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# Swire Properties Investor Day

19th September 2017 | Shanghai

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## Agenda

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<b>Welcome by Swire Properties Chief Executive</b>	<i>Guy Bradley</i>
<b>Hong Kong &amp; Mainland China Office Portfolio</b>	<i>Don Taylor</i>
<b>Hong Kong &amp; Mainland China Retail Portfolio</b>	<i>Alvin Kong</i>
<b>HKRI Taikoo Hui Overview</b>	<i>Clarence Lee</i>
<b>Mainland China Business Strategies</b>	<i>Tim Blackburn</i>
<b>U.S. Portfolio &amp; Sustainable Development Strategies</b>	<i>Guy Bradley</i>
<b>Closing Remarks</b>	<i>Guy Bradley</i>
<b>Q&amp;A</b>	

# Management in Attendance

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**Guy Bradley**  
*Chief Executive*



**Tim Blackburn**  
*Chief Executive Officer,  
Mainland China*



**Alvin Kong**  
*Director, Retail*



**Don Taylor**  
*Director, Office*



**Michelle Low**  
*Finance Director*



**Han Zhi**  
*Director, Business  
Development  
(Mainland China)*



**Clarence Lee**  
*General Manager,  
Leasing & Management,  
HKRI Taikoo Hui*



**Fanny Lung**  
*Finance Director Designate*



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# Hong Kong & Mainland China Office Portfolio

**Don Taylor**

*Director, Office*

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# Diversified Hong Kong Office Portfolio



**28 Hennessy Road**  
~145,400 sq ft GFA

**Generali Tower**  
~81,400 sq ft GFA

**Pacific Place**  
2.2M sq ft GFA

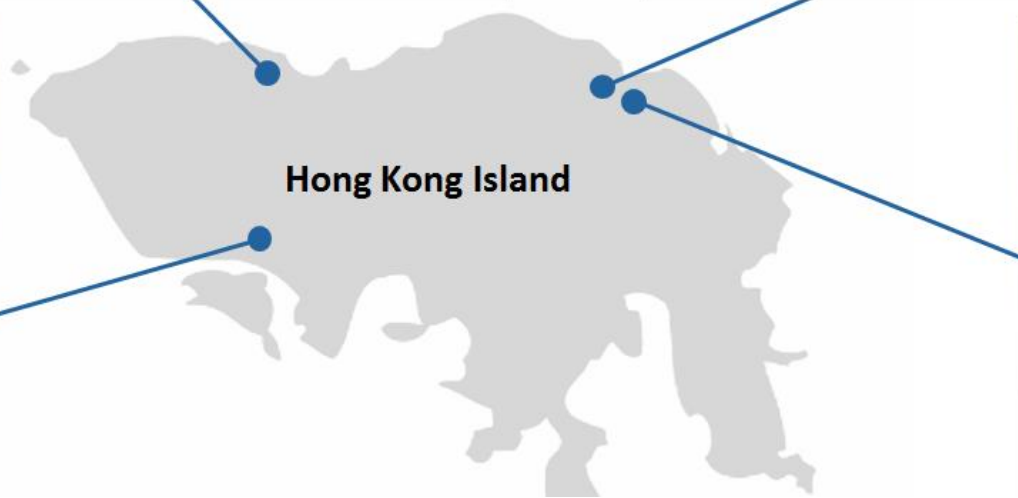


**Taikoo Place office towers**  
3.1M sq ft GFA  
~2.0M sq ft GFA (under development)

**One Island East**  
1.5M sq ft GFA



**8-10 Wong Chuk Hang Road**  
~382,500 sq ft GFA  
(under development)



Hong Kong Island

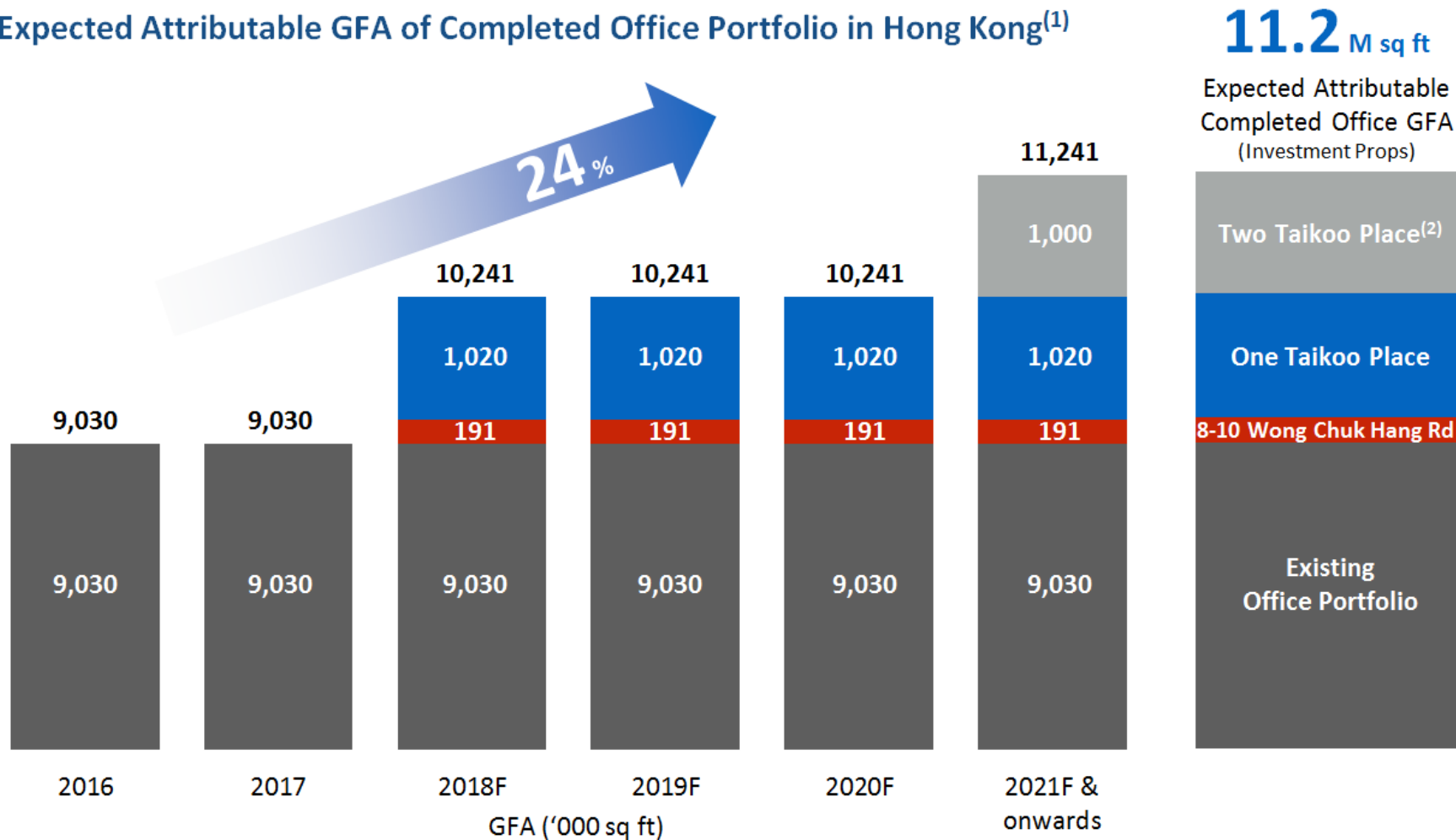


**Cityplaza office towers**  
1.4M sq ft GFA

(1) GFA figures are on 100% basis.  
 (2) The above excludes One Citygate (20% owned), 625 King's Road (50% owned), Berkshire House (50% owned) and New Kowloon Inland Lot 6312, completion of the sale of which is conditional upon the relevant occupation permit and certificate of compliance being obtained on or before 31st Dec 2018.

# Hong Kong Office Portfolio – A Strong Development Pipeline

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



# Completed Investment Properties | Office

Principal Properties	Occupancy		Area Let New and renewed tenancies, for the six months ended 30th Jun 2017	Reversion <sup>(1)</sup> For the six months ended 30th Jun 2017, including rent reviews	Latest Rentals <sup>(4)</sup> Headline	
	As at 31st Dec 2016	As at 30th Jun 2017				
<b>Hong Kong</b>			<b>(sq ft)</b>		<b>(HK\$ per sq ft)</b>	
Pacific Place	100%	100%	338,683	+15%	1PP / 2PP 3PP	: 110 - 135 : 95 - 110
Cityplaza	100%	99%	252,378	+8%	mid 40s	- high 40s
Taikoo Place <sup>(2)(3)</sup>	98%	100%	714,463	+2%	low 40s	- high 40s
One Island East	100%	98%	269,627	+10%	mid 50s	- high 60s
<b>Overall HK Office</b>	<b>99%<sup>(3)</sup></b>	<b>99%<sup>(3)</sup></b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	

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

(2) Including PCCW Tower but excluding certain long term leases.

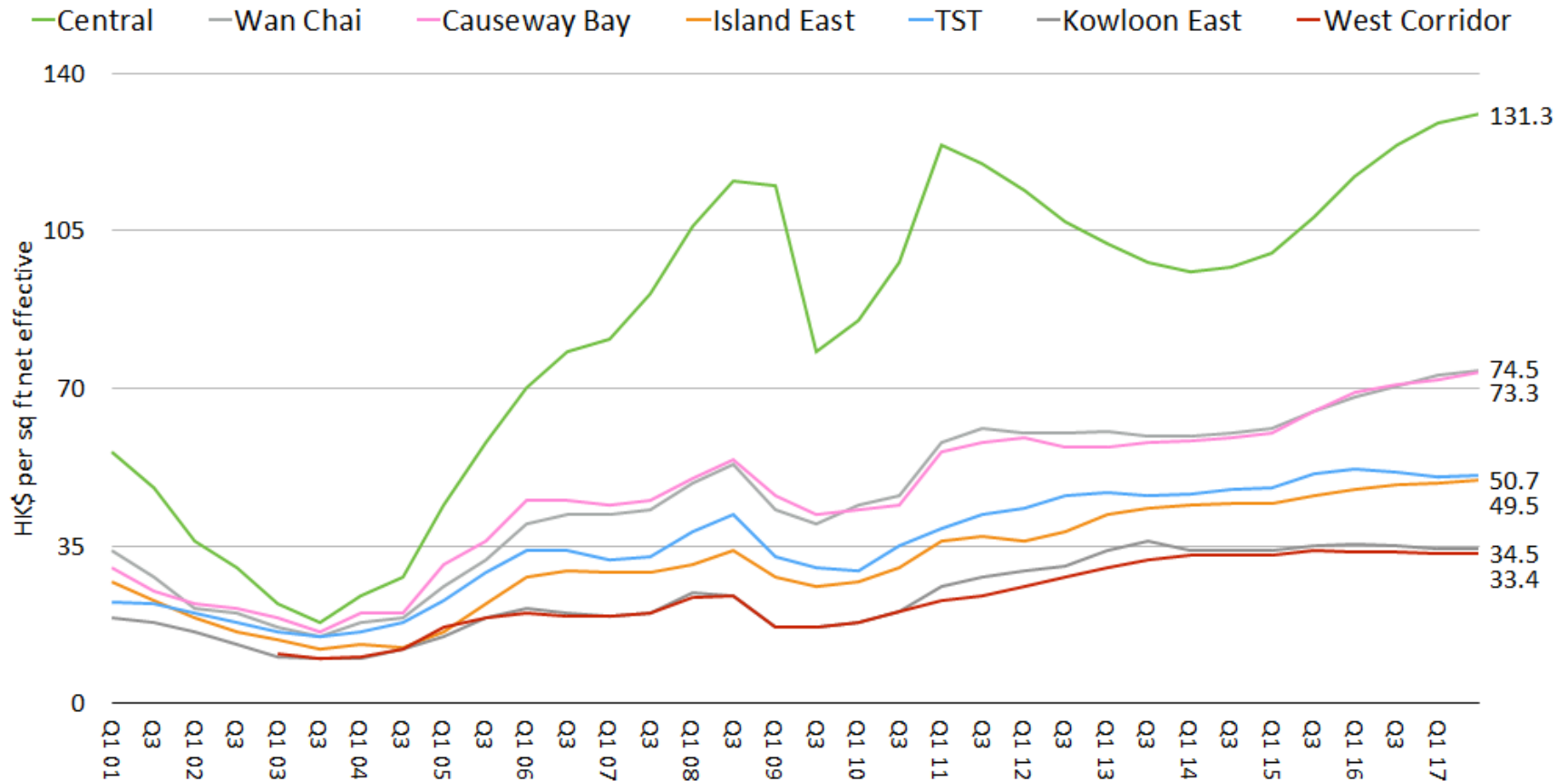
(3) Excluding techno-centres.

(4) As disclosed in the Quarterly Operating Statement for 2Q 2017 released on 4th Aug 2017.

# Grade A office Rents rose by 0.8% in Q2 2017

## Central, WC & CWB Rents are now at an historical high

Grade A Office Rents, Q1/2001–Q1/2017

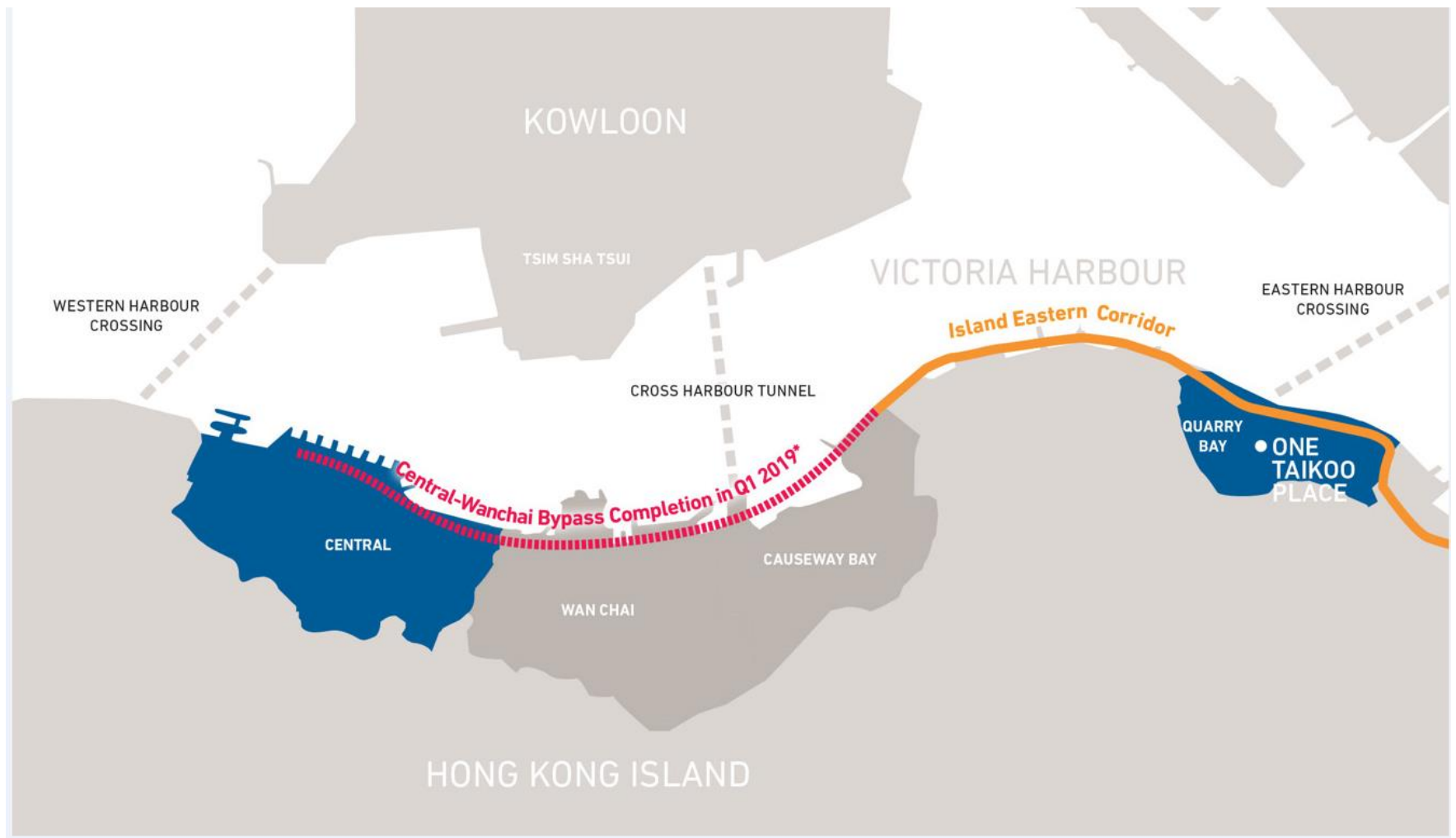




# Taikoo Place



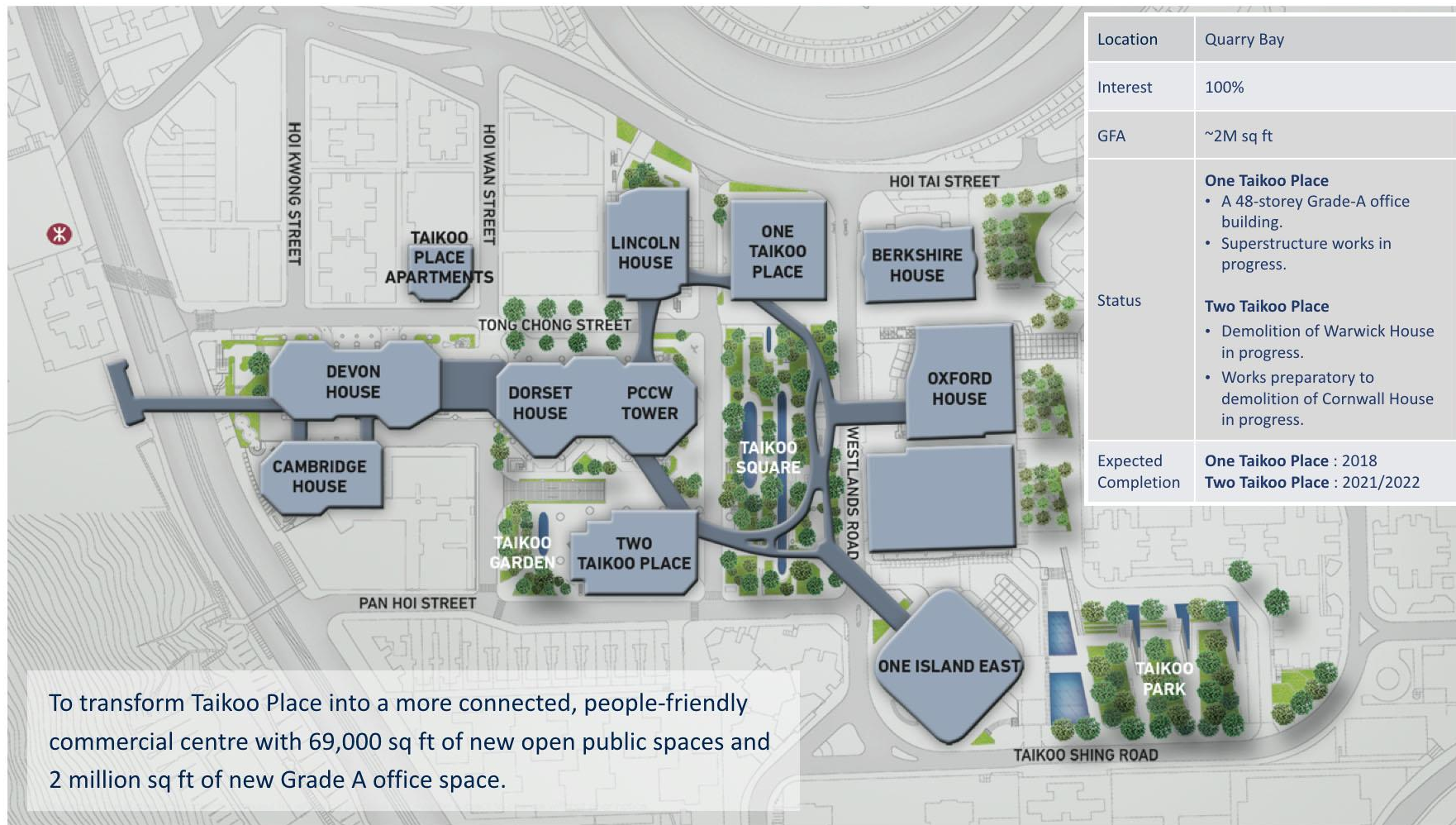
# Central-Wanchai Bypass



# Taikoo Place Today



# Taikoo Place Redevelopment



Location	Quarry Bay
Interest	100%
GFA	~2M sq ft
Status	<p><b>One Taikoo Place</b></p> <ul style="list-style-type: none"> <li>• A 48-storey Grade-A office building.</li> <li>• Superstructure works in progress.</li> </ul> <p><b>Two Taikoo Place</b></p> <ul style="list-style-type: none"> <li>• Demolition of Warwick House in progress.</li> <li>• Works preparatory to demolition of Cornwall House in progress.</li> </ul>
Expected Completion	<p><b>One Taikoo Place</b> : 2018</p> <p><b>Two Taikoo Place</b> : 2021/2022</p>

To transform Taikoo Place into a more connected, people-friendly commercial centre with 69,000 sq ft of new open public spaces and 2 million sq ft of new Grade A office space.

# Taikoo Place - Office Tenant Mix

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## Professional Services

Freshfields  
Berwin Leighton Paisner  
INCE & CO International Law Firm  
Ernst & Young  
KPMG  
Accenture

## Marketing, Media & PR

CJ E&M  
TimeWarner  
WPP Group plc  
Nielsen  
TBWA  
Young & Rubicam  
IPG  
Turner  
JCDcaux  
CNN

## Banking & Finance

BNP Paribas  
Alliance Bernstein  
Bank of China  
ANZ  
AXA Investment Managers  
China CITIC Bank  
CLSA  
JP Morgan Chase  
MUFG  
DBS Bank

## Information Technology

BT Group  
Facebook  
PCCW  
Citrix  
HKT  
Sony Mobile  
DELL  
IBM  
Verizon  
Ericsson  
Lenovo  
Vodafone

## Insurance

Aetna  
Berkshire Hathaway Specialty Insurance  
Liberty Insurance  
Prudential  
AIA  
AIG  
AXA  
MetLife  
QBE  
Zurich  
Bupa  
FWD

## Luxury Retail

Tiffany & Co.  
Maserati  
Balenciaga  
LVMH  
Canali  
Bluebell  
Gucci  
La Prairie  
Burberry  
Loro Piana

# Taikoo Place Redevelopment - One Taikoo Place



Artist's Impression



Artist's Impression



Artist's Impression

# Taikoo Place Redevelopment - One Taikoo Place



Artist's Impression



Artist's Impression



Artist's Impression



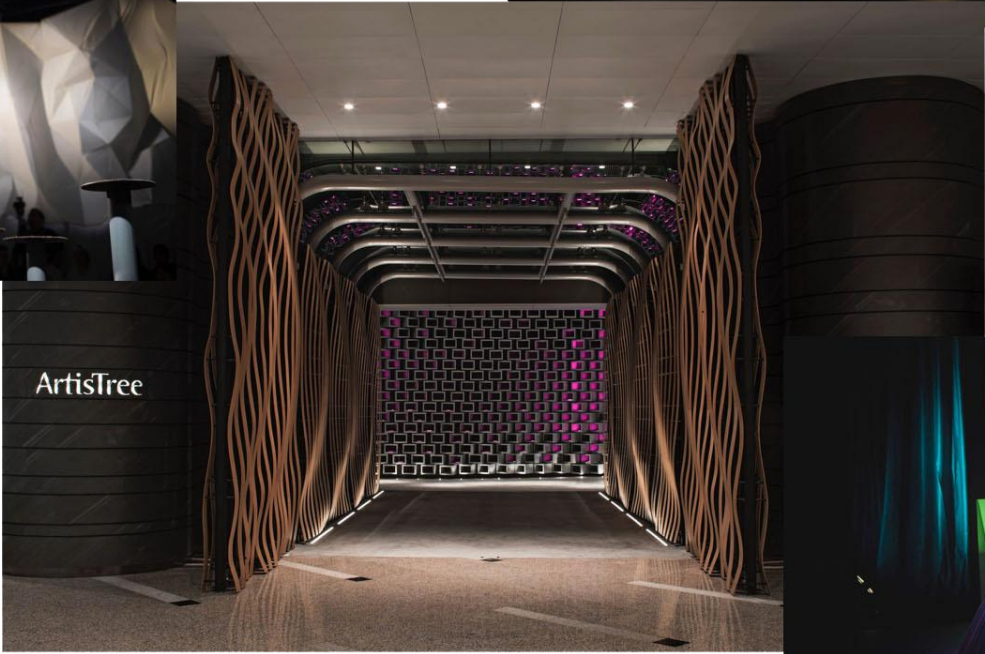
Artist's Impression

# blueprint





# ArtisTree



# The Loop

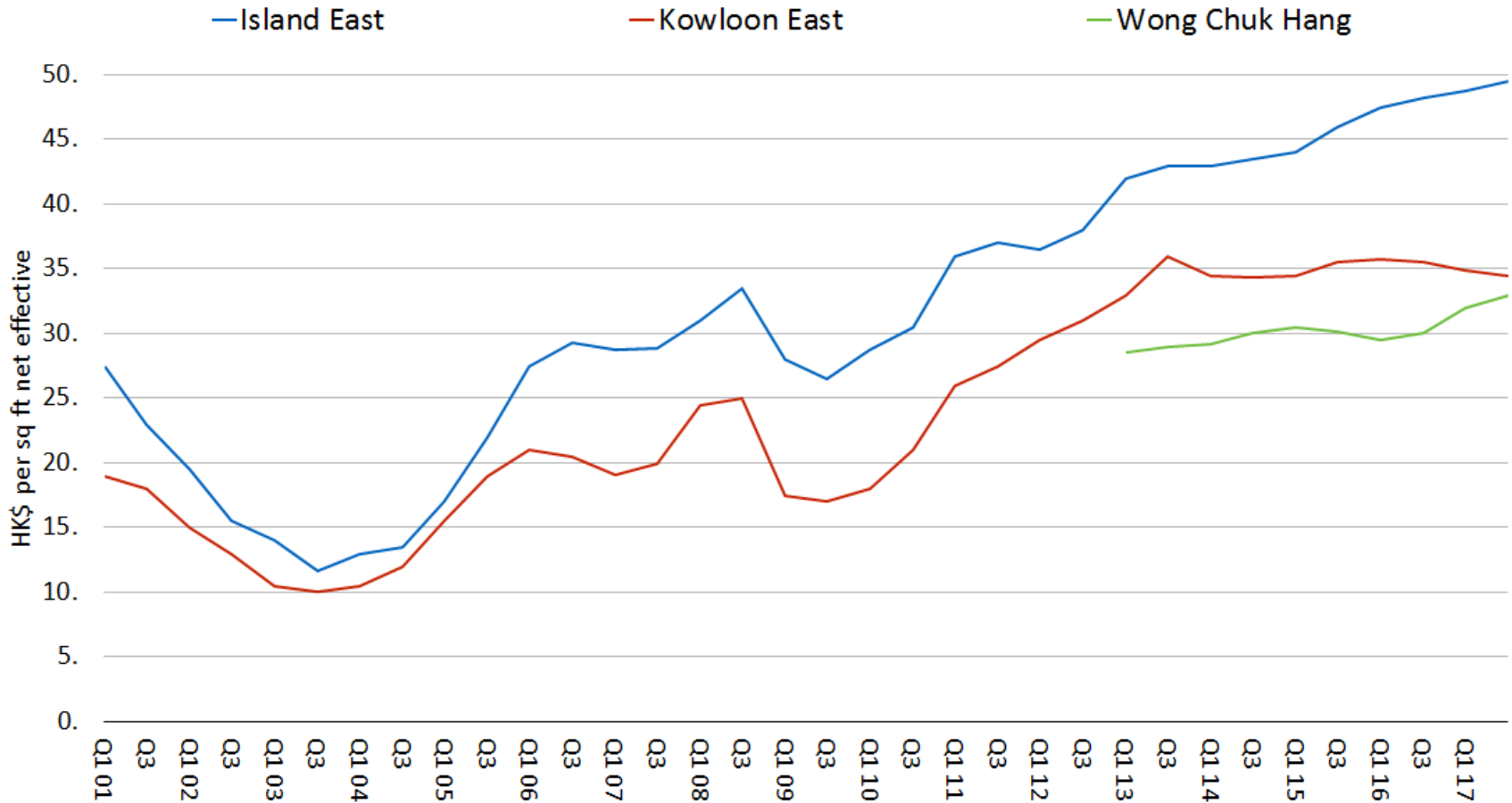


# The Refinery



# Rents are keeping pace with the transformation

## Grade A office rents in the three districts, Q1 2001-Q2 2017



# 8-10 Wong Chuk Hang Road

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- 382,500 sq ft
- Grade A office development
- Expected Completion 2018



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## Mainland China Office Portfolio

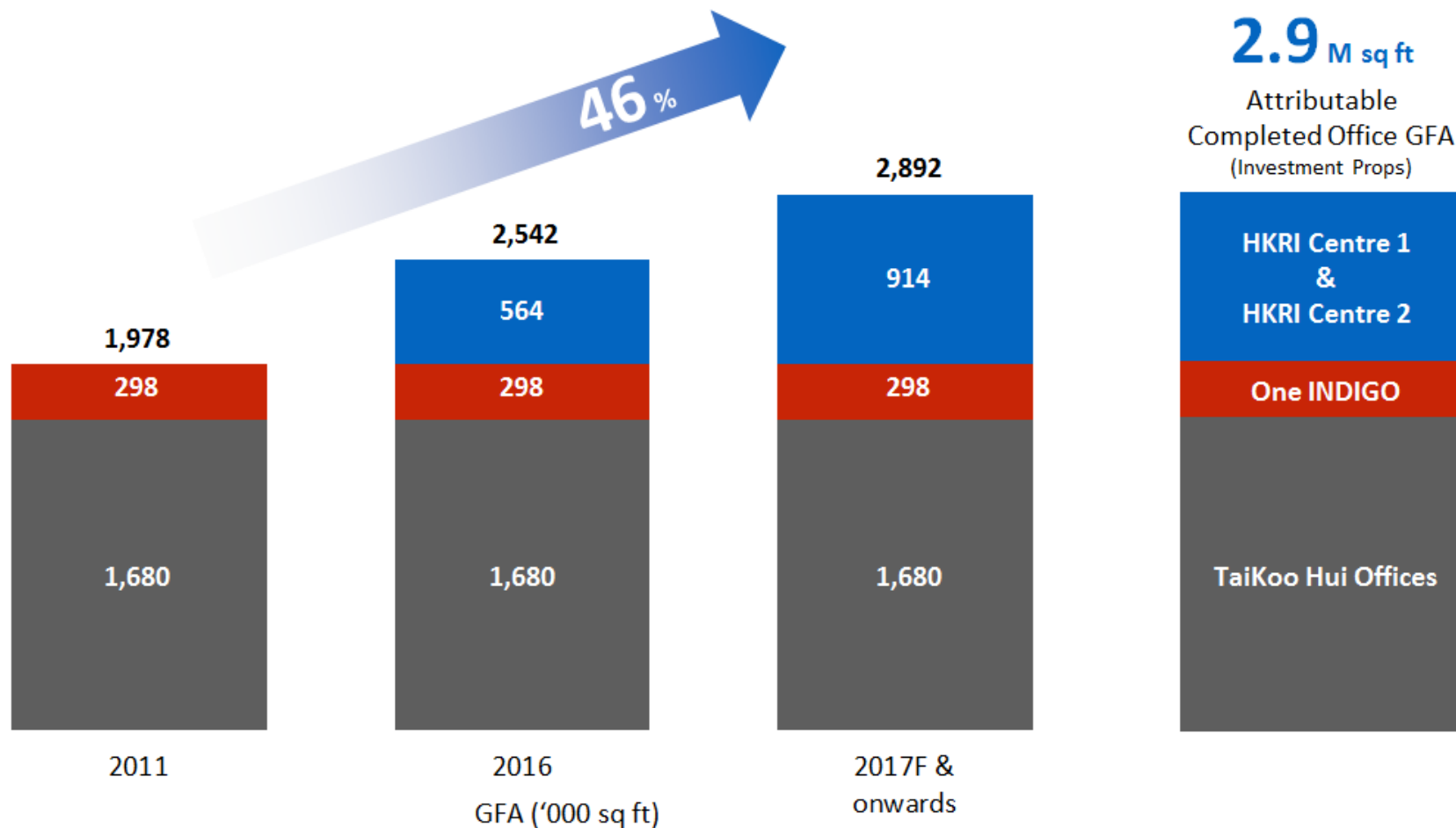
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# Mainland China Existing Office Portfolio



# Mainland China Office Portfolio Growth

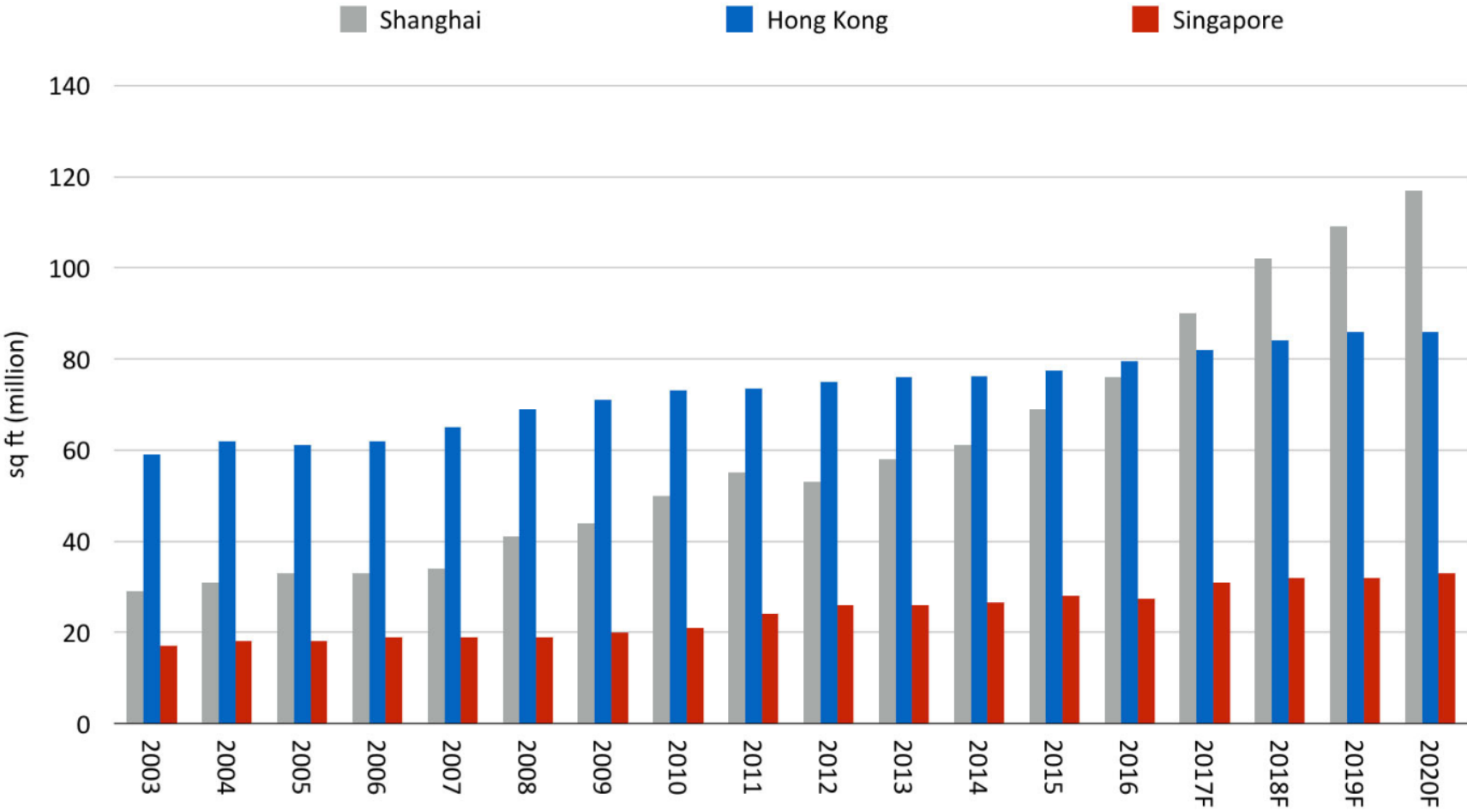
Attributable GFA of Completed Office Portfolio in Mainland China <sup>(1)</sup>





# Shanghai will overtake Hong Kong in terms of Grade A Office Stock this year

## Regional Office Stock, 2003 - 2020F





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## Hong Kong & Mainland China Retail Portfolio

**Alvin Kong**

*Director, Retail*

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# Our Portfolio



(1) Retail sales growth is for the six months ended 30th Jun 2017 and occupancy is as at 30th Jun 2017 shown above.

(2) Taking into account letters of intent as at 30th Aug 2017.

(3) GFA figures are on 100% basis.

(4) Excluding area closed for renovation and upgrading works during the first half in 2017.

# Our Brand Structure



**PP** PACIFIC PLACE

太古里  
TAI KOO LI  
三里屯

远洋太古里  
TAI KOO LI  
成都

cityplaza

太古汇 兴业太古汇  
— 广州 — — 上海 —  
TAIKOO HUI HKRI TAIKOO HUI

citygateoutlets

颐堤港  
— INDIGO —

# Our Management Strategy



- **Creative transformation**
- **Active asset management**
- **Unique design and positioning**

# Our Competitive Advantage

- **Swire / Taikoo**
- **Teams**
- **Centres**



# Our Near-Future Action List

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- **Tenant mix improvement**
  - **Asset enhancement**
  - **Customer relationship management**



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# HKRI Taikoo Hui Overview

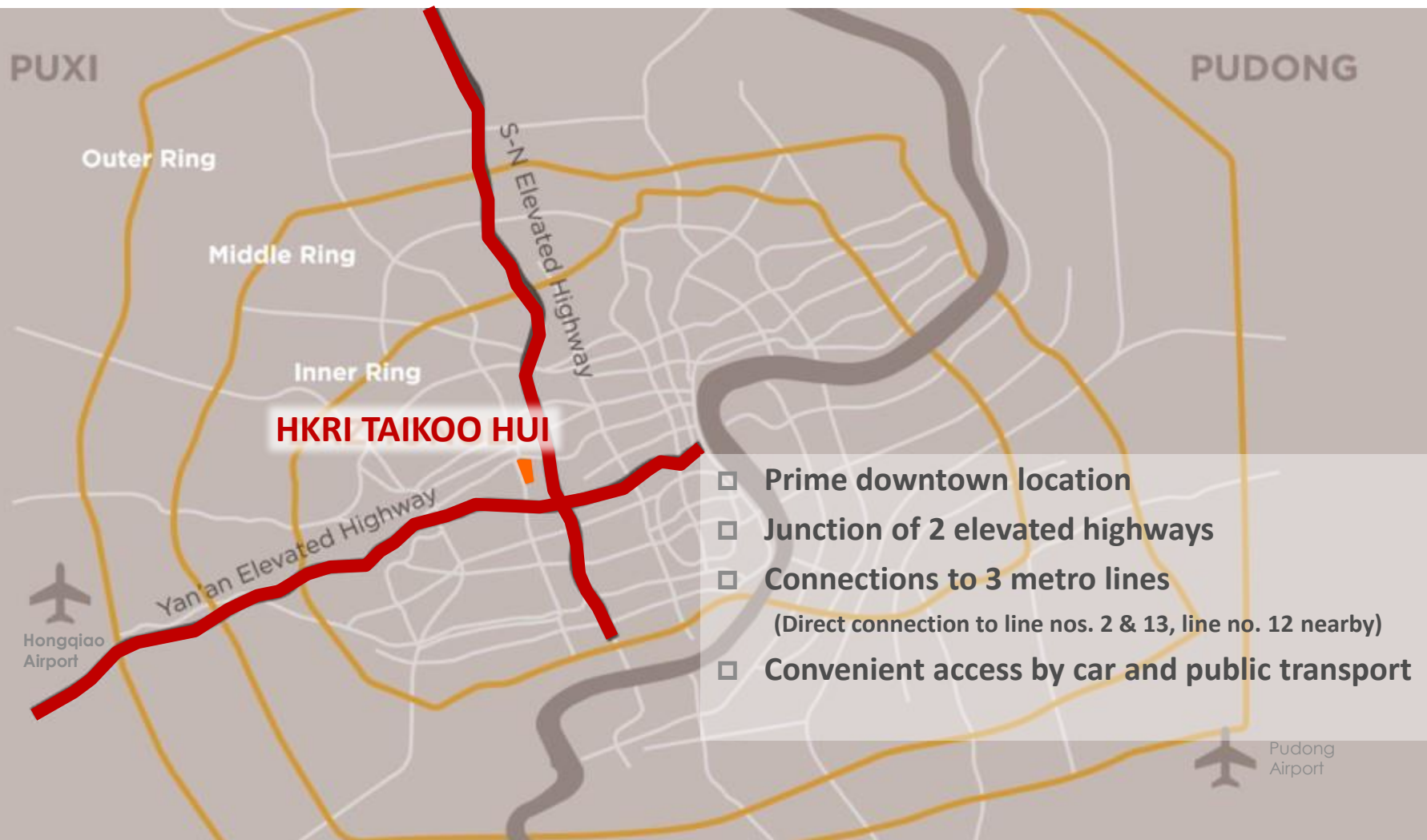
**Clarence Lee**

*General Manager, Leasing & Management, HKRI Taikoo Hui*

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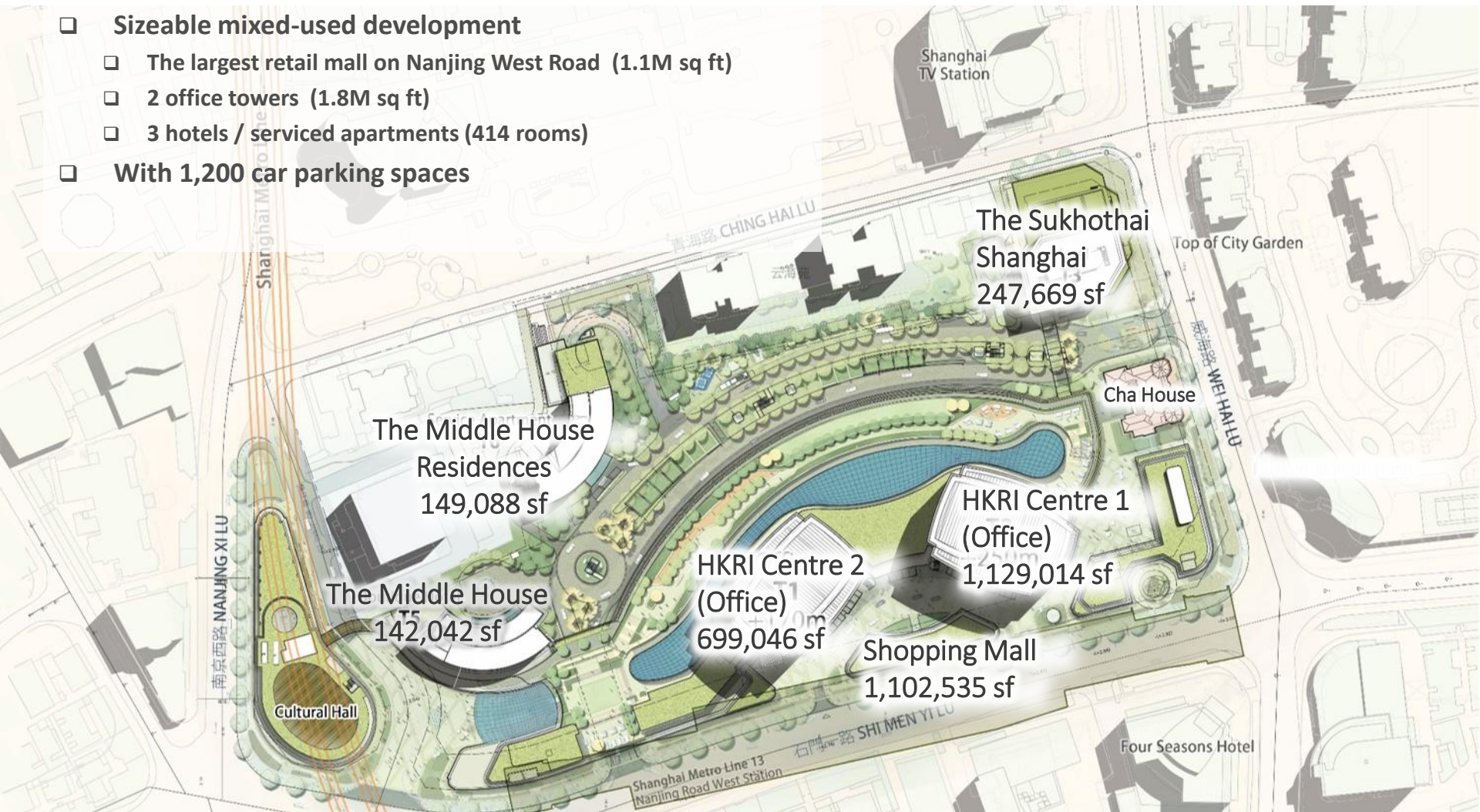


# HKRI Taikoo Hui - Prime Location



# HKRI Taikoo Hui - Total Integration

- **Sizeable mixed-used development**
  - The largest retail mall on Nanjing West Road (1.1M sq ft)
  - 2 office towers (1.8M sq ft)
  - 3 hotels / serviced apartments (414 rooms)
- **With 1,200 car parking spaces**



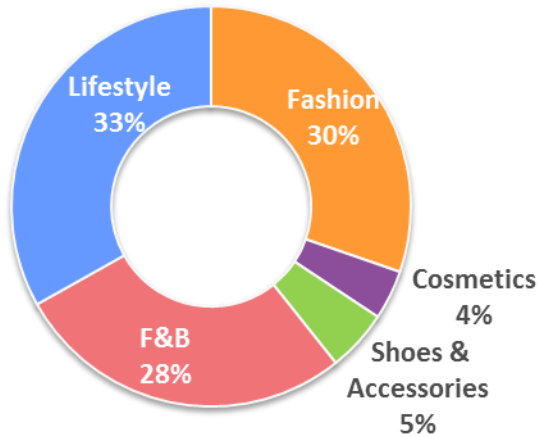
# HKRI Taikoo Hui - Phases

- Aug 2016**  Occupation Permits for shopping mall and HKRI Centre 1 obtained.
- Dec 2016**  HKRI Centre 1 opened.
- Mar 2017**  Occupation Permit for HKRI Centre 2 obtained.
- May 2017**  Shopping mall soft opened.
- Now**
  - Retail: 93% leased <sup>(1)</sup> and 72% of shops opened.
  - HKRI Centre 1: 80% committed <sup>(1)</sup> and 60% moved in.
  - HKRI Centre 2: 74% committed <sup>(1)</sup> and 50% moved in.

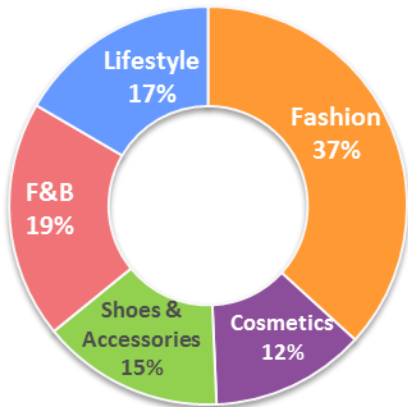


# HKRI Taikoo Hui – Retail Tenant Mix

By Area



By Number of Shops



## Key Anchors

City Super  
Jade Garden  
Shanghai Club

Space Cycle  
Starbucks Roastery

## First-time tenants in Shanghai / Mainland China

### F&B

Chinese Cuisine  
Ho Hung Kee  
Let's Taipei

Confectionery  
Garrett Popcorn  
Ice Monster

### Asian Cuisine

BMS Organics  
Gather  
Little Nanyang  
UMI  
Lian

### Western Cuisine

seul & SEUL  
Let's Burger & Lobster

### Café

Theatre Tea

### Cosmetics

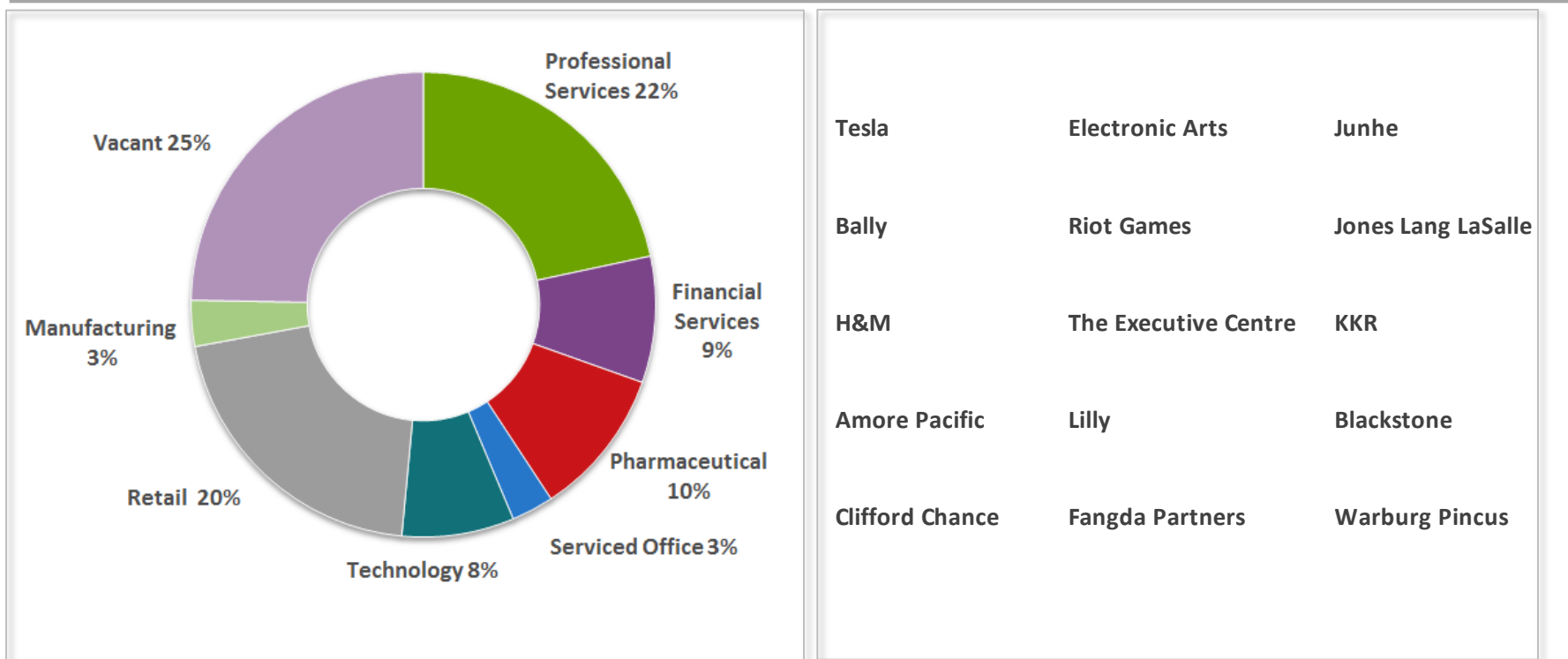
Atelier Cologne  
Cha Ling  
Gucci Cosmetics  
Natura Bisse  
Philosophy  
SONOKO

### Lifestyle

Cinker Picture  
Nio

■ First in Mainland China  
■ First in Shanghai

# HKRI Taikoo Hui – Office Tenant Mix



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

# HKRI Taikoo Hui - Office - Relocation Drivers



- Staff Retention - Location
- Getting to Work - Transportation



- Corporate Social Responsibility
- Sustainability



- Staff Protection
- Innovation



- Unique Opportunity



- In-House Property Management-Reliability



# Mainland China Business Strategies

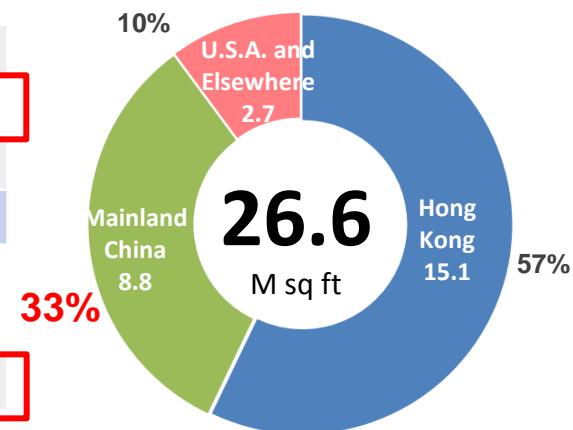
**Tim Blackburn**

*Chief Executive Officer, Mainland China*

# Property Portfolio

Investment Props / Hotels Attributable GFA (M sq ft) <sup>(1)</sup>	Office	Retail	Hotels <sup>(2)</sup>	Resid./Serviced apartments	Under- Planning	Total
<b>Completed</b>						
<i>Hong Kong</i>	9.0	2.5	0.7	0.6	-	12.8
<i>Mainland China</i>	2.9	4.5	1.0	0.1	-	8.5
<i>U.S.A.</i>	0.3	0.3	0.5	0.1	-	1.2
<b>Sub-Total (A)</b>	<b>12.2</b>	<b>7.3</b>	<b>2.2</b>	<b>0.8</b>	<b>-</b>	<b>22.5</b>
<b>Under Development or Held for Future Development</b>						
<i>Hong Kong</i>	2.2	0.1	-	-	-	2.3
<i>Mainland China</i>	-	-	0.2	0.1	-	0.3
<i>U.S.A. and elsewhere</i>	-	-	-	0.1	1.4	1.5
<b>Sub-Total (B)</b>	<b>2.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>1.4</b>	<b>4.1</b>
<b>TOTAL = (A) + (B)</b>	<b>14.4</b>	<b>7.4</b>	<b>2.4</b>	<b>1.0</b>	<b>1.4</b>	<b>26.6</b>

## Attributable Investment Props by Region (GFA)



Attri. PRC Investment Portfolio  
**8.8 M sq ft (33%)**



# Mainland China Pipeline Coming to Fruition

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

Retail Opening

TaiKoo Hui, Guangzhou

Taikoo Li Sanlitun, Beijing

INDIGO, Beijing

颐堤港  
—INDIGO—

Sino-Ocean Taikoo Li Chengdu

HKRI Taikoo Hui, Shanghai

太古里  
TAIKOO LI  
三里屯

远洋太古里  
TAIKOO LI  
成都

兴业太古汇  
—HKRI—  
HKRI TAIKOO HUI

Before



Site of Guangzhou Daily



Old Embassy area



Jiangtai



Daci Temple



Jing'an

Now



TaiKoo Hui



Taikoo Li Sanlitun



INDIGO



Sino-Ocean Taikoo Li Chengdu



HKRI Taikoo Hui

# Growing Rental Contributions

## Attributable Gross Rental Income

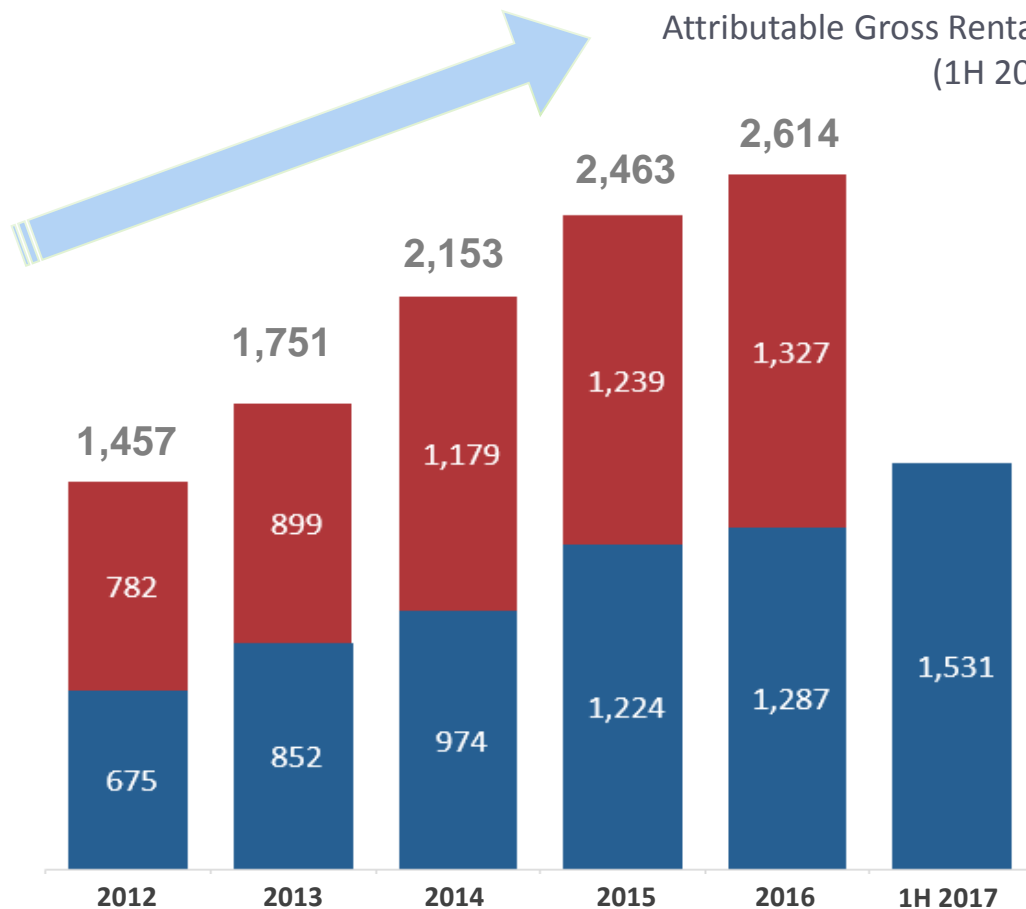
HK\$'M

**Attributable Gross Rental Income almost doubled since 2012**

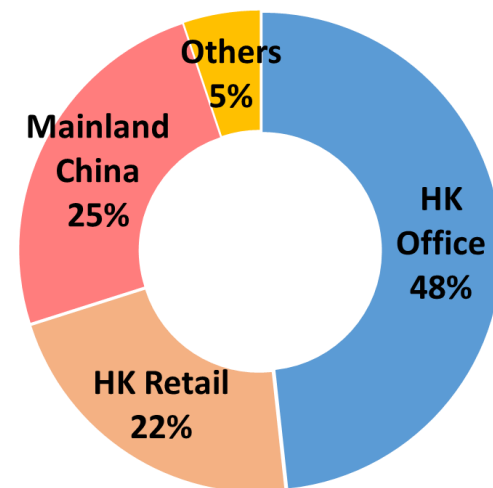
HK\$ **1,531M**,  $\uparrow$ 19%

RMB **1,349M**,  $\uparrow$ 24%

Attributable Gross Rental <sup>(1)</sup>  
(1H 2017)



## Rental Contribution – 1H 2017

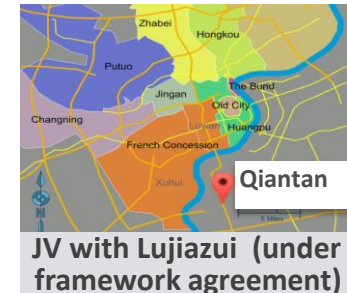


\* By attributable gross rental income.

HK\$ **45.1** bn  
Attributable Valuation  
(As at 30th June 2017)

# Mainland China Business Strategies

- ❑ Sustained appetite for more investment in Mainland China.
- ❑ Continue to follow a patient strategy focusing on major cities with existing presence and established track records.
- ❑ Continue to develop JV partnership strategy working with new and established partners, developing local partnerships to identify land resources and build long term government relationships.
- ❑ Active Business Development teams evaluating potential project opportunities.



# Development Focus

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## Asset Reinforcement Projects

### Commercial (Investment)

- ❑ Retail-led mixed-use development projects
  - ❑ 1st Tier cities
    - Downtown model
    - Other prime locations

### Residential (Trading)

- ❑ 1st Tier cities
- ❑ Leveraging strong brand and design capability



# Potential Pipeline - Qiantan Project





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## U.S. Portfolio

**Guy Bradley**

*Chief Executive*

# Well-established in Miami for over 30 years



1979



Today



Transformation of Brickell Key Island through residential development

Retail-led mixed use development

1982

1997

1999

2001

2003

2004

2005

2008

2016

Brickell Key One

Courvoisier Courts,  
One Tequesta Point

Two Tequesta Point

Three Tequesta Point

Courts Brickell Key

Jade Residences

Carbonell

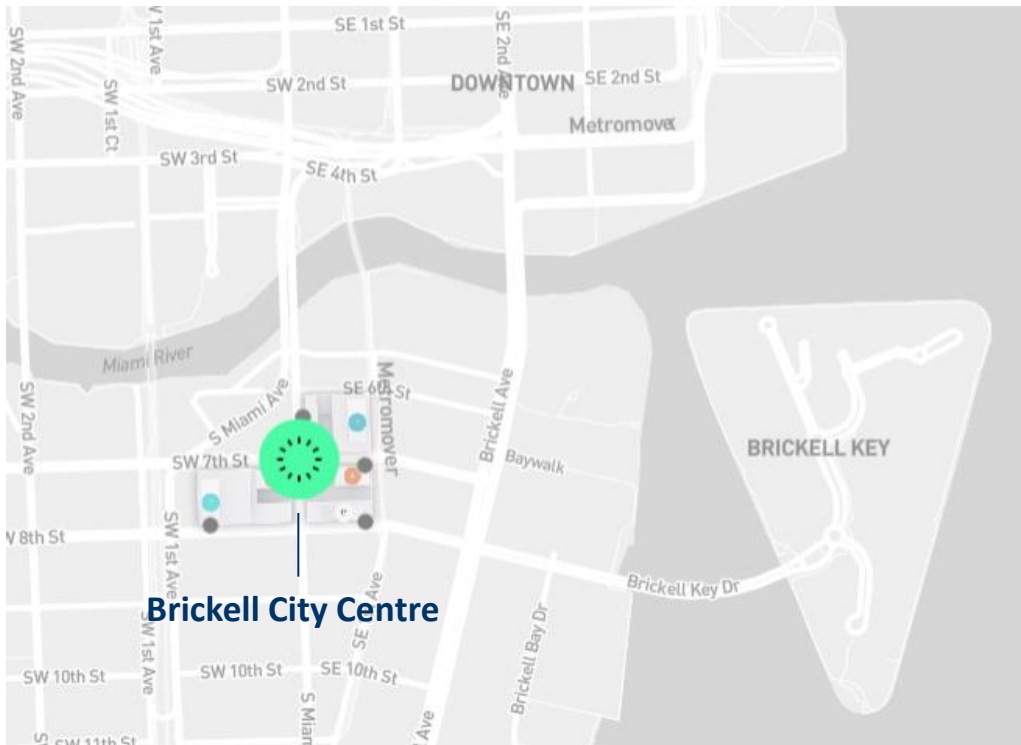
ASIA

Reach & Rise

Brickell City Centre

Residential Projects  
Mixed-use Development

# Strategies in the U.S.

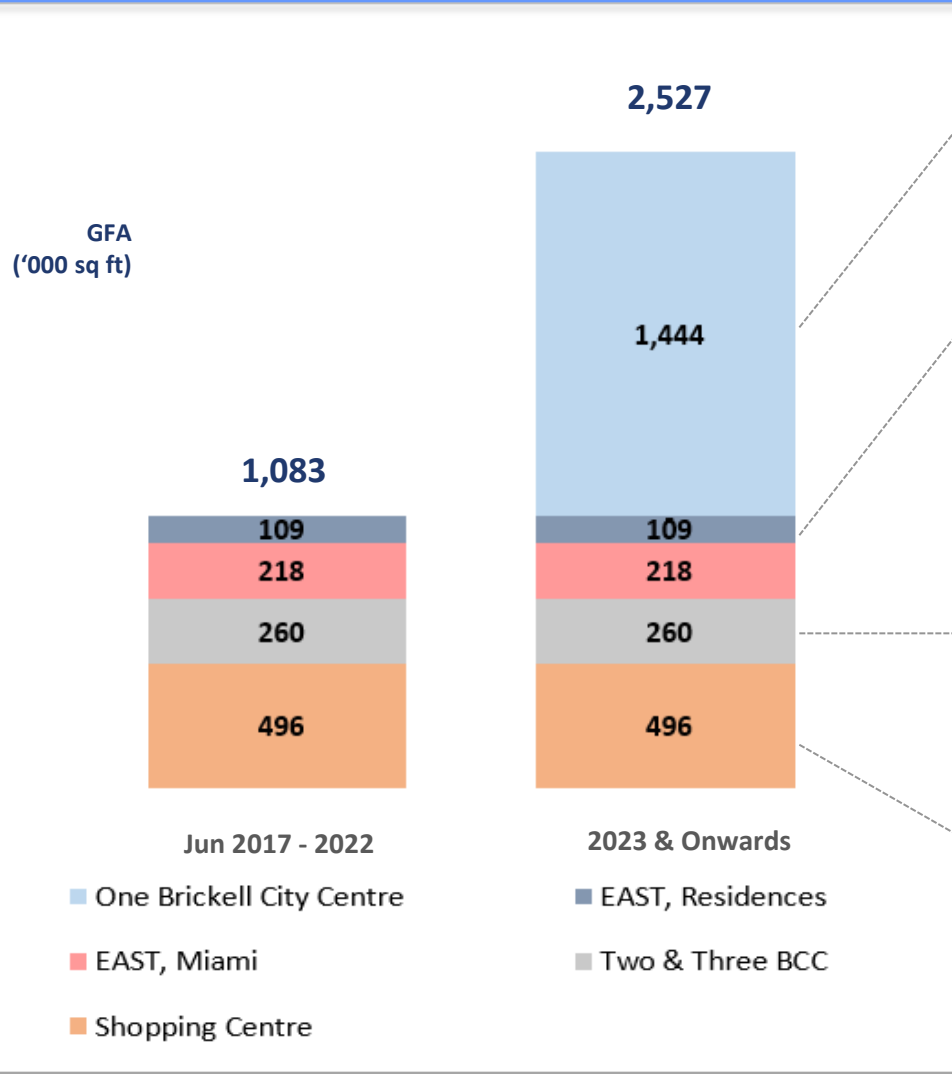


- ❑ Focus remains on the Miami market.
- ❑ Leveraging the strong brand established from residential development since early 1980s.
- ❑ Land bank available for development of investment and residential trading properties (One Brickell City Centre under planning and design).

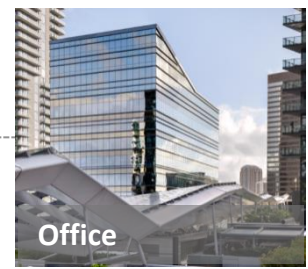


# Brickell City Centre, Miami

## GFA of Completed Property Portfolio in USA (100%) <sup>(1)(2)(3)</sup>



### One Brickell City Centre



❑ 80-storey tower – retail, office, hotel & residential<sup>(4)</sup> spaces.

❑ 263 hotel rooms and 89 serviced apartments.

❑ Revenue per available room is improving.

### Occupancy

**75%** **100%** (as at 30th Jun 2017)  
*Two BCC Three BCC*

❑ Limited new supply of Grade-A offices.

### Occupancy

**88%** (as at 30th Jun 2017)

49 (1) The hotel is accounted for under property, plant and equipment in the financial statements.  
 (2) Excludes trading portfolios.  
 (3) Represents leasable area except for the carpark, roof top and circulation areas.  
 (4) Includes residential for trading.

# Brickell City Centre - Major Tenants

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## Retail Tenants

Saks Fifth Avenue

Zara

CMX The VIP Cinema

Apple

La Centrale Italian Food Hall

Quinto La Huella

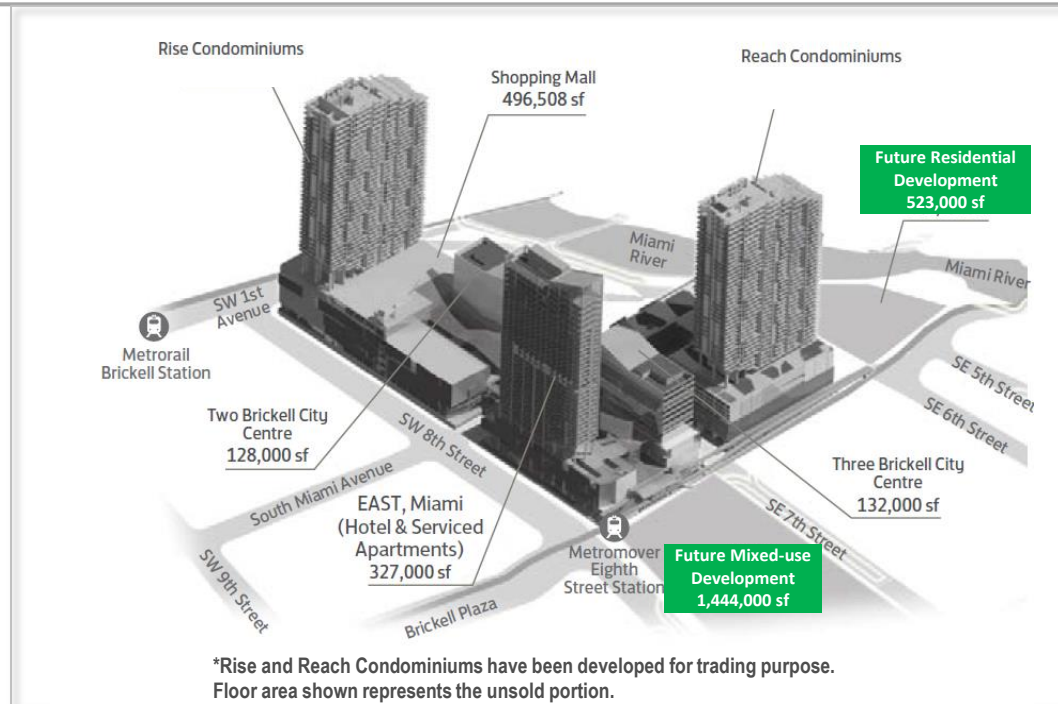
## Office Tenants

Akerman

WeWork

McKinsey&Company

# Trading Properties in Miami



## Reach

**360** out of 390 units sold since launch <sup>(1)</sup>  
**mid US\$ 600s** psf (avg price) <sup>(2)</sup>

## Rise

**197** out of 390 units sold since launch <sup>(1)</sup>  
**high US\$ 600s** psf (avg price) <sup>(2)</sup>

(1) At 15th Aug 2017.

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



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# Sustainable Development Strategies

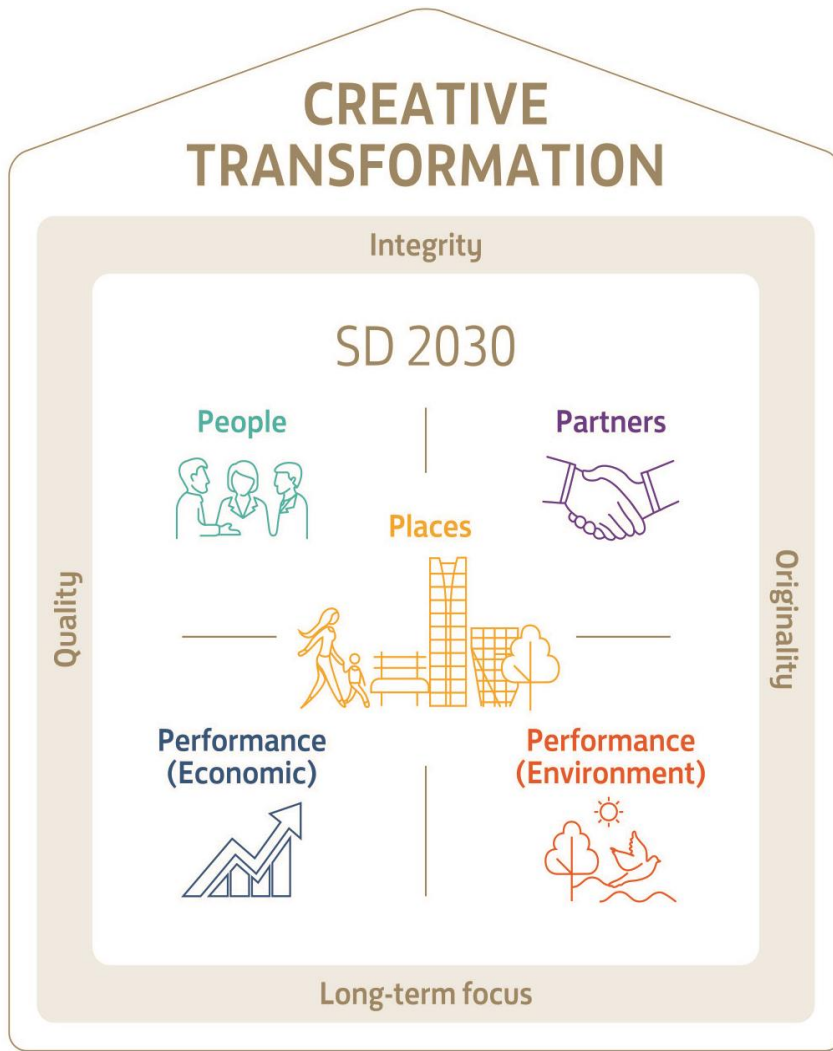
**Guy Bradley**

*Chief Executive*



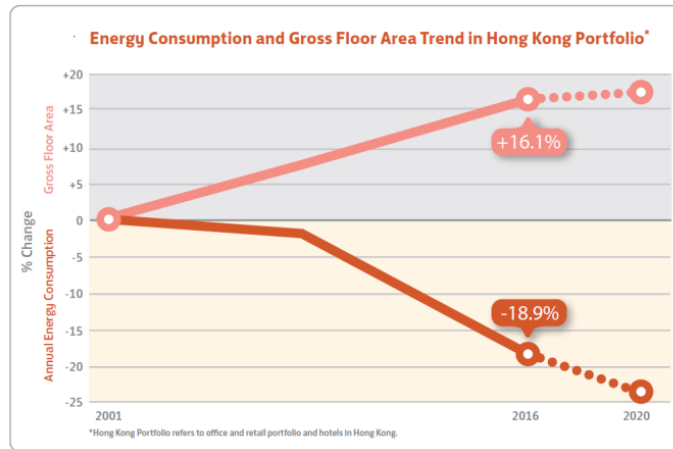
*Our vision is to be the leading sustainable development performer in our industry globally by 2030*

# SD 2030 Strategy Framework



*In support of our vision, we have developed the Sustainable Development Strategy (SD 2030) that is organised around five strategic pillars.*

# Seamless Integration of Sustainability into Our Design and Businesses



## Indoor Air Quality

- ❑ **INDIGO, Beijing**
- ❑ INDIGO was rated by a social media platform as one of the two best performing malls in Beijing in terms of indoor air quality in 2016.

## Energy consumption

- ❑ **Hong Kong portfolio**
- ❑ 18.9% reduction in energy consumption<sup>(1)</sup> achieved despite 16.1% increase in gross floor area (from 2001 to 2016).

## Climate Ribbon™

- ❑ **Brickell City Centre, Miami**
- ❑ Climate Ribbon™ serves as a sunshade, creating air flow and collecting rainwater while allowing the shopping centre at Brickell City Centre to be open-air and naturally lit.

# Performance

## Global or Regional Sustainability Indices and Rankings

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

**2015 2016 2017\***

\*Member of DJSI World Index  
(the only company in HK & Mainland  
China included);  
\*87 percentile ranking

**The Sustainability  
Yearbook 2017**

**ROBECOSAM**  
We are Sustainability Investing.

**2017**

Top 15% globally; 1 of 3 HK  
developers listed



**FTSE4Good**

**2016 2017**

1 of 3 HK developers listed



**Hang Seng Corporate  
Sustainability Index  
Series Member 2015-2016**

**2015 2016 2017\***

\*Top 3 in HK; Top performer  
among all developers



**G R E S B**  
REAL ESTATE  
Sector Leader 2017

**2017**

Global Sector Leader  
(Other: Mixed Use Assets)

**MSCI**



2017 Constituent  
MSCI Global  
Sustainability Indexes

**2015 2016 2017**





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## Closing Remarks

**Guy Bradley**

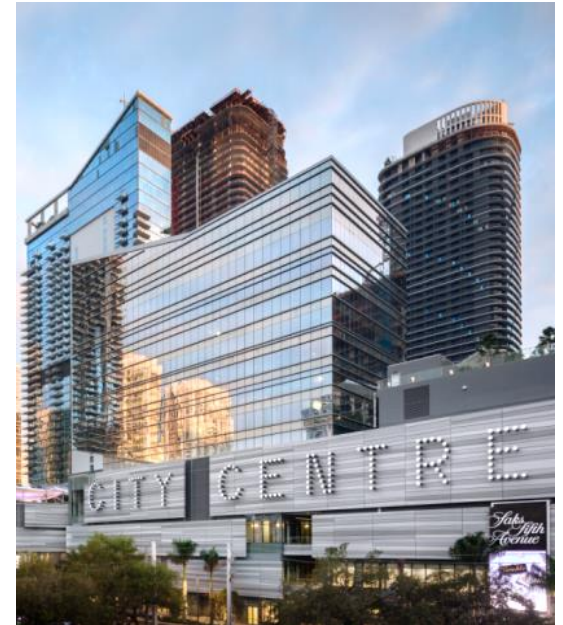
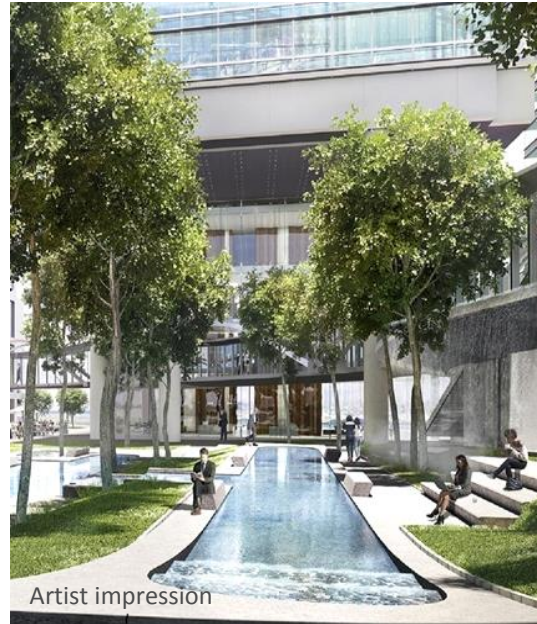
*Chief Executive*

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# Business Well-placed for Continuous Growth

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- ❑ Game-changing projects in Shanghai, Miami and Hong Kong (Taikoo Place).
- ❑ A solid project pipeline across all our markets.
- ❑ Mainland China projects bearing fruit.





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**Thank you!**