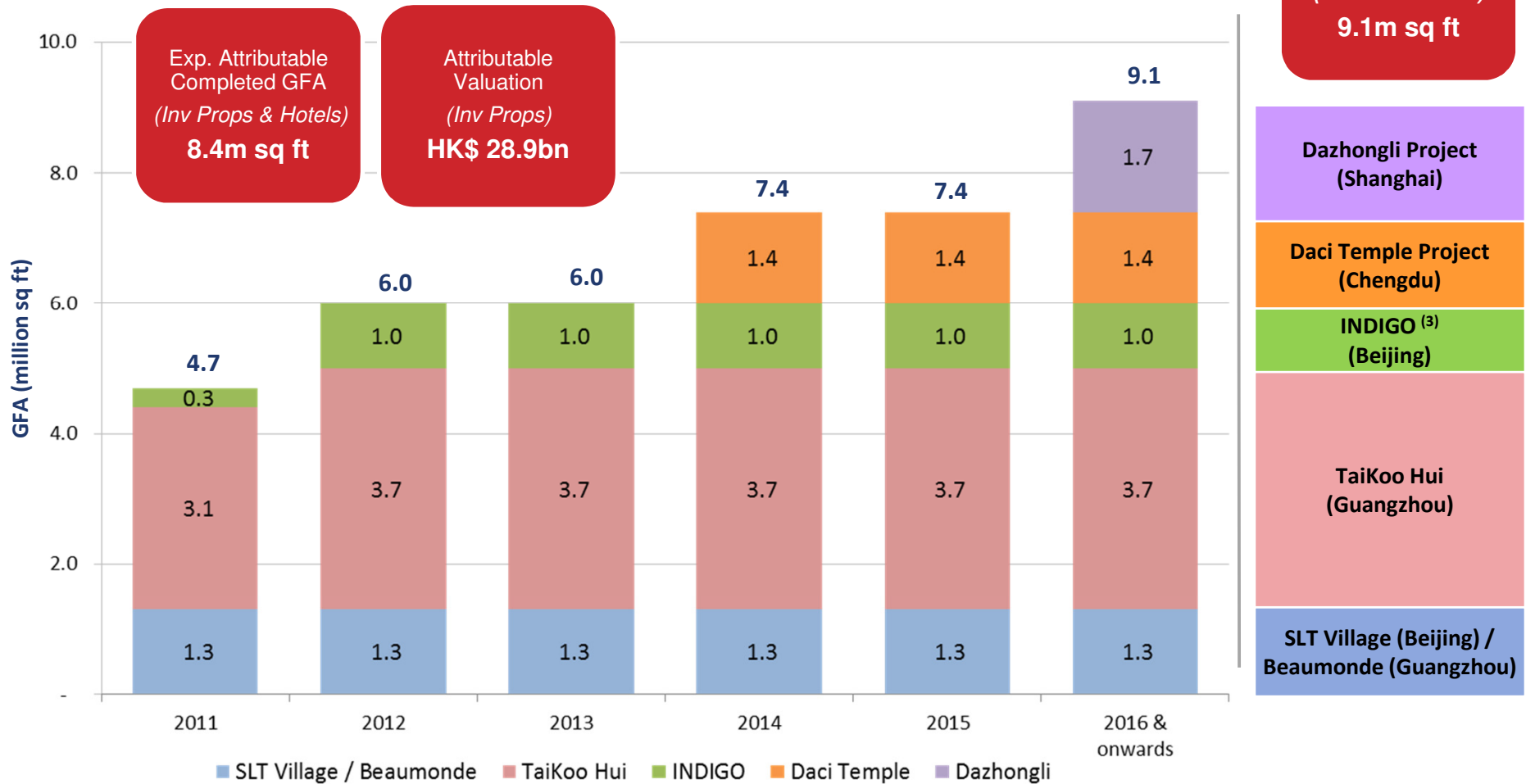
Techno-centres Proposed Redevelopment





Property Portfolio – Mainland China

Expected Attributable GFA of Completed Property Portfolio in Mainland China ⁽¹⁾⁽²⁾



(1) Excludes GFA of the car parks but includes GFA of the hotel portion of all developments and GFA of the office portion (intended for trading purpose) of Daci Temple project.

(2) As at 31st December 2011.

(3) INDIGO's retail portion was being fitted out as at 31st December 2011.

Sanlitun Village, Beijing

Continuing to invest in further improvement works to enhance footfall and circulation

Refining and optimising retail tenant mix

Rationalising the cost base and reducing non-recovered outgoings



- ❑ Satisfactory increase in gross rental income with higher base rents at Village South and higher occupancy at Village North.
- ❑ Improved occupancy at Village South (93%) and Village North (90%) as at Dec 2011.
- ❑ During 2011, 33 new tenants were introduced into Village South to optimise the mix of retail tenants.
- ❑ Demand from retailers remain strong in Beijing, with more retailers of international brands entering the market.

| Project Summary (100% Basis) | |
|------------------------------|--|
| GFA | 1.47m sq ft |
| Valuation (excl. TOH) | HK\$ 8,975m |
| Components | Village South Village North The Opposite House |
| Interest | Retail : 80% ⁽¹⁾ TOH : 100% |
| Yr of Opening | 2008 (Village South) 2008 (TOH) 2010 (Village North) |

(1) We own 80% of the retail component of Sanlitun Village with the remaining 20% interest held by a fund. The fund has an option to sell its 20% interest to Swire Properties before the end of 2013.

TaiKoo Hui, Guangzhou



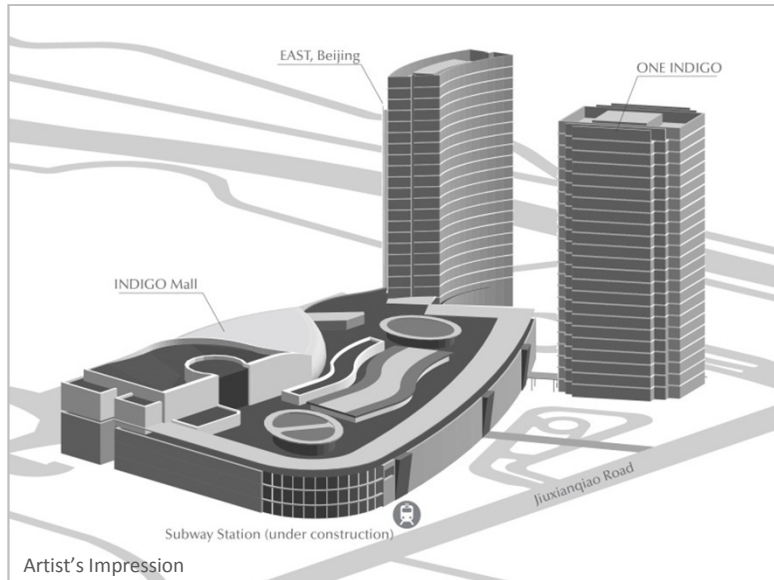
- ❑ Shopping mall opened in Sep 2011, with 99% let and 84% shops opened as at Dec 2011.
- ❑ Over 180 retail tenants with approx. 70% of which leased to retailers selling international brand names.
- ❑ Started to deliver possession of office space to tenants in Aug 2011.
- ❑ Two office towers – 68% committed⁽¹⁾ with HSBC leasing 29 floors representing 47% of total floor area as at Dec 2011.
- ❑ Remaining vacant office area is located in the high zone of Office Tower 1.
- ❑ Mandarin Oriental Hotel with serviced apartments to open in late 2012.

(1) Includes those who had signed letters of intent.

| Project Summary (100% Basis) | |
|------------------------------|--|
| GFA | 3.85m sq ft |
| Valuation (excl. hotel) | HK\$ 12,014m |
| Components | Shopping Mall 2 Office Towers Mandarin Oriental GZ |
| Interest | 97% |
| Yr of Opening | 2011 / 2012 |



INDIGO, Beijing



- Office tower – ONE INDIGO started to open in late 2011 with tenants moving in.
- Shopping mall is being fitted out and started to open in Mar 2011.
- Shopping mall – 77% committed⁽¹⁾ (as at Dec 2011).
- ONE INDIGO – 46% committed⁽¹⁾ (as at Dec 2011).
- EAST, Beijing is expected to open in late 2012.

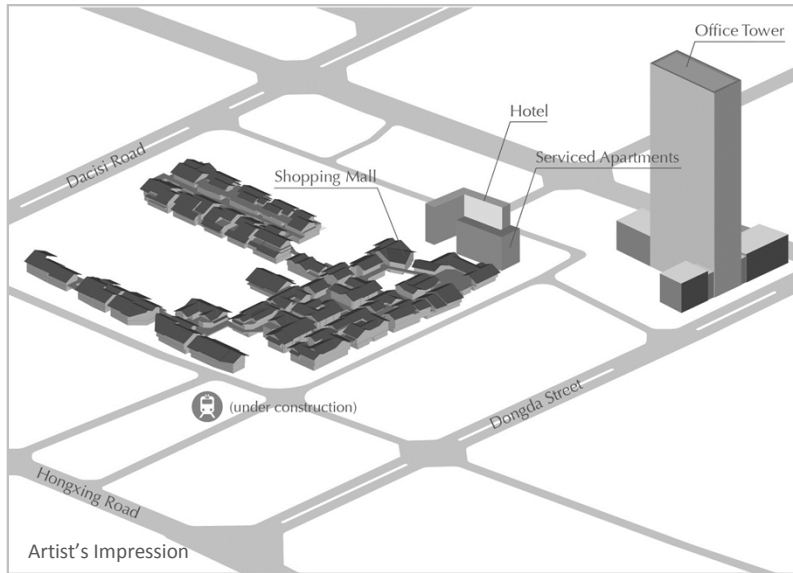
Project Summary (100% Basis)

| | |
|-------------------------|--|
| GFA | 1.89m sq ft |
| Valuation (excl. hotel) | HK\$ 4,650m |
| Components | Shopping Mall ONE INDIGO EAST, Beijing |
| Interest | 50% |
| Yr of Opening | 2011 / 2012 |

(1) Includes those who had signed letters of intent.



Daci Temple Project, Chengdu



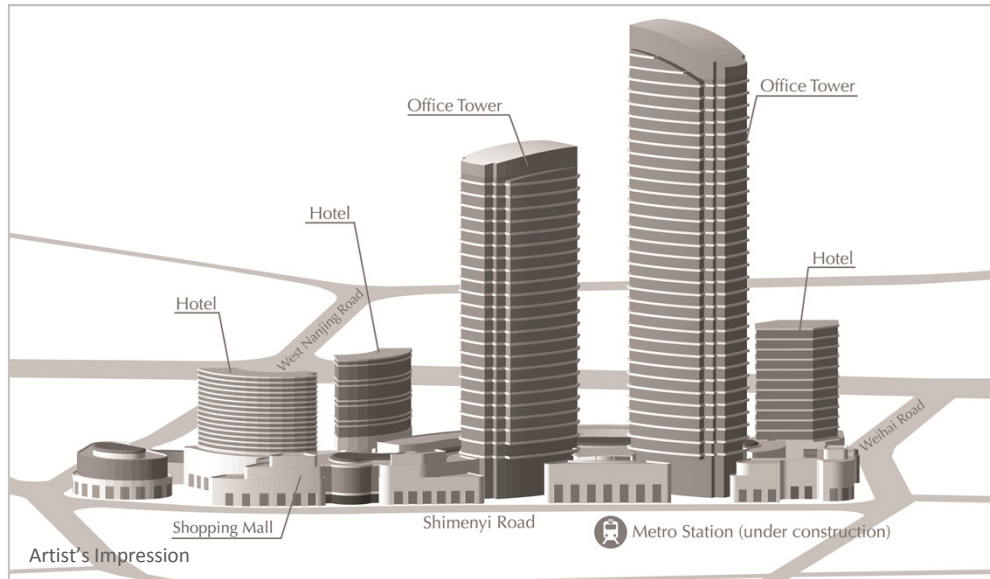
- ❑ A large-scale urban development comprising a street style retail complex (2-3 storey blocks), a boutique hotel, serviced apartments and a Grade A office tower, served by the planned metro.
- ❑ Integrate harmoniously with the cultural heritage of the ancient Daci Temple.
- ❑ Site preparation works have started.
- ❑ The project is expected to open in phases from 2014 onwards.
- ❑ The office tower is intended to be developed for trading purposes.

Project Summary (100% Basis)

| | |
|----------------------------------|--|
| GFA | 2.69m sq ft |
| Valuation (excl. office & hotel) | HK\$ 2,071m |
| Components | Retail Office (for trading) Hotel Serviced Apartments |
| Interest | 50% ⁽¹⁾ |
| Yr of Opening | 2014 onwards |

(1) The Daci Temple development is a 50:50 joint venture with Sino-Ocean Land Holdings Limited. In January 2012, the Group entered into an agreement with Sino-Ocean Land Limited, a wholly-owned subsidiary of Sino-Ocean Land Holdings Limited to fund the whole of the remaining land premium (and associated taxes) payable in respect of the Daci Temple project and certain working capital requirements in an aggregate amount of US\$230 million.

Dazhongli Project, Shanghai



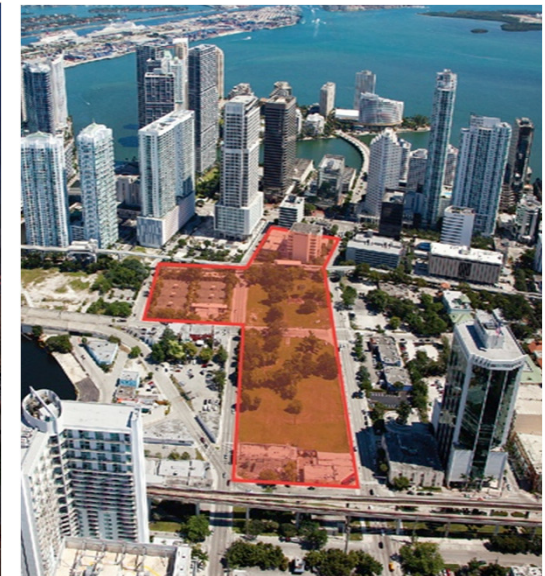
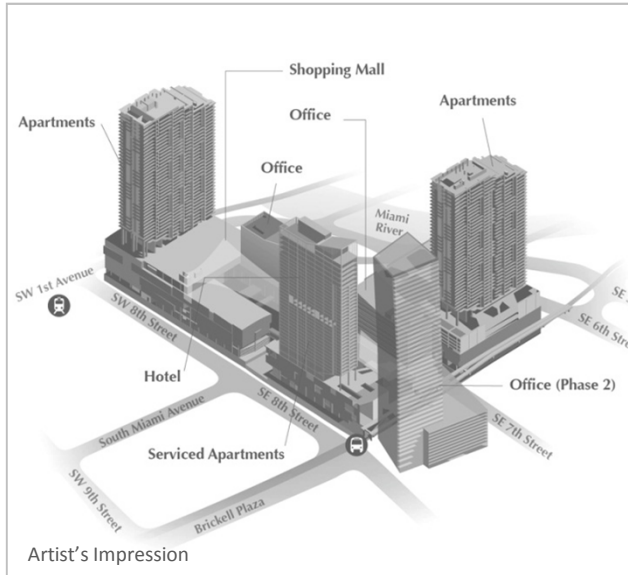
- ❑ A large-scale retail-led mixed-use development comprising a retail mall, two office towers and three hotels.
- ❑ Prime location with significant frontage to Nanjing West Road, and connection to two planned metro stations.
- ❑ Site clearance and resettlement works have largely been completed.
- ❑ Foundation works commenced at the end of 2011.
- ❑ The project is expected to open in phases from 2016 onwards.

Project Summary (100% Basis)

| | |
|-------------------------|--|
| GFA | 3.47m sq ft |
| Valuation (excl. hotel) | HK\$ 12,442m |
| Components | Retail Mall 2 Office Towers 3 Hotels |
| Interest | 50% |
| Yr of Opening | 2016 onwards |



Brickell CitiCentre, Miami, United States



- ❑ Located strategically in the centre of the Brickell financial district of Miami with the planned light rail Metromover station which runs through the site.
- ❑ A mixed-use development of approx. 2,891,000 sq.ft. (excluding car park), comprising 520,000 sq.ft. of shopping and dining retail space, three office buildings, two residential towers (for trading purposes) and a hotel with serviced apartments.
- ❑ Site preparation, foundation testing and application for construction permits are underway.
- ❑ Planned development in two phases, with phase I to be completed in 2015. Phase II, a high-rise office building, will be completed in 2018, subject to market conditions.
- ❑ Phase I development cost is estimated at over US\$ 800m.

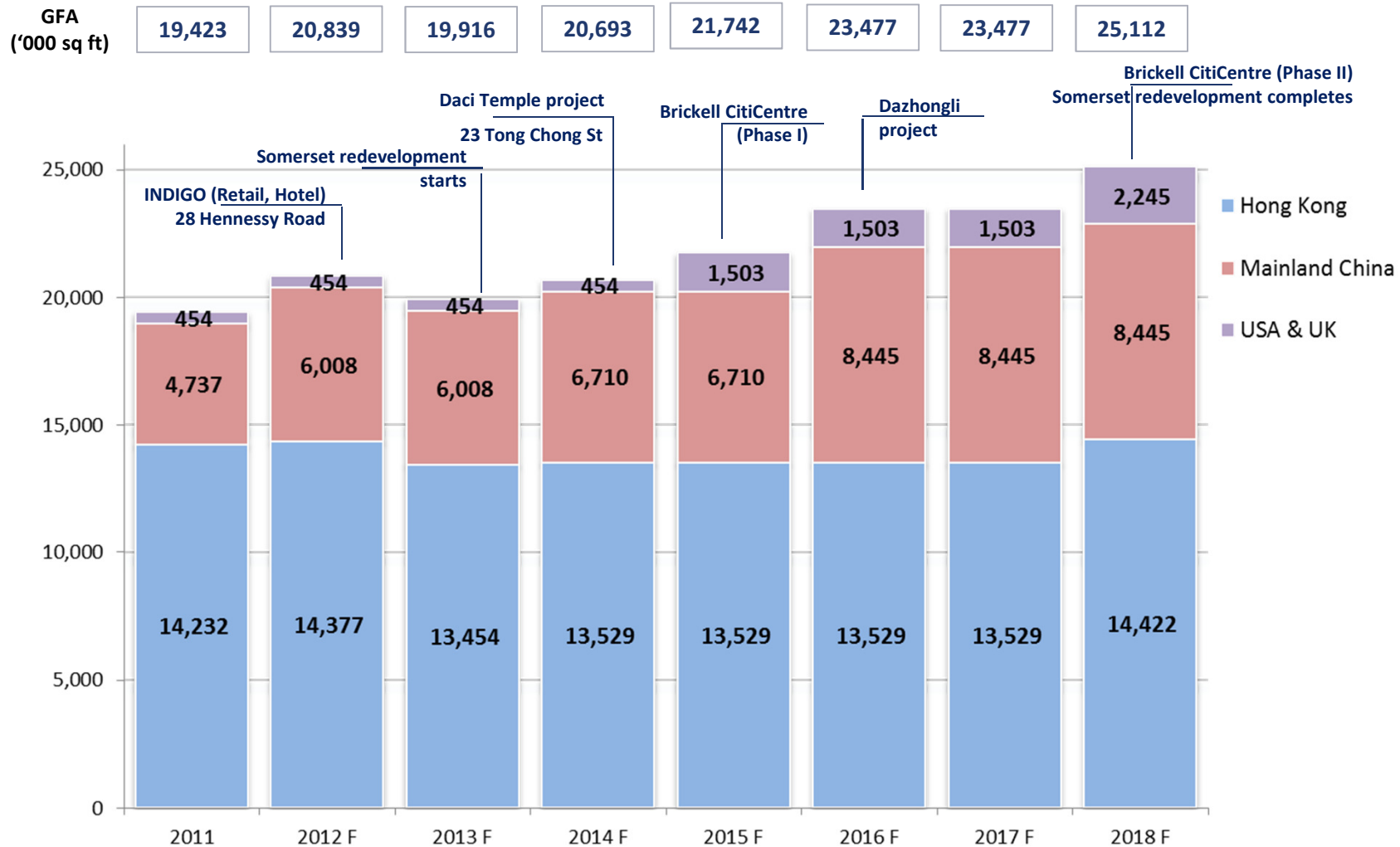
Project Summary (100% Basis)

| | |
|---------------------------------------|---|
| GFA | 2.89m sq ft |
| Valuation (excl. hotel & residential) | HK\$ 391m |
| Components | Retail 3 Office Buildings Hotel & Serv Apt. 2 Residential Towers |
| Interest | 100% |
| Yr of Opening | 2015 / 2018 |



Completed Investment Portfolio

Expected Attributable GFA of Completed Investment Portfolio





4. Property Trading

Trading Portfolio Overview

| Attributable GFA ('m sq ft) | Completed | Under Development / Held for Future Development | Total |
|-----------------------------|------------|---|------------|
| <i>Hong Kong</i> | <i>0.0</i> | <i>1.0</i> | <i>1.0</i> |
| <i>Mainland China</i> | <i>0.0</i> | <i>0.6</i> | <i>0.6</i> |
| <i>U.S.A.</i> | <i>0.1</i> | <i>2.3</i> | <i>2.4</i> |
| Total | 0.1 | 3.9 | 4.0 |



ARGENTA, Mid-Levels West

Attributable Trading Portfolio
4.0 m sq ft



AZURA, Mid-Levels West



5 Star Street, Wan Chai

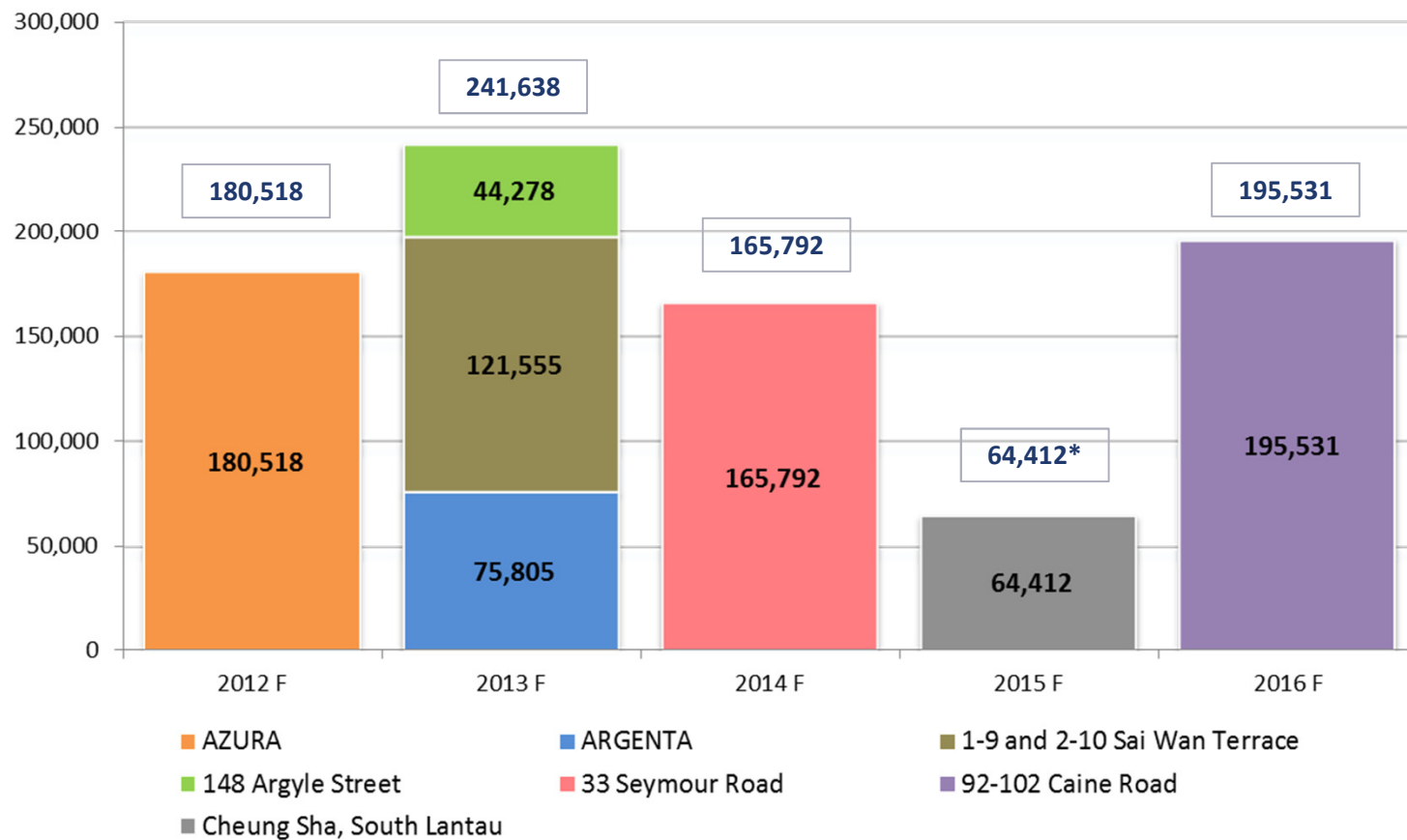


ASIA, Miami



Expected Attributable Residential GFA Completions in Hong Kong in 2012 - 2016

GFA (sq ft)



HK Residential
Exp. Attributable
Completed GFA
847,891 sq ft

Total Units
655

* Maximum GFA of the Cheung Sha development.



HK Trading Portfolio (Mid-Levels West)

AZURA

- ❑ A 50-storey residential tower.
- ❑ Pre-sold 99 out of 126 available units.
- ❑ Expected completion in 2H 2012.
- ❑ Handover expected in Q4 2012.
- ❑ Interest : 87.5%

ARGENTA

- ❑ A 37-storey tower of 30 whole-floor residential units.
- ❑ Superstructure works in progress.
- ❑ Expected completion in 2013.
- ❑ Interest : 100%

33 Seymour Road

- ❑ A 48-storey tower of 127 residential units.
- ❑ Foundation works in progress.
- ❑ Expected completion in 2014.
- ❑ Interest : 100%

92 – 102 Caine Road

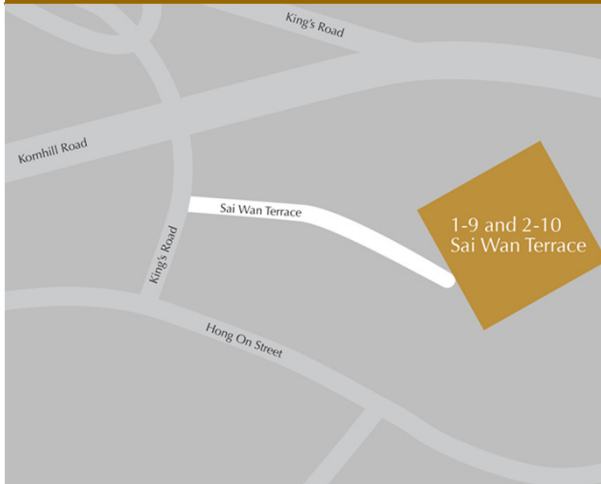
- ❑ A 50-storey tower of 197 residential units.
- ❑ Foundation works in progress.
- ❑ Expected completion in 2016.
- ❑ Interest : 100%





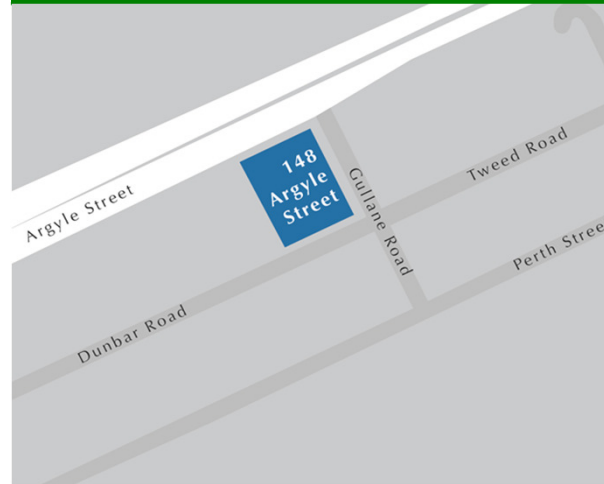
HK Trading Portfolio

Sai Wan Terrace



- ❑ Two 21-storey towers of 92 residential units in Quarry Bay.
- ❑ Substructure works in progress.
- ❑ Expected completion in 2013.
- ❑ Interest : 80%

148 Argyle Street



- ❑ A 23-storey tower with 53 residential units in Ho Man Tin.
- ❑ Substructure works in progress.
- ❑ Expected completion in 2013.
- ❑ Interest : 50%

Cheung Sha, South Lantau



- ❑ Acquired two adjacent sites in Cheung Sha, Lantau Island in Dec 2011 through public tender.
- ❑ 30 houses to be developed.
- ❑ Expected completion in 2015.
- ❑ Interest : 100%

Note:

- The above simplified maps are not to scale and are for illustrative purpose only



5. Hotels



Hotel Portfolio

| Managed Hotels | | No. of Rooms | Interest |
|--------------------------|--|---------------------|----------|
| Completed | | <i>(100% basis)</i> | |
| HK | <i>The Upper House</i> | 117 | 100% |
| HK | <i>EAST, Hong Kong</i> | 345 | 100% |
| HK | <i>Headland Hotel</i> | 501 | 0% |
| China | <i>The Opposite House, Beijing</i> | 99 | 100% |
| U.K. | <i>The Montpellier Chapter, Cheltenham</i> | 61 | 100% |
| U.K. | <i>Avon Gorge Hotel, Bristol</i> | 75 | 100% |
| U.K. | <i>The Magdalen Chapter, Exeter</i> | 59 | 100% |
| U.K. | <i>Hotel Seattle, Brighton</i> | 71 | 100% |
| Sub-Total (A) | | 1,328 | |
| Under Development | | | |
| China | <i>EAST, Beijing</i> | 369 | 50% |
| China | <i>Daci Temple Project, Chengdu</i> | 100 | 50% |
| China | <i>Dazhongli Project, Shanghai</i> | 124 | 50% |
| Sub-Total (B) | | 593 | |
| Total = (A) + (B) | | 1,921 | |

| Owned but Non-managed Hotels | | No. of Rooms | Interest |
|------------------------------|-------------------------------------|---------------------|----------|
| Completed | | <i>(100% basis)</i> | |
| HK | <i>Island Shangri-La</i> | 565 | 20% |
| HK | <i>JW Marriott Hotel</i> | 602 | 20% |
| HK | <i>Conrad</i> | 513 | 20% |
| HK | <i>Novotel Citygate</i> | 440 | 20% |
| U.S.A. | <i>Mandarin Oriental, Miami</i> | 326 | 75% |
| Sub-Total (C) | | 2,446 | |
| Under Development | | | |
| China | <i>Mandarin Oriental, Guangzhou</i> | 287 | 97% |
| China | <i>Dazhongli Project, Shanghai</i> | 433 | 50% |
| Sub-Total (D) | | 720 | |
| Total = (C) + (D) | | 3,166 | |



Expected Total
Managed Rooms
1,921

Hotels Update

The House Collection



The Upper House

EAST



EAST, Hong Kong

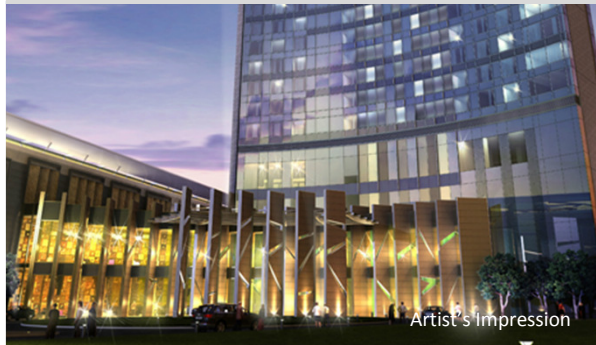
Chapter Hotels



The Montpelier Chapter, Cheltenham, U.K.



The Opposite House



EAST, Beijing ⁽¹⁾



The Magdalen Chapter, Exeter, U.K. ⁽¹⁾

- ❑ Hotels in HK performed strong with RevPAR increased by 35% at The Upper House and 51% at East, Hong Kong, and are expected to continue to benefit from visitors growth.
- ❑ The Opposite House saw significant improvements in its accommodation, food & beverages business with RevPAR up 33%, and is expected to see further growth. EAST, Beijing is expected to open in late 2012.
- ❑ U.K. hotels market remains challenging. The Magdalen Chapter hotel in Exeter was closed in 2011 for refurbishment and is scheduled to reopen in 2012.

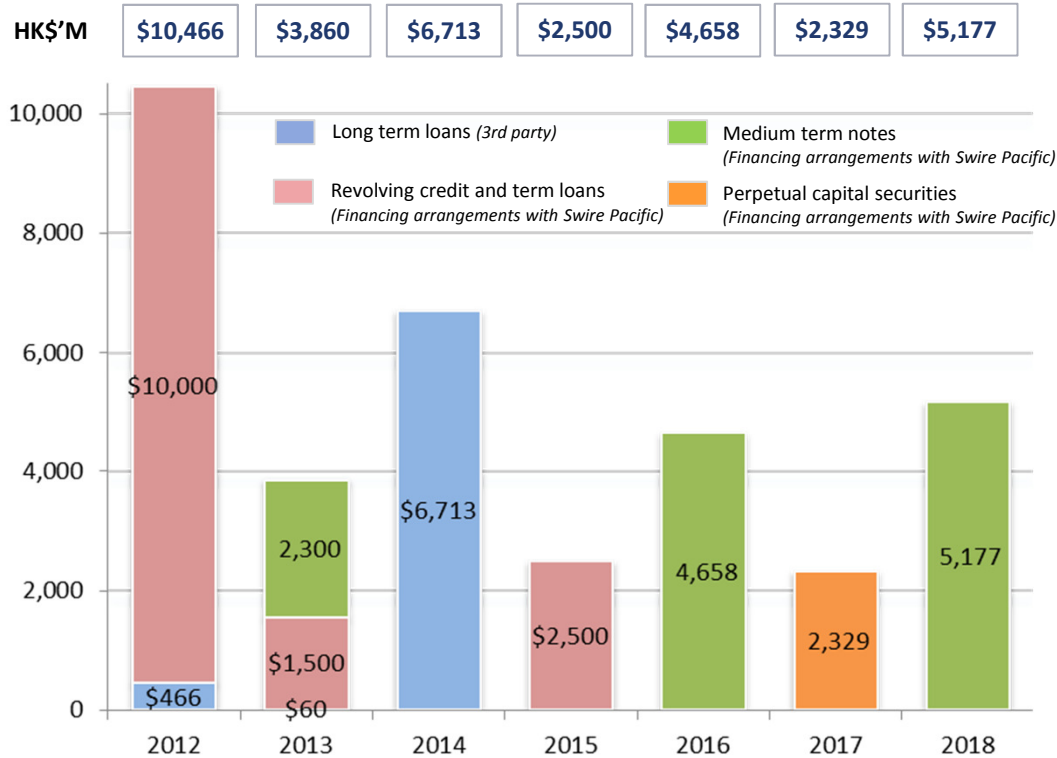


6. Financing

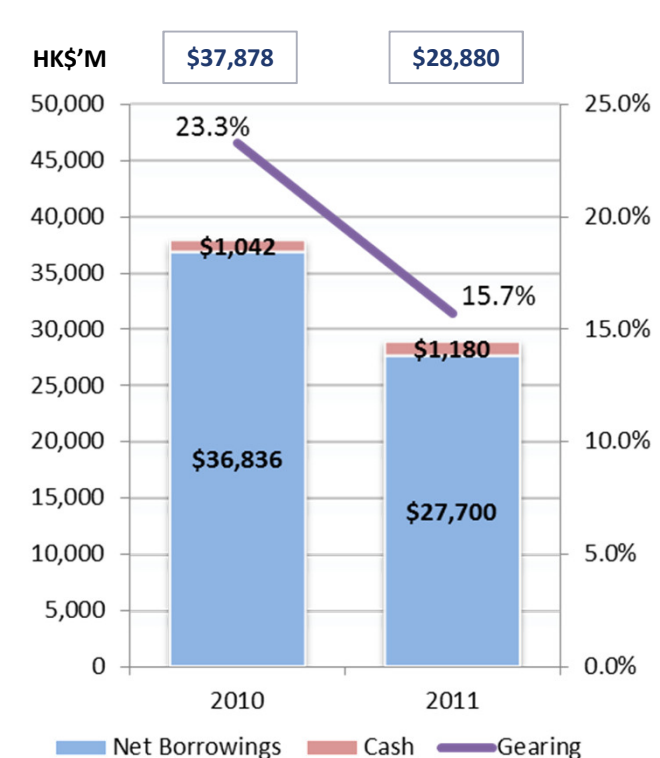


Maturity Profile and Gearing

Maturity Profile of Available Committed Facilities



Gearing



- ❑ Fixed : Floating = 66% : 34%
- ❑ Weighted average cost of debt = 4.6%
- ❑ Invest in and finance projects in a disciplined and targeted manner.
- ❑ Strong capital base paving way for future growth.

| | | |
|--|--------------------------------|--|
| Net Debt HK\$ 27,700m | Gearing 15.7% | Available Committed Facilities HK\$ 35,703m |
|--|--------------------------------|--|

Cash & undrawn committed facilities = HK\$9,183m

Capital Commitments

Profile of Capital Commitments for Investment Properties and Hotels – at 31st Dec 2011

| HK\$'M | Expenditure | Forecast Year of Expenditure | | | | Commitments At 31st Dec 2011 |
|----------------|--------------|------------------------------|-------------|-------------|-------------|---------------------------------|
| | | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | |
| Hong Kong | 3,104 | 1,099 | 571 | 666 | 4,404 | 6,740 |
| Mainland China | 3,180 | 3,321 | 1,628 | 2,062 | 1,419 | 8,430 |
| U.S.A. | 7 | 491 | 829 | 1,102 | 50 | 2,472 |
| U.K. | 95 | 38 | - | - | - | 38 |
| Total | 6,386 | 4,949 | 3,028 | 3,830 | 5,873 | 17,680* |

** The capital commitments represents the Group's capital commitments plus the Group's share of the capital commitments of jointly controlled companies. The Group is committed to funding HK\$1,828 million of the capital commitments of HK\$7,101 million of jointly controlled companies.*



7. Prospects



Hong Kong Office

- ❑ Demand for Hong Kong office space is likely to be affected by uncertain market conditions but low vacancy rate and modest new office supply should mitigate the effect on rental income.
- ❑ Completion of 28 Hennessy Road redevelopment and 8 Queen's Road East refurbishment.
- ❑ Planned Three Pacific Place expansion by redeveloping two nearby buildings, providing an additional 100,000 sq ft
- ❑ Redevelopment of Somerset House under planning.

Hong Kong Retail

- ❑ Consumer demand and competition for Hong Kong retail space are expected to remain strong.
- ❑ Active monitoring of consumer preferences and management of tenant mix to encourage higher retail sales in our malls.

Mainland China

- ❑ Retail conditions in Mainland China are expected to remain strong as the economy continues to rebalance and grow.
- ❑ Improving results at Sanlitun Village with additions of TaiKoo Hui and INDIGO to our Mainland China portfolio.

Property Trading

- ❑ Property trading is expected to contribute significant profits in 2012 with the completion of and sale of units in AZURA.
- ❑ Prices of luxury residential properties in Hong Kong are expected to be steady, underpinned by low interest rates and limited supply.

Hotels

- ❑ Hotels in Hong Kong and Mainland China are expected to continue to perform well.
- ❑ Additions of EAST, Beijing and Mandarin Oriental Guangzhou to our hotel portfolio.

Singapore

- ❑ Explore business opportunities in Singapore.

To enhance Swire Properties' position as a leading developer, owner and operator of mixed use commercial properties in Mainland China and Hong Kong by continuing to implement the following business strategies

- 1 Continue to create value through transformational projects**
- 2 Maximise the earnings and value of completed properties through active asset management and by reinforcing assets through enhancement, redevelopment and new additions**
- 3 Continue to expand luxury residential property activities**
- 4 Remain focused principally on Hong Kong and Mainland China**
- 5 Manage capital base conservatively**



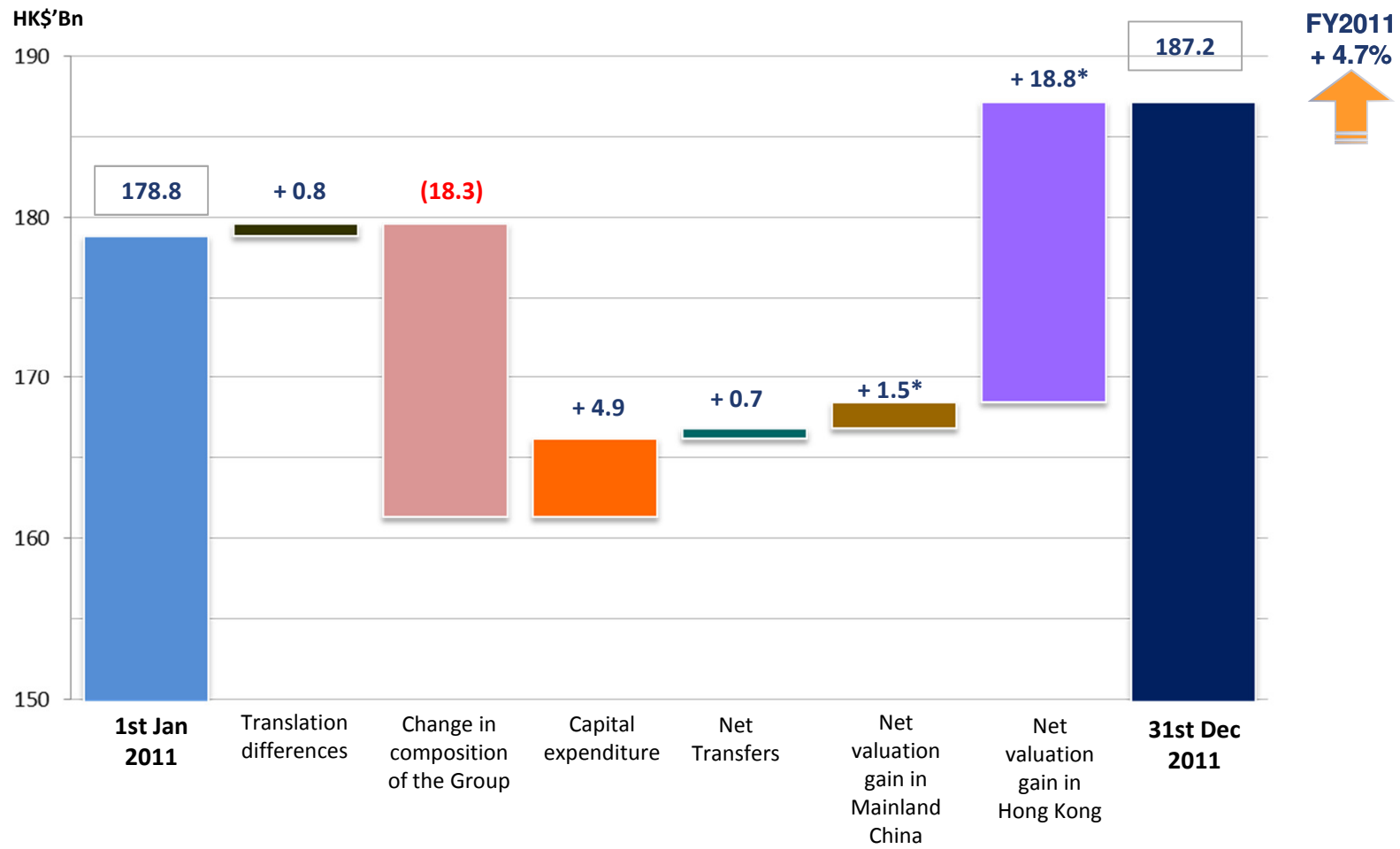
8. Appendix



Movement in Investment Properties

- The increase in the valuation of investment property portfolio principally reflects higher rental income.

Movement in Investment Properties



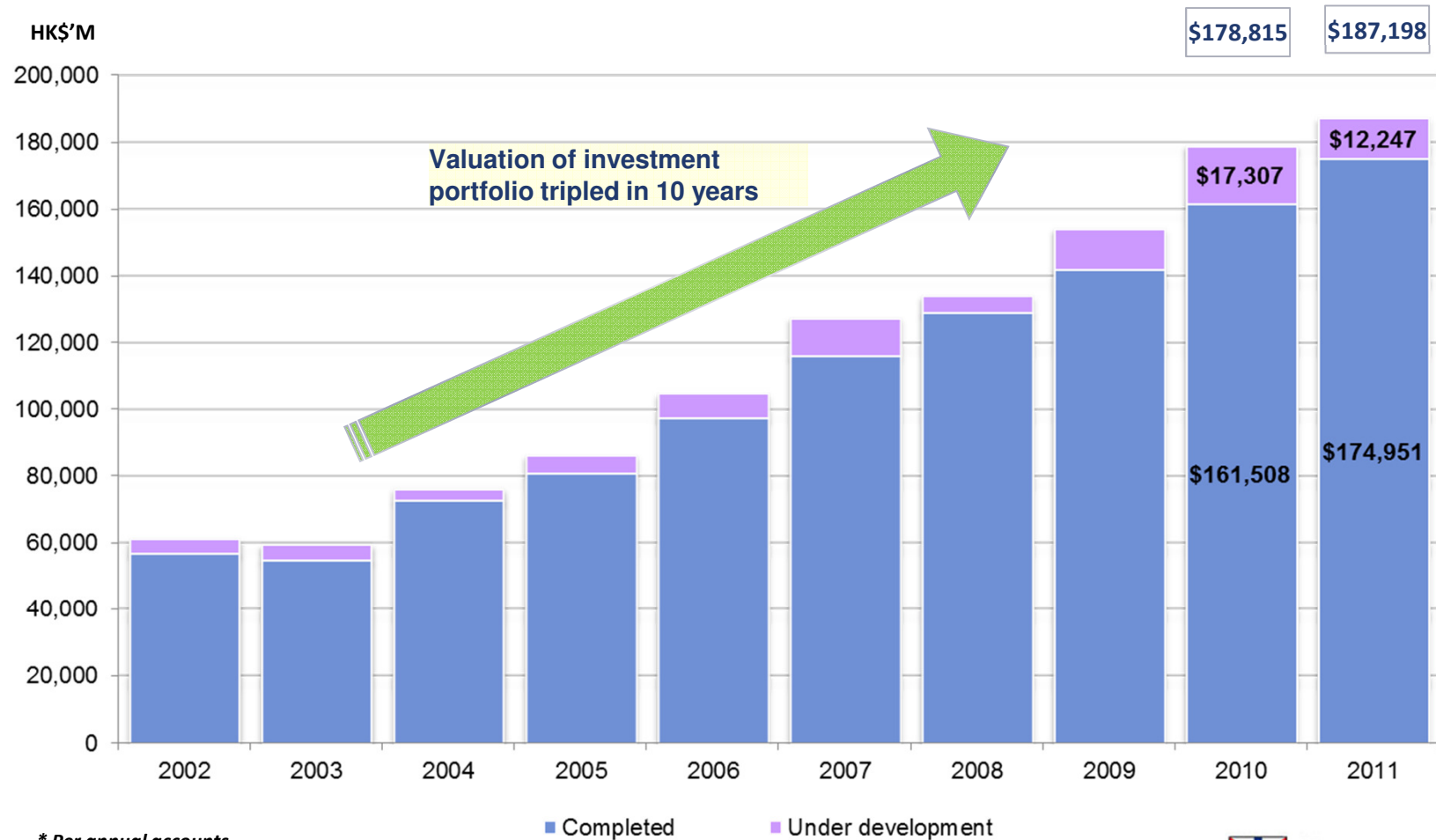
* Gain of HK\$ 20.3 bn (as shown in income statement)



Valuation of Completed Investment Properties

- Consistent value creation through continuous property investment and asset reinforcement.

2002 – 2011 Valuation of Completed Investment Properties *





Thank you