



2016 Interim Results | Analyst Briefing

18th August 2016

Key Developments

Mar
2016



Apr
2016



Jun
2016



Jul
2016



2 (1) At 30th Jun 2016.
(2) At 16th Aug 2016.



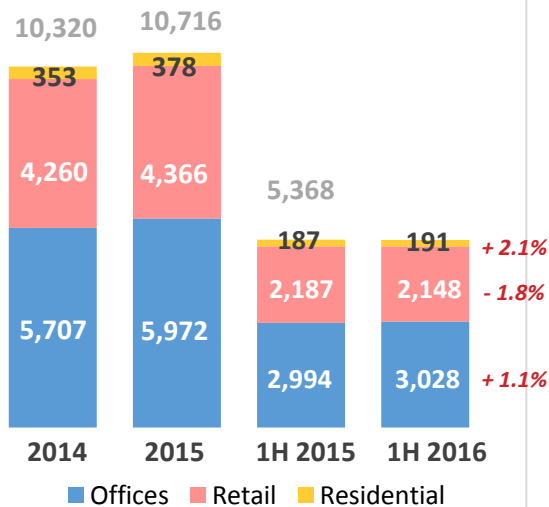
Financial Summary

Result Highlights

Gross Rental Income

HK\$ **5,367** M

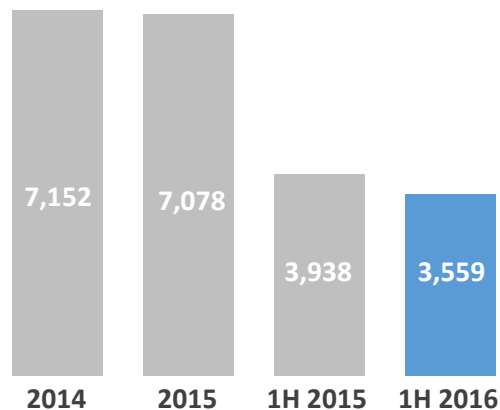
Flat



Underlying Profit

HK\$ **3,559** M

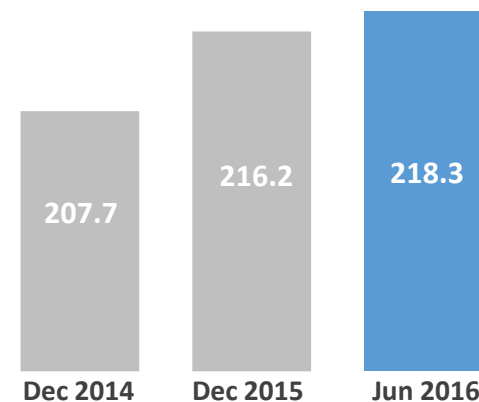
▼ **9.6%**



Equity Attri. to Shareholders

HK\$ **218.3** Bn

▲ **1.0%**



Gross rental income was **little changed** at **HK\$5,367M**.

Reported profit ▼ **37.2%** to **HK\$5,334M**, mainly on lower valuation gains.

Underlying profit ▼ **9.6%** to **HK\$3,559M**, principally reflecting lower trading profits from the sale of luxury residential properties in Hong Kong.

Equity Attri. to Shareholders

HK\$ **37.32**

Per Share

Dec 2015: HK\$ 36.97

2016 1st Interim Dividend

HK\$ **0.23**

2015 1st Interim: HK\$ 0.23

Results Highlights

- ❑ Underlying profit was down 9.6% reflecting lower trading profits from Hong Kong residential sales whilst rental income remained stable.
- ❑ Solid performance from Hong Kong office portfolio with high occupancy notwithstanding the loss in rental for space re Taikoo Place redevelopment. Strong development pipeline including Kowloon Bay site (2017), 8-10 Wong Chuk Hang (2018), Taikoo Place redevelopment (2018+) for sustainable long-term growth.
- ❑ The Hong Kong retail market is weak, resulting in lower retail sales at Pacific Place and Citygate. We are changing the mix of retail tenants in order to accommodate changing consumer preferences and to attract new consumers.
- ❑ Mainland China projects performed well despite a 5% Renminbi depreciation against the Hong Kong dollar. HKRI Taikoo Hui, a landmark development in Shanghai, will open in phases from 2H 2016.
- ❑ Brickell City Centre in Miami opened Three Brickell City Centre (one of the two office towers) and EAST, Miami in 1H 2016. The shopping centre is expected to open by the end of 2016.
- ❑ Alassio pre-sales were well-received and the profit is expected to be recognised in 2017. The profit on 226 pre-sold units at Reach was recognised in 1H 2016 whilst Rise is expected to commence handover in 2H 2016.

Financial Summary

| HK\$M | 1H 2015 | 1H 2016 | Change |
|--|---------|--------------|----------------|
| Revenue | 9,386 | 7,886 | ∨ 16.0% |
| Valuation gains on investment properties | 4,458 | 2,307 | ∨ 48.3% |
| Operating profit | 9,605 | 6,730 | ∨ 29.9% |
| Underlying profit | 3,938 | 3,559 | ∨ 9.6% |
| Reported profit | 8,493 | 5,334 | ∨ 37.2% |
| Underlying earnings per share (HK\$ per share) | 0.67 | 0.61 | ∨ 9.0% |
| Reported earnings per share (HK\$ per share) | 1.45 | 0.91 | ∨ 37.2% |
| First interim dividend per share (HK\$ per share) ⁽¹⁾ | 0.23 | 0.23 | - |

| HK\$M | Dec 2015 | Jun 2016 | Change |
|---|----------|----------------|------------------|
| NAV attributable to the Company's shareholders ⁽²⁾ | 216,247 | 218,316 | ∧ 1.0% |
| Net debt | 33,348 | 35,074 | ∧ 5.2% |
| Gearing ratio | 15.3% | 15.9% | ∧ 0.6%pts |
| NAV per share (HK\$ per share) | 36.97 | 37.32 | ∧ 0.9% |

6 ⁽¹⁾ First interim dividend for 2016 was declared on 18th Aug 2016 and will be paid on 5th Oct 2016.

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

Earnings Reconciliation

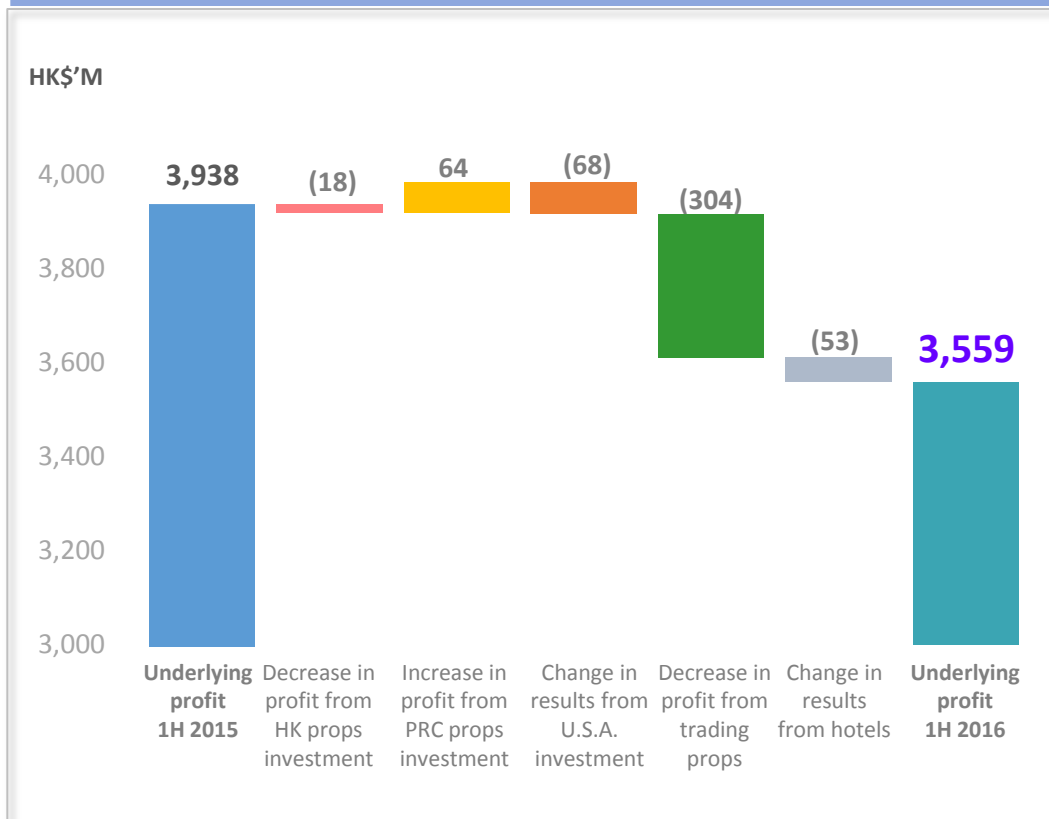
Earnings Reconciliation

| HK\$M | 1H 2015 | 1H 2016 |
|--|----------------|----------------|
| Attributable profit | 8,493 | 5,334 |
| <i>Revaluation of investment props</i> | <i>(5,202)</i> | <i>(2,617)</i> |
| <i>Deferred tax on investment props</i> | <i>565</i> | <i>660</i> |
| <i>Realised profit on sale of properties</i> | <i>19</i> | <i>-</i> |
| <i>Dep. of owner-occupied inv. props</i> | <i>10</i> | <i>9</i> |
| <i>Non-controlling interests' share of revaluation movements less deferred tax</i> | <i>27</i> | <i>107</i> |
| <i>Movements in the fair value of a put option liability in favour of a non-controlling interest</i> | <i>26</i> | <i>66</i> |
| Underlying profit | 3,938 | 3,559 |

Underlying Profit by Segment

| | 1H 2015 | 1H 2016 | Change |
|---------------------|--------------|--------------|--------------|
| Property investment | 3,133 | 3,111 | - 0.7% |
| Property trading | 796 | 492 | - 38.2% |
| Hotels | 9 | (44) | N/A |
| Total | 3,938 | 3,559 | -9.6% |

Movement in Underlying Profit



1H 2016 Underlying Profit

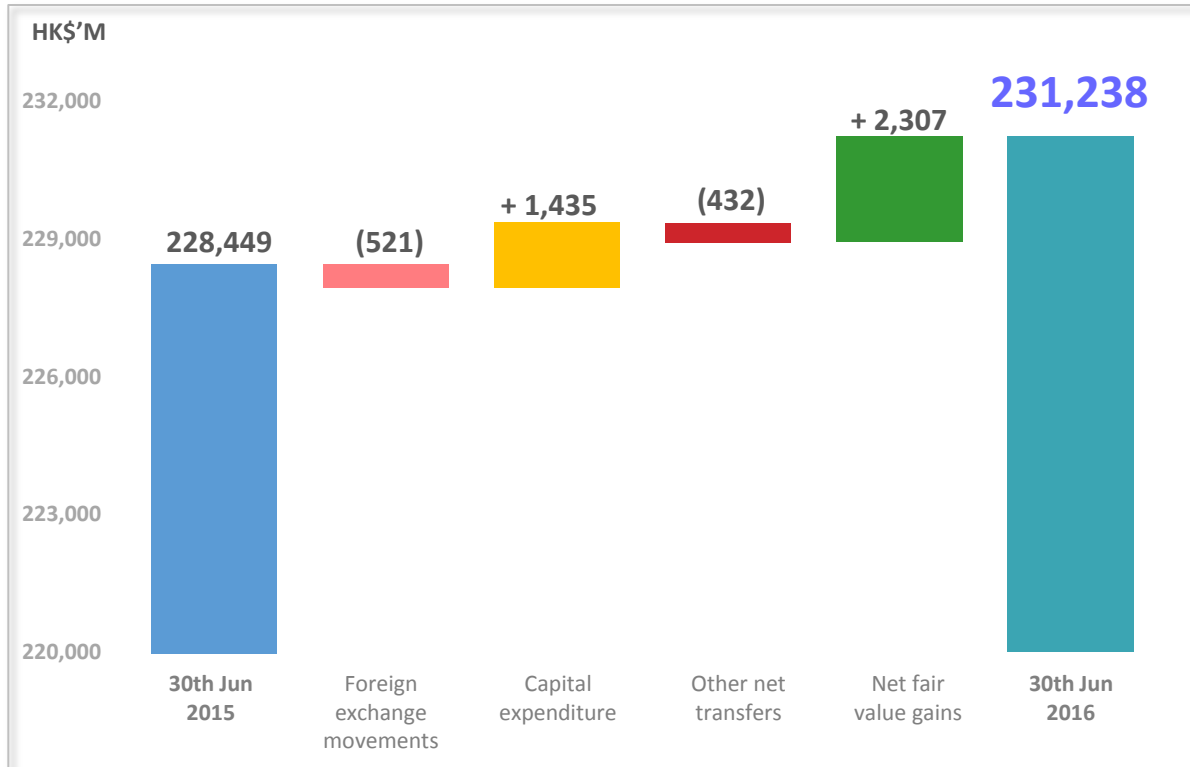
HK\$ **3,559** M

✓ **9.6%**

Movement in Investment Properties

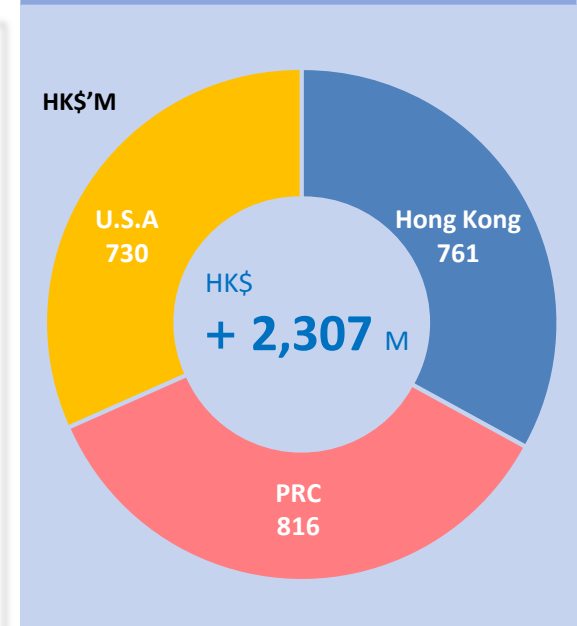
Movement in Investment Properties

(excl. Hotels & Investment Properties held under JVCs)



The modest increase in the valuation of the investment property portfolio is mainly due to an increase in the valuation of the office properties in Hong Kong, partially offset by a decrease in the valuation of the retail properties in Hong Kong.

Fair Value Gains Breakdown



1H 2016 Investment Props Valuation

HK\$ **231,238 M**

^ **1.2%**



Investment Portfolio

Gross Rental Income

HK Office

▲ 0.5%

- Occupancy remained high at 99%.
- Positive rental reversions.
- Demand for office space is likely to be subdued in 2H 2016.

HK Retail

▼ 3.7%

- Occupancy levels at 100%.
- The fall in retail sales in Hong Kong has made retailers more cautious.

PRC Props *

▲ 1.5%

- Positive rental reversions and higher retail sales.
- Retail sales are expected to grow modestly in 2H 2016.

PRC Props Rental Breakdown

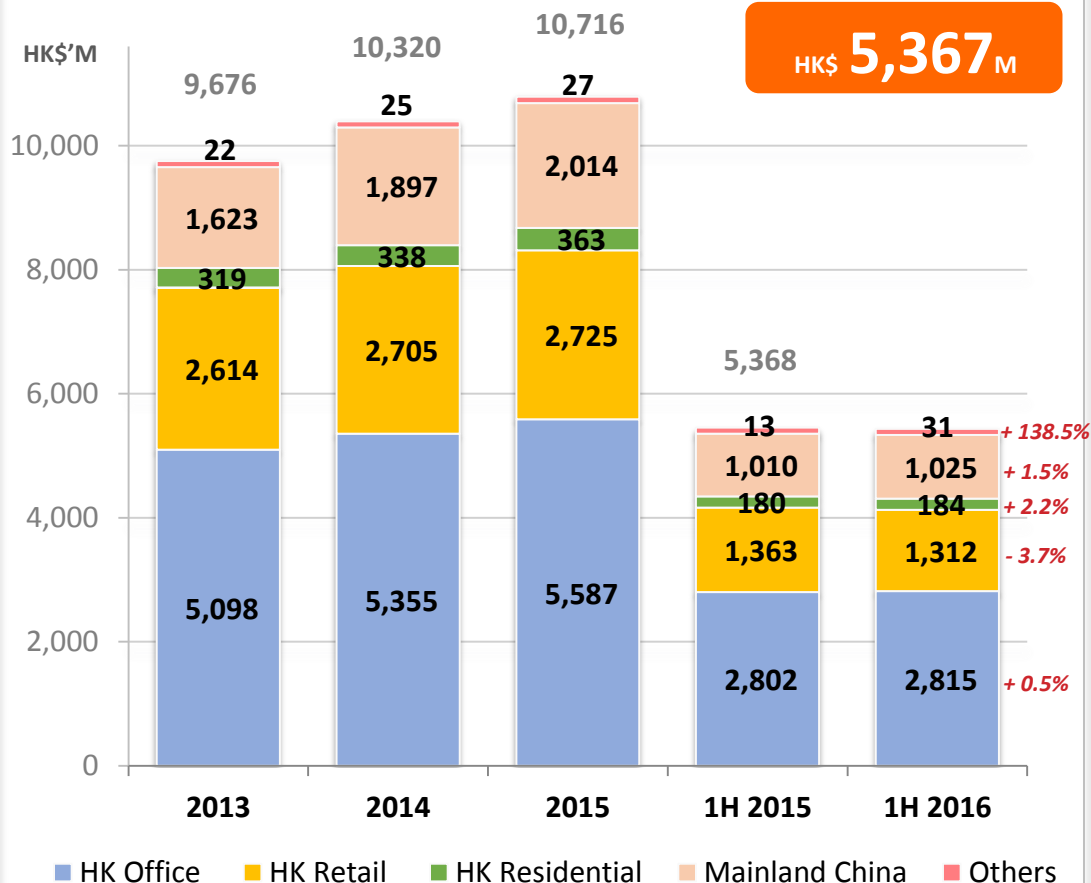
| HK\$'M | 1H 2015 | 1H 2016 | Change |
|-----------------------|--------------|--------------|--------------|
| Retail | 824 | 836 | +1.5% |
| Office | 180 | 182 | +1.1% |
| Serviced Apt | 6 | 7 | +16.7% |
| Total (HK\$'M) | 1,010 | 1,025 | +1.5% |

(in RMB +6.8%)

Gross Rental Income

Flat

HK\$ 5,367_M



* Rental contributions from INDIGO and Sino-Ocean Taikoo Li Chengdu were not reflected in gross rental income as they were accounted for under joint venture companies. On an attributable basis, gross rental income from Mainland China increased by 5.1% from HK\$1,224M in 1H 2015 to HK\$1,287M in 1H 2016 (in RMB + 10.5%).

HK Office Occupancy

| Completed HK Office Properties | GFA (sq ft) (100% basis) | Occupancy (30th Jun 2016) | Area Let (sq ft) (New and Renewed Tenancies) | Reversion ⁽¹⁾ (incl. Rent Reviews) | Attri. Interest |
|----------------------------------|-----------------------------|------------------------------|---|--|------------------|
| Pacific Place | 2,186,433 | 98% | 520,603 | +12% | 100% |
| Cityplaza | 1,632,930 | 100% | 216,702 | +9% | 100% |
| TKP Office Towers ⁽²⁾ | 3,136,717 | 99% | 390,865 | +16% | 50% / 100% |
| One Island East | 1,537,011 | 100% | 288,352 | +30% | 100% |
| Others ⁽³⁾ | 1,970,677 | N/A | N/A | N/A | 20% / 50% / 100% |
| Total (100% basis) | 10,463,768 | | | | |



Latest rentals

HK\$ per sq ft

| | |
|-------------------------|---------------------|
| One / Two Pacific Place | 110 – 130 |
| Three Pacific Place | 95 – 100 |
| Cityplaza | mid 40s to high 40s |
| Taikoo Place | low 40s to high 40s |
| One Island East | mid 50s to high 60s |



Attributable Valuation
HK\$ **129.1** bn

Completed GFA
10.5 M sq ft

Occupancy
(30th Jun 2016)
~ 99%

Attri' Gross Rental ⁽⁴⁾
HK\$ **2,977** M
(1H 2015: HK\$2,950M)

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

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

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

(4) Reported gross rental income (excluding rental contributions from JVCs and associates) was HK\$2,815M.

HK Retail Occupancy

| Completed HK Retail Properties | GFA (sq ft) (100% basis) | Occupancy (30th Jun 2016) | Retail Sales Growth (1H 2016) | Attri. Interest |
|--------------------------------|-----------------------------|------------------------------|-------------------------------------|--------------------|
| The Mall, Pacific Place | 711,182 | 100% | -17.0% | 100% |
| Cityplaza | 1,105,227 | 100% | -4.1% | 100% |
| Citygate Outlets | 462,428 | 100% | -13.0% | 20% |
| Others ⁽¹⁾ | 556,818 | 100% | N/A | 20% / 60% / 100% |
| Total (100% Basis) | 2,835,655 | | | |



We are changing the mix of retail tenants in order to accommodate changing consumer preferences and to attract new consumers.

- (1) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (which are wholly-owned), Island Place retail premises (60% owned) and Tung Chung Crescent neighbourhood shops (20% owned).
- (2) Reported gross rental income (excluding rental contributions from JVCs and associates) was HK\$1,312M.

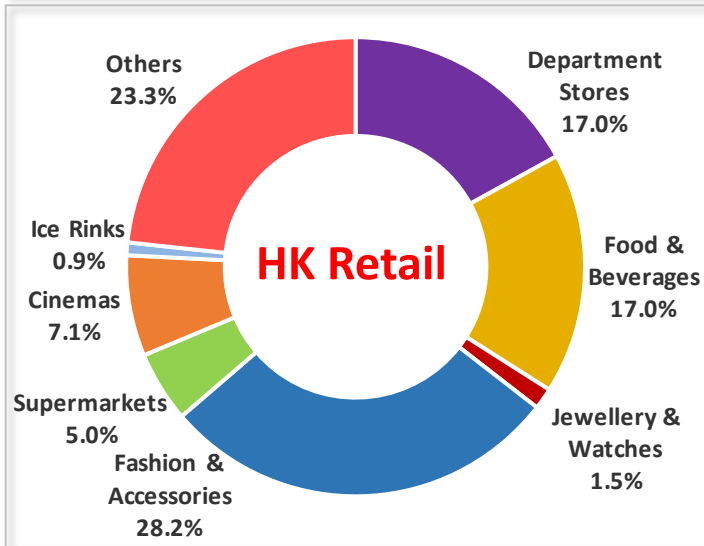
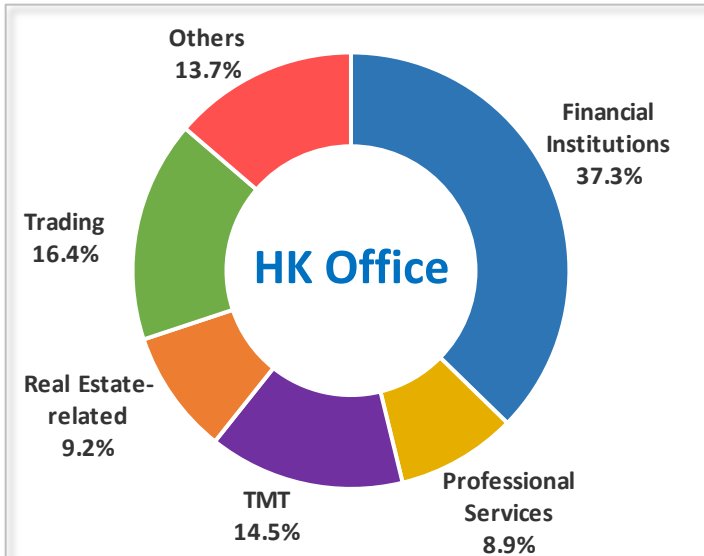
Attributable
Valuation
HK\$ **46.5** bn

Completed
GFA
2.8 M sq ft

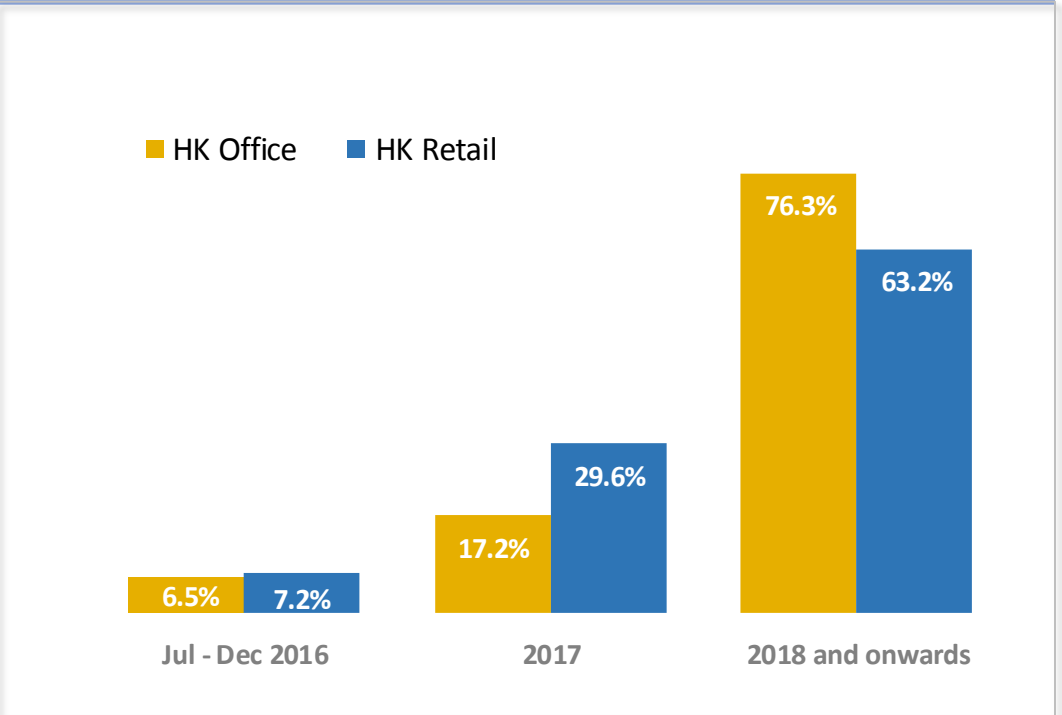
Occupancy
(30th Jun 2016)
100%

Attri' Gross
Rental ⁽²⁾
HK\$ **1,351** M
(1H 2015: HK\$1,406M)

HK Portfolio – Tenant Mix and Leases



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. **25%** of retail area in HK.

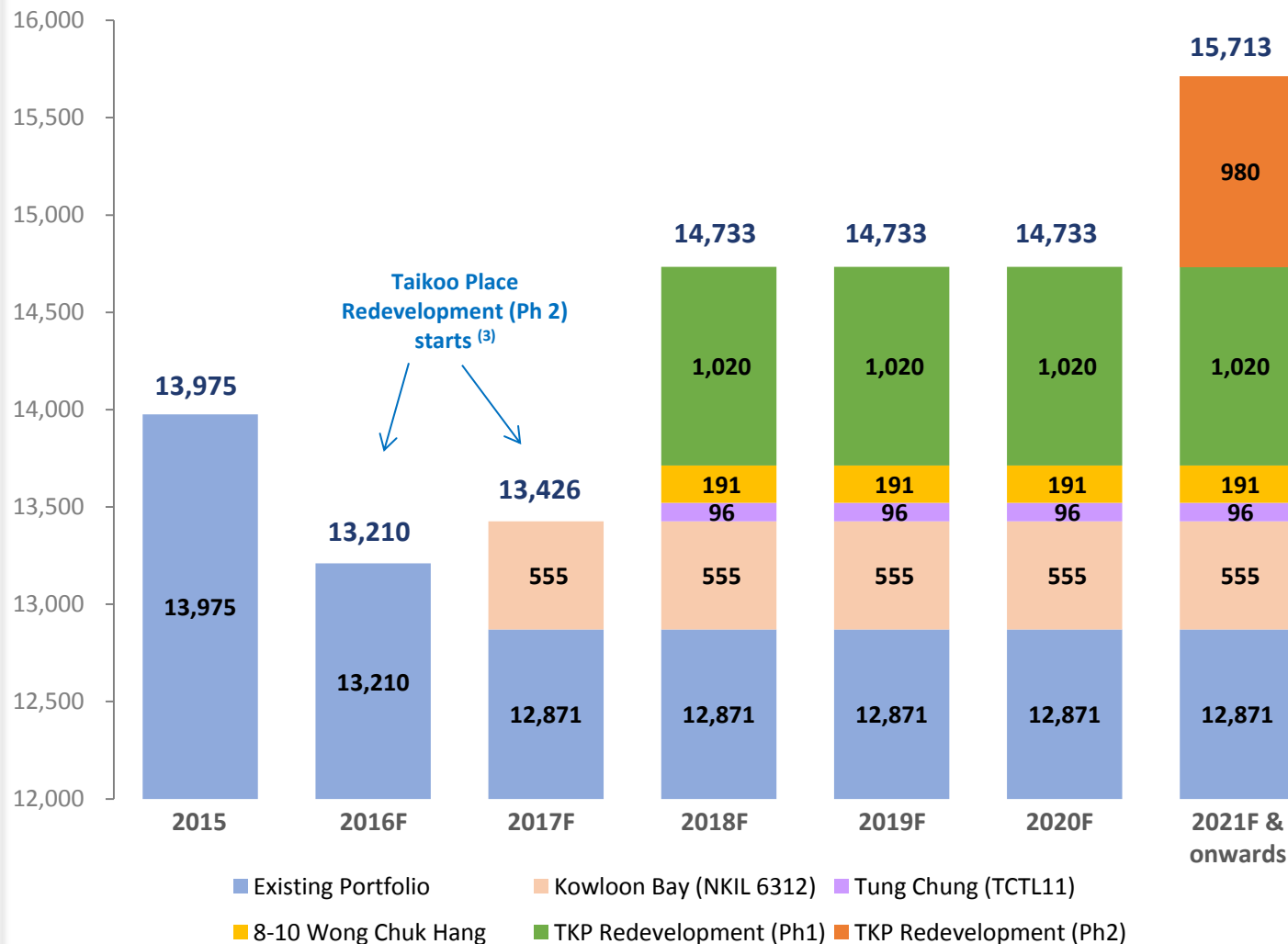
13 (1) At 30th Jun 2016.

(2) Based on the percentage of the total rental income attributable to the Group for the month ended 30th Jun 2016.

Property Portfolio – Hong Kong

Expected Attributable GFA of Completed Property Portfolio in Hong Kong ⁽¹⁾⁽²⁾

GFA ('000 sq ft)



Exp. Attributable Completed GFA ⁽¹⁾
(Investment Props)

15.7 M sq ft

Taikoo Place Redevelopment (Ph 2)

Taikoo Place Redevelopment (Ph 1)

8-10 Wong Chuk Hang

Tung Chung (TCTL 11)

Kowloon Bay (NKIL 6312)

Existing Portfolio

Hong Kong Investment Properties Update

2018 Tung Chung Town Lot 11



- ❑ 20% owned site in Tung Chung (next to Citygate) acquired by tender in Mar 2013.
- ❑ Being developed into a commercial building with retail and hotel.
- ❑ Excavation, foundation and substructure works are in progress.

~ 477,000 sf GFA

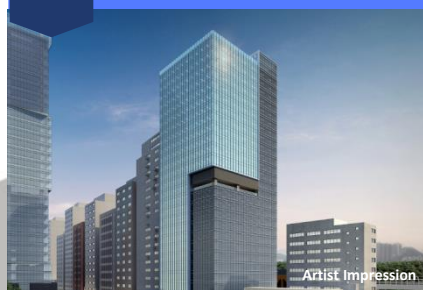
2017 New Kowloon Inland Lot 6312



- ❑ 100% owned site in Kowloon Bay acquired by tender in Nov 2013.
- ❑ Being developed into an office building.
- ❑ Superstructure work is proceeding.

~ 555,000 sf GFA

2018 8-10 Wong Chuk Hang Road



- ❑ 50% owned site in Wong Chuk Hang.
- ❑ Being developed into an office building.
- ❑ Excavation and foundation works are proceeding.

~ 382,500 sf GFA

2018+ Taikoo Place Redevelopment



- ❑ Phase I, redevelopment of Somerset House into a 50-storey office building, to be called One Taikoo Place. Substructure work is in progress.
- ❑ Phase II, redevelopment of Cornwall House and Warwick House into an office building, to be called Two Taikoo Place, is being planned.

~ 2M sf GFA

The New Territories

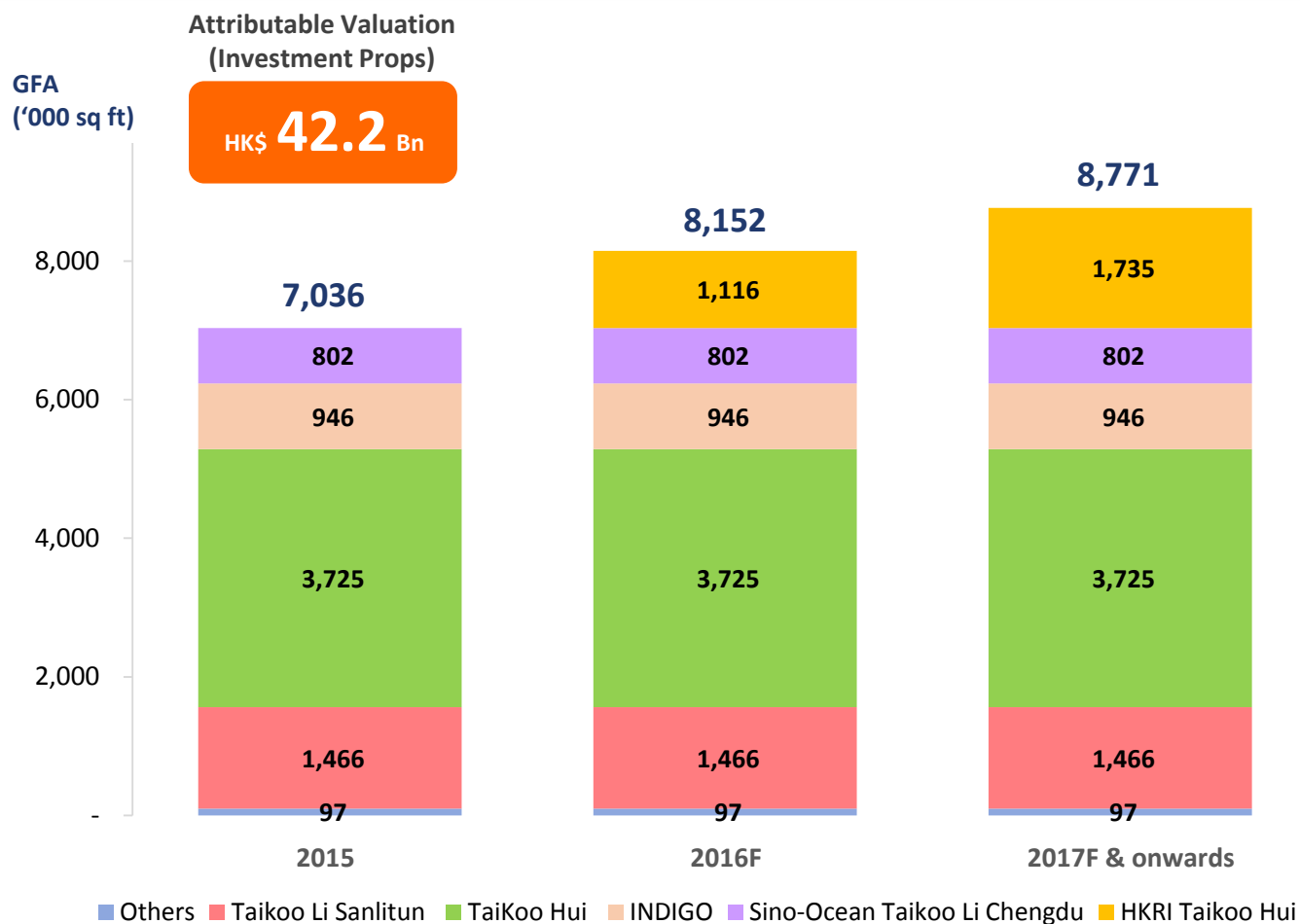
Kowloon

Hong Kong Island

Lantau Island

Property Portfolio – Mainland China

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



Exp. Attributable Completed GFA ⁽¹⁾
(Investment Props)

8.7 M sq ft



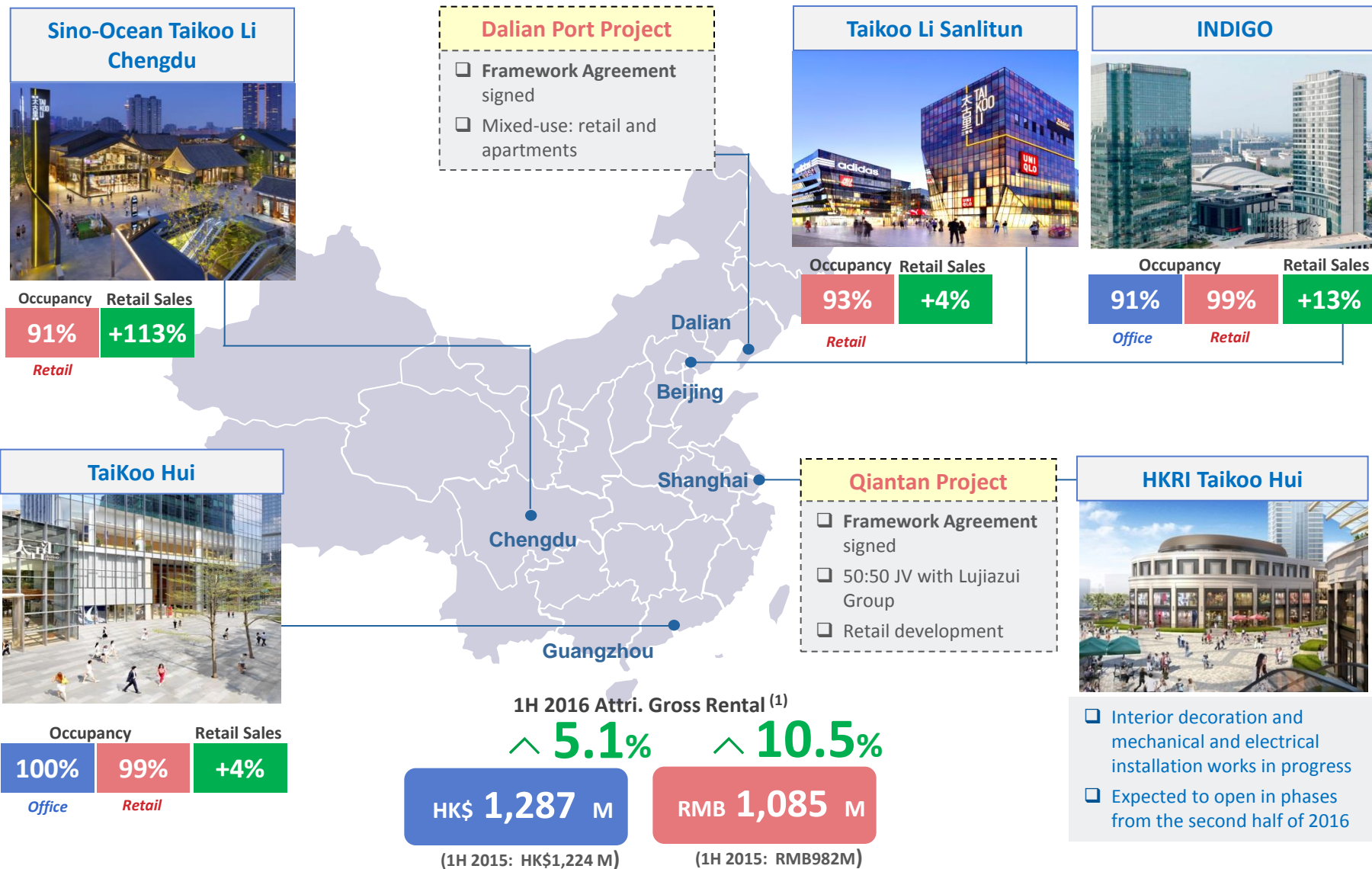
(1) Includes GFA of the hotel but excludes GFA of car parks at these projects.

(2) At 30th Jun 2016.

(3) HKRI Taikoo Hui is expected to open in phases from the second half of 2016.

(4) Excludes Pinnacle One, which is developed for trading purposes.

Property Portfolio – Mainland China



17 (1) Reported gross rental income (excluding rental contributions from JVCs and associates) was HK\$1,025M.
 (2) Retail sales growth quoted in RMB.
 (3) Occupancy at 30th Jun 2016.

HKRI Taikoo Hui, Shanghai

- ❑ GFA: 3.5M sq ft
- ❑ A retail mall, 2 office buildings, 2 hotels and 1 serviced apartment tower
- ❑ Structural work has been completed
- ❑ Open in phases from 2H 2016



Brickell City Centre, Miami - Investment

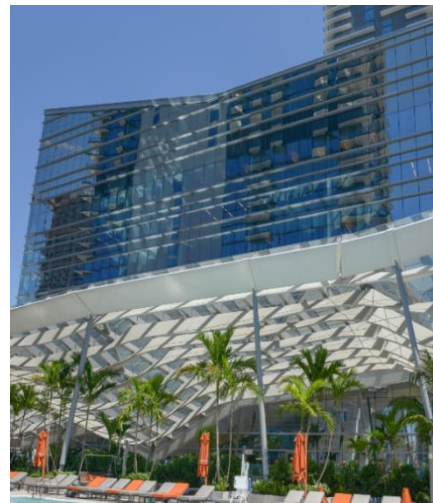


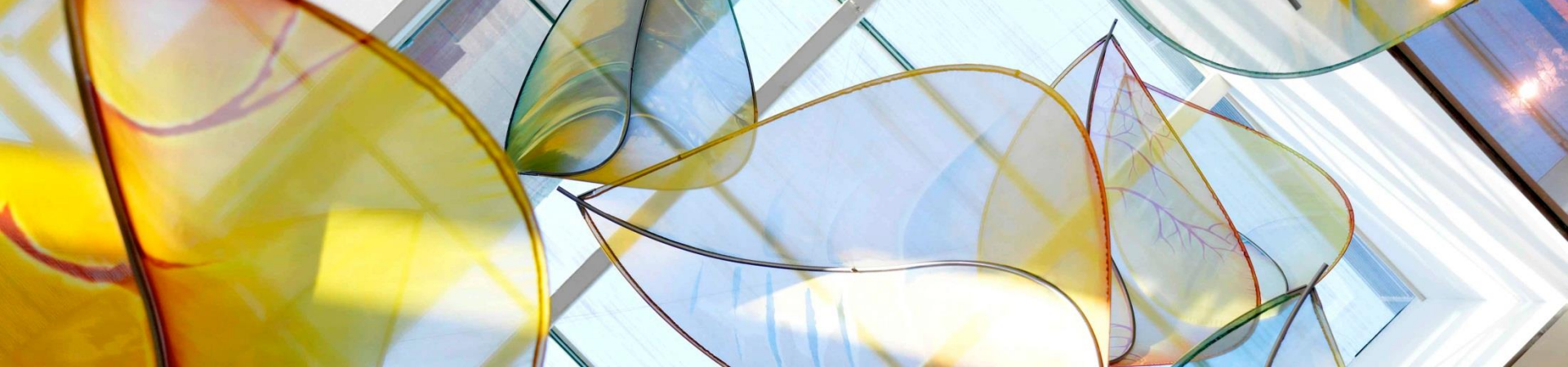
- ❑ Located in the centre of the Brickell financial district of Miami, with a light rail system station within the site.
- ❑ Phase I construction works (BCC) commenced in 2012. Three Brickell City Centre opened in Mar 2016. EAST, Miami opened in Jun 2016 and the shopping centre is expected to open by the end of 2016.
- ❑ Joint venture with Bal Harbour Shops (14.1%) and Simon Property Group (25%) to develop the retail portion of BCC. Swire Props holds 60.9% of BCC retail.
- ❑ Phase II is planned to be a 80-storey mixed-use tower “One Brickell City Centre” comprising retail, office, hotel and residential space, incorporating the site at 700 Brickell Avenue acquired in Jul 2013.

Project Summary (100% Basis)

| | |
|---------------|---|
| GFA | 1.91 M sq ft (Phase I) 1.97 M sq ft (Phase II) |
| Components | Retail 2 office buildings EAST, Miami (<i>w Serv Apmt</i>) 2 Condo Towers (<i>Reach/Rise</i>) One BCC and a Condo Tower |
| Interest | Retail: 60.9% Others: 100% |
| Yr of Opening | 2016 (Ph I); TBC (Ph II) |

Three Brickell City Centre / EAST, Miami





Trading Portfolio

HK Trading Portfolio

ALASSIO

13 units left (**184** units sold)

\$28,806 psf (avg price)



AREZZO

9 units left (**118** units sold)



\$30,713 psf (avg price)

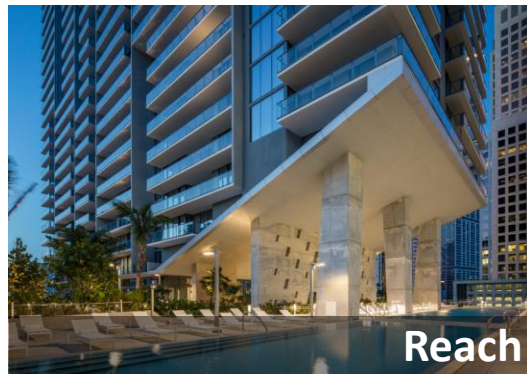
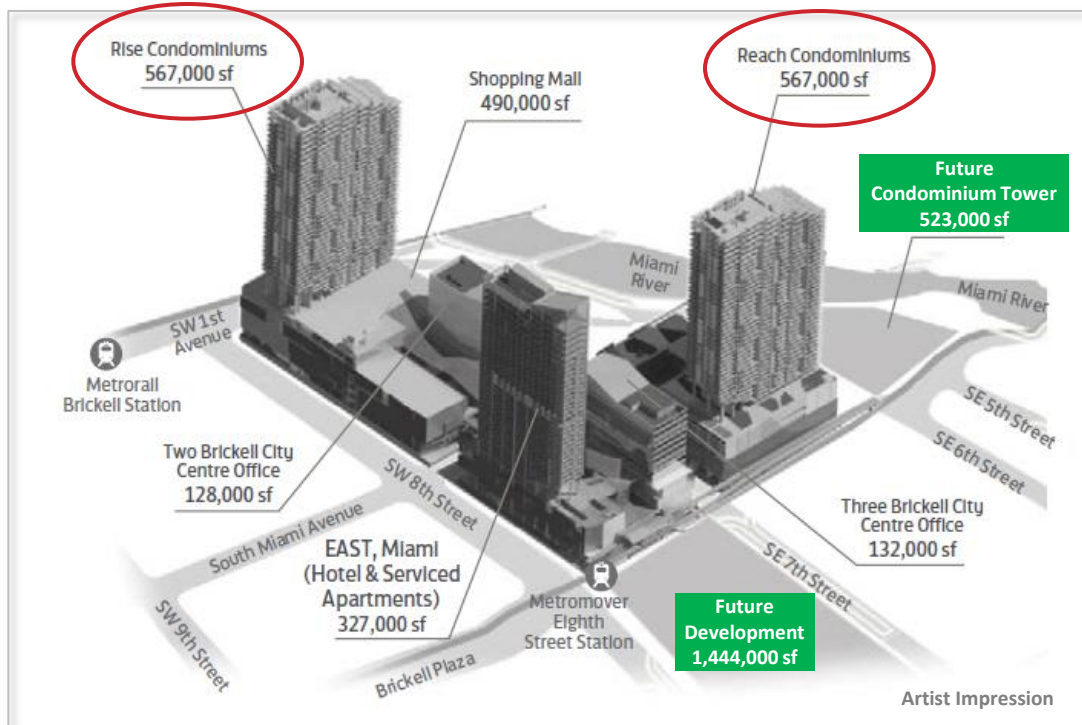
WHITESANDS

26 units left (**2** units sold)



\$23,031 psf (avg price)

Brickell City Centre, Miami - Trading



Reach
349 out of 390 units sold since launch ⁽¹⁾
mid US\$ 600s psf (avg price) ⁽²⁾

Rise
174 out of 390 units sold since launch ⁽¹⁾
high US\$ 600s psf (avg price) ⁽²⁾

(1) At 16th Aug 2016.

(2) Average selling price is based on saleable area.

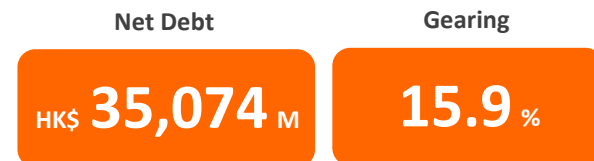
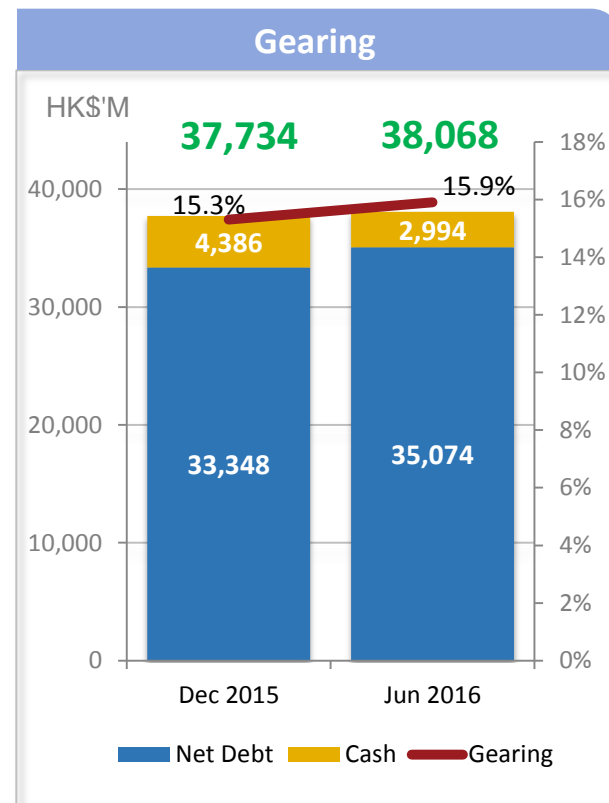


Financing

Net Debt and Gearing

| Net Debt Reconciliation (HK\$M) | |
|--|-----------------|
| Net debt at 31st Dec 2015 | (33,348) |
| Net rental and fees received | 4,580 |
| Proceeds from property trading / development | 1,460 |
| Capex- PP&E and property investment | (2,140) |
| Development costs – property trading | (919) |
| Net investments in JVCs / Associates | 220 |
| Net interest paid | (613) |
| Profits tax paid | (367) |
| Dividends paid to the Company's shareholders | (2,808) |
| Other operating items | (1,139) |
| Net debt at 30th Jun 2016 | (35,074) |

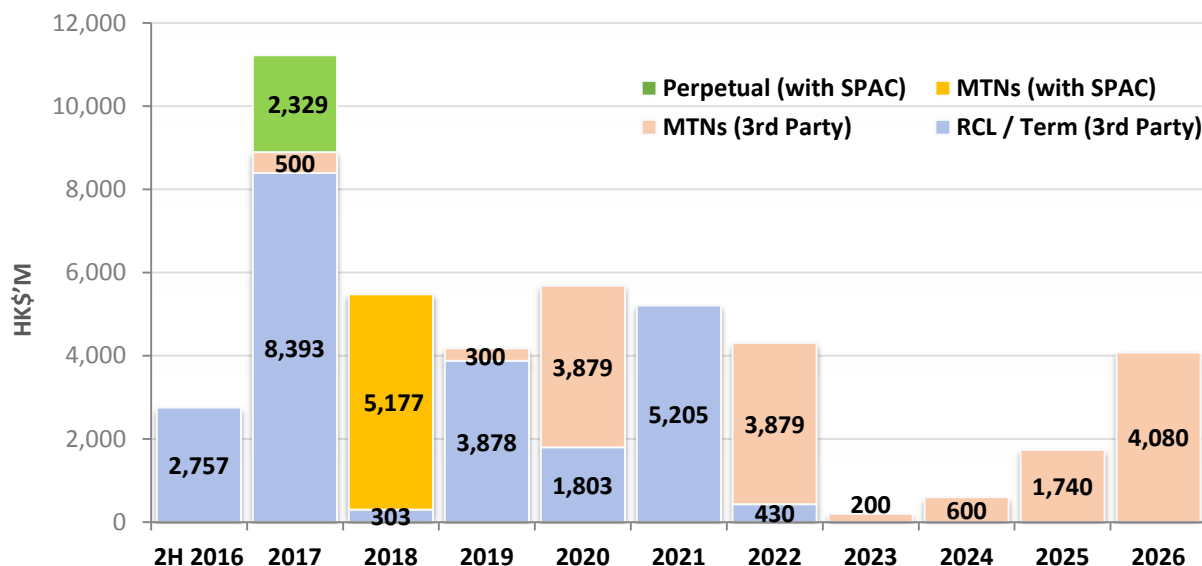
| Financial Ratios | 2012 | 2013 | 2014 | 2015 | Jun 2016 |
|--------------------------------|---------|---------|---------|---------|----------------|
| Total Equity (HK\$ M) | 193,076 | 203,150 | 208,547 | 217,949 | 220,129 |
| Net Debt (HK\$ M) | 28,921 | 32,014 | 34,071 | 33,348 | 35,074 |
| Gearing | 15.0% | 15.8% | 16.3% | 15.3% | 15.9% |
| Underlying Interest Cover | 7.9 | 6.4 | 7.6 | 7.8 | 8.6 |
| Underlying Cash Interest Cover | 6.0 | 5.1 | 5.6 | 5.9 | 6.0 |



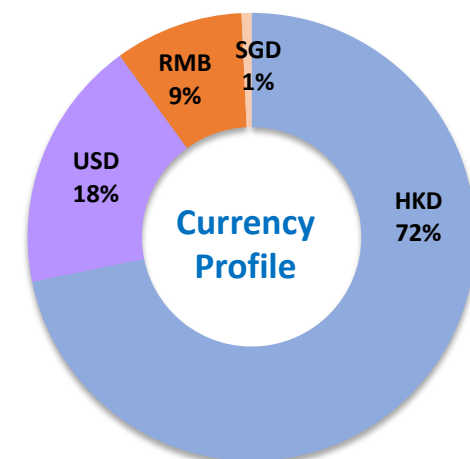
Maturity Profile and Liquidity

Maturity Profile of Available Committed Facilities (at 30th Jun 2016)

| | | | | | | | | | | | | |
|--------------|---------------|-------|--------|-------|-------|-------|-------|-------|-----|-----|-------|-------|
| Total | 45,453 | 2,757 | 11,222 | 5,480 | 4,178 | 5,682 | 5,205 | 4,309 | 200 | 600 | 1,740 | 4,080 |
| Drawn | 37,650 | 2,007 | 10,221 | 5,480 | 1,801 | 4,882 | 2,330 | 4,309 | 200 | 600 | 1,740 | 4,080 |



| HK\$M | Dec 2015 | Jun 2016 |
|-----------------------|---------------|---------------|
| Cash | 4,386 | 2,994 |
| Undrawn - committed | 7,807 | 7,803 |
| | 12,193 | 10,797 |
| Undrawn - uncommitted | 1,553 | 1,119 |
| | 13,746 | 11,916 |



Major financing activities in 1H 2016:

- Arranged 5-yr term and revolving loan facilities aggregating HK\$1,750M
- Issued medium-term notes of US\$500M and HK\$400M

Fixed : Floating

59% : 41%

Available Committed Facilities

HK\$ 45,453 M

Credit Rating

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

Cash & Undrawn
Committed Facilities

HK\$ 10,797 M

Capital Commitments

Profile of Capital Commitments – at 30th Jun 2016

| HK\$'M | Expenditure | Forecast Year of Expenditure | | | | Commitments* |
|----------------------|--------------|---------------------------------------|---------------------------------------|-------------|-------------|---------------|
| | | <u>6 mths ended 30th Jun 2016</u> | <u>6 mths ended 31st Dec 2016</u> | <u>2017</u> | <u>2018</u> | |
| Hong Kong | 979 | 3,295 | 3,933 | 2,742 | 5,771 | 15,741 |
| Mainland China | 285 | 958 | 1,215 | 454 | 10 | 2,637 |
| U.S.A. and elsewhere | 651 | 853 | 401 | 164 | 131 | 1,549 |
| Total | 1,915 | 5,106 | 5,549 | 3,360 | 5,912 | 19,927 |

* The capital commitments represent the Group's capital commitments of HK\$16,625 million plus the Group's share of the capital commitments of joint venture companies of HK\$3,302 million. The Group is committed to funding HK\$1,152 million of the capital commitments of joint venture companies.



Prospects

Prospects

Hong Kong Office

- ❑ Given the uncertain economic outlook, demand for office space in Hong Kong is likely to be subdued in 2H 2016.
- ❑ However, high occupancy in our properties is likely to underpin rents.

Hong Kong Retail

- ❑ The fall in retail sales in Hong Kong has made retailers more cautious. Swire Properties' retail properties in Hong Kong are fully let.
- ❑ We are changing the mix of retail tenants in order to accommodate changing consumer preferences and to attract new consumers.

Mainland China Office

- ❑ In Guangzhou, demand for Grade-A office space in the Tianhe business district is expected to be robust in 2H 2016 despite a substantial supply of new office space.
- ❑ In Beijing, office rents are expected to be weak in 2H 2016, with reduced demand and increased supply.

Mainland China Retail

- ❑ Retail sales are expected to grow modestly in 2H 2016 in Mainland China.
- ❑ Demand for high quality space in prime areas is expected to be firm.

Property Trading

- ❑ In Hong Kong, property buyers are cautious in light of the slowing Hong Kong economy.
- ❑ In Miami, the strength of the US dollar against major South American currencies since the latter part of 2015 has adversely affected demand for condominiums by non-US buyers.
- ❑ In 2H 2016, property trading profits are expected to continue to be recognised on the sales of residential units in Hong Kong and in Miami.

Hotels

- ❑ Our hotels are expected to continue to face difficult conditions in 2H 2016.

Sustainable Development



Innovation and Experimentation



Performance (Environment)

2020 Energy Reduction Pledge (HK: 64 million kWh/yr; PRC: 23 million kWh/yr)

16% (42+ million kWh) energy saving in HK (from 2001 to 2015)

1,710 tonnes of waste recycled in our HK Commercial Portfolio (1H 2016)



People

76,000+ training hours globally in 2015

▼ **15.3%** the global lost time injury rate (1H 2016 vs. 1H 2015)

ideas @ work 2.0 Spurs Digital Innovation at Work



Place Making

21 B2B tech startups nurtured and developed by blueprint's accelerator programme

25 employee-nominated projects supported by **Community Caring Fund**

1,200+ Community Ambassadors, **5,200** hours



Partners

Free Energy Audits (for tenants)
Green Shop Alliance (for tenants)
Green Pledge
Green Procurement (for suppliers)

Energy Reduction and Gross Floor Area Trend

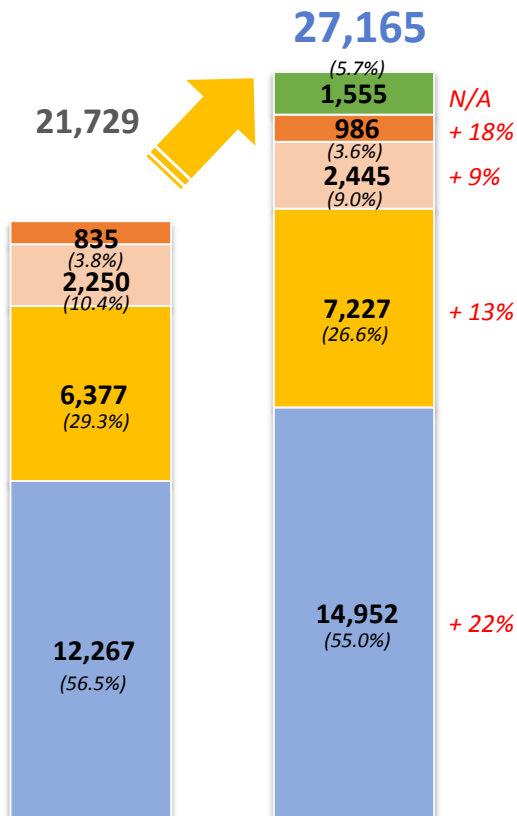


Swire Properties in Five Years

Expected Attributable GFA by Segment

GFA ('000 sq ft)

^ 25%



Jun 2016

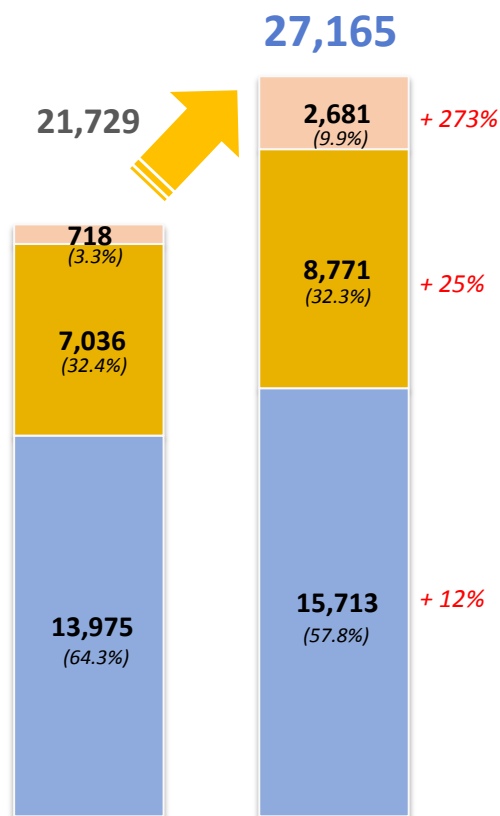
2021F & onwards

- Office
- Retail
- Hotels
- Underplanning
- Resid. & S.A.

Expected Attributable GFA by Region

GFA ('000 sq ft)

^ 25%



Jun 2016

2021F & onwards

- HK
- Mainland China
- U.S.A. and elsewhere

Expected Attri. Trading GFA Sales to Complete

Exp. Units

| | |
|------------------------------|-----|
| HK Residential | 197 |
| US Residential | 390 |
| 523,000 sq ft (BCC Phase II) | N/A |

Total Exp. Attri. GFA (Trading) to Complete

1.3 M sq ft

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

5.4 M sq ft



Appendix

Property Portfolio

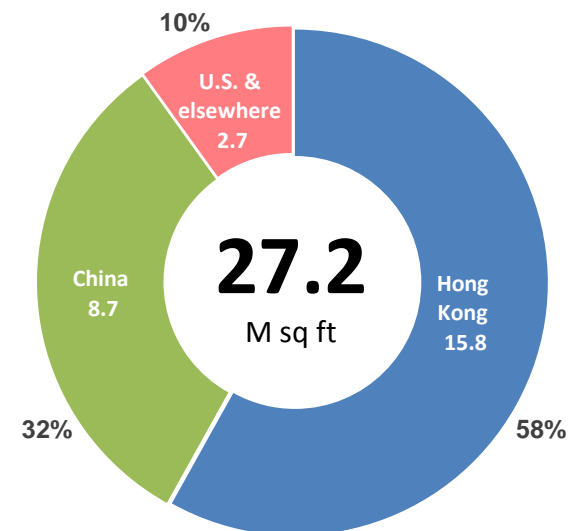
| Investment Props / Hotels Attributable GFA (M sq ft) ⁽¹⁾ | Office | Retail | Hotels ⁽²⁾ | Resid./Serviced apartment | Under- Planning | Total |
|--|-------------|------------|-----------------------|------------------------------|--------------------|-------------|
| Completed | | | | | | |
| <i>Hong Kong</i> | 10.2 | 2.5 | 0.7 | 0.6 | - | 14.0 |
| <i>Mainland China</i> | 2.0 | 3.9 | 1.0 | 0.1 | - | 7.0 |
| <i>U.S.A.</i> | 0.1 | - | 0.5 | 0.1 | - | 0.7 |
| Sub-Total (A) | 12.3 | 6.4 | 2.2 | 0.8 | - | 21.7 |
| Under Development or Held for Future Development | | | | | | |
| <i>Hong Kong</i> | 1.7 | - | - | - | 0.1 | 1.8 |
| <i>Mainland China</i> | 0.9 | 0.5 | 0.2 | 0.1 | - | 1.7 |
| <i>U.S.A. and elsewhere</i> | 0.2 | 0.3 | - | 0.1 | 1.4 | 2.0 |
| Sub-Total (B) | 2.8 | 0.8 | 0.2 | 0.2 | 1.5 | 5.5 |
| TOTAL = (A) + (B) | 15.1 | 7.2 | 2.4 | 1.0 | 1.5 | 27.2 |

| Trading Props Attributable GFA (M sq ft) | Completed | Under Development / Held for Development | Total |
|--|------------|---|------------|
| <i>Hong Kong</i> | 0.1 | 0.2 | 0.3 |
| <i>Mainland China</i> | 0.3 | - | 0.3 |
| <i>U.S.A.</i> | 0.3 | 2.5 | 2.8 |
| Total | 0.7 | 2.7 | 3.4 |

(1) Excludes GFA of car parks.

(2) Hotels are accounted for under property, plant and equipment in the financial statements.

Attributable Investment Props by Region (GFA)



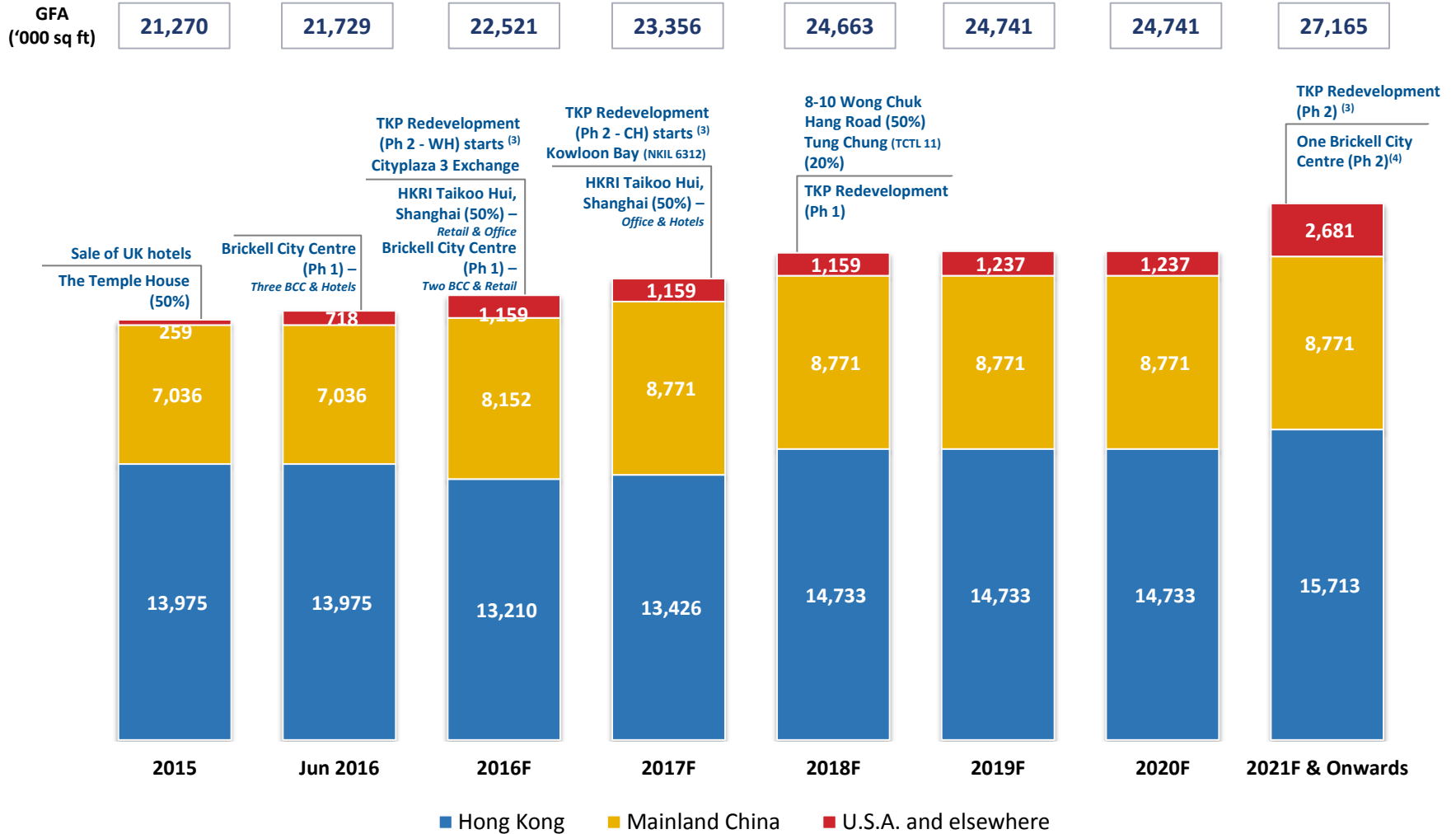
Attri. Investment
Portfolio
27.2 M sq ft

Attri. Trading
Portfolio
3.4 M sq ft

Total Attri. Property Portfolio
30.6 M sq ft

Completed Investment Portfolio

Expected Attributable GFA of Completed Investment Portfolio (incl. Hotels) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

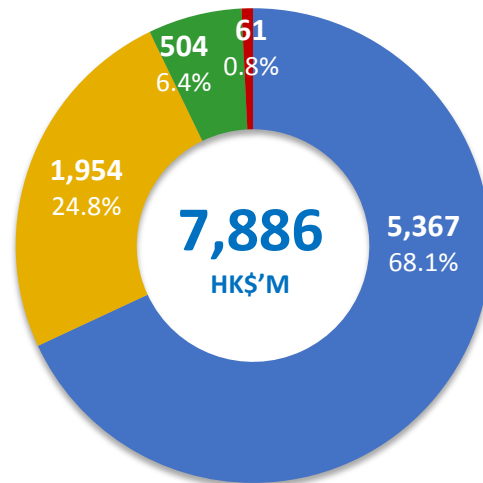


- (1) Hotels are accounted for under property, plant and equipment in the financial statements.
 (2) Excludes GFA of property trading components and car parks but includes GFA of the hotel portion of these projects.
 (3) Redevelopment under planning, subject to further review.
 (4) Development subject to further review.

Revenue Analysis

1H 2016 Revenue Breakdown by Segment

HK\$'M



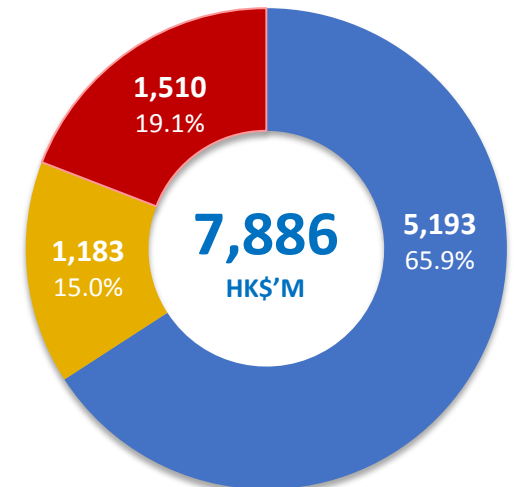
Comparison

| | 1H 2015 | 1H 2016 |
|--------------|--------------|--------------|
| Rental | 5,368 | 5,367 |
| Trading | 3,403 | 1,954 |
| Hotels | 550 | 504 |
| Others | 65 | 61 |
| Total | 9,386 | 7,886 |

■ Gross Rental Income ■ Property Trading
■ Hotels ■ Others

1H 2016 Revenue Breakdown by Region

HK\$'M



Comparison

| | 1H 2015 | 1H 2016 |
|---------------|--------------|--------------|
| HK | 8,119 | 5,193 |
| China | 1,171 | 1,183 |
| U.S.A. | 12 | 1,510 |
| U.K. & Others | 84 | - |
| Total | 9,386 | 7,886 |

■ HK ■ China ■ U.S.A.

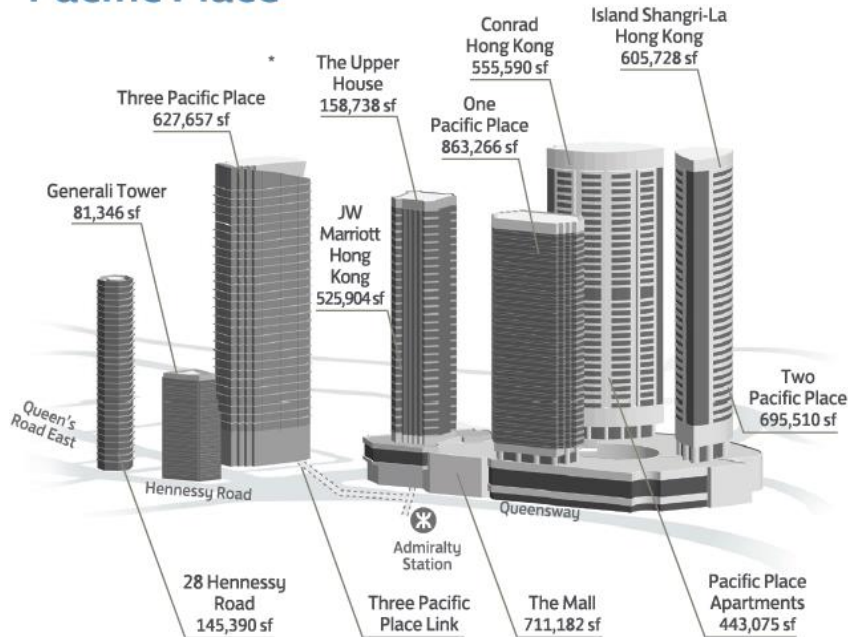
The turnover decreased by 16% principally due to lower revenue from the sale of luxury residential properties in Hong Kong.

Revenue

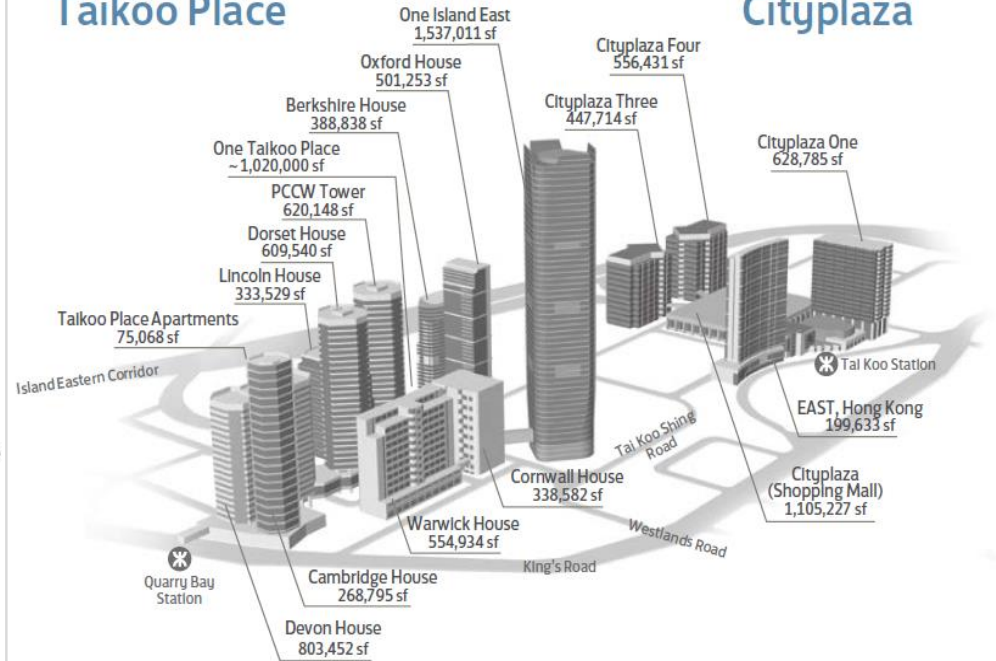
✓ **16.0%**

HK Portfolio Map

Pacific Place



Taikoo Place



(1) The simplified maps are not to scale and are for illustrative purpose only.
 (2) GFA figures are for reference only.

Taikoo Li Sanlitun, Beijing



- ❑ Gross rental income at Taikoo Li Sanlitun increased in the first half of 2016, as the portfolio continues to gain popularity.
- ❑ Overall occupancy at Taikoo Li Sanlitun was **93%**⁽¹⁾ at 30th Jun 2016.
- ❑ Retail sales grew by **4%**.

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.
- ❑ Gross rental income at TaiKoo Hui increased in the first half of 2016, reflecting in part improvements to the tenant mix.
- ❑ Occupancy of the shopping mall was **99%**⁽¹⁾ at 30th Jun 2016.
- ❑ Retail sales increased by **4%** in the first half of 2016.
- ❑ Occupancy of the office towers was **100%** at 30th Jun 2016.
- ❑ Demand for Grade-A office space in the Tianhe business district in Guangzhou is expected to be robust in the second half of 2016 despite a substantial supply of new office space.

| 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 / 2013 |

(1) Including those who have signed letters of intent.

INDIGO, Beijing

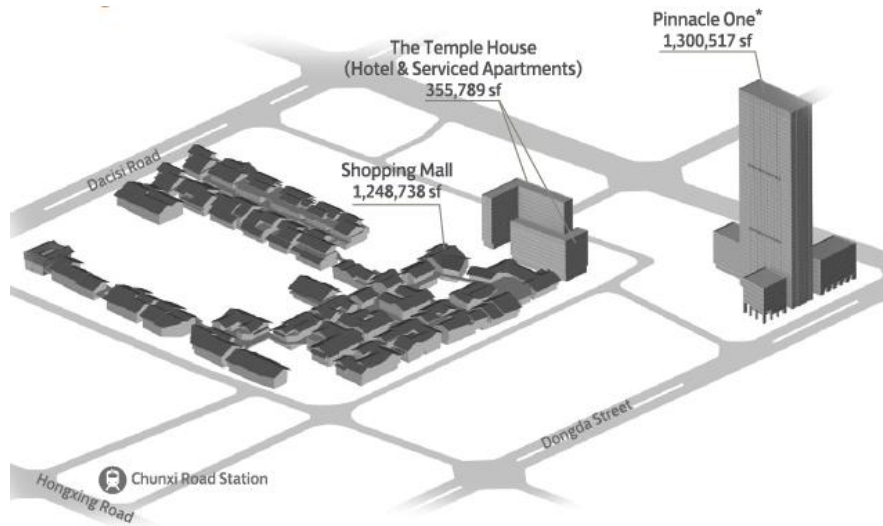


- ❑ Occupancy ⁽¹⁾ at the shopping mall was **99%**⁽¹⁾ at 30th Jun 2016.
- ❑ Retail sales increased by **13%** in the first half of 2016 which supported rental growth.
- ❑ The office tower, ONE INDIGO, was **91%** leased ⁽¹⁾ at 30th Jun 2016. Demand for office space in Beijing weakened during the first half of 2016.
- ❑ Office rents in Beijing are expected to be weak in the second half of 2016, with reduced demand and increased supply.

Project Summary (100% Basis)

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

Sino-Ocean Taikoo Li Chengdu



*Pinnacle One is developed for trading purpose. Part of the tower was handed over to buyers in 2015.



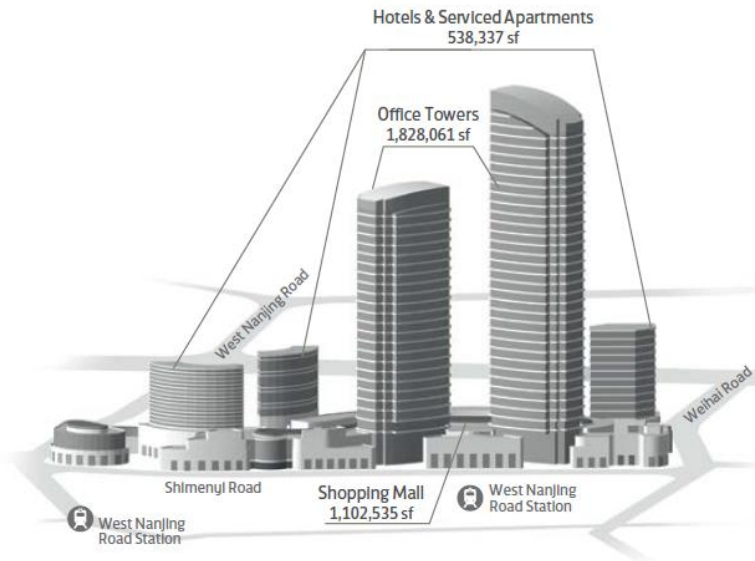
- ❑ A large-scale retail-led development comprising a street-style retail complex (2-3 storey blocks), a boutique hotel and serviced apartments (the Temple House), and a Grade A office tower (Pinnacle One) served by the metro.
- ❑ Retail sales increased by **113%** in the first half of 2016 as more shops were open than in the first half of 2015.
- ❑ At 30th Jun 2016, tenants had committed⁽¹⁾ to lease **91%** of the space and **86%** of the shops in the development were open.

Project Summary (100% Basis)

| | |
|---------------|---|
| GFA | 2.20 M sq ft |
| Components | Retail Office (for trading) The Temple House Serviced Apartments |
| Interest | 50% |
| Yr of Opening | 2014 / 2015 |

(1) Including those who have signed letters of intent.

HKRI Taikoo Hui, Shanghai



- ❑ A large-scale retail-led mixed-use development comprising a retail mall, two office buildings, two hotels and one serviced apartment tower, which is expected to become a landmark development in Shanghai.
- ❑ Prime location with significant frontage to Nanjing West Road, one of Shanghai's major shopping and business thoroughfares, being adjacent to the existing Nanjing West Road metro station (which serves three metro lines) and near the Yan'an Expressway.
- ❑ Structural works have been completed. Interior decoration and mechanical and electrical installation works for the office towers and the retail mall are in progress.
- ❑ The project is expected to open in phases from the second half of 2016.

| Project Summary (100% Basis) | |
|------------------------------|---|
| GFA | 3.47 M sq ft |
| Components | Retail Mall 2 Office Buildings 2 Hotels 1 SA Tower |
| Interest | 50% |
| Yr of Opening | 2016 onwards |

HK Trading Portfolio

| Trading Properties Sold or Being Sold or Pre-sold (At 16th Aug 2016) | Saleable Area ⁽¹⁾ (sq ft) (100% basis) | Total Units | Unit Sold | Actual Completion | Actual Handover | Units for which Profit Recognised or Expected to be Recognised (Year) | Int. |
|---|---|-------------|-------------------------|---------------------|-------------------|---|------|
| MOUNT PARKER RESIDENCES, 1 Sai Wan Terrace | 2,748 | 92 | 91 | 2013 | 2014 | - 82 (2014) and 9 (2015) | 80% |
| AREZZO, 33 Seymour Road | 11,818 | 127 | 118 | 2015 | 2015 | - 112 (2015) and 6 (1H 2016) | 100% |
| WHITESANDS, Lantau | 60,647 | 28 | 2 | 2015 | 2015 | - 1 (2015) and 1 (1H 2016) | 100% |
| Trading Properties under Development | Total GFA (sq ft) (100% basis) | Total Units | Unit Sold / Pre-sold | Expected Completion | Expected Handover | Development Status | Int. |
| ALASSIO, 100 Caine Road | 195,533 | 197 | 184 | 2016 | 2017 | - Expected to be completed in 2H 2016 and available for handover in 2017. | 100% |

(1) Represents the saleable area of remaining unsold units.

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 ⁽¹⁾</i> | 501 | 0% |
| China | <i>The Opposite House, Beijing</i> | 99 | 100% |
| China | <i>EAST, Beijing</i> | 369 | 50% |
| China | <i>The Temple House, Chengdu ⁽²⁾</i> | 142 | 50% |
| U.S.A. | <i>EAST, Miami ⁽²⁾</i> | 352 | 100% |
| Sub-Total (A) | | 1,925 | |
| Under Development | | | |
| China | <i>One hotel and one serviced apartment tower at HKRI Taikoo Hui, Shanghai ⁽²⁾</i> | 213 | 50% |
| Sub-Total (B) | | 213 | |
| Total = (A) + (B) | | 2,138 | |

| Owned but Non-managed Hotels | | No. of Rooms | Interest |
|------------------------------|--|---------------------|----------|
| Completed | | <i>(100% basis)</i> | |
| HK | <i>Island Shangri-La HK</i> | 565 | 20% |
| HK | <i>JW Marriott Hotel HK</i> | 602 | 20% |
| HK | <i>Conrad HK</i> | 513 | 20% |
| HK | <i>Novotel Citygate HK</i> | 440 | 20% |
| China | <i>Mandarin Oriental, Guangzhou ⁽²⁾</i> | 287 | 97% |
| U.S.A. | <i>Mandarin Oriental, Miami</i> | 326 | 75% |
| Sub-Total (C) | | 2,733 | |
| Under Development | | | |
| China | <i>Hotel at HKRI Taikoo Hui, Shanghai</i> | 201 | 50% |
| Sub-Total (D) | | 201 | |
| Total = (C) + (D) | | 2,934 | |



Expected Total Managed Rooms

2,138

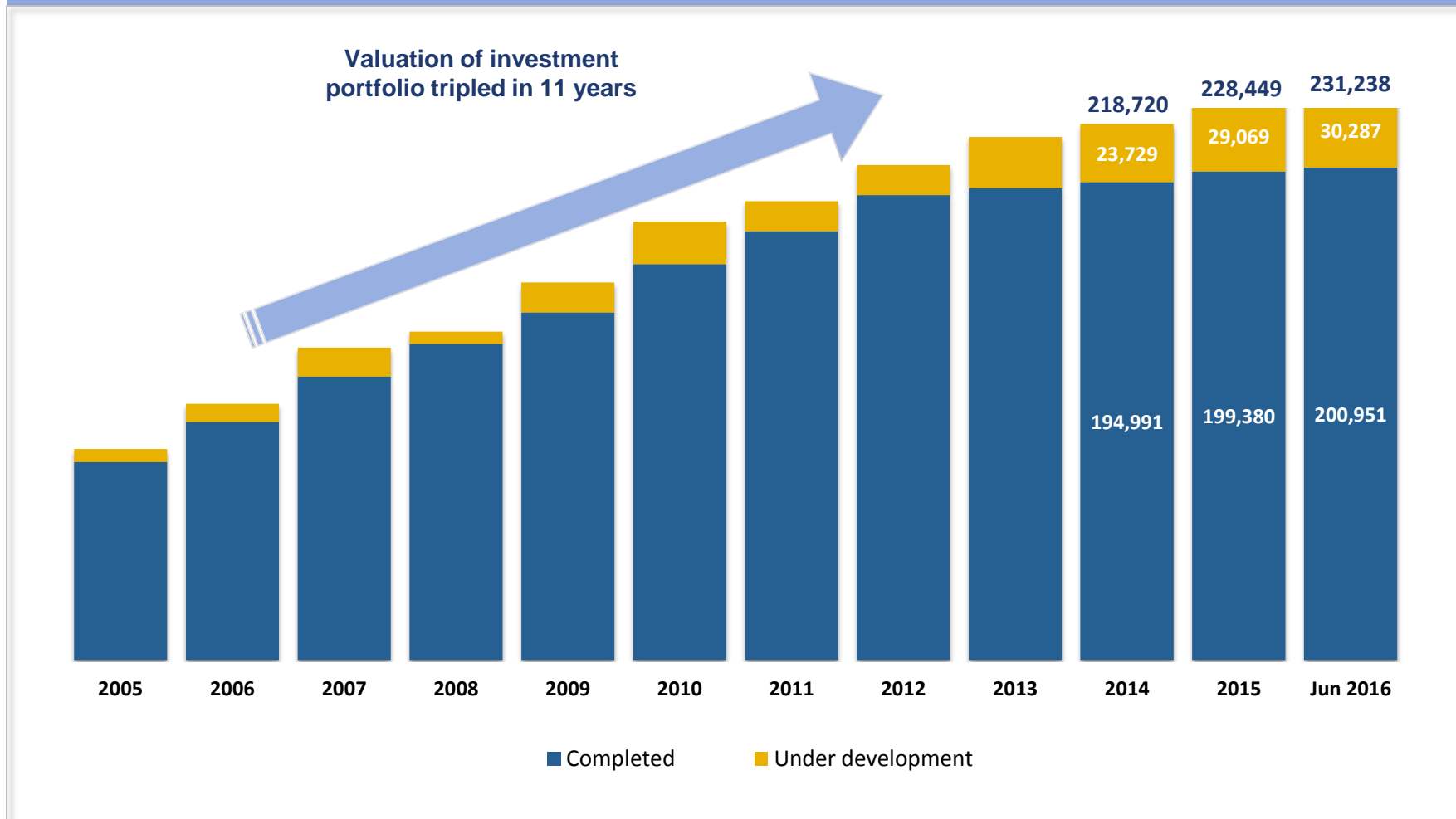
(1) Headland Hotel is owned by Airline Hotel Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.

(2) Including serviced apartments in the hotel tower.

Valuation of Completed Investment Properties

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

2005 – Jun 2016 Valuation of Completed Investment Properties (excl. Hotels) *



* Per Jun 2016 financial statements on accounting basis. Hotels are accounted for under property, plant and equipment in the financial statements.
2011 does not include Festival Walk which was sold in August for HK\$ 18.8 bn.