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# 2013 Annual Results | Analyst Briefing

13th March 2014

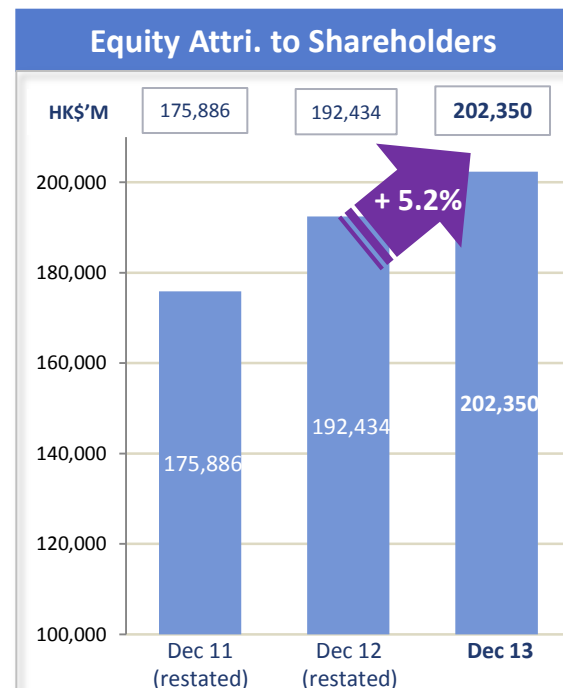
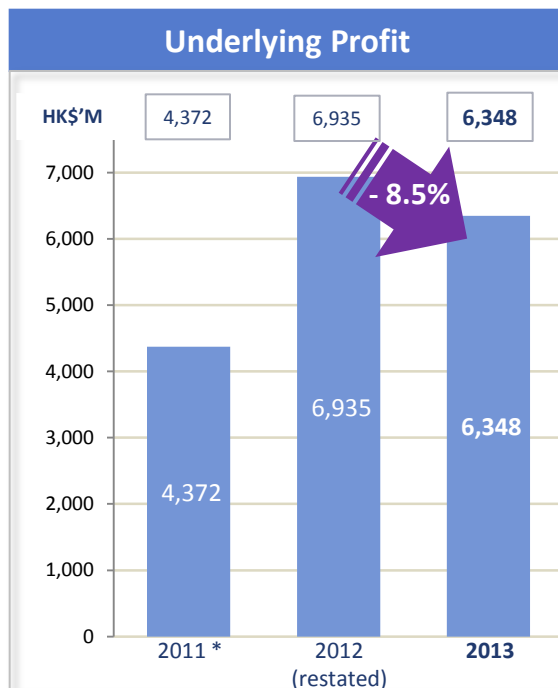
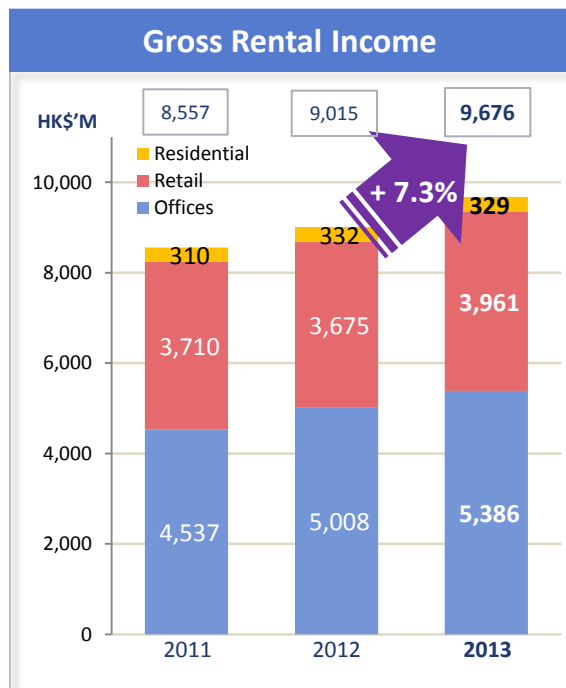
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# Financial Summary

# Result Highlights



- Gross rental income **up 7.3%** to **HK\$9,676 M** reflecting positive rental reversions in HK office portfolio and good growth of rental income of TaiKoo Hui in Guangzhou and Taikoo Li Sanlitun in Beijing.
- Underlying profit **down 8.5%** to **HK\$ 6,348 M** principally due to lower trading profits from the sale of luxury residential properties in HK, partially offset by increased investment income from retail and office properties.
- Reported profit **down 33.2%** to **HK\$ 12,525M** mainly on lower valuation gains.
- 2013 dividends per share: **HK\$ 60 cents**.

#### Equity Attri. to Shareholders

**HK\$ 34.59 Per Share**

(31st Dec 2012: HK\$ 32.89)

#### 2013 Dividends Per Share

**1st Interim HK\$ 0.20**

**2nd Interim HK\$ 0.40**

(2012 1st / 2nd Interim: HK\$ 0.22 / HK\$ 0.38)

# Key Developments

Jan 2013



- Partnership with **Bal Harbour Shops** (12.5%) to jointly develop the retail component of Brickell City Centre ("BCC").
- Opening of **Mandarin Oriental Guangzhou** at TaiKoo Hui.

Mar 2013

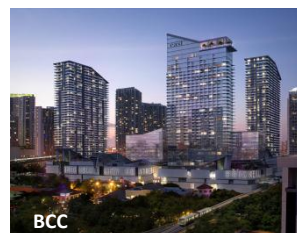
- **Citygate JV** (20% owned) won a **tender** to develop an adjacent commercial site.

Apr 2013



- Pre-sale of **DUNBAR PLACE**.

Jul 2013



- Acquired a plot of **land** adjacent to BCC with plans for a 80-storey mixed-use tower.

Aug 2013

- A substantial portion (~89%) of **Pinnacle One**, the office tower at Daci Temple Project, was **pre-sold**.
- A **representative office** was established in **Jakarta**.



Nov 2013



- Acquired by **tender** a commercial site in **Kowloon Bay** for an office development (~ GFA of 555,000 sq ft).

Feb 2014



- Acquired the remaining **20%** interest of **Taikoo Li Sanlitun** in Beijing.
- Agreed to proceed with a **lease modification** for an industrial site at **8-10 Wong Chuk Hang Road** (50% owned) in Aberdeen for an office development (~ GFA of 382,500 sq ft).

Jan 2014



- Acquired **DCH Commercial Centre** (~ GFA of 389,000 sq ft) via a JV with **50%** interest.
- Entered into a **Framework Agreement** to jointly develop a mixed-use site for retail and apartments in **Dalian** with **50%** interest.



- Entered into an agreement with HKSAR Govt (FSI) to acquire its interest in **Cornwall House** which will allow the **redevelopment** of **three existing techno-centres** in TaiKoo Place into two Grade-A office buildings.

# Financial Summary

HK\$M	FY 2012 (Restated)	FY 2013	Change
Turnover	14,052	<b>12,935</b>	-7.9%
Valuation gains on investment properties	12,273	<b>6,211</b>	- 49.4%
Operating profit	21,496	<b>14,498</b>	- 32.6%
Underlying profit	6,935	<b>6,348</b>	- 8.5%
Reported profit	18,753	<b>12,525</b>	- 33.2%
Underlying earnings per share (HK\$ per share)	1.19	<b>1.09</b>	- 8.4%
Reported earnings per share (HK\$ per share)	3.21	<b>2.14</b>	- 33.3%
First interim dividend per share (HK\$ per share)	0.22	<b>0.20</b>	- 9.1%
Second interim dividend per share <sup>(1)</sup> (HK\$ per share)	0.38	<b>0.40</b>	+ 5.3%

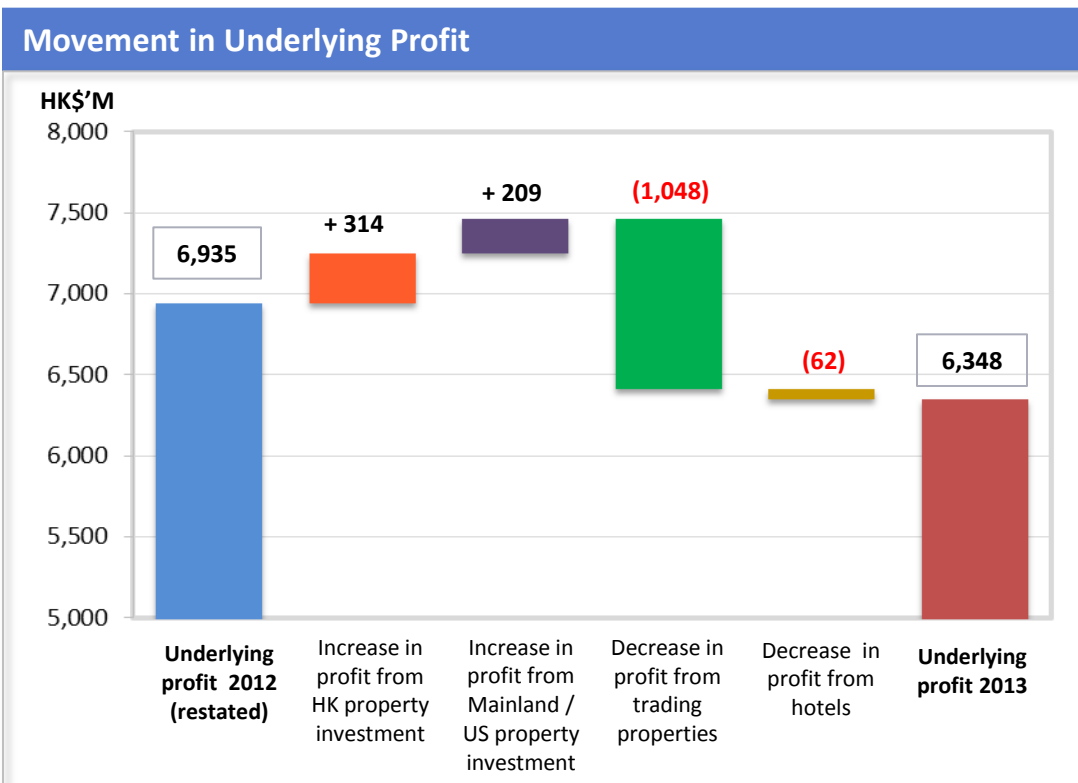
HK\$M	Dec 2012 (Restated)	Dec 2013	Change
NAV attributable to the Company's shareholders <sup>(2)</sup>	192,434	<b>202,350</b>	+ 5.2%
Net debt	28,921	<b>32,014</b>	+ 10.7%
Gearing ratio	15.0%	<b>15.8%</b>	+ 0.8%pt
NAV per share (HK\$ per share)	32.89	<b>34.59</b>	+ 5.2%

5 (1) Second interim dividend for 2013 was declared on 13th Mar 2014 and will be paid on 8th May 2014.

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

# Earnings Reconciliation

Earnings Reconciliation		
HK\$M	FY 2012 (Restated)	FY 2013
<b>Attributable profit</b>	<b>18,753</b>	<b>12,525</b>
<i>Revaluation of investment props</i>	<i>(12,865)</i>	<i>(7,017)</i>
<i>Deferred tax on investment props</i>	<i>664</i>	<i>573</i>
<i>Prior revaluation gain realised on sale of props</i>	<i>176</i>	<i>94</i>
<i>Dep. of owner-occupied inv. props</i>	<i>15</i>	<i>14</i>
<i>Non-controlling interests' share of revaluation movements less deferred tax</i>	<i>17</i>	<i>19</i>
<i>Movements in the fair value of put options liabilities in favour of non-controlling interests</i>	<i>175</i>	<i>140</i>
<b>Underlying profit</b>	<b>6,935</b>	<b>6,348</b>



## Underlying Profit by Segments

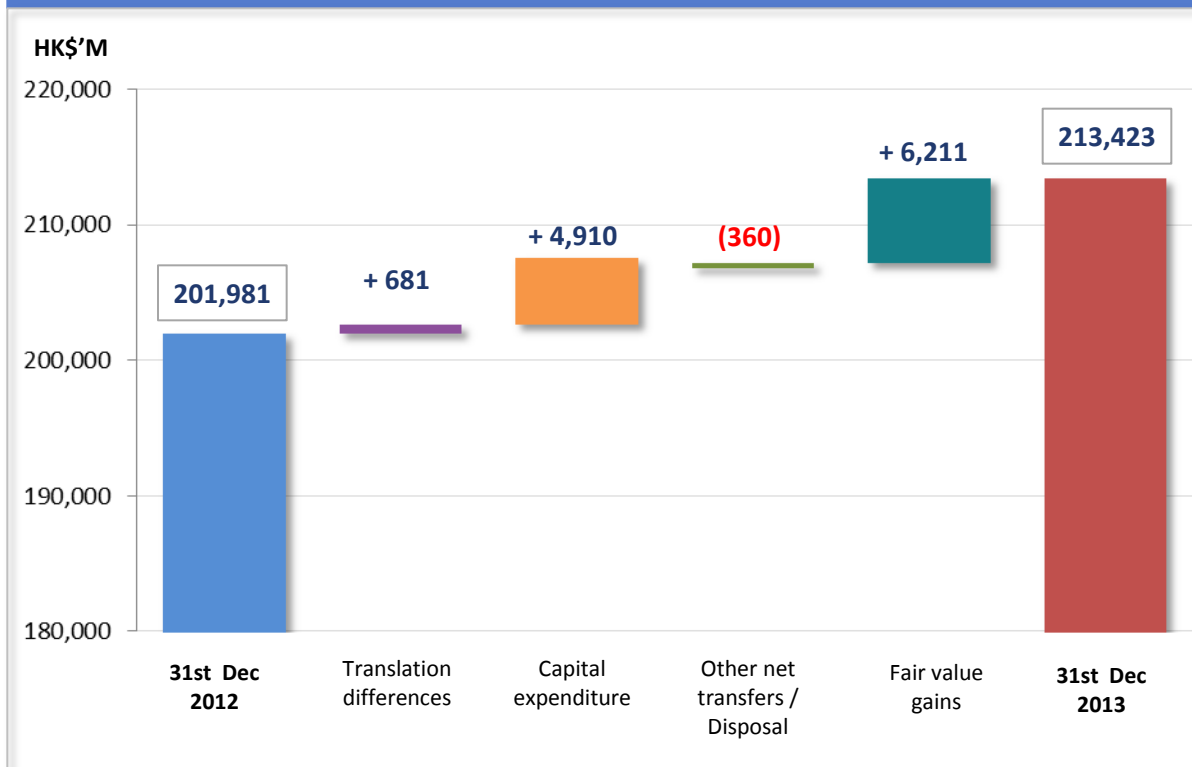
	<u>FY 2012</u> <u>(Restated)</u>	<u>FY 2013</u>	<u>Change</u>
Property investment	5,082	<b>5,605</b>	+ 10.3%
Property trading	1,838	<b>790</b>	- 57.0%
Hotels	15	<b>(47)</b>	N/A
<b>Total</b>	<b>6,935</b>	<b>6,348</b>	<b>- 8.5%</b>

**2013 Underlying Profit**  
**HK\$ 6,348 M**  
**- 8.5%**

# Movement in Investment Properties

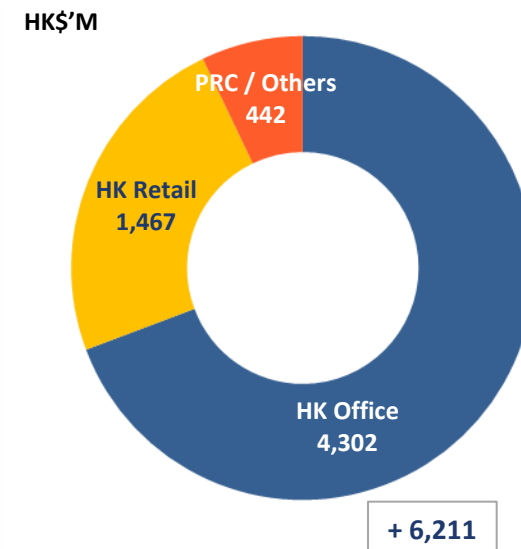
## Movement in Investment Properties \*

(excl. Hotels & Investment Properties held under JVC)



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

## Fair Value Gains Breakdown



Notes: Others include HK residential, properties under development and adjustments related to owner occupied properties.

## Dec 2013 Investment Props Valuation

**HK\$ 213,423 M**

**+ 5.7%**



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# Investment Portfolio

# Gross Rental Income

## HK Office + 6.3%

- Positive rental reversions.
- Occupancy levels fell slightly at the end of the year on continuing weak demand for office space, particularly from financial institutions.

## HK Retail + 4.7%

- Positive rental reversions with demand for retail space continuing to be robust in 2013.
- Recognition of a full-year of rental income following a reconfiguration of retail space at Pacific Place.

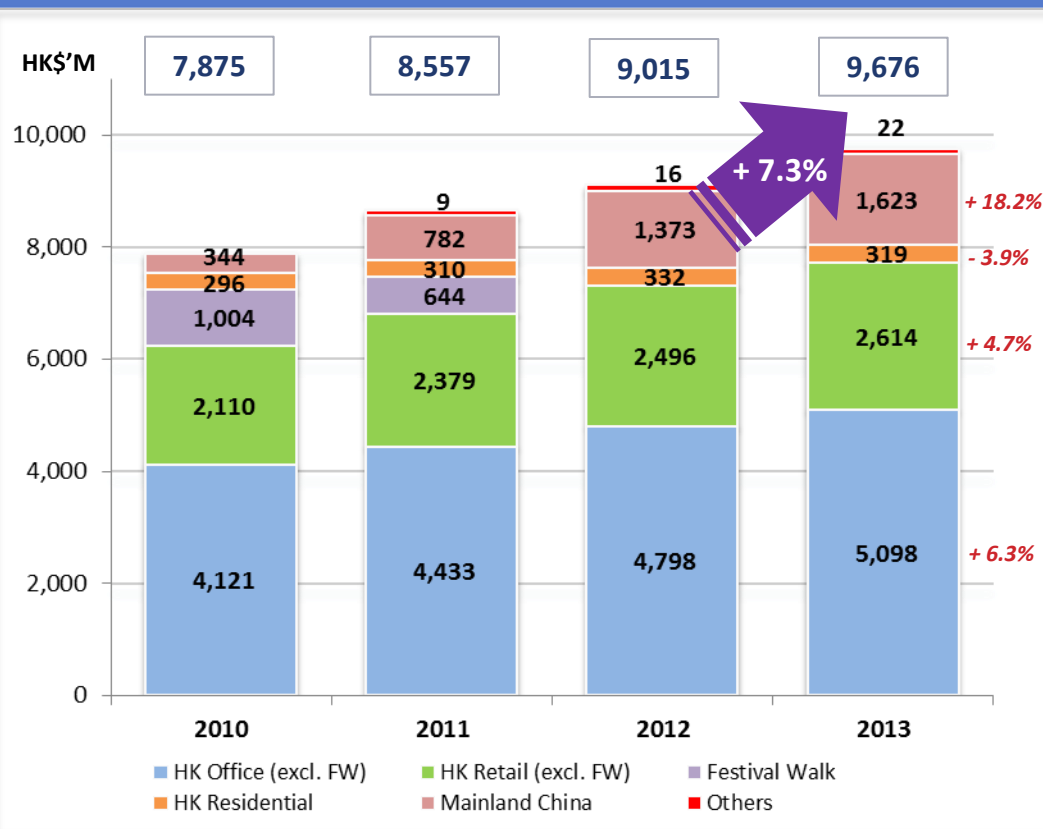
## PRC Props + 18.2%

- TaiKoo Hui and Taikoo Li Sanlitun recorded good growth of rental income in 2013.
- Occupancy levels at TaiKoo Hui mall and Taikoo Li Sanlitun were stable during the year.

### PRC Props Rental Breakdown

	2012	2013	Change
Retail	1,179	1,347	+14.2%
Office	194	270	+39.2%
Serviced Apt	-	6	N/A
<b>Total</b>	<b>1,373</b>	<b>1,623</b>	<b>+18.2%</b>

## Gross Rental Income



### Total Gross Rental Income

HK\$ 9,676 M

+ 7.3%

# HK Office Occupancy

Completed HK Office Properties	GFA (sq ft) (100% basis)	Occupancy (31st Dec 2013)	Area Let (sq ft) (New and Renewed Tenancies)	Reversion <sup>(5)</sup> (incl. Rent Reviews)	Attri. Interest
Pacific Place	2,186,433	91%	466,831	+27%	100%
Cityplaza	1,632,930	97%	286,030	+53%	100%
TKP Office Towers <sup>(1)</sup>	3,136,541	99%	429,664	+48%	50% / 100%
One Island East	1,537,011	100%	67,415	+85%	100%
Techno Centres <sup>(2)</sup>	893,516	100%	237,911	+25%	100%
Others <sup>(3)</sup>	688,323	94%	N/A	N/A	20% / 50% / 100%
<b>Total (100% basis)</b>	<b>10,074,754</b>				

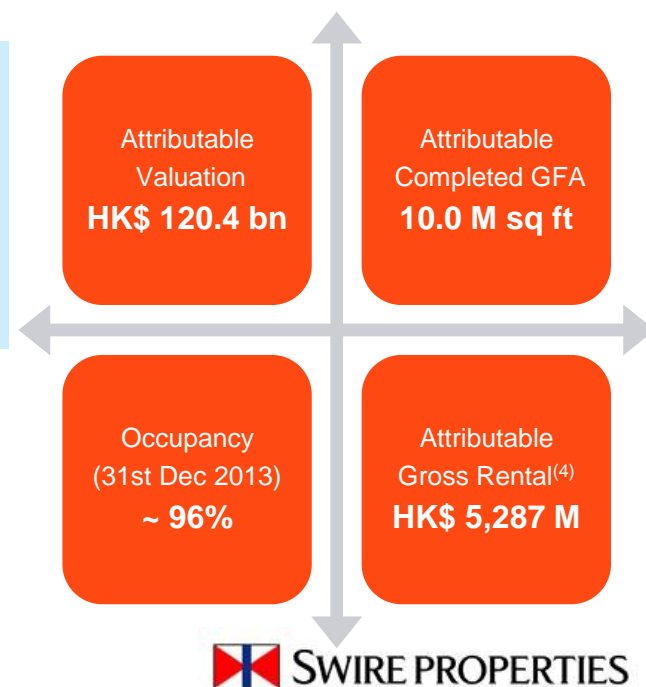


## Latest rentals HK\$ per sq ft

1,2 Pacific Place	95 to 110
3 Pacific Place	90 – 95
Island East	low 40s to mid 40s
Techno Centres	low 20s to mid 20s
One Island East	mid 50s to high 60s

## Others

- Occupancy rate at 28 Hennessy Road was 78% at end Dec 2013 and increased to 95% at end Feb 2014.
- Generali Tower, formerly known as 8 Queen's Road East, is leased to Generali for a ten-year term.



- (1) Including PCCW Tower (50% owned), managed by Swire Properties.
- (2) Excluding Somerset House, which will start to be redeveloped into a Grade A office tower in 2014.
- (3) Others comprise One Citygate (20% owned), 625 King's Road (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\$5,098M.
- (5) Reversion is the percentage increase in rent on lease renewals, entry into new leases and rent reviews.

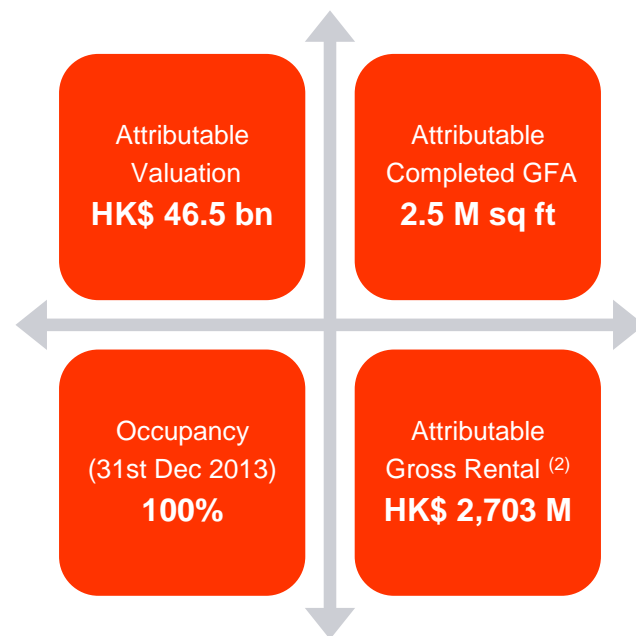
# HK Retail Occupancy

Completed HK Retail Properties	GFA (sq.ft.) (100% basis)	Occupancy (31st Dec 2013)	Retail Sales Growth (FY2013)	Attri. Interest
The Mall, Pacific Place	711,182	100%	+ 0.7%	100%
Cityplaza Mall	1,105,227	100%	+ 2.4%	100%
Citygate Outlets	462,428	100%	+ 13.5%	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

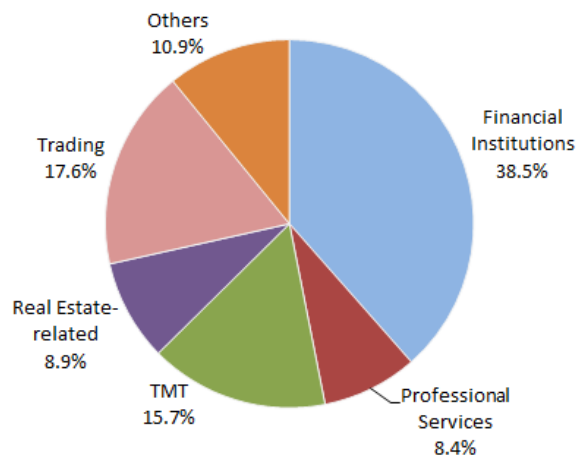
- ❑ Undergoing a HK\$ 100 million facelift to enhance the mix of tenants and improve shopping experience
- ❑ Reconfiguration of the size of a department store to add more tenants and create more circulation space.



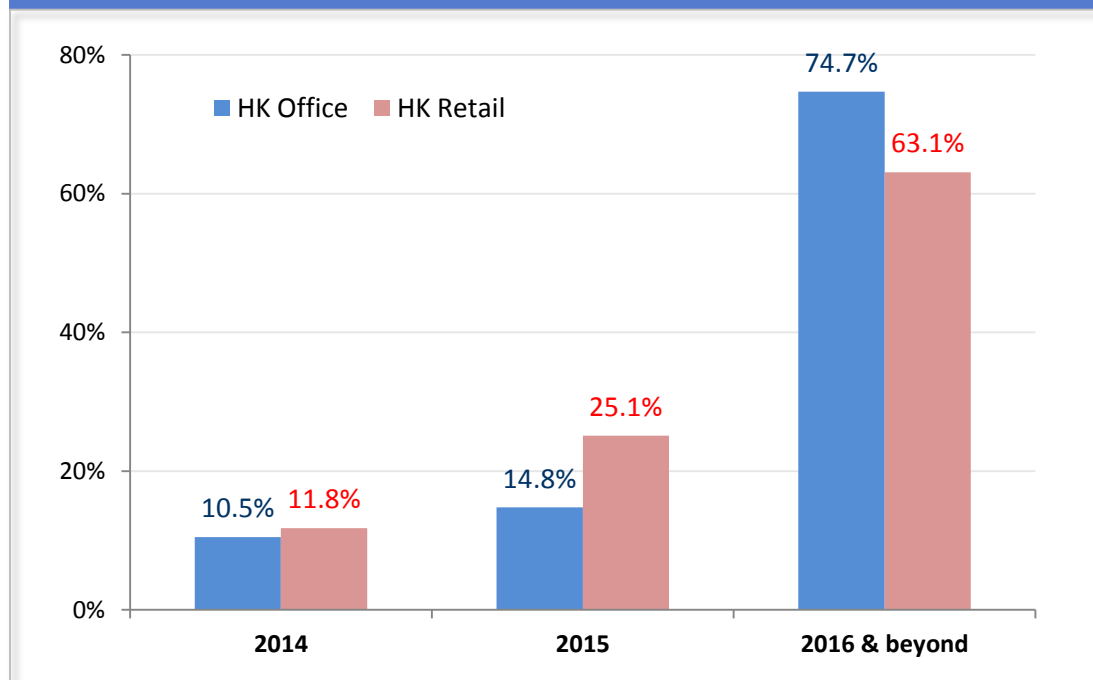
(1) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (100% owned), Island Place retail premises (60% owned) and Tung Chung neighbourhood shops (20% owned).  
 (2) Reported gross rental income (excluding rental contributions from JVC and associates) was HK\$2,614M.

# HK Portfolio – Tenant Mix and Lease

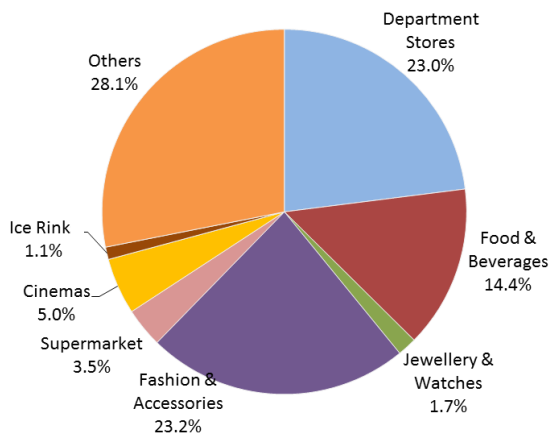
## HK Office Tenant Mix <sup>(1)</sup>



## Lease Expiry Profile <sup>(1) (2)</sup>

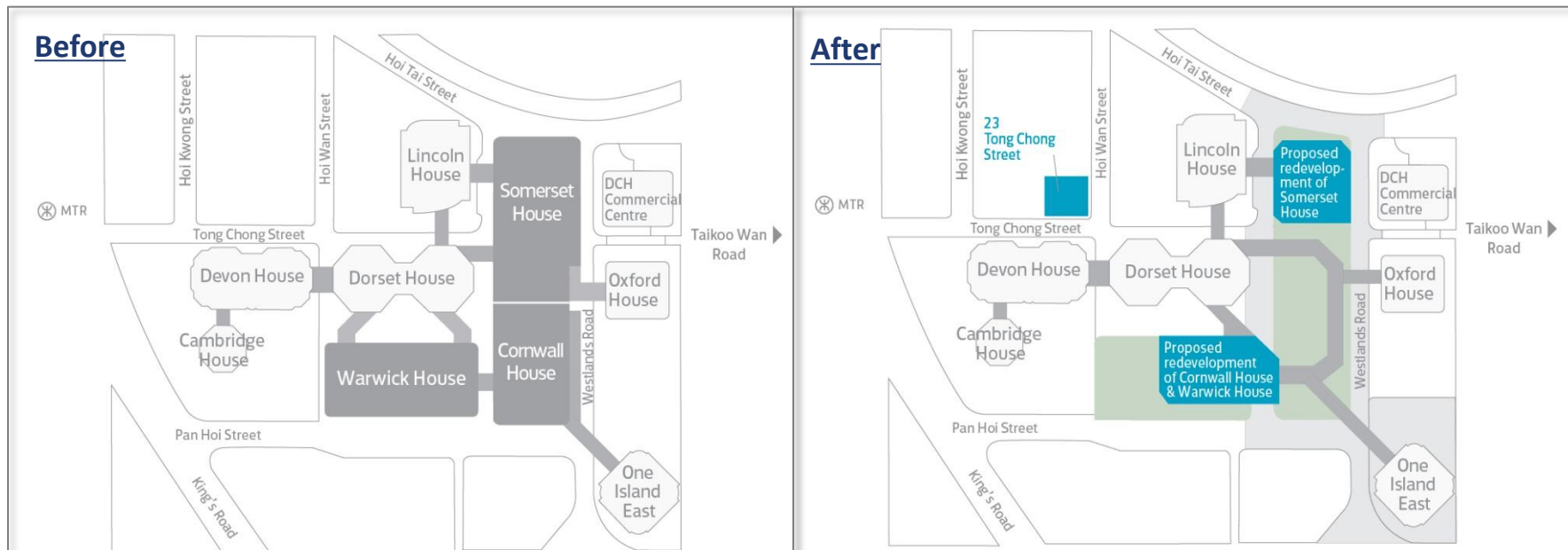


## HK Retail Tenant Mix <sup>(1)</sup>



- ❑ Strong and diverse tenant base.
- ❑ Well-balanced lease expiry profile.
- ❑ Top 10 office tenants occupied approx. **18%** of office area in HK.
- ❑ Top 10 retail tenants occupied approx. **31%** of retail area in HK.

# TaiKoo Place Redevelopment



## Acquisition of HKSAR Govt's Interest in Cornwall House

- ❑ Agreement with HKSAR Govt (represented by "FSI") to acquire its interest in Cornwall House in Feb 2014.
- ❑ Exchange of 10 floors of Cityplaza Three (~ 205,000 sq ft) for 8 floors of Cornwall House (~ 187,000 sq ft).
- ❑ Cash consideration of HK\$ 537 million, and an additional amount to reflect any potential appreciation of office values, as well as relocation and fit-out costs.
- ❑ To be completed on or before 30th Dec 2016.

## Set to Start TaiKoo Place Redevelopment

- ❑ Phase I: Redevelopment of Somerset House into a 51-storey Grade A office building, which is expected to be ready for handover by 2018.
- ❑ Phase II: Redevelopment of Cornwall House and Warwick House into a single 46-storey office tower.
- ❑ A new landscaped square of ~ 69,000 sq ft with a larger and more usable open space benefiting those who work in TaiKoo Place and the Quarry Bay community in general.

# Hong Kong Investment Properties Update

**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).
- ❑ To be completed in 2017.

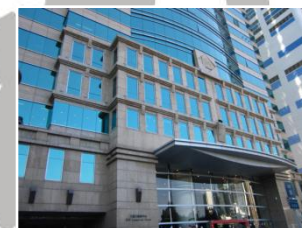


## New Kowloon Inland Lot 6312

- ❑ 100% owned, a site in Kowloon Bay acquired by tender in Nov 2013.
- ❑ Plans for an office building (~GFA 555,000 sq ft).
- ❑ To be completed in 2017.

## DCH Commercial Centre

- ❑ 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.



## 23 Tong Chong Street

- ❑ 100% owned, being redeveloped into serviced apartments (~ GFA 75,000 sq ft).
- ❑ Superstructure works in progress, to be completed in 2014.

## 8-10 Wong Chuk Hang Road

- ❑ 50% owned, an industrial site in Aberdeen.
- ❑ Agreed with HKSAR Govt to proceed with a lease modification for an office building (~ GFA 382,500 sq ft) at a premium of approx. HK\$ 1,070M.

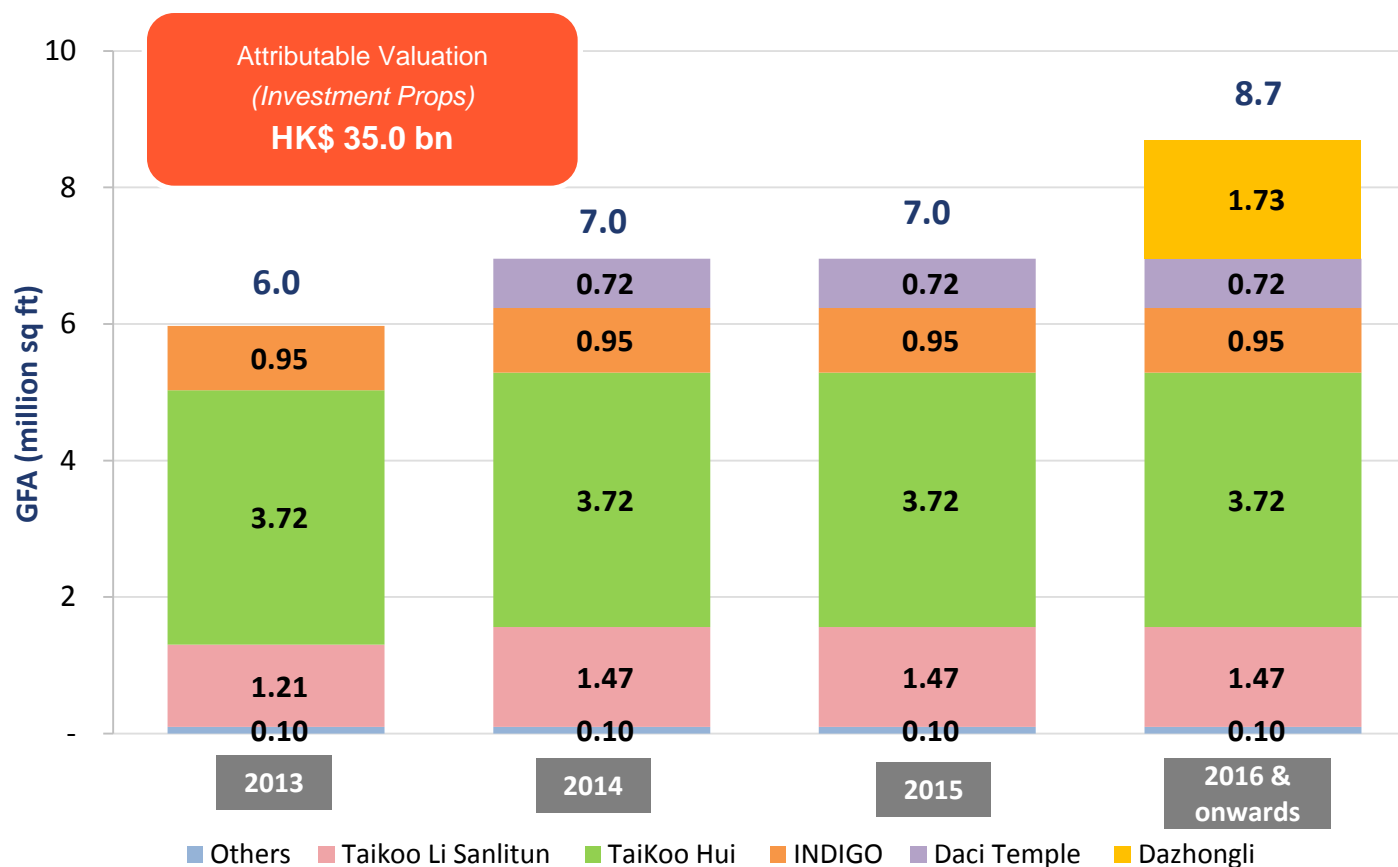
## TaiKoo Place Redevelopment

- ❑ 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.



# 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 31st Dec 2013.

(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) The Company owned 80% of Taikoo Li Sanlitun and 100% of The Opposite House as at 31st Dec 2013. Subsequent to 31st Dec 2013, the Company acquired the remaining 20% of Taikoo Li Sanlitun.

# Property Portfolio – Mainland China

## Daci Temple Project



- ❑ Superstructure and facade installation works in progress.
- ❑ Pre-sale of **Pinnacle One (GFA: 89%)**.
- ❑ Expected to **open** in phases from **2014** onwards.

## Dalian Port Project

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

## Taikoo Li Sanlitun



- ❑ Overall occupancy : **94%**.
- ❑ Retail sales growth<sup>(1)</sup> : **+17.0%**
- ❑ Acquired remaining 20% interest in Feb 2014.

## INDIGO



- ❑ Mall: **96%** committed with 88% open.
- ❑ ONE INDIGO: **97%** leased.
- ❑ Metro Line 14 due to open in 2014.

## TaiKoo Hui



- ❑ Mall: **99%** leased.
- ❑ Office: **89%** leased.
- ❑ Retail sales growth <sup>(1)</sup> : **+ 24.9%**
- ❑ Mandarin Oriental Hotel opened in Jan 2013.

## Dazhongli Project

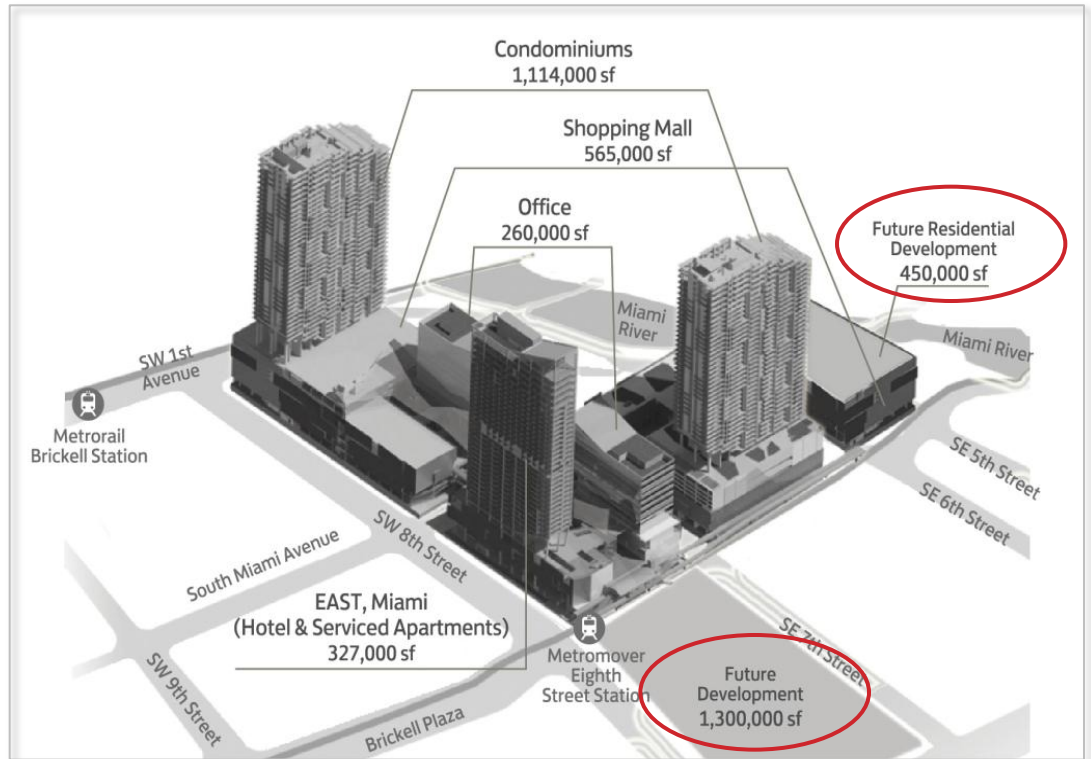


- ❑ Foundations and basement works in progress.
- ❑ Above ground construction of the office towers has started.
- ❑ Expected to **open** in phases from **2016** onwards.

2013 Attri. Gross Rental <sup>(2)</sup>  
**HK\$ 1,751 M**



# Brickell City Centre, Miami (“BCC”)



- ❑ In Jul 2013, a plot of land adjacent to BCC (“700 Brickell Avenue”) was acquired.
- ❑ In Sep 2013, announced plans to build a new 80-storey mixed-use tower named “One Brickell City Centre” on the site as part of BCC project (Phase II).

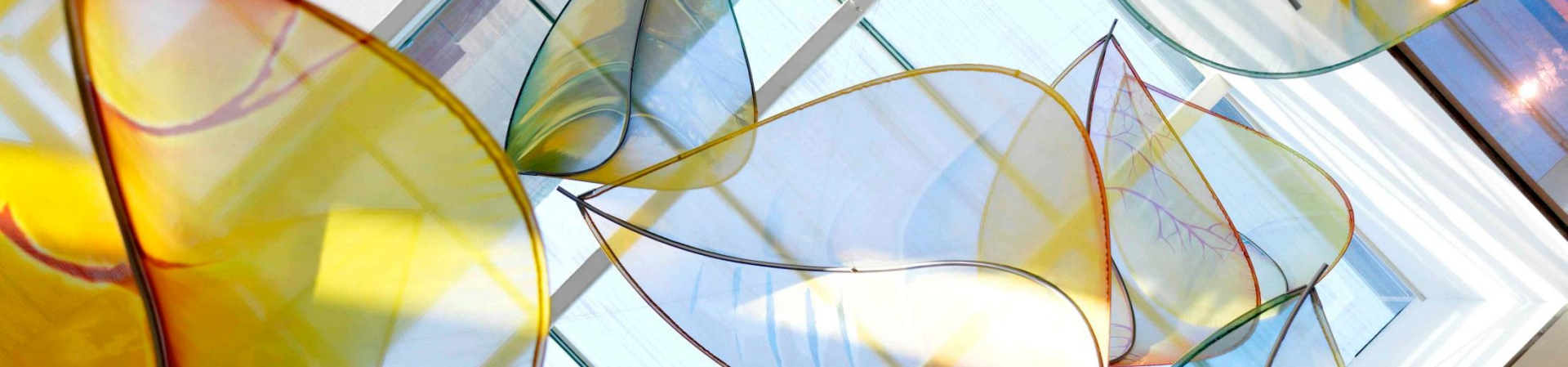
# Brickell City Centre, Miami (“BCC”)



- ❑ 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 = 2,716,000 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 scheduled for the latter half of 2015.
- ❑ Phase II of the BCC development (GFA = 1,300,000 sq ft) will be a mixed-use 80-storey tower comprising retail, office, hotel and condo space, which incorporates the site at 700 Brickell Avenue acquired in July 2013.
- ❑ 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)

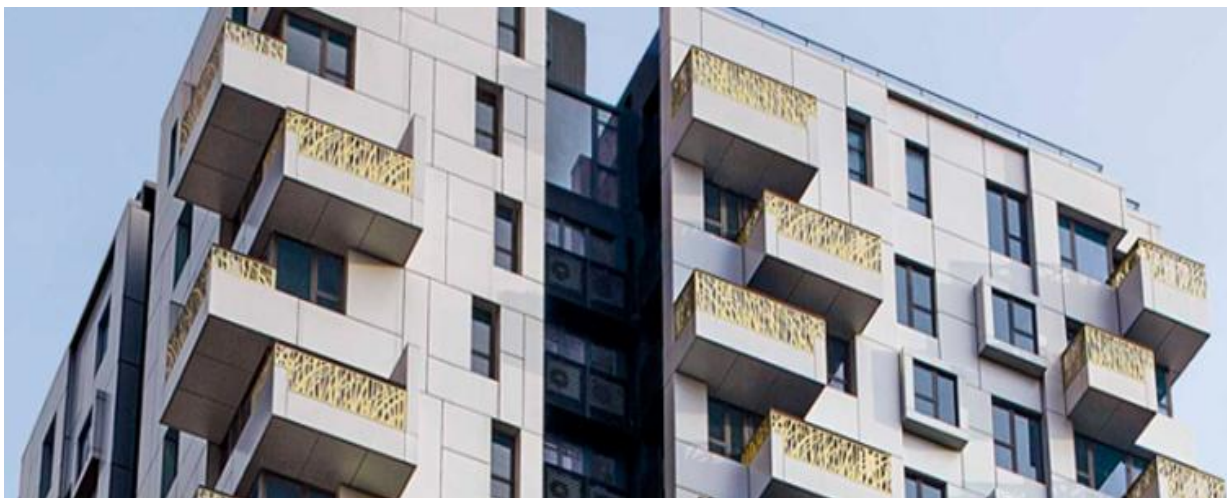
GFA	2.72 M sq ft (Phase I) 1.30 M sq ft (Phase II)
Components	Retail 2 Office Buildings EAST Miami 2 / 3 Resid. Towers One BCC
Interest	Retail: 87.5% * Others: 100%
Yr of Opening	2015 / 2019
Valuation	HK\$ 853 M (Phase 1, excl. Hotel and Residential)



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# Trading Portfolio

# HK Trading Portfolio



## DUNBAR PLACE

- ❑ A 23-storey tower of 53 residential units.
- ❑ Occupation permit obtained in Aug 2013.
- ❑ 35 units <sup>(1)</sup> sold.
- ❑ Avg Selling Price Achieved <sup>(2)</sup> = HK\$ 21,095 psf (excl. cps)  
HK\$ 21,942 psf (inc. cps)
- ❑ Interest : 50%



## AZURA, Mid-Levels West

- ❑ A 50-storey tower of 126 residential units.
- ❑ Completed in 2012.
- ❑ 120 units <sup>(1)</sup> sold.
- ❑ Avg Selling Price Achieved <sup>(2)</sup> = HK\$ 30,667 psf
- ❑ Interest : 87.5%



## ARGENTA, Mid-Levels West

- ❑ A 37-storey tower of 29 whole-floor residential units and one duplex residential unit.
- ❑ Occupation permit obtained in Jun 2013.
- ❑ 16 units <sup>(1)</sup> sold.
- ❑ Avg Selling Price Achieved <sup>(2)</sup> = HK\$ 32,314 psf (excl. cps)  
HK\$ 33,193 psf (inc. cps)
- ❑ Interest : 100%

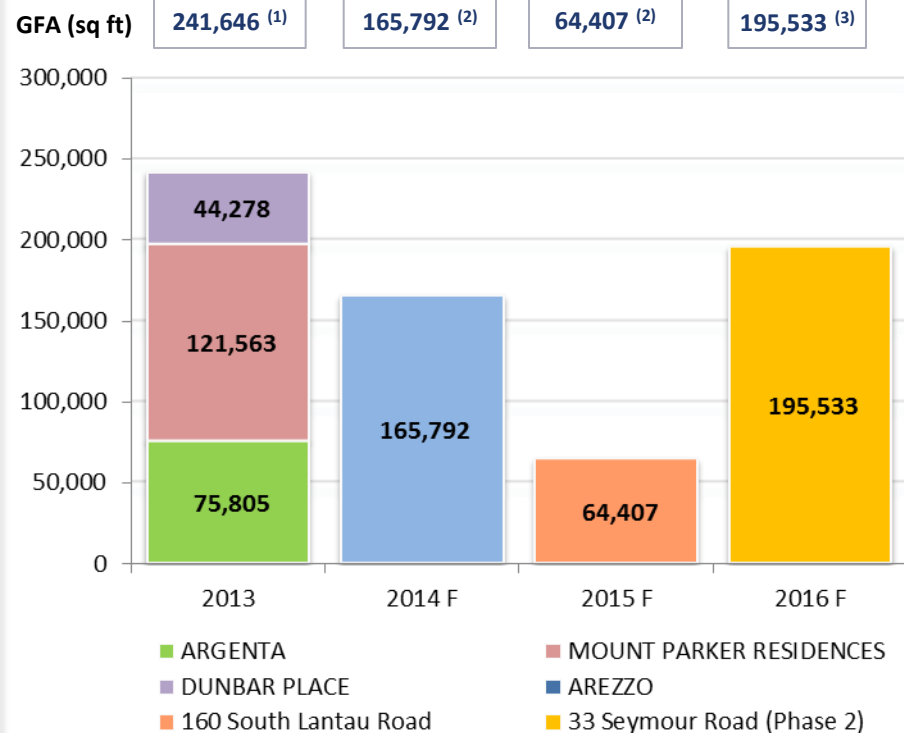
# HK Trading Portfolio

## MOUNT PARKER RESIDENCES



- ❑ A 24-storey tower of 92 residential units.
- ❑ Occupation permit obtained in Dec 2013.
- ❑ Sales launch in Mar 2014.
- ❑ GFA = 151,954 sq ft
- ❑ Saleable = 133,005 sq ft
- ❑ Interest : 80%

## Finished / Expected Attributable Residential GFA Completions in Hong Kong in 2013 – 2016



Total Units to Complete  
(on 100% Basis)

**352 Units**

HK Resid. – Expected Attri. Completed  
GFA (2014 – 2016)

**425,732 sq ft**

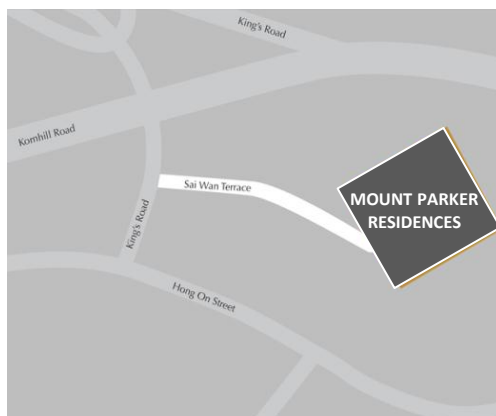
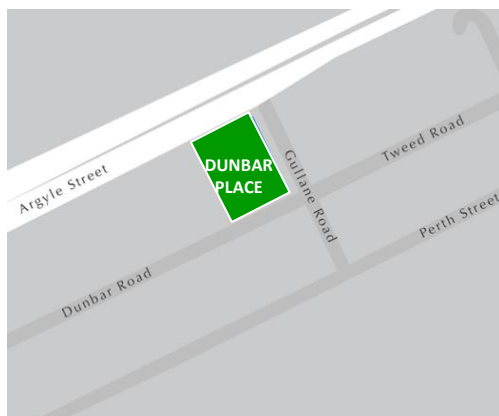
21 (1) Handover of DUNBAR PLACE and MOUNT PARKER RESIDENCES commenced in 2014.

(2) Handover of AREZZO and 160 South Lantau Road are expected in 2015.

(3) Handover of 33 Seymour Road (Phase 2) is expected in 2017.

# HK Trading Portfolio

Trading Properties Being Sold or Pre-sold (As at 11th Mar 2014)	Saleable Area <sup>(1)</sup> (sq ft) (100% basis)	Total Units	Unit Sold	Actual Completion	Actual / Expected Handover	Units of Profit Recognised (Year)	Int.
AZURA, 2A Seymour Road	10,099	126	120	2012	2012	- 98 (2012) ; 21 ( 2013) and 1 (2014 Exp)	87.5%
ARGENTA, 63 Seymour Road	31,923	30	16	2013	2013	- 12 (2013) ; 4 (2014 Exp)	100%
DUNBAR PLACE, 23 Dunbar Road	28,499	53	35	2013	2014	- 35 (2014 Exp)	50%
Trading Properties	Total GFA (sq ft) (100% basis)	Total Units	Unit Sold / Pre-sold	Actual / Expected Completion	Expected Handover	Development Status	Int.
MOUNT PARKER RESIDENCES, 1 Sai Wan Terrace	151,954	92	N/A	2013	2014	- Occupation permit obtained in Dec 2013.	80%
AREZZO, 33 Seymour Road	165,792	127	N/A	2014	2015	- Superstructure works in progress.	100%
33 Seymour Road (Phase 2)	195,533	197	N/A	2016	2017	- Pile cap construction in progress.	100%
160 South Lantau Road, Cheung Sha	64,407	28	N/A	2015	2015	- Site formation and 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.



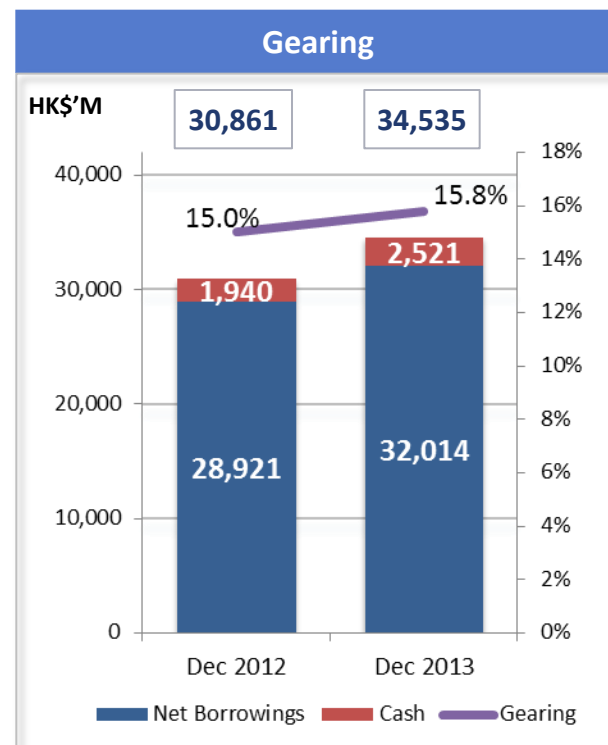
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# Financing

# Net Debt and Gearing

Net Debt Reconciliation (HK\$M)	Dec 2013
<b>Net debt as at 31st Dec 2012</b>	<b>(28,921)</b>
Net rental and fees receipts	8,379
Proceeds from property trading / development	1,598
Capex- PP&E and property investment	(5,458)
Development costs – property trading	(1,940)
Net investments in Jointly controlled entities	(145)
Net interest paid	(1,394)
Profit tax paid	(1,314)
Dividends paid to the Company's shareholders	(3,393)
Other operating items	574
<b>Net debt as at 31st Dec 2013</b>	<b>(32,014)</b>

Financial Ratios	2009 (Restated)	2010 (Restated)	2011 (Restated)	2012 (Restated)	2013
Total Equity (HK\$ M)	130,202	158,326	176,418	193,076	<b>203,150</b>
Net Debt (HK\$ M)	34,467	36,836	27,700	28,921	<b>32,014</b>
Gearing	26.5%	23.3%	15.7%	15.0%	<b>15.8%</b>
Underlying Interest Cover	4.3	5.4	12.0	7.9	<b>6.4</b>
Underlying Cash Interest Cover	3.7	4.3	9.2	6.0	<b>5.1</b>



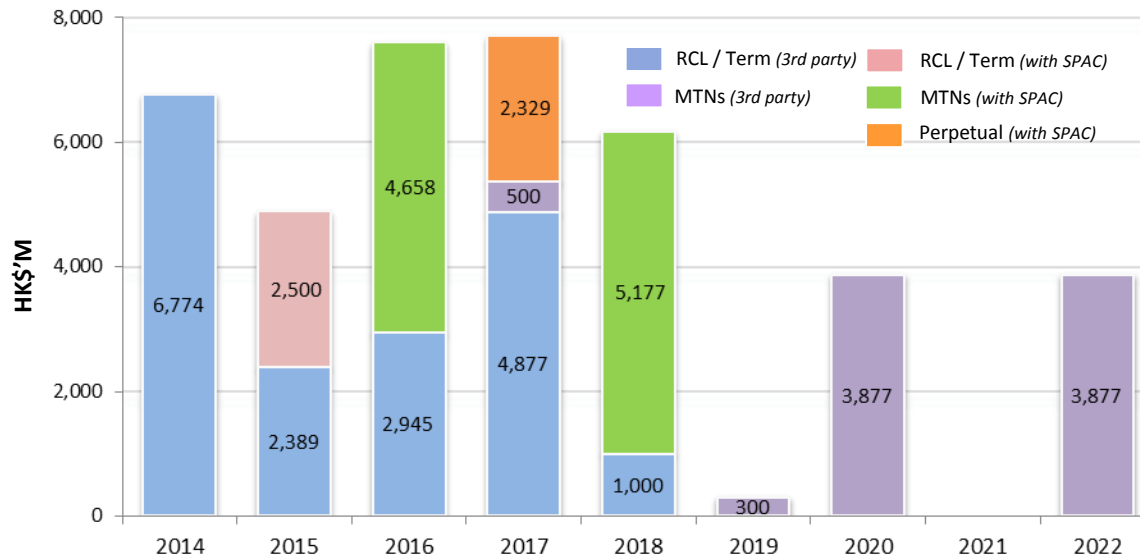
**Net Debt**  
**HK\$ 32,014M**

**Gearing**  
**15.8%**

# Maturity Profile & Liquidity

## Maturity Profile of Available Committed Facilities (as at 31st Dec 2013)

<b>Total</b>	<b>41,203</b>	6,774	4,889	7,603	7,706	6,177	300	3,877	-	3,877
<b>Drawn</b>	<b>33,870</b>	6,774	3,005	6,728	4,132	5,177	300	3,877	-	3,877



### Major financing activities in 2013:

- Raised HK\$9,392M of new facilities (including US\$500M MTN, 5-yr HK\$1,000M term & RCL and 4-yr US\$500M term loan).
- Repaid HK\$2,300M bonds under SPAC MTN.

### Subsequent to Dec 2013:

- Arranged a 3-yr RMB2,440M term loan for refinancing.
- Arranged three new 5-yr term / RCL totalling HK\$2,250M.

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

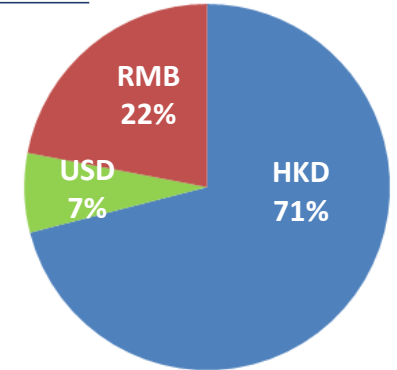
Fixed : Floating  
**60% : 40%**

Available Committed Facilities  
**HK\$ 41,203 M**

Cash & Undrawn Committed Facilities  
**HK\$9,854 M**

HK\$M	Dec 2012	Dec 2013
Cash	1,940	<b>2,521</b>
Undrawn - committed	7,338	<b>7,333</b>
	<b>9,278</b>	<b>9,854</b>
Undrawn - uncommitted	1,408	<b>1,304</b>
	<b>10,686</b>	<b>11,158</b>

### Currency Profile



# Capital Commitments

## Profile of Capital Commitments – at 31st Dec 2013

HK\$'M	Expenditure	Forecast Year of Expenditure				Commitments*
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 &amp; beyond</u>	<u>At 31st Dec 2013</u>
Hong Kong	4,359	3,852	2,520	2,721	11,198	20,291
Mainland China	1,500	3,080	1,664	999	570	6,313
U.S.A. and others	1,237	1,539	1,303	8	-	2,850
Total	7,096	8,471	5,487	3,728	11,768	29,454

\* The capital commitments represent the Group's capital commitments of HK\$20,341M plus the Group's share of the capital commitments of joint venture companies of HK\$9,113M. The Group is committed to funding HK\$4,212M of the capital commitments of joint venture companies.



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# Prospects

# Prospects

## Hong Kong Office

- ❑ Demand for office space, particularly from the financial sector in Central, is likely to remain soft and as a result rents will remain under pressure in Central district.
- ❑ Pacific Place, however, has no major leases expiring in 2014 and occupancy rates are expected to remain stable.
- ❑ At Island East, rents are expected to remain resilient owing to high occupancy.

## Mainland China

- ❑ In Guangzhou, office rents are expected to be under pressure due to the large amount of existing and new supply of office space. Demand for new space from luxury retailers has slowed reflecting the measures which have affected the consumption of luxury goods.
- ❑ In Beijing, retailers of international brands are continuing to look for space in prime locations and well-managed malls.

## Hotels

- ❑ Results in 2014 from the hotel portfolio are expected to benefit from improved performances at Mandarin Oriental, Guangzhou in TaiKoo Hui, The Opposite House and EAST, Beijing.

## Hong Kong Retail

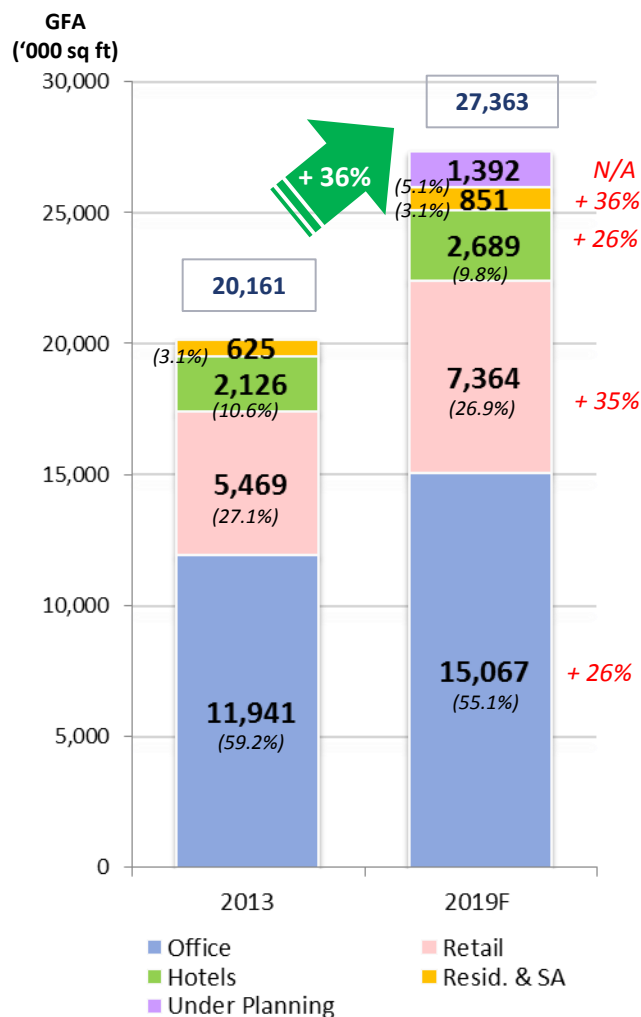
- ❑ Hong Kong retail sales are expected to improve following a series of tenant reconfigurations in 2013 and 2014.
- ❑ Demand for retail space at prime locations and well-managed shopping malls is expected to continue to increase.

## Hong Kong Trading

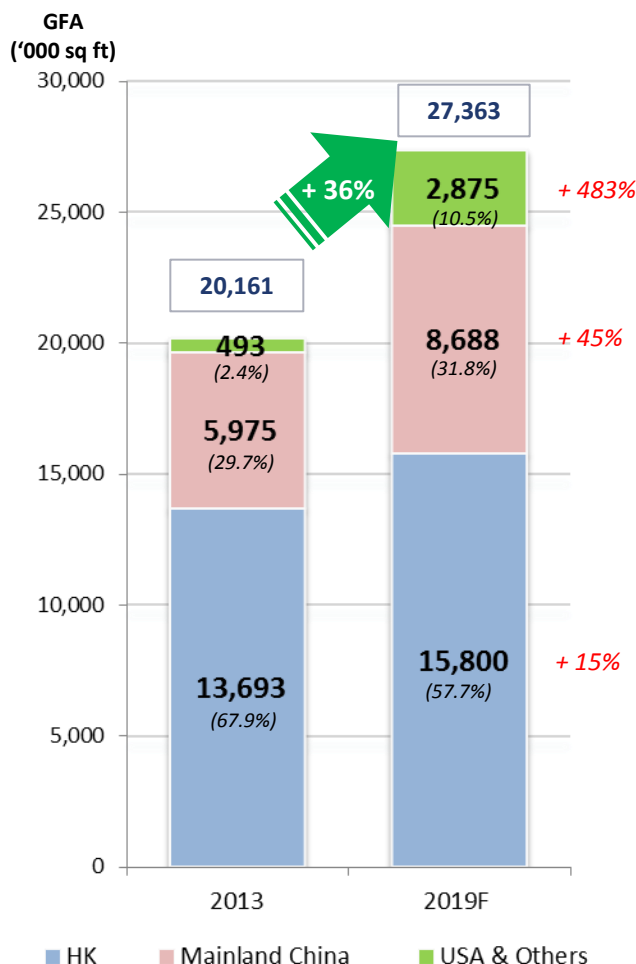
- ❑ Stamp duty increases have reduced the number of transactions in the luxury residential market.
- ❑ However, there continues to be demand for high quality properties albeit at more subdued levels.
- ❑ Profits from property trading are expected to be higher in 2014 than in 2013, with planned sales of completed units at the DUNBAR PLACE and MOUNT PARKER RESIDENCES developments and of remaining units at the AZURA and ARGENTA developments.

# Swire Properties in Five Years

Expected Attributable GFA by Segment \*



Expected Attributable GFA by Region \*



Expected Attri. Trading GFA Sales to Complete

	Exp. Units
HK Residential 425,732 sq ft	352
PRC Office 649,941 sq ft	N/A
US Residential 1,114,000 sq ft (Planned BCC Phase 1)	821
450,000 sq ft (Potential BCC Phase 1)	N/A

Total Exp. Attri GFA to Complete  
**2.64 M sq ft**

Total Exp. Attri GFA  
Investment Props (by 2019)  
**27.4 M sq ft**



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# Appendix

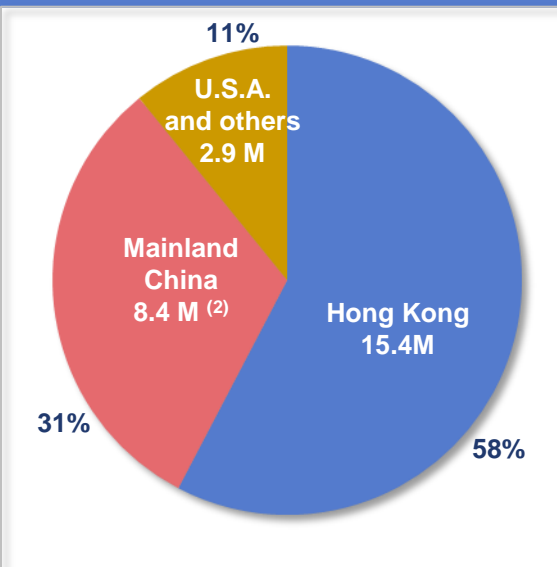
# Property Portfolio

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	10.0	2.5	0.7	0.5	-	13.7
Mainland China	2.0	3.0	0.9	0.1	-	6.0
U.S.A. and Others	-	-	0.5	-	-	0.5
<b>Sub-Total (A)</b>	<b>12.0</b>	<b>5.5</b>	<b>2.1</b>	<b>0.6</b>	<b>-</b>	<b>20.2</b>
<b>Under Development or Held for Future Development</b>						
Hong Kong	1.5	-	-	0.1	0.1	1.7
Mainland China <sup>(2)</sup>	0.9	1.1	0.4	-	-	2.4
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>2.7</b>	<b>1.6</b>	<b>0.6</b>	<b>0.2</b>	<b>1.4</b>	<b>6.5</b>
<b>TOTAL = (A) + (B)</b>	<b>14.7</b>	<b>7.1</b>	<b>2.7</b>	<b>0.8</b>	<b>1.4</b>	<b>26.7</b>

Trading Props Attributable GFA (M sq ft)	Completed Prop Held for Sale	Under Development / Held for Future Development	Total
Hong Kong	0.2	0.6	0.8
Mainland China	-	0.7	0.7
U.S.A.	-	2.8	2.8
<b>Total</b>	<b>0.2</b>	<b>4.1</b>	<b>4.3</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
- (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  
**26.7 M sq ft**

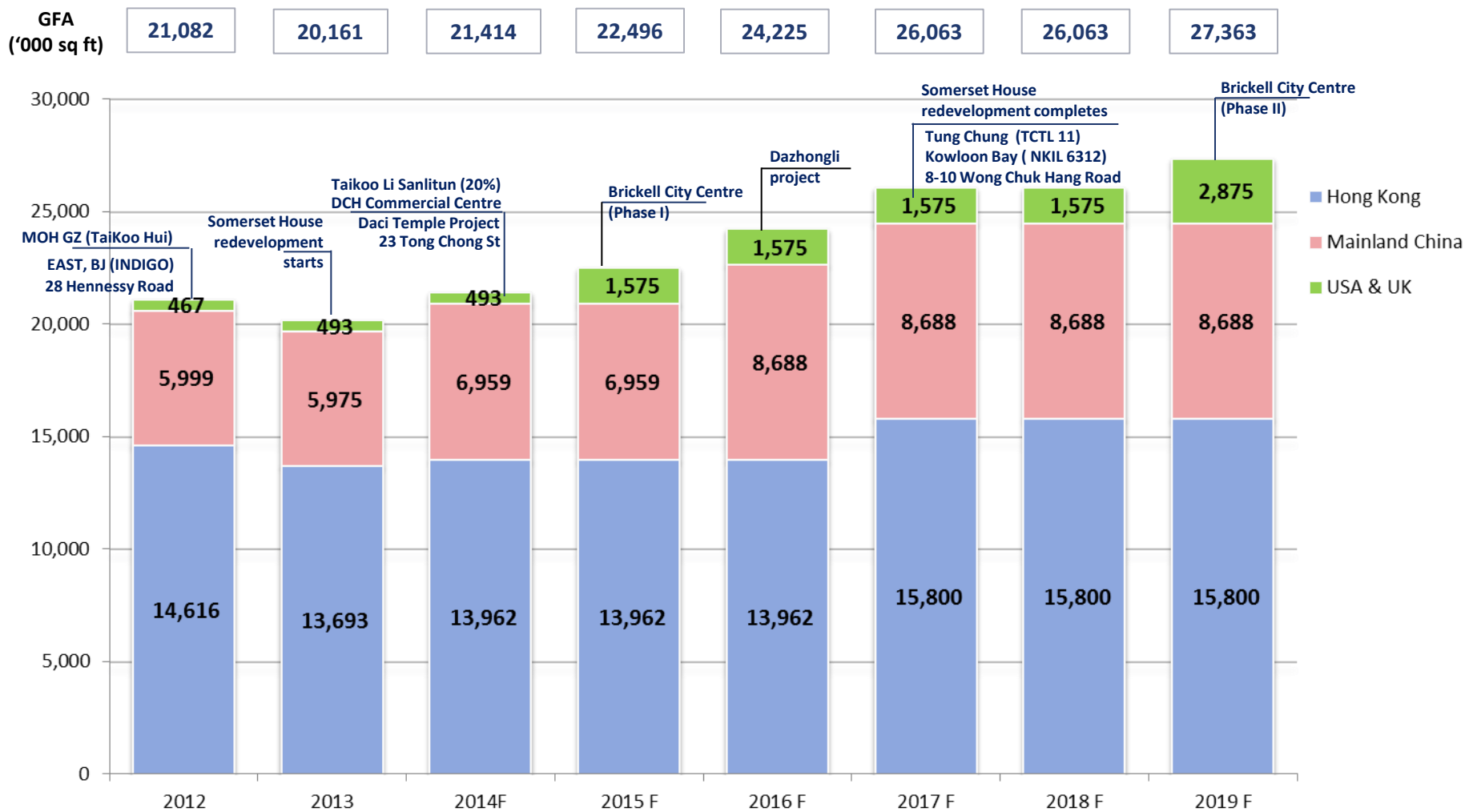
Attri. Trading  
Portfolio  
**4.3 M sq ft**

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

\* All figures were as at 31st Dec 2013 and did not take into account the pre-sale of Pinnacle One, acquisition of DCH Commercial Centre, acquisition of HKSAR Govt's interest in Cornwall House & exchange of certain floors of Cityplaza Three and reclassification of 8-10 Wong Chuk Hang Road.

# Completed Investment Portfolio

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

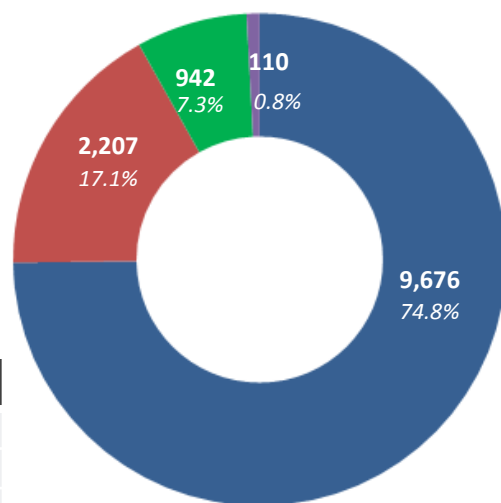


# Turnover Analysis

## 2013 Turnover Breakdown by Segment

HK\$'M

12,935



### Comparison

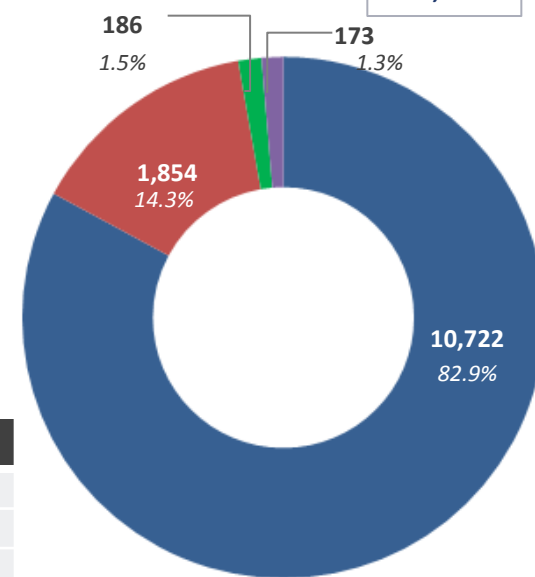
	2012	2013
Rental	9,015	9,676
Trading	4,147	2,207
Hotels	782	942
Others	108	110
<b>Total</b>	<b>14,052</b>	<b>12,935</b>

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

## 2013 Turnover Breakdown by Region

HK\$'M

12,935



### Comparison

	2012	2013
HK	12,217	10,722
China	1,516	1,854
U.S.A.	187	186
U.K. & Others	132	173
<b>Total</b>	<b>14,052</b>	<b>12,935</b>

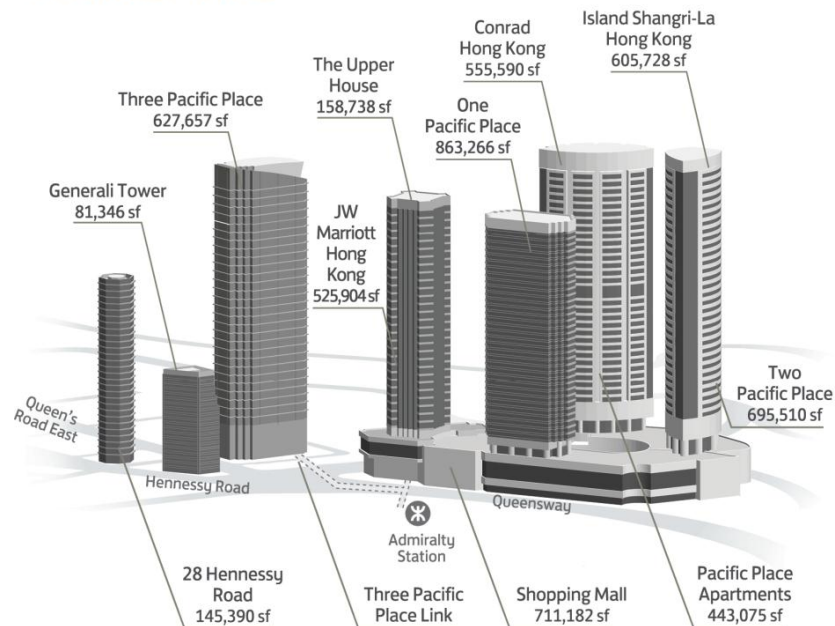
■ Hong Kong ■ China  
■ U.S.A. ■ U.K. & Others

- ❑ The turnover decreased by 7.9% principally due to significantly lower sales revenue from the sale of residential apartments offset in part by higher rental income from investment properties and higher turnover from owned and managed hotel operations.
- ❑ Strong and stable revenue stream derived from investment properties, principally from Hong Kong operations.
- ❑ In Mainland China, rental income recorded good growth, with improved performances at Taikoo Li Sanlitun in BJ and at TaiKoo Hui in GZ due to positive rental reversions and higher occupancy.

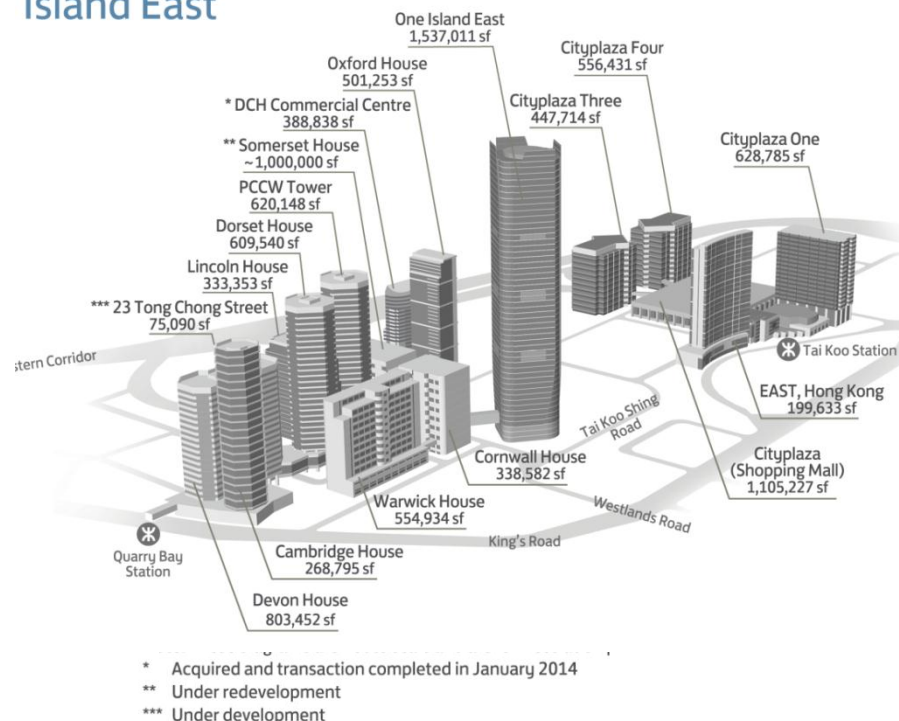
Turnover  
- 7.9%

# HK Portfolio Map

## Pacific Place



## Island East



# Pacific Place Reinforcement

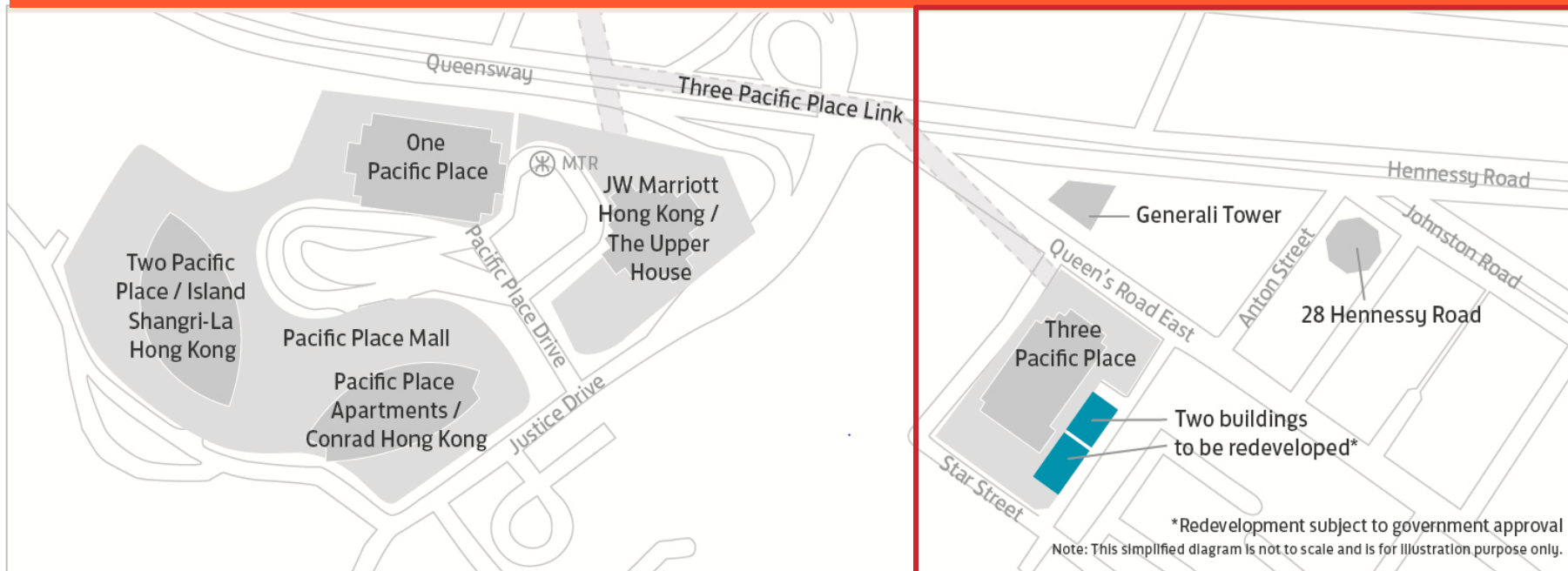
HK\$2 billion<sup>(1)</sup>  
contemporisation  
project substantially  
completed in Oct 2011

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

Completion of Generali  
Tower (formerly known  
as 8 Queen's Road East)  
with GFA 81,346 sq ft

Propose to expand Three  
Pacific Place with the  
redevelopment of two  
buildings<sup>(2)</sup>

## Pacific Place Initiatives



# Taikoo Li Sanlitun, Beijing



- ❑ In April 2013, Sanlitun Village was renamed Taikoo Li Sanlitun.
- ❑ Gross rental income recorded satisfactory growth in 2013, reflecting increases in base rents.
- ❑ Overall occupancy <sup>(1)</sup> at Taikoo Li Sanlitun was 94% as at Dec 2013.
- ❑ Retail sales at Taikoo Li Sanlitun grew by 17% by 2013, reflecting good sales at newly opened and re-opened stores in South and strong sales growth at fashion stores and food and beverage outlets in North.
- ❑ A fund managed by Gaw Capital Partners owned 20% of Taikoo Li Sanlitun as at Dec 2013. The fund exercised its option to sell its 20% interest to Swire Properties and the sale was completed in Feb 2014. 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 : 80% -> 100% TOH : 100%
Yr of Opening	2008 (TKL South) 2008 (TOH) 2010 (TKL North)
Valuation	HK\$ 10,239 M (excl. Hotel)

# TaiKoo Hui, Guangzhou



- ❑ TaiKoo Hui is our largest investment property in Mainland China.
- ❑ The occupancy rate of the shopping mall was 99%. Approx. 75% of the mall is tenanted by retailers selling international brands.
- ❑ Retail Sales increased by 25% in 2013.
- ❑ The occupancy <sup>(1)</sup> rate of the office towers was 89%. Demand for Grade A office space was weak in 2013, but additional tenancies were secured.
- ❑ The Mandarin Oriental Guangzhou opened in Jan 2013 with 263 guest rooms and 24 service apartments. Occupancy rates improved during the year.

## 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
Valuation	HK\$ 13,862 M (excl. Hotel)

# INDIGO, Beijing



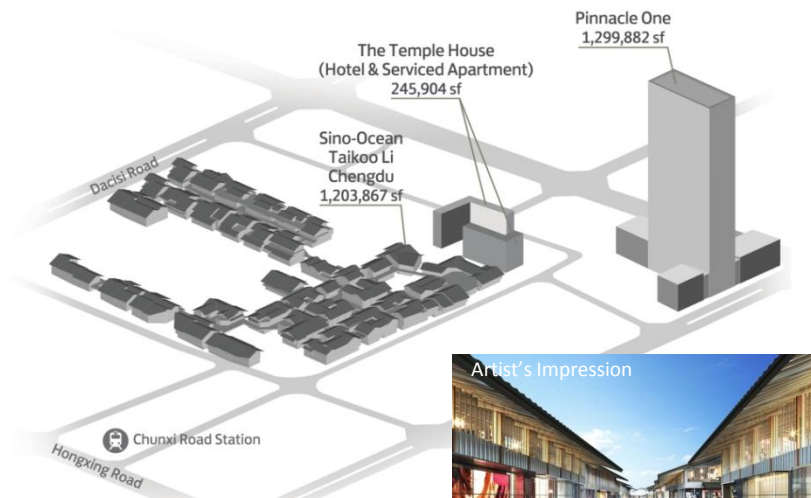
- ❑ Occupancy <sup>(1)</sup> in the shopping mall was 96% as at Dec 2013 and 88% of the shops are open and trading.
- ❑ The office tower, ONE INDIGO, was 97% leased as at Dec 2013 . There is expected to be limited new supply of office space in Beijing. As a result, occupancy rates are expected to remain high.
- ❑ East Beijing, which is a 369-room business lifestyle hotel, is establishing itself in the corporate market.
- ❑ The project will be served by the Beijing Metro Line 14 , which is due to open in 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
Valuation	HK\$ 5,556 M (excl. Hotel)

# Daci Temple Project, Chengdu

Artist's Impression



Artist's Impression



Artist's Impression



Artist's Impression



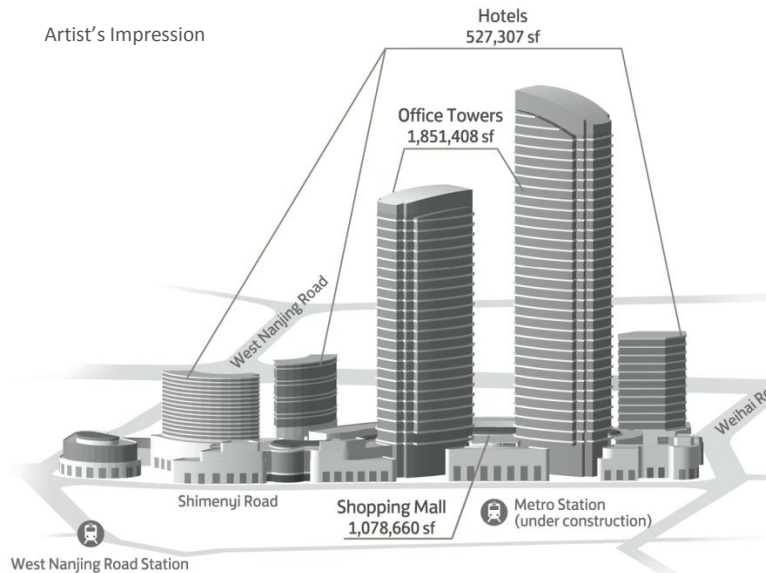
- ❑ A large-scale retail-led development comprising a street style retail complex (2-3 storey blocks), a boutique hotel, serviced apartments and a Grade A office tower, served by the metro.
- ❑ Integrates architecturally with the Daci Temple and other neighbouring old buildings.
- ❑ Superstructure works and façade installation works in progress. The development is expected to open in phases from 2014 onwards.
- ❑ The retail portion of the project has been named Sino-Ocean Taikoo Li Chengdu and the hotel and serviced apartment portion has been named the Temple House.
- ❑ The office portion, Pinnacle One, is being developed for trading purposes. 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.

## 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
Valuation	HK\$ 4,823 M (excl. Hotel & Office)

# Dazhongli Project, Shanghai

Artist's Impression



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.
- ❑ Site clearance and resettlement works have been completed and work on the foundations and basements is progressing. Above ground construction of the office towers has started.
- ❑ 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
Valuation	HK\$ 15,292 M (excl. Hotels)

# 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	375	100%
<b>Sub-Total (B)</b>		<b>636</b>	
<b>Total = (A) + (B)</b>		<b>2,333</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  
**2,333**

# Valuation of Completed Investment Properties

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

## 2003 – 2013 Valuation of Completed Investment Properties (excl. Hotels) \*

