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# 2014 Interim Results | Analyst Briefing

14th August 2014

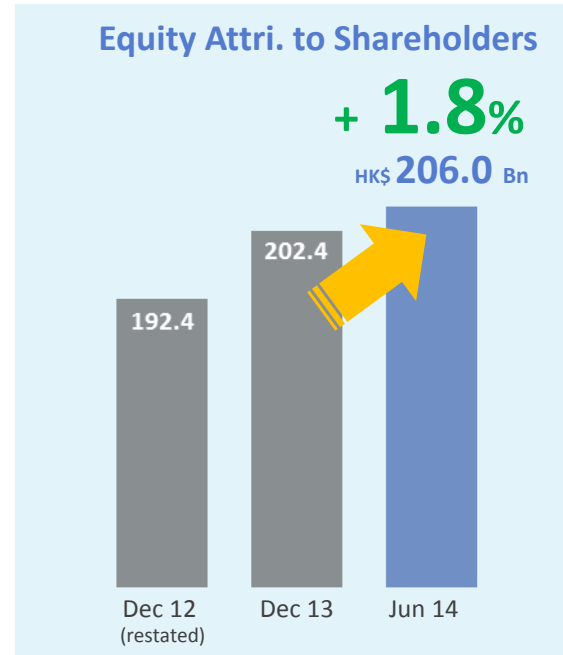
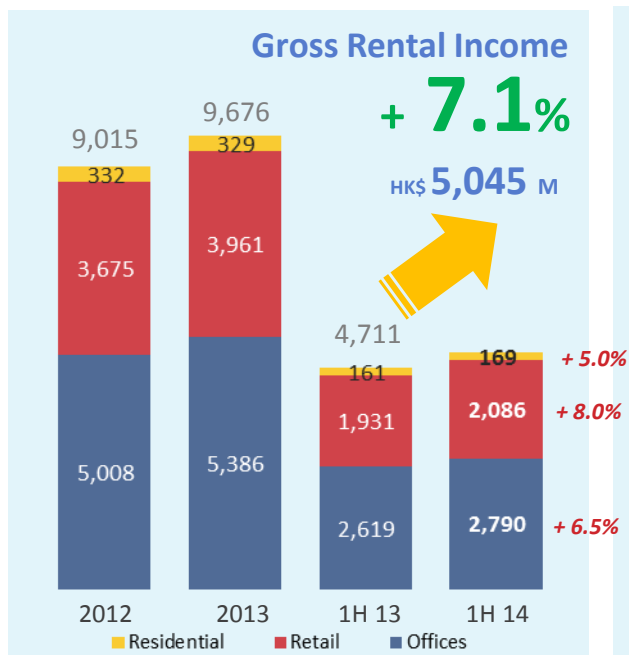
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# Financial Summary

# Result Highlights



- Gross rental income **up 7.1%** to **HK\$5,045M** reflecting positive rental reversions from office and retail properties in HK, positive rental reversions and higher retail sales of TaiKoo Hui in Guangzhou and Taikoo Li Sanlitun in Beijing.
- Underlying profit **up 34.2%** to **HK\$3,775M** principally due to higher profits from property trading in Hong Kong and positive rental reversions from the investment property portfolio.
- Reported profit **down 7.1%** to **HK\$6,461M** mainly on lower valuation gains.
- 1st interim dividend per share: **HK 22 cents**.

### Equity Attri. to Shareholders

HK\$ **35.21**  
Per Share

Dec 2013: HK\$ 34.59

### 1st Interim Dividend

HK\$ **0.22**  
Per Share

2013 1st Interim: HK\$ 0.20



# Key Developments

Jan  
2014



Berkshire House

- Acquired DCH Commercial Centre.
- Joint venture with 50% stake.
- GFA 389,000 sq ft.
- Renamed as Berkshire House in July 2014.

Feb  
2014



Taikoo Li Sanlitun

- Completed the purchase of the remaining 20% interest of Taikoo Li Sanlitun in Beijing.
- Now 100% owned.

Jan  
2014



Dalian

- Framework Agreement to jointly develop a project in Dalian.
- Retail complex and apartments.
- 50% interest.

Mar  
2014



MOUNT PARKER RESIDENCES

- Presale of MOUNT PARKER RESIDENCES started.

Feb  
2014



Cornwall House

- Agreement with HKSAR Govt (FSI) to acquire its interest in Cornwall House.
- Redevelopment of 3 techno-centres into 2 Grade-A office buildings.

Jun  
2014



REACH

- Pre-sale of REACH, Brickell City Centre started.

Feb  
2014



8-10 Wong Chuk Hang Road

- Lease modification to permit an industrial site at 8-10 Wong Chuk Hang Road in Aberdeen to be used for commercial purposes.
- Office development with GFA 382,500 sq ft.
- 50% interest.

2014



Cityplaza

- Cityplaza undergoing a HK\$ 100 M enhancement by phases.

# Financial Summary

HK\$M	1H 2013	1H 2014	Change
Turnover	5,754	<b>8,338</b>	+44.9%
Valuation gains on investment properties	4,068	<b>2,357</b>	-42.1%
Operating profit	7,843	<b>7,103</b>	-9.4%
Underlying profit	2,812	<b>3,775</b>	+34.2%
Reported profit	6,952	<b>6,461</b>	-7.1%
Underlying earnings per share (HK\$ per share)	0.48	<b>0.65</b>	+35.4%
Reported earnings per share (HK\$ per share)	1.19	<b>1.10</b>	-7.6%
First interim dividend per share (HK\$ per share)	0.20	<b>0.22</b>	+10.0%

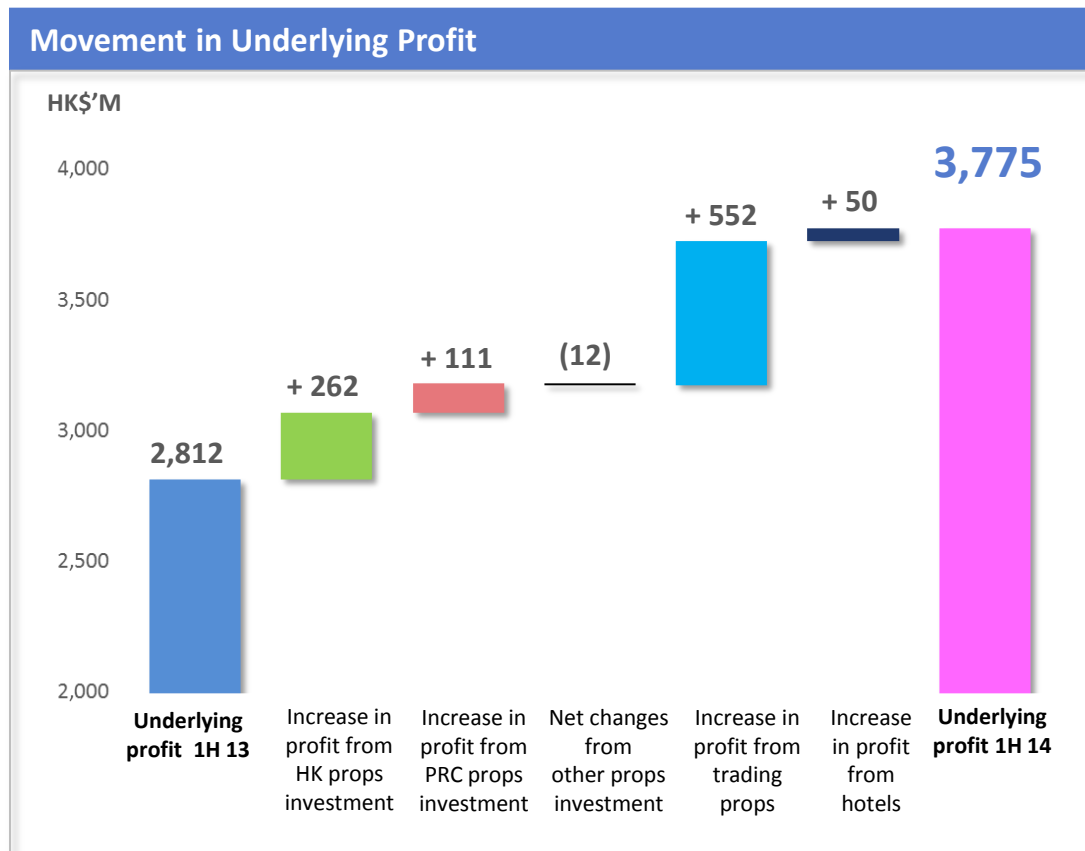
HK\$M	Dec 2013	Jun 2014	Change
NAV attributable to the Company's shareholders <sup>(2)</sup>	202,350	<b>205,997</b>	+1.8%
Net debt	32,014	<b>33,900</b>	+5.9%
Gearing ratio	15.8%	<b>16.4%</b>	+ 0.6%pts
NAV per share (HK\$ per share)	34.59	<b>35.21</b>	+1.8%

5 (1) First interim dividend for 2014 was declared on 14th Aug 2014 and will be paid on 6th Oct 2014.

(2) NAV refers to total equity attributable to the Company's shareholders.

# Earnings Reconciliation

Earnings Reconciliation		
HK\$M	1H 2013	1H 2014
<b>Attributable profit</b>	<b>6,952</b>	<b>6,461</b>
<i>Revaluation of investment props</i>	<i>(4,732)</i>	<i>(3,265)</i>
<i>Deferred tax on investment props</i>	<i>409</i>	<i>505</i>
<i>Prior revaluation gain realised on sale of props</i>	<i>23</i>	<i>19</i>
<i>Dep. of owner-occupied inv. props</i>	<i>7</i>	<i>7</i>
<i>Non-controlling interests' share of revaluation movements less deferred tax</i>	<i>11</i>	<i>3</i>
<i>Movements in the fair value of put options liabilities in favour of non-controlling interests</i>	<i>142</i>	<i>45</i>
<b>Underlying profit</b>	<b>2,812</b>	<b>3,775</b>



## Underlying Profit by Segments

	1H 2013	1H 2014	Change
Property investment	2,643	<b>3,004</b>	+ 13.7%
Property trading	193	<b>745</b>	+286.0%
Hotels	(24)	<b>26</b>	N/A
<b>Total</b>	<b>2,812</b>	<b>3,775</b>	<b>+34.2%</b>

## 1H 2014 Underlying Profit

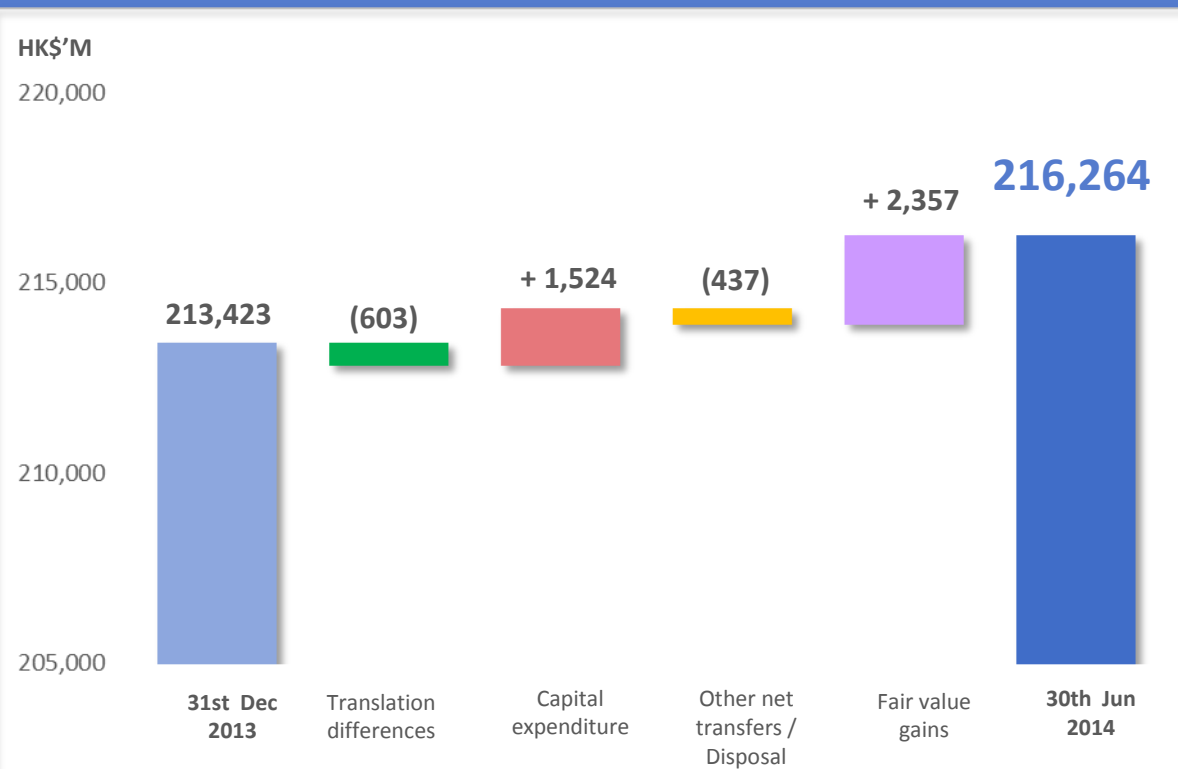
HK\$ **3,775** M

**+ 34.2%**

# Movement in Investment Properties

## Movement in Investment Properties

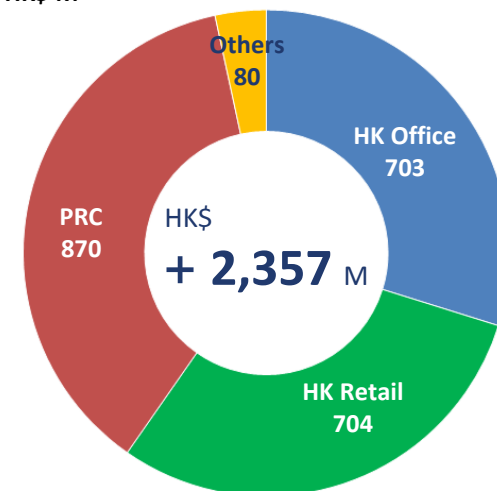
(excl. Hotels & Investment Properties held under JVC)



- The increase in the valuation of investment property portfolio is mainly due to the higher rental income at the offices at Island East in Hong Kong and at the retail malls in Hong Kong, Beijing and Guangzhou.

## Fair Value Gains Breakdown

HK\$'M



Notes: Others include HK residential, US and Singapore properties as well as adjustments related to owner occupied properties.

## Jun 2014 Investment Props Valuation

HK\$ **216,264** M

**+ 1.3%**



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# Investment Portfolio



# Gross Rental Income

## HK Office

+ 6.0%

- Higher occupancy rates and positive rental reversions at Pacific Place and Island East.
- Further improvement shown with modest additional demand in the central district and continued firm rental levels at Island East.

## HK Retail

+ 5.2%

- Positive rental reversions.
- Although the retailers becomes more cautious about the cost of rental premises, it is not expected to have a significant adverse effect on Swire's retail properties, which remain fully let.

## PRC Props

+ 14.7%

- Positive rental reversions and higher retail sales at TaiKoo Hui and Taikoo Li Sanlitun.

### PRC Props Rental Breakdown

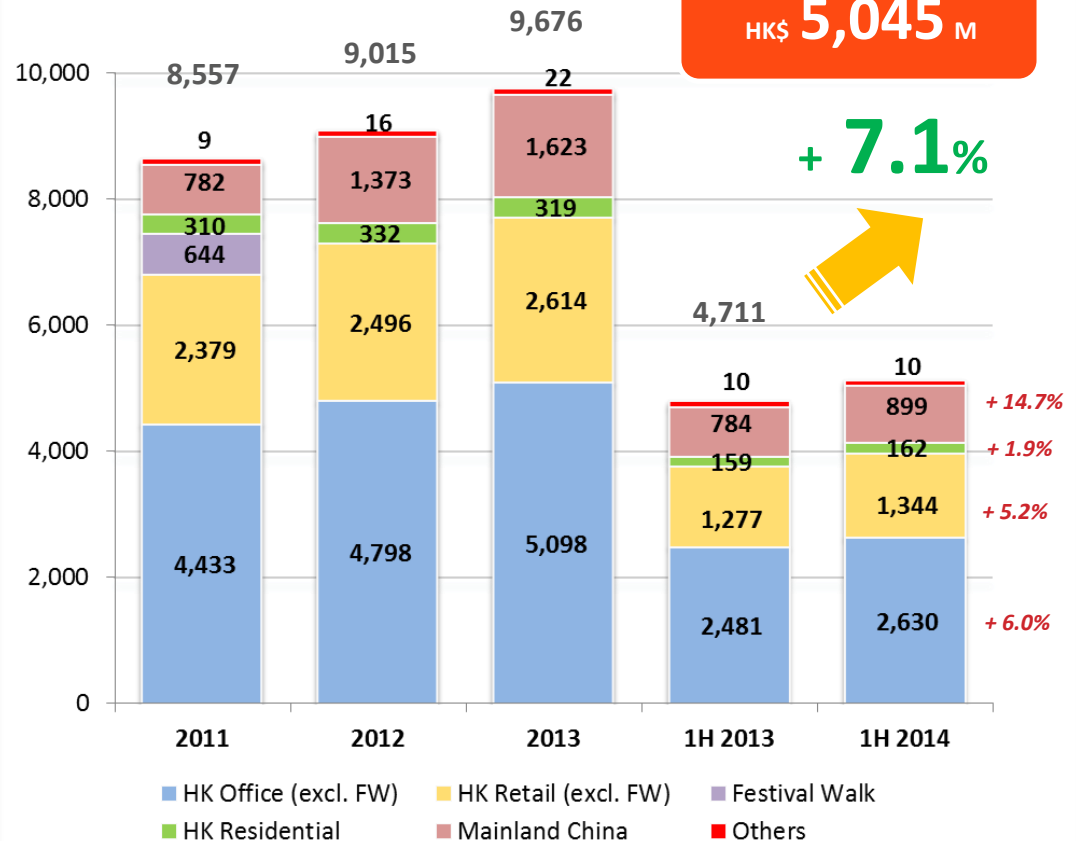
	1H 2013	1H 2014	Change
Retail	655	742	+13.3%
Office	129	152	+17.8%
Serviced Apt	-	5	N/A
<b>Total</b>	<b>784</b>	<b>899</b>	<b>+14.7%</b>

## Gross Rental Income

HK\$'M

1H 2014 Gross Rental Income

HK\$ 5,045 M



# HK Office Occupancy

Completed HK Office Properties	GFA (sq ft) (100% basis)	Occupancy (30th Jun 2014)	Area Let (sq ft) (New and Renewed Tenancies)	Reversion <sup>(5)</sup> (incl. Rent Reviews)	Attri. Interest
Pacific Place	2,186,433	93%	141,574	+5%	100%
Cityplaza	1,632,930	98%	235,656	+24%	100%
TKP Office Towers <sup>(1)</sup>	3,136,541	99%	508,121	+27%	50% / 100%
One Island East	1,537,011	100%	171,117	+14%	100%
Techno Centres <sup>(2)</sup>	893,516	97%	61,061	+13%	100%
Others <sup>(3)</sup>	1,077,161	96%	N/A	N/A	20% / 50% / 100%
<b>Total (100% basis)</b>	<b>10,463,592</b>				



Latest rentals	HK\$ per sq ft
One / Two Pacific Place	95 to 110
Three Pacific Place	90 – 95
Island East	low 40s to high 40s
Techno Centres	mid 20s
One Island East	mid 50s to high 60s



## Berkshire House

- previously known as DCH Commercial Centre
- GFA~ 389,000 sq ft
- Acquired in Jan 2014
- 50% interest

Attributable Valuation  
HK\$ **122.2** bn

Completed GFA  
**10.5** M sq ft

Occupancy  
(30th Jun 2014)  
~ **97%**

Attri' Gross Rental<sup>(4)</sup>  
HK\$ **2,764** M

(1) Including PCCW Tower (50% owned), managed by Swire Properties.

(2) Excluding Somerset House, which is being redeveloped into a Grade A office tower.

(3) Others comprise One Citygate (20% owned), 625 King's Road (50% owned), Berkshire House (50% owned), 28 Hennessy Road (100% owned) and Generali Tower (100% owned).

(4) Reported gross rental income (excluding rental contributions from JVC and associates) was HK\$2,630M.

(5) Reversion is the percentage increase in rent on lease renewals, entry into new leases and rent reviews.

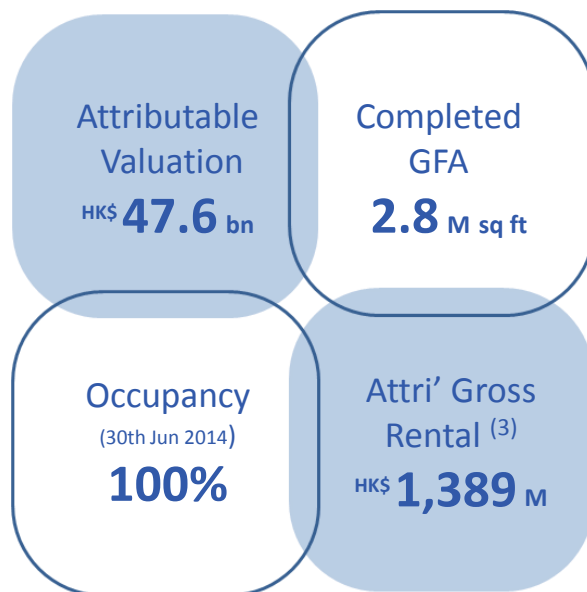
# HK Retail Occupancy

Completed HK Retail Properties	GFA (sq.ft.) (100% basis)	Occupancy (30th Jun 2014)	Retail Sales Growth (1H2014)	Attri. Interest
The Mall, Pacific Place	711,182	100%	+ 0.8%	100%
Cityplaza Mall	1,105,227	100%	- 5.6% <sup>(2)</sup>	100%
Citygate Outlets	462,428	100%	+ 5.3%	20%
Others <sup>(1)</sup>	530,467	100%	N/A	20% / 60% / 100%
<b>Total (100% Basis)</b>	<b>2,809,304</b>			



## Cityplaza Mall Renovation

- ❑ Undergoing a HK\$ 100 million facelift to enhance the mix of tenants and improve shopping experience.
- ❑ First phase was completed in Mar 2014 with the opening of the Beauty Zone. Second phase, comprising the Family and Lifestyle Zones, was completed in Jul 2014.
- ❑ Upon completion of the enhancement (expected by end Nov 2014), 35 new tenants will be brought into the mall, broadening choice for customers.

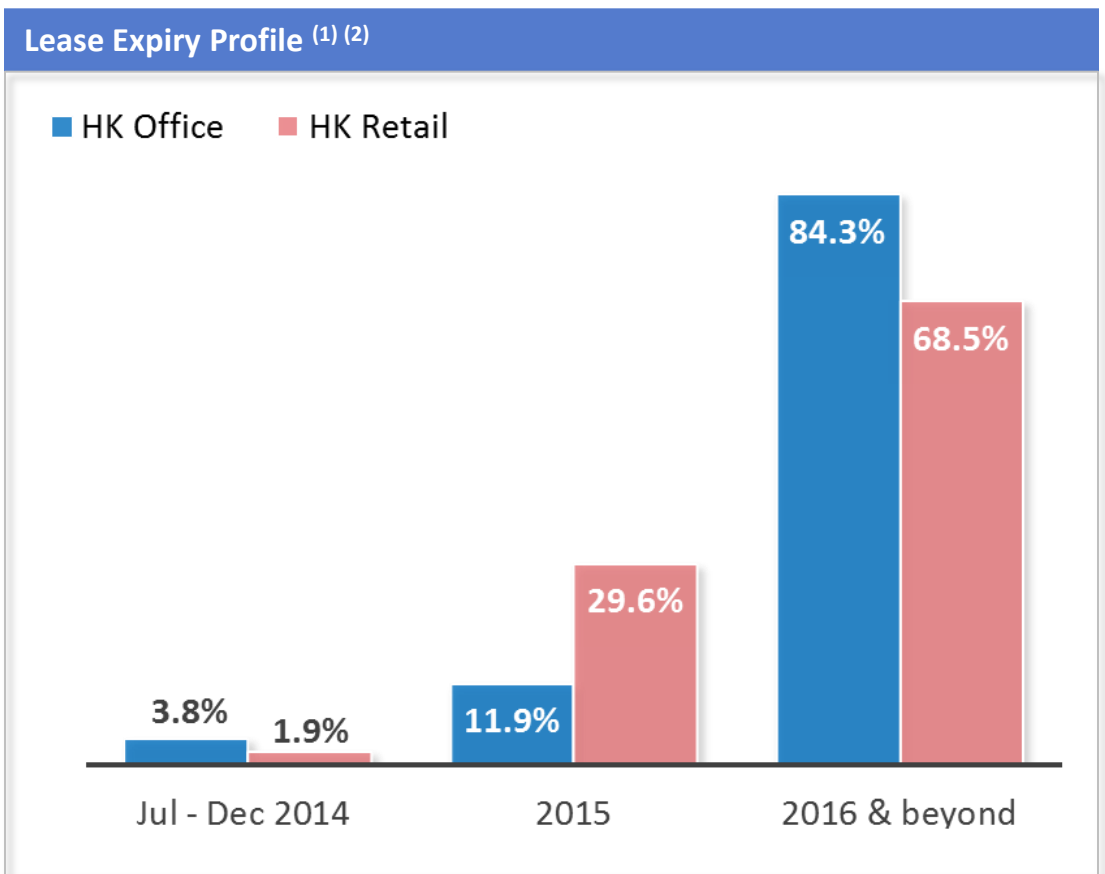
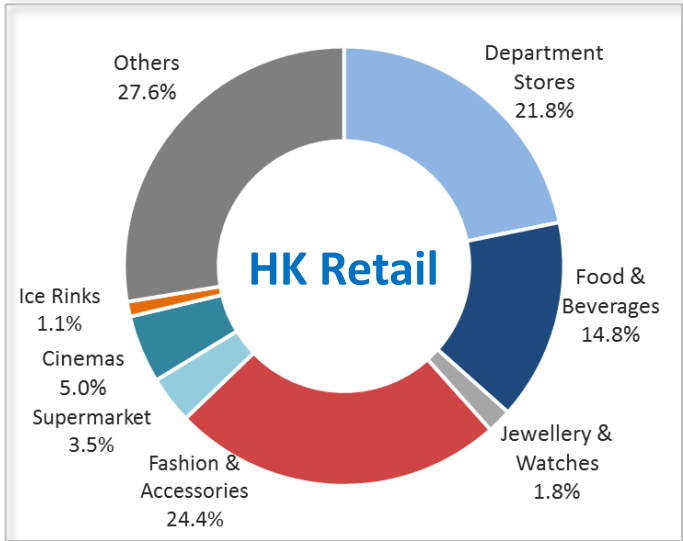
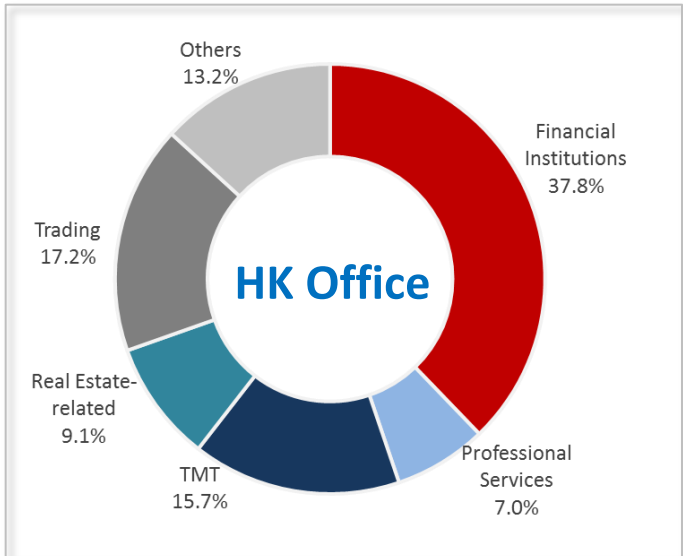


(1) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (100% owned), Island Place retail premises (60% owned) and Tung Chung neighbourhood shops (20% owned).

(2) Cityplaza Mall is undergoing renovation and no adjustment has been made to the retail sales figures to reflect sales lost as a result of shop closures during renovation.

(3) Reported gross rental income (excluding rental contributions from JVC and associates) was HK\$1,344M.

# HK Portfolio – Tenant Mix and Lease

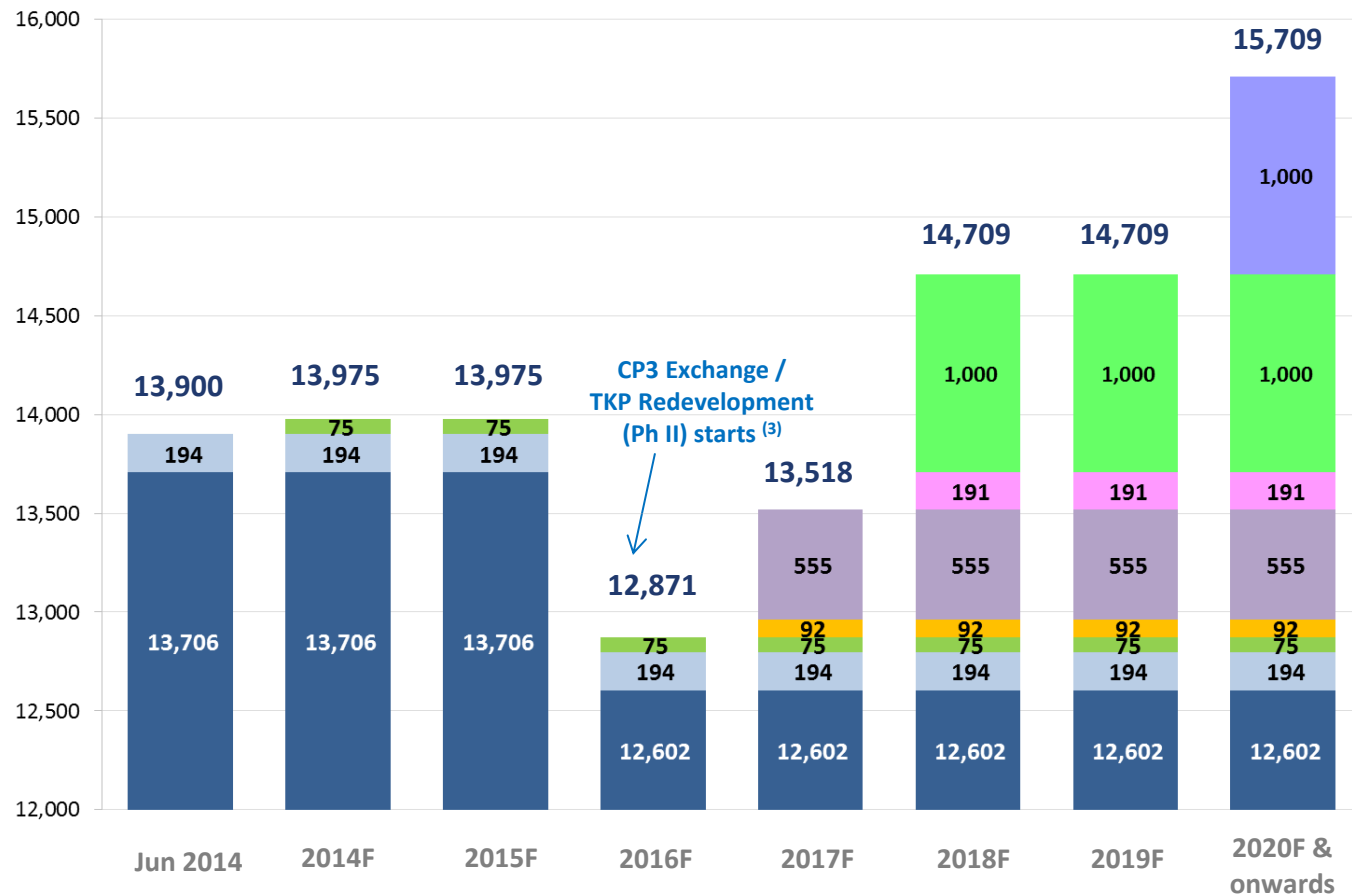


- ☐ Strong and diverse tenant base.
- ☐ Well-balanced lease expiry profile.

# Property Portfolio – Hong Kong

## Expected Attributable GFA of Completed Property Portfolio in Hong Kong <sup>(1)(2)</sup>

GFA ('000 sq ft)



Exp. Attributable Completed GFA <sup>(1)</sup>  
(Investment Props)

**15.7** M sq ft



(1) Includes GFA of the hotel.  
 (2) As at 30th Jun 2014.  
 (3) Redevelopment under planning, subject to further review.



# Hong Kong Investment Properties Update

2017

## Tung Chung Town Lot 11

- ❑ 20% owned, a site in Tung Chung (adjacent to Citygate) acquired by tender in Mar 2013.
- ❑ Plans for a multi-storey commercial building (~GFA 460,000 sq ft).
- ❑ Design in progress



2017

## New Kowloon Inland Lot 6312

- ❑ 100% owned, a site in Kowloon Bay acquired by tender in Nov 2013.
- ❑ Plans for an office building (~GFA 555,000 sq ft).
- ❑ Design in progress



2014

## Berkshire House (DCH Comm Ctr)

- ❑ 50% owned, acquired via a joint venture in Jan 2014.
- ❑ Located in Quarry Bay and next to Oxford House (~ GFA 389,000 sq ft).
- ❑ Consideration at HK\$ 3,900 M.



2014

## TAIKOO PLACE APARTMENTS

- ❑ 100% owned, being redeveloped into serviced apartments (GFA 75,063 sq ft).
- ❑ Superstructure works in progress.

2018

## 8-10 Wong Chuk Hang Road

- ❑ 50% owned, an industrial site in Aberdeen.
- ❑ Lease modification completed and plans for an office building (~ GFA 382,500 sq ft)
- ❑ Design in Progress

2018 +

## TaiKoo Place Redevelopment

- ❑ Unification of ownership in Cornwall House.
- ❑ Redevelopment of Somerset House into a 51-storey office building (~ GFA 1M sq ft), which is expected to be ready for handover by 2018.



The New Territories

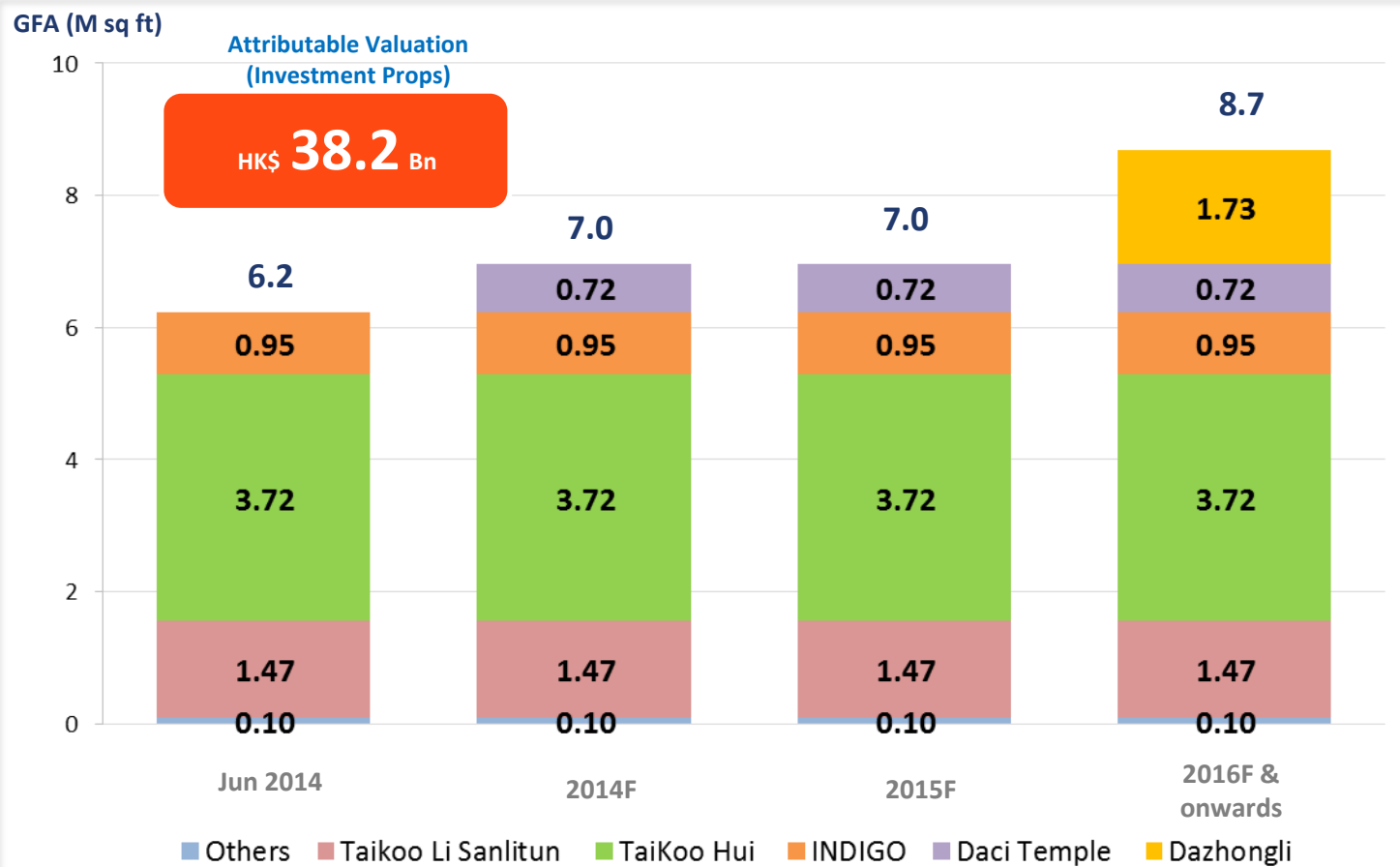
Kowloon

Lantau Island

Hong Kong Island

# Property Portfolio – Mainland China

## Expected Attributable GFA of Completed Property Portfolio in Mainland China <sup>(1)(2)</sup>



Exp. Attributable Completed GFA <sup>(1)</sup>  
(Investment Props)

**8.7** M sq ft

Dazhongli Project (Shanghai) <sup>(3)</sup>

Daci Temple Project (Chengdu) <sup>(4)(5)</sup>

INDIGO (Beijing)

TaiKoo Hui (Guangzhou)

Taikoo Li Sanlitun (Beijing) <sup>(6)</sup>

Others

- (1) Includes GFA of the hotel but excludes GFA of car parks and property trading components of these projects.  
 (2) As at 30th Jun 2014.  
 (3) The Dazhongli Project is expected to open in phases from 2016 onwards.  
 (4) The Daci Temple Project is expected to open in phases from 2014 onwards.  
 (5) The office portion of the Daci Temple Project, Pinnacle One, with a total GFA 1,299,882 sq ft is not included above as it is being developed for trading purposes. 89% of the office's total GFA and 350 car parking spaces were pre-sold in Aug 2013.  
 (6) In Feb 2014, the Company completed the acquisition of the remaining 20% interest of Taikoo Li Sanlitun.

# Property Portfolio – Mainland China

## Daci Temple Project



- ❑ Façade installation works in progress.
- ❑ Pre-sale of **Pinnacle One (GFA: 89%)**.
- ❑ Pre-letting: **> 80%**
- ❑ Expected to open in phases from **2014** onwards.

## Dalian Port Project

- ❑ **Framework Agreement** signed.
- ❑ Mixed-use: retail & apartments.

## Taikoo Li Sanlitun



- ❑ Overall occupancy : **97%**.
- ❑ Retail sales growth<sup>(1)</sup> : **+22.8%**.
- ❑ Acquired remaining 20% interest in Feb 2014.

## INDIGO



- ❑ Mall: **95%** leased.
- ❑ Retail sales growth<sup>(1)</sup> : **+ 94.4%**
- ❑ ONE INDIGO: **96%** leased.
- ❑ Metro Line 14 due to open in 2014.

## TaiKoo Hui



- ❑ Mall: **99%** leased.
- ❑ Office: **99%** leased.
- ❑ Retail sales growth<sup>(1)</sup> : **+ 13.0%**

## Dazhongli Project



- ❑ Foundations and basement works in progress.
- ❑ Above ground construction of the office towers and shopping mall in progress.
- ❑ Expected to open in phases from **2016** onwards.



1H 2014 Attri. Gross Rental<sup>(2)</sup>

HK\$ **974** M



# Daci Temple Project, Chengdu



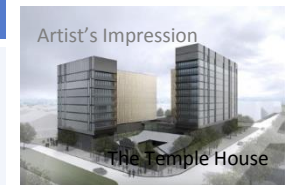
## Pinnacle One (Office)

- 89% of the office total GFA (~1.15M sq.ft) and 350 car parking spaces were pre-sold for approximately RMB 2.1bn in Aug 2013.



## The Temple House (Service Apartments & Hotel)

- Hotel Rooms : 100
- No. of Service Apartment: 42
- Expected to open in late 2014.



## Sino- Ocean Taikoo Li Chengdu (Retail)

- Over 80% of the lettable area is committed<sup>(1)</sup>.
- Expected to open in late 2014.



## Project Summary (100% Basis)

GFA	2.75 M sq ft
Components	Retail Office (for trading) The Temple House Serviced Apartments
Interest	50%
Yr of Opening	2014 onwards

# Brickell City Centre, Miami - Investment

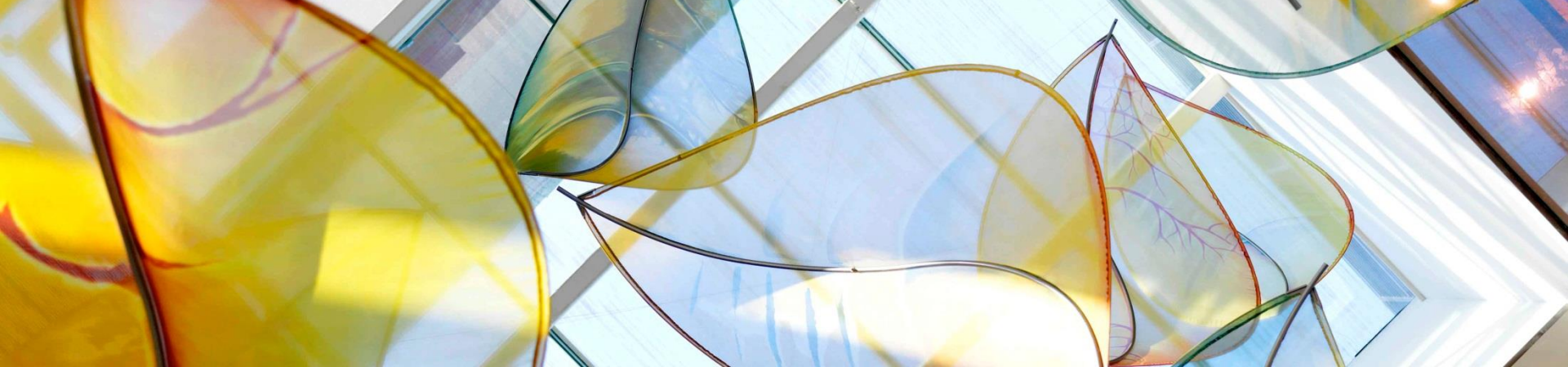


- ❑ Located in the centre of the Brickell financial district of Miami, and a light rail system station is within the site.
- ❑ Phase I of the BCC development (GFA = 2,751,000 sq ft) consists of a shopping centre, a hotel, serviced apartments, two office buildings and two (or possibly three) residential towers. Construction work commenced in 2012 with completion expected by the end of 2015.
- ❑ Phase II is planned to be a mixed-use 80-storey tower (GFA = 1,300,000 sq ft) comprising retail, office, hotel and condo space, which incorporates the site at 700 Brickell Avenue acquired in Jul 2013.
- ❑ Presale of apartments began in Jun 2014.
- ❑ Joint venture with Bal Harbour Shops to develop the retail component of BCC. Bal Harbour Shops holds an 12.5% interest in the joint venture.

## Project Summary (100% Basis)

GFA	2.75 M sq ft (Phase I) 1.30 M sq ft (Phase II)
Components	Retail 2 Office Buildings EAST Miami 2 / 3 Resid. Towers One BCC
Interest	Retail: 87.5% * Others: 100%
Yr of Opening	2015 / 2019





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# Trading Portfolio

# HK Trading Portfolio

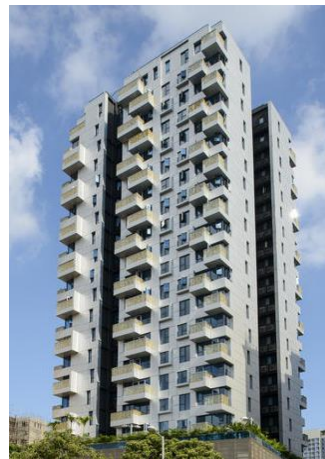
## MOUNT PARKER RESIDENCES

- ❑ A 24-storey tower of 92 residential units.
- ❑ 73 units <sup>(1)</sup> sold.
- ❑ 57 units recognised in 1H 2014.
- ❑ Avg Selling Price Achieved <sup>(2)</sup> = HK\$ 24,248 psf
- ❑ Interest : 80%



## DUNBAR PLACE

- ❑ A 23-storey tower of 53 residential units.
- ❑ 48 units <sup>(1)</sup> sold.
- ❑ 45 units recognised in 1H 2014.
- ❑ Avg Selling Price Achieved <sup>(2)</sup> = HK\$ 21,829 psf
- ❑ Interest : 50%



## ARGENTA, Mid-Levels West

- ❑ A 37-storey tower of 29 whole-floor residential units and one duplex residential unit.
- ❑ 23 units <sup>(1)</sup> sold.
- ❑ 9 units recognised in 1H 2014.
- ❑ Avg Selling Price Achieved <sup>(2)</sup> = HK\$ 33,194 psf
- ❑ Interest : 100%



# HK Trading Portfolio

## AZURA, Mid-Levels West



- ❑ A 50-storey tower of 126 residential units.
- ❑ 122 units <sup>(3)</sup> sold.
- ❑ 3 units recognised in 1H 2014.
- ❑ Avg Selling Price Achieved <sup>(4)</sup> = HK\$ 30,787 psf
- ❑ Interest : 87.5%

Total Units to Complete  
(on 100% Basis)

**352** Units

HK Residential – Exp Attri.  
Completed GFA (2014 – 2017)

**425,735** sq ft

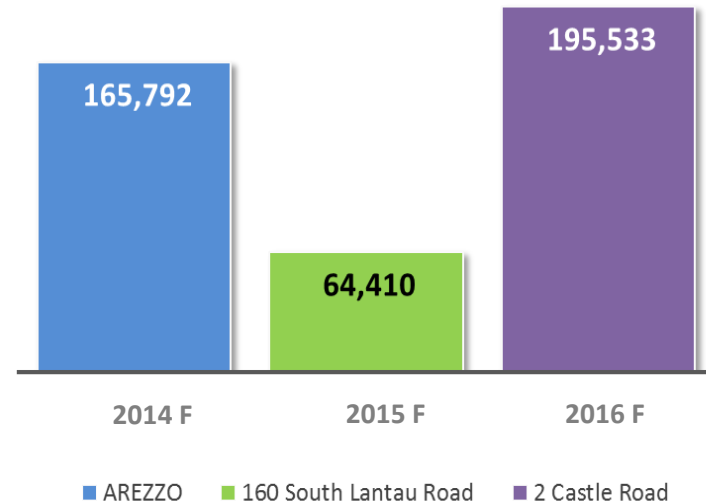
Coming Up.....

**AREZZO**

Coming Up.....

## Finished / Expected Attributable Residential GFA Completions in Hong Kong in 2014 – 2017

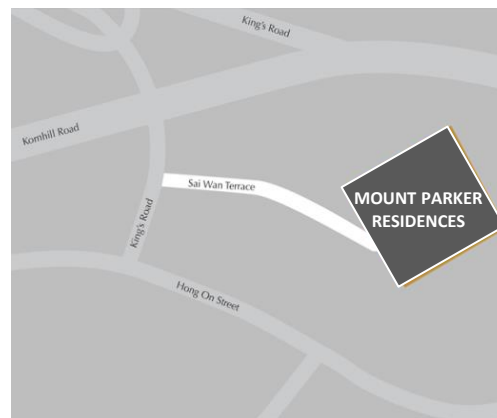
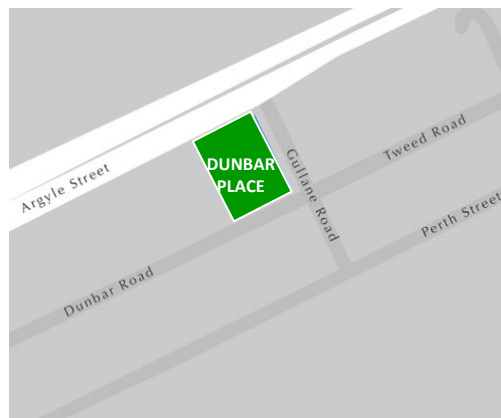
GFA (sq ft)



- (1) Handover of AREZZO and 160 South Lantau Road is expected in 2015.
- (2) Handover of 2 Castle Road is expected in 2017.
- (3) As at 12th Aug 2014.
- (4) Average selling price is based on saleable area (i.e.excluding carpark).

# HK Trading Portfolio

Trading Properties being Sold (As at 12th Aug 2014)	Saleable Area <sup>(1)</sup> (sq ft) (100% basis)	Total Units	Unit Sold	Actual Completion	Actual / Expected Handover	Units of Profit Recognised or Expected to be Recognised (Year)	Int.
AZURA, 2A Seymour Road	6,923	126	122	2012	2012	- 98 (2012) ; 21 ( 2013) and 3 (2014)	87.5%
ARGENTA, 63 Seymour Road	16,649	30	23	2013	2013	- 12 (2013) and 11 (2014)	100%
DUNBAR PLACE, 23 Dunbar Road	8,114	53	48	2013	2014	- 48 (2014)	50%
MOUNT PARKER RESIDENCES, 1 Sai Wan Terrace	31,186	92	73	2013	2014	- 73 (2014)	80%
Trading Properties under Development	Total GFA (sq ft) (100% basis)	Total Units	Unit Sold / Pre-sold	Actual / Expected Completion	Expected Handover	Development Status	Int.
AREZZO, 33 Seymour Road	165,792	127	N/A	2014	2015	- Superstructure works in progress.	100%
2 Castle Road	195,533	197	N/A	2016	2017	- Superstructure works in progress.	100%
160 South Lantau Road, Cheung Sha	64,410	28	N/A	2015	2015	- Superstructure works in progress.	100%



- 22
- (1) Represents the saleable area of remaining unsold units.
  - (2) The above simplified maps are not to scale and are for illustrative purpose only.



# Brickell City Centre, Miami - Trading



## Condominiums - REACH

- Condominium with 390 residential units.
- Pre-sale began in Jun 2014.
- To be completed and handover in 2015 / 2016.
- 204 units <sup>(1)</sup> pre-sold.
- Avg Selling Price Achieved <sup>(2)</sup> = US\$ 622 psf

## REACH- Artist Impression



- 23
- (1) As at 12th Aug 2014, 16 units are still subject to the statutory rescission period.
  - (2) Average selling price is based on saleable area.
  - (3) This simplified diagram is not to scale and is for illustration purpose only.





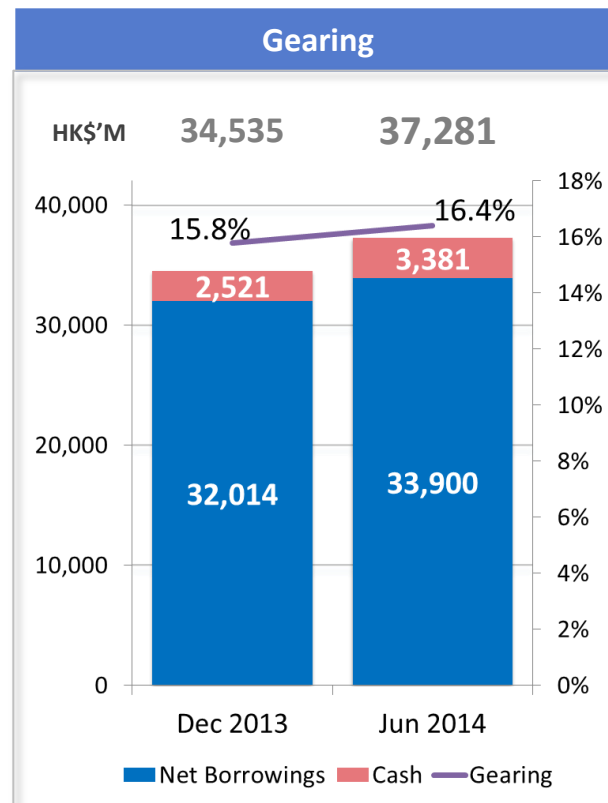
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# Financing

# Net Debt and Gearing

Net Debt Reconciliation (HK\$M)	
<b>Net debt as at 31st Dec 2013</b>	<b>(32,014)</b>
Net rental and fees receipts	4,326
Proceeds from property trading / development	2,191
Capex- PP&E and property investment	(1,700)
Development costs – property trading	(1,137)
Net investments in jointly controlled entities	(1,345)
Net interest paid	(740)
Profit tax paid	(106)
Purchase of 20% interest in Taikoo Li Salitun	(1,256)
Dividends paid to the Company's shareholders	(2,340)
Other operating items	221
<b>Net debt as at 30th Jun 2014</b>	<b>(33,900)</b>

Financial Ratios	2010 (Restated)	2011 (Restated)	2012 (Restated)	2013	30th Jun 2014
Total Equity (HK\$ M)	158,326	176,418	193,076	203,150	<b>206,790</b>
Net Debt (HK\$ M)	36,836	27,700	28,921	32,014	<b>33,900</b>
Gearing	23.3%	15.7%	15.0%	15.8%	<b>16.4%</b>
Underlying Interest Cover	5.4	12.0	7.9	6.4	<b>7.8</b>
Underlying Cash Interest Cover	4.3	9.2	6.0	5.1	<b>5.9</b>



Net Debt

**HK\$ 33,900 M**

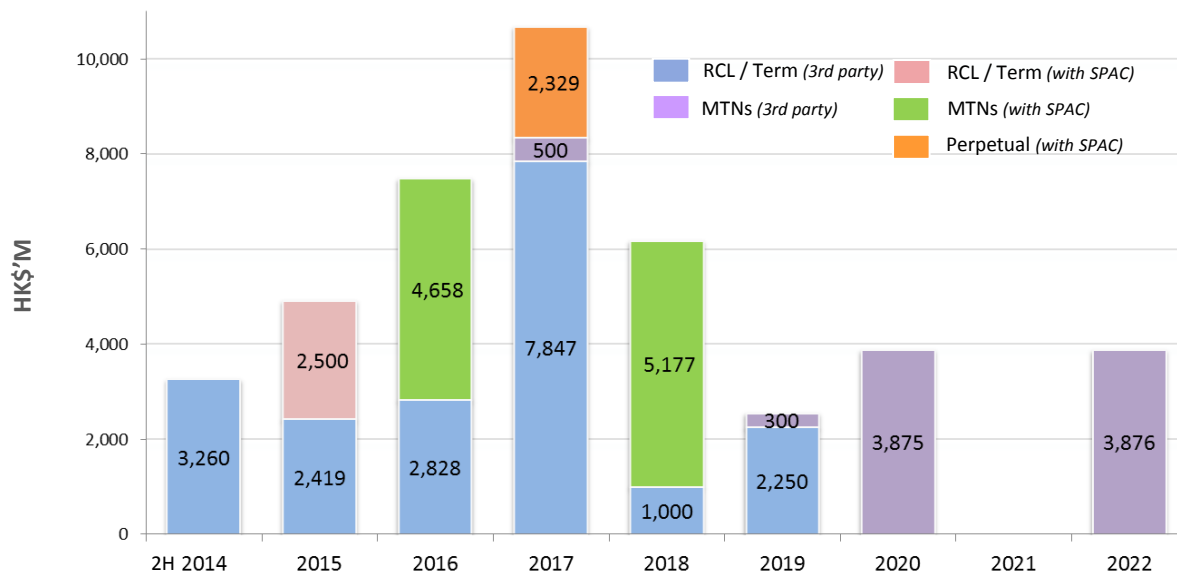
Gearing

**16.4 %**

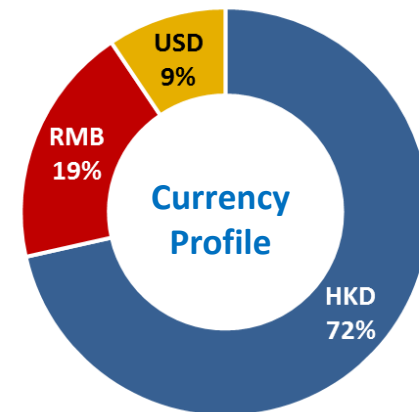
# Maturity Profile & Liquidity

## Maturity Profile of Available Committed Facilities (as at 30th Jun 2014)

<b>Total</b>	<b>42,819</b>	3,260	4,919	7,486	10,676	6,177	2,550	3,875	-	3,876
<b>Drawn</b>	<b>36,647</b>	3,260	4,618	6,736	8,305	5,677	300	3,875		3,876



HK\$M	Dec 2013	Jun 2014
Cash	2,521	<b>3,381</b>
Undrawn - committed	7,333	<b>6,172</b>
	9,854	<b>9,553</b>
Undrawn - uncommitted	1,304	<b>1,436</b>
	11,158	<b>10,989</b>



- Major financing activities in 1H 2014:
  - Arranged a 3-yr RMB2,440M term loan for refinancing.
  - Arranged HK\$2,250M 5-yr term and revolving loan facilities.

- Subsequent to 30th Jun 2014:
  - Issued MTN of HK\$300M in Jul 2014.

Fixed : Floating  
**55% : 45%**

Available Committed Facilities

**HK\$ 42,819 M**

Credit Rating  
Fitch "A"  
Moody's "A2"  
S&P "A-"

Cash & Undrawn  
Committed Facilities

**HK\$ 9,553 M**

# Capital Commitments

## Profile of Capital Commitments – at 30th Jun 2014

HK\$'M	Expenditure	Forecast Year of Expenditure				Commitments*
		<u>6 mths ended 30th Jun 2014</u>	<u>6 mths ended 31st Dec 2014</u>	<u>2015</u>	<u>2016</u>	
Hong Kong	<b>3,151</b>	811	1,740	3,215	12,089	<b>17,855</b>
Mainland China	<b>1,016</b>	1,346	2,018	1,461	390	<b>5,215</b>
U.S.A. and others	<b>1,014</b>	318	1,633	8	-	<b>1,959</b>
<b>Total</b>	<b>5,181</b>	2,475	5,391	4,684	12,479	<b>25,029</b>

\* The capital commitments represent the Group's capital commitments of HK\$19,005M plus the Group's share of the capital commitments of joint venture companies of HK\$6,024M. The Group is committed to funding HK\$1,728M of the capital commitments of joint venture companies.





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# Prospects



# Prospects

## Hong Kong Office

- ❑ Demand for our office space is expected to show further improvement with modest additional demand for office space in the central district and continued firm rental levels on renewals at Island East .

## Hong Kong Retail

- ❑ The fall in retail sales in Hong Kong has resulted in retailers becoming more cautious.
- ❑ However, this is not expected to have a significant adverse effect on our retail properties, which remain fully let.

## Mainland China

- ❑ Retail sales growth in our shopping malls in Beijing and Guangzhou is expected to continue strong in 2H 2014.
- ❑ Demand for decentralised office space in Beijing remains good reflecting rental increases in Beijing's CBD.
- ❑ Notwithstanding an expectation of substantial new supply of office space in Guangzhou, our properties are likely to remain fully let.

## Property Trading

- ❑ Demand for luxury residential properties in Hong Kong has picked up over the last three months, a trend that is likely to continue into 2H 2014.
- ❑ In 2H 2014, property trading profits are expected to be recognised on sales of units at MOUNT PARKER RESIDENCES, AZURA, ARGENTA, DUNBAR PLACE as well as the office portion of Daci Temple in Chengdu.

## Hotels

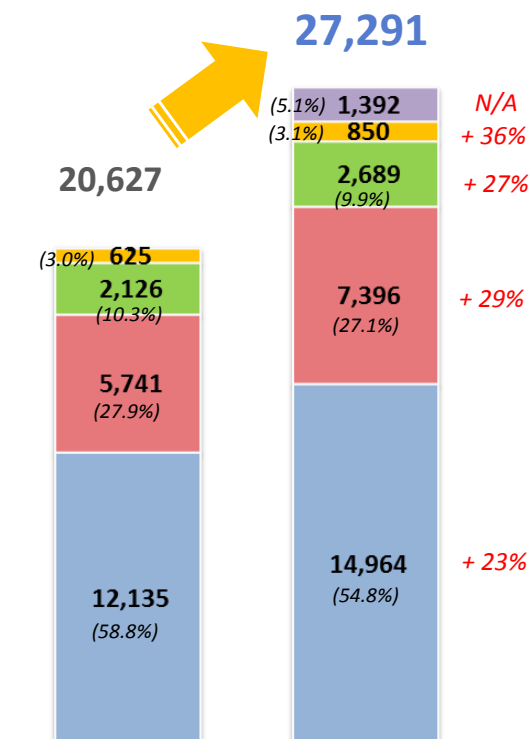
- ❑ Hotels performance in Hong Kong is expected to be stable in 2H 2014.
- ❑ Trading conditions for the division's hotel in Mainland China are expected to continue to improve.

# Swire Properties in Five Years

## Expected Attributable GFA by Segment

GFA ('000 sq ft)

**+ 32%**

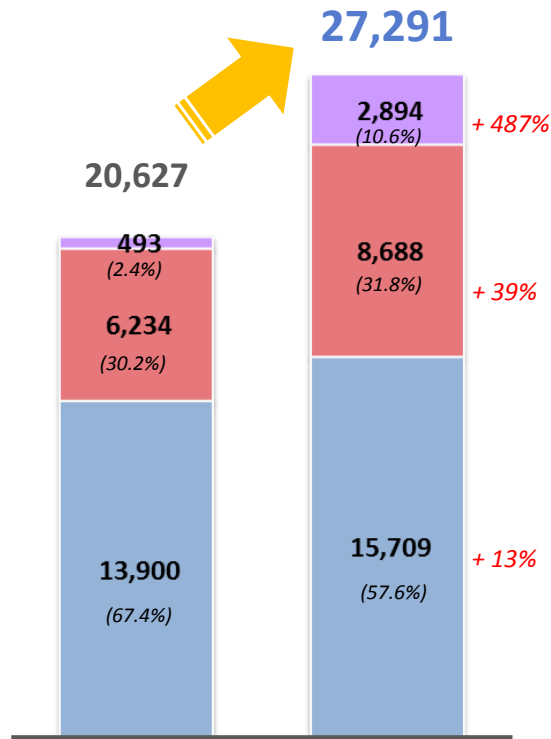


■ Office  
■ Retail  
■ Hotels  
■ Resid. & SA  
■ Under Planning

## Expected Attributable GFA by Region

GFA ('000 sq ft)

**+ 32%**



■ HK  
■ Mainland China  
■ USA & Others

## Expected Attri. Trading GFA Sales to Complete

	Exp. Units
HK Residential 425,735 sq ft	352
PRC Office 649,941 sq ft	N/A
US Residential 1,127,000 sq ft <i>(Planned BCC Phase 1)</i> 450,000 sq ft <i>(Potential BCC Phase 1)</i>	821

Total Exp. Attri. GFA (Trading) to Complete

**2.65** M sq ft

Total Exp. Attri. GFA (Investment Props) to Complete (by 2020)

**6.67** M sq ft



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# Appendix

# Property Portfolio

Investment Props / Hotels Attributable GFA (M sq ft) <sup>(1)</sup>	Office	Retail	Hotels <sup>(3)</sup>	Resid.	Under- Planning	Total
<b>Completed</b>						
Hong Kong	10.2	2.5	0.7	0.5	-	13.9
Mainland China	2.0	3.2	0.9	0.1	-	6.2
U.S.A. and Others	-	-	0.5	-	-	0.5
<b>Sub-Total (A)</b>	<b>12.2</b>	<b>5.7</b>	<b>2.1</b>	<b>0.6</b>	-	<b>20.6</b>
<b>Under Development or Held for Future Development</b>						
Hong Kong	1.7	-	-	0.1	0.1	1.9
Mainland China <sup>(2)</sup>	0.9	1.2	0.4	-	-	2.5
U.S.A. and Others	0.3	0.5	0.2	0.1	1.3 <sup>(4)</sup>	2.4
<b>Sub-Total (B)</b>	<b>2.9</b>	<b>1.7</b>	<b>0.6</b>	<b>0.2</b>	<b>1.4</b>	<b>6.8</b>
<b>TOTAL = (A) + (B)</b>	<b>15.1</b>	<b>7.4</b>	<b>2.7</b>	<b>0.8</b>	<b>1.4</b>	<b>27.4</b>

Trading Props Attributable GFA (M sq ft)	Completed Prop Held for Sale	Under Development / Held for Future Development	Total
Hong Kong	0.1	0.4	0.5
Mainland China	-	0.7	0.7
U.S.A.	-	2.8	2.8
<b>Total</b>	<b>0.1</b>	<b>3.9</b>	<b>4.0</b>

(1) Excludes GFA of car parks.

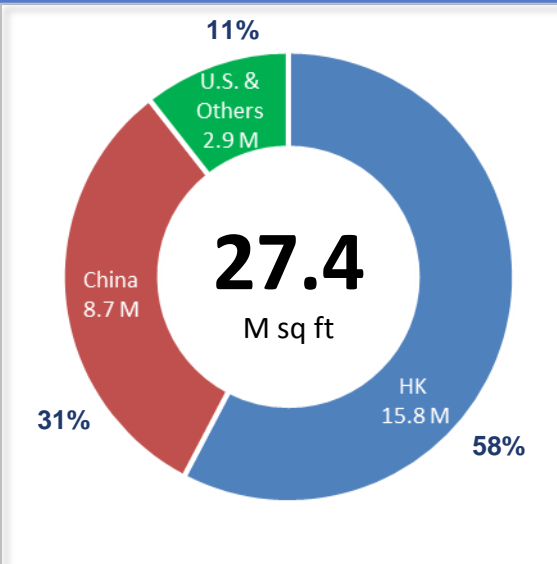
(2) Excludes GFA of the office portion of Daci Temple project which is intended to be developed for trading purposes. Attributable GFA of such office portion is approx. 0.65M sq ft and, if it was included, the overall Mainland China property portfolio would be 9.1m sq ft

32

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

(4) GFA of 558,000 sq ft relating to the site acquired in Jul 2013 are accounted for as properties held for development in the accounts.

## Attributable Investment Props by Region (GFA)



Attri. Investment  
Portfolio  
27.4 M sq ft

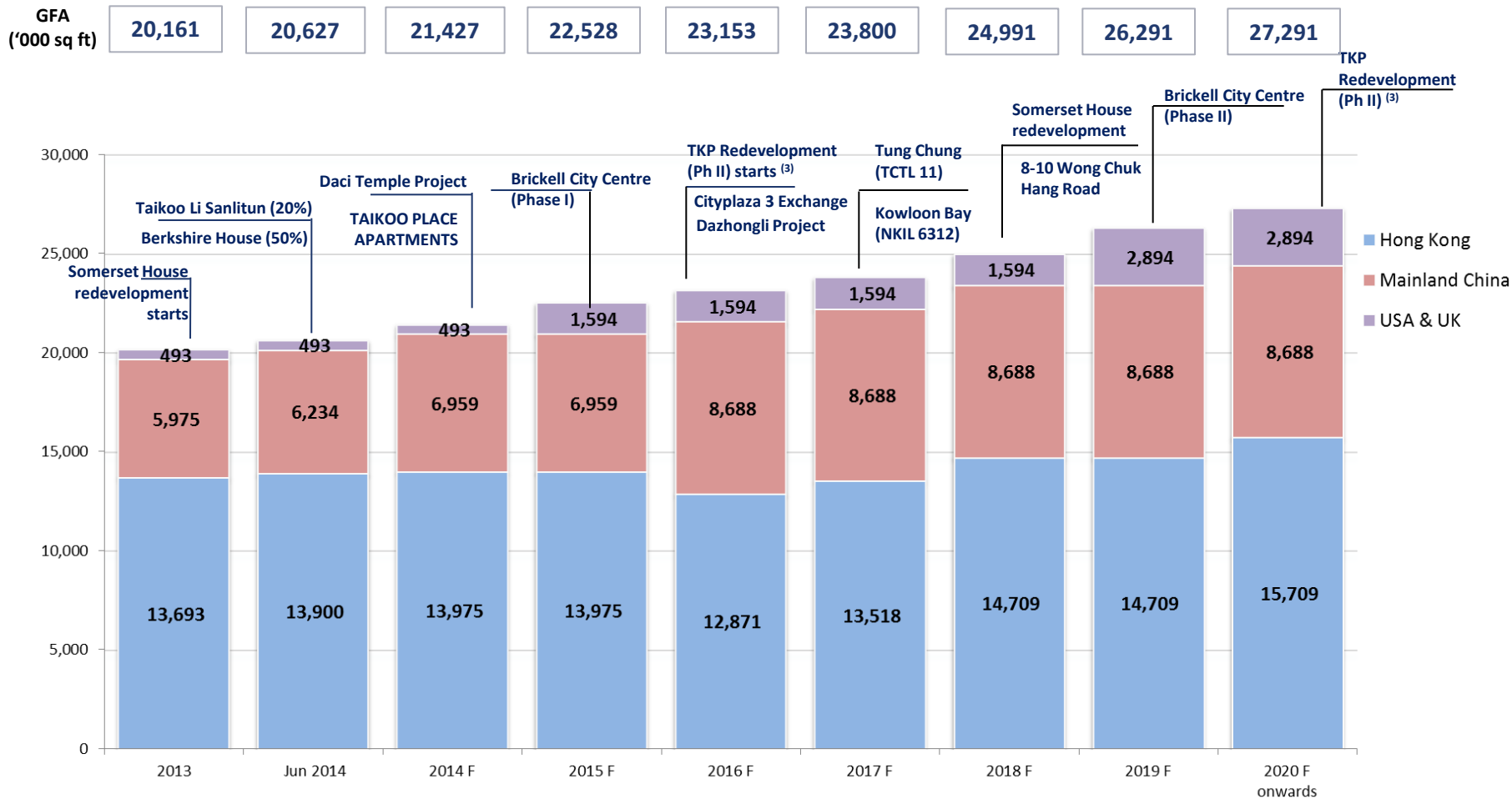
Attri. Trading  
Portfolio  
4.0 M sq ft

**Total Attri. Property Portfolio**  
**31.4 M sq ft**



# Completed Investment Portfolio

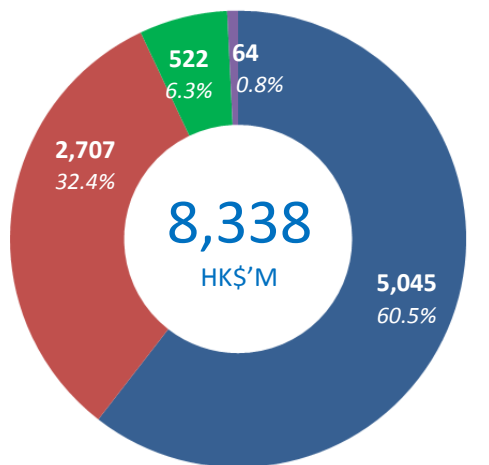
## Expected Attributable GFA of Completed Investment Portfolio (incl. Hotels) <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>



# Turnover Analysis

## 1H 2014 Turnover Breakdown by Segment

HK\$'M

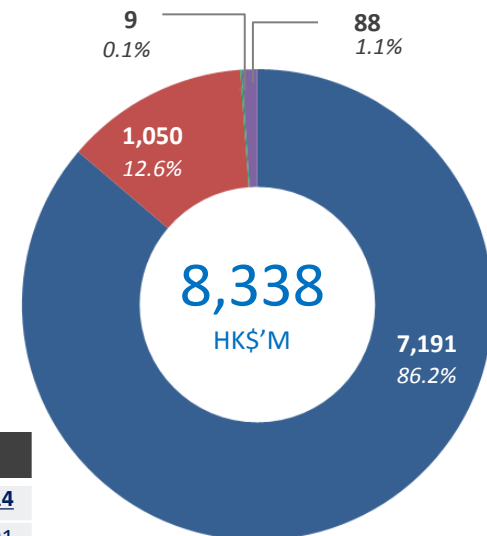


■ Gross Rental Income ■ Property Trading  
■ Hotels ■ Other Revenue

Comparison	1H13	1H14
Rental	4,711	5,045
Trading	571	2,707
Hotels	431	522
Others	41	64
<b>Total</b>	<b>5,754</b>	<b>8,338</b>

## 1H 2014 Turnover Breakdown by Region

HK\$'M



■ HK ■ China  
■ U.S.A. ■ U.K. & Others

Comparison	1H13	1H14
HK	4,753	7,191
China	881	1,050
U.S.A.	44	9
U.K. & Others	76	88
<b>Total</b>	<b>5,754</b>	<b>8,338</b>

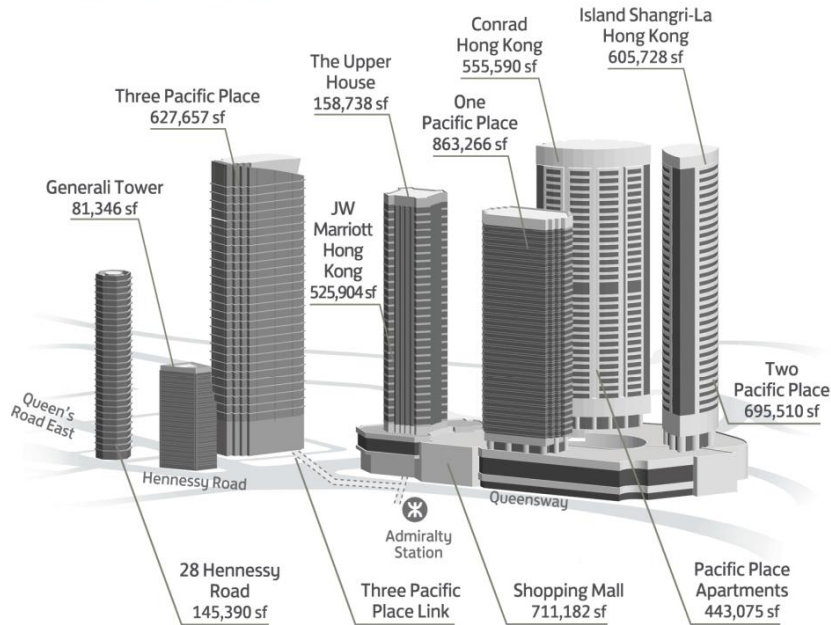
- The turnover increased by 45% principally due to significantly higher sales revenue from property trading ( i.e. the sales of 57 units at MOUNT PARKER RESIDENCES and 9 units at ARGENTA) and positive rental reversion of the investment property portfolio.
- Strong and stable revenue stream derived from investment properties, principally from Hong Kong operations.
- In Mainland China, gross rental income from TaiKoo Hui and Taikoo LI Sanlitun benefited from positive rental reversions and higher retail sales.

Turnover

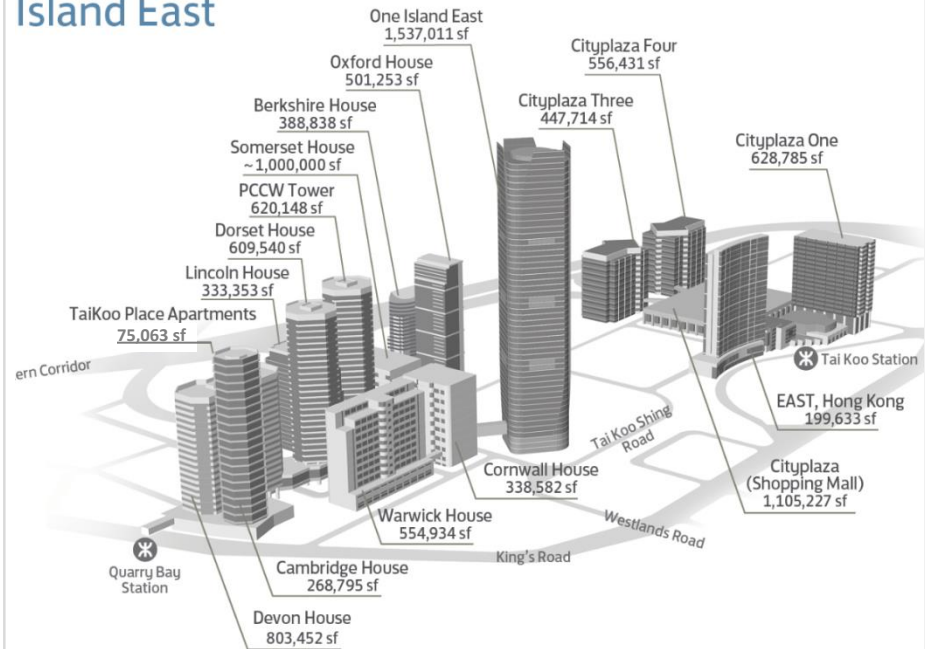
+ 45%

# HK Portfolio Map

## Pacific Place



## Island East



\* Acquired and transaction completed in January 2014

# Taikoo Li Sanlitun, Beijing



- ❑ The increase in gross rental income reflected continued improvement in reversionary rents.
- ❑ Overall occupancy <sup>(1)</sup> at Taikoo Li Sanlitun was 97% as at 30th Jun 2014.
- ❑ Retail sales at Taikoo Li Sanlitun grew by 23% in 1H 2014 following recent changes to the tenant mix and completion of structural works designed to improve traffic flows around the mall.
- ❑ In Feb 2014, Swire properties completed the purchase of a 20% interest in Taikoo Li Sanlitun from a fund managed by Gaw Capital Partners. Following this transaction, Taikoo Li Sanlitun became 100% owned by the Group.

## Project Summary (100% Basis)

GFA	1.47 M sq ft
Components	TKL Sanlitun South TKL Sanlitun North The Opposite House
Interest	Retail : 100% TOH : 100%
Yr of Opening	2008 (TKL South) 2008 (TOH) 2010 (TKL North)



# TaiKoo Hui, Guangzhou



- ❑ TaiKoo Hui is our largest investment property in Mainland China.
- ❑ Occupancy rate of the shopping mall was 99% as at 30th Jun 2014. The first major renewal of leases at the TaiKoo Hui mall takes place later this year and discussions with new and existing tenants are progressing well.
- ❑ Retail sales increased by 13% in 1H 2014.
- ❑ Occupancy rate <sup>(1)</sup> of the office towers rose to 99% as at 30th Jun 2014. This was in spite of substantial new supply of space in Guangzhou over the last 18 months.
- ❑ Mandarin Oriental Guangzhou opened in Jan 2013 with 263 guest rooms and 24 service apartments.

## Project Summary (100% Basis)

GFA	3.84 M sq ft
Components	Shopping Mall 2 Office Towers Mandarin Oriental GZ
Interest	97%
Yr of Opening	2011 / 2012

# INDIGO, Beijing



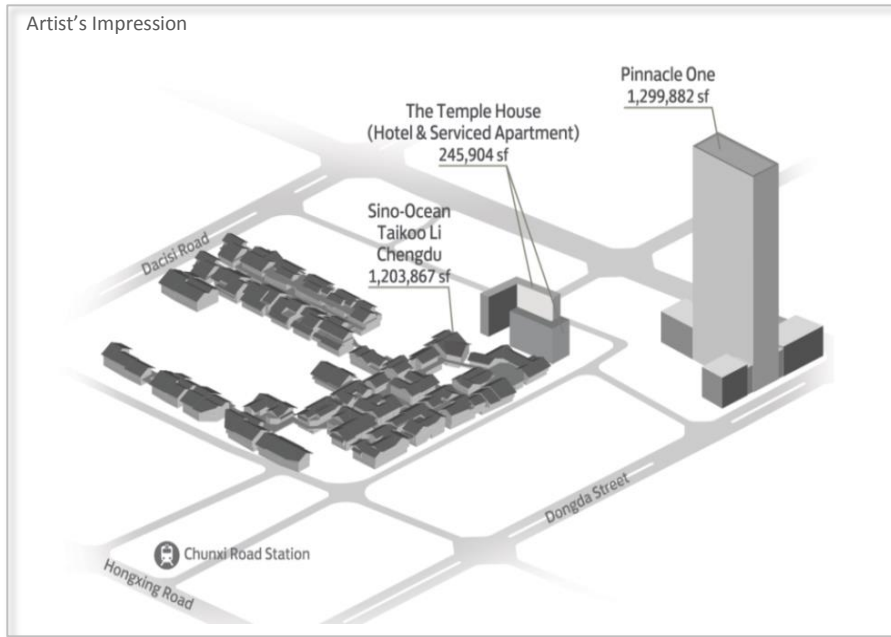
- ❑ Occupancy rate <sup>(1)</sup> of the shopping mall was 95% as at 30th Jun 2014 and retail sales increased by 94% in 1H 2014.
- ❑ The office tower, ONE INDIGO, was 96% leased as at 30th Jun 2014 . There has been strong demand for decentralised office space in Beijing driven by significant rental increases in the CBD.
- ❑ East Beijing, which is a 369-room business lifestyle hotel, is establishing itself in the corporate market.
- ❑ The mall will benefit from direct access to the Beijing Metro Line 14 , which is expected to open in late 2014.

## Project Summary (100% Basis)

GFA	1.89 M sq ft
Components	Shopping Mall ONE INDIGO EAST, Beijing
Interest	50%
Yr of Opening	2011 / 2012



# Daci Temple Project, Chengdu



- ❑ A large-scale retail-led 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 metro.
- ❑ Integrates architecturally with the Daci Temple and other neighbouring old buildings.
- ❑ Façade engineering, interior decoration, mechanical and electrical installation works in progress.
- ❑ The development is expected to open in late 2014.

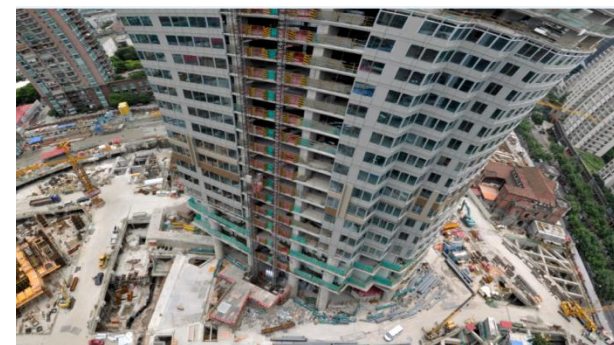
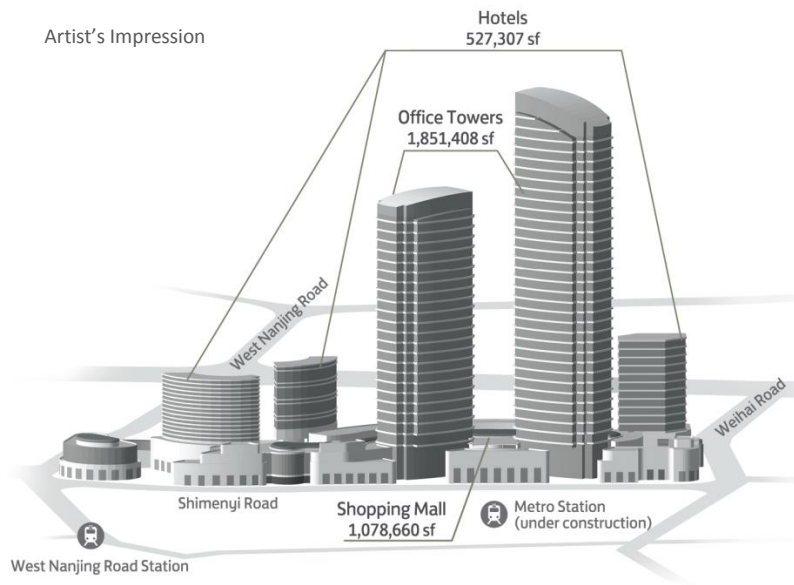


## Project Summary (100% Basis)

GFA	2.75 M sq ft
Components	Retail Office (for trading) The Temple House Serviced Apartments
Interest	50%
Yr of Opening	2014 onwards

# Dazhongli Project, Shanghai

Artist's Impression



- ❑ A large-scale retail-led mixed-use development comprising a retail mall, two office towers and three hotels, and is expected to become a landmark development in Shanghai.
- ❑ Prime location with significant frontage to Nanjing West Road, one of Shanghai's major shopping thoroughfares, being adjacent to an existing metro line and two planned metro stations.
- ❑ Foundations and basements work and above ground construction of the office towers and shopping mall are in progress.
- ❑ The project is expected to open in phases from 2016 onwards.

Project Summary (100% Basis)	
GFA	3.46 M sq ft
Components	Retail Mall 2 Office Towers 3 Hotels
Interest	50%
Yr of Opening	2016 onwards



# Hotel Portfolio

Managed Hotels		No. of Rooms	Interest
<b>Completed</b>		<i>(100% basis)</i>	
HK	The Upper House	117	100%
HK	EAST, Hong Kong	345	100%
HK	Headland Hotel	501	0%
China	The Opposite House, Beijing	99	100%
China	EAST, Beijing	369	50%
U.K.	The Montpellier Chapter, Cheltenham	61	100%
U.K.	Avon Gorge Hotel, Bristol	75	100%
U.K.	The Magdalen Chapter, Exeter	59	100%
U.K.	Hotel Seattle, Brighton	71	100%
<b>Sub-Total (A)</b>		<b>1,697</b>	
<b>Under Development</b>			
China	The Temple House, Chengdu	142	50%
China	Dazhongli Project (hotel), Shanghai	119	50%
U.S.A.	EAST, Miami, Florida	352	100%
<b>Sub-Total (B)</b>		<b>613</b>	
<b>Total = (A) + (B)</b>		<b>2,310</b>	

Owned but Non-managed Hotels		No. of Rooms	Interest
<b>Completed</b>		<i>(100% basis)</i>	
HK	Island Shangri-La HK	565	20%
HK	JW Marriott Hotel HK	602	20%
HK	Conrad HK	513	20%
HK	Novotel Citygate HK	440	20%
China	Mandarin Oriental, Guangzhou	287	97%
U.S.A.	Mandarin Oriental, Miami	326	75%
<b>Sub-Total (C)</b>		<b>2,733</b>	
<b>Under Development</b>			
China	Dazhongli Project (hotels), Shanghai	396	50%
<b>Sub-Total (D)</b>		<b>396</b>	
<b>Total = (C) + (D)</b>		<b>3,129</b>	



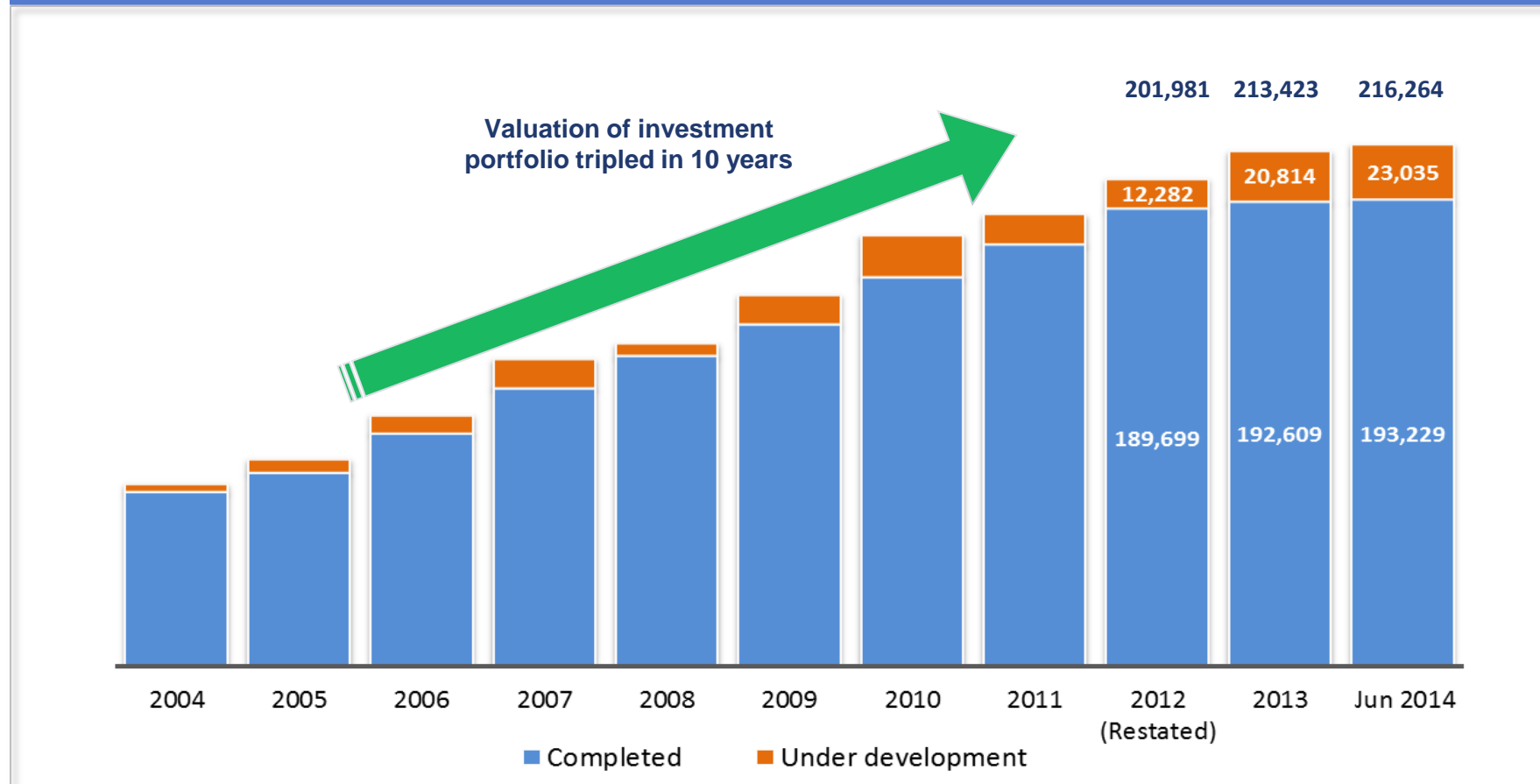
Expected Total Managed Rooms

**2,310**

# Valuation of Completed Investment Properties

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

2004 – Jun 2014 Valuation of Completed Investment Properties (excl. Hotels) \*



\* Per 2014 accounts on accounting basis. Hotels are accounted for under property, plant and equipment in the accounts. 2011 does not include Festival Walk which was sold in August for HK\$ 18.8 bn.