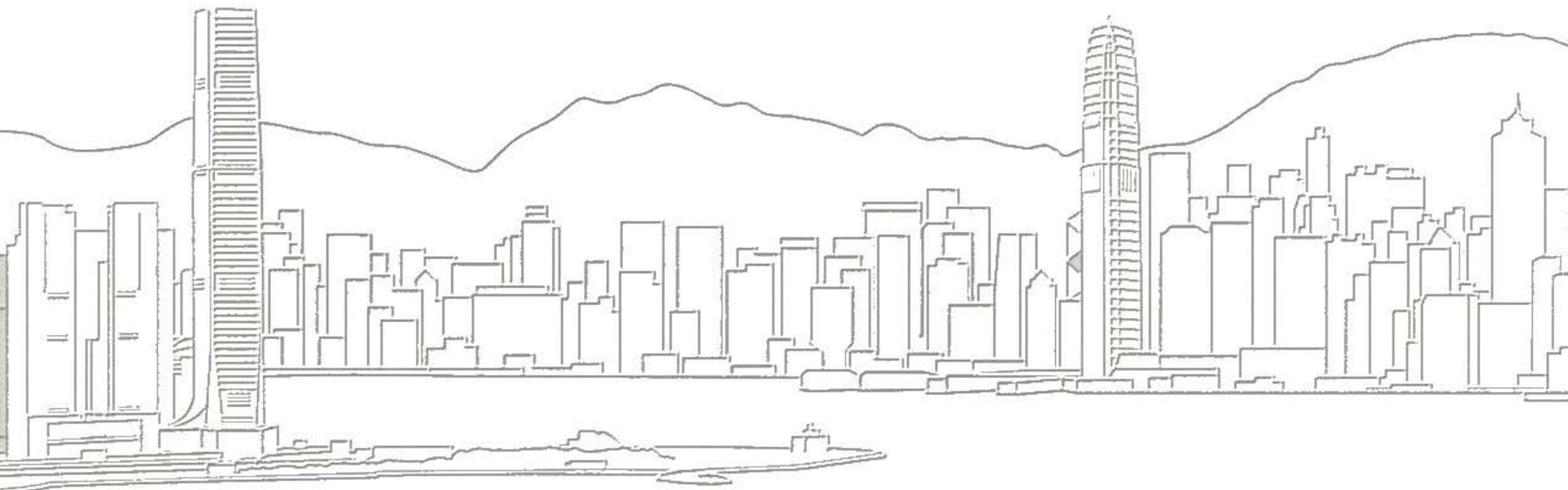




Sun Hung Kai Properties

Building Homes with Heart

FY2018 Interim Results



27 February 2018

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KEY MESSAGES

Key Messages

- Confident in achieving FY2018 contracted sales target
- A medium-term target of annual property sales value of HK\$40bn in Hong Kong
- Continue to replenish land bank through various channels, such as farmland conversion
- Sizeable land bank that is sufficient to meet development needs of 5 to 6 years
- Steadily-growing rental income driven by an expanding rental portfolio and assets enhancement initiatives
- Strong balance sheet and prudent financial management
- Intend to increase dividends when earnings are higher



FINANCIAL REVIEW - 1H FY2018

Financial Highlights

	1H FY2018	1H FY2017	Change
Profit attributable to the Company's shareholders			
- Underlying ⁽¹⁾ (HK\$ mn)	19,973	14,608	37 %
- Reported (HK\$ mn)	33,031	20,659	60 %
Basic earnings per share for profit attributable to the Company's shareholders			
- Underlying ⁽¹⁾ (HK\$)	6.90	5.05	37 %
- Reported (HK\$)	11.40	7.14	60 %
Interim dividend per share (HK\$)	1.20	1.10	9 %

Remarks:

(1) Excluding the effect of fair-value changes on investment properties net of deferred taxation and non-controlling interests

Earnings Drivers

Operating Profit Breakdown by Segment ⁽¹⁾ (HK\$ mn)	1H FY2018	1H FY2017	Change
(1) Property sales			
- Hong Kong	12,671	6,691	
- Mainland	1,224	1,644	
- Singapore	-	10	
Sub-total	13,895	8,345	67 %
(2) Property rental			
- Hong Kong	6,973	6,669	
- Mainland	1,651	1,369	
- Singapore	267	235	
Sub-total	8,891	8,273	7 %
(3) Hotel operation	776	735	6 %
(4) Other businesses	2,315	2,244	3 %
Total (1)+(2)+(3)+(4)	25,877	19,597	32 %

Remarks:

(1) Including shares of associates and joint ventures

Financial Position

	31 Dec 2017	30 Jun 2017	31 Dec 2016
Shareholders' funds (HK\$ mn)	526,547	498,215	476,834
- Shareholders' fund per share (HK\$)	181.8	172.0	164.7
Net debt (HK\$ mn)	44,659	36,052	41,760
Net gearing ratio ⁽¹⁾	8.5%	7.2%	8.8%
	1H FY2018		1H FY2017
Interest cover ⁽²⁾	24.6x		15.5x

Remarks:

(1) Calculated on the basis of net debt to Company's shareholders' funds

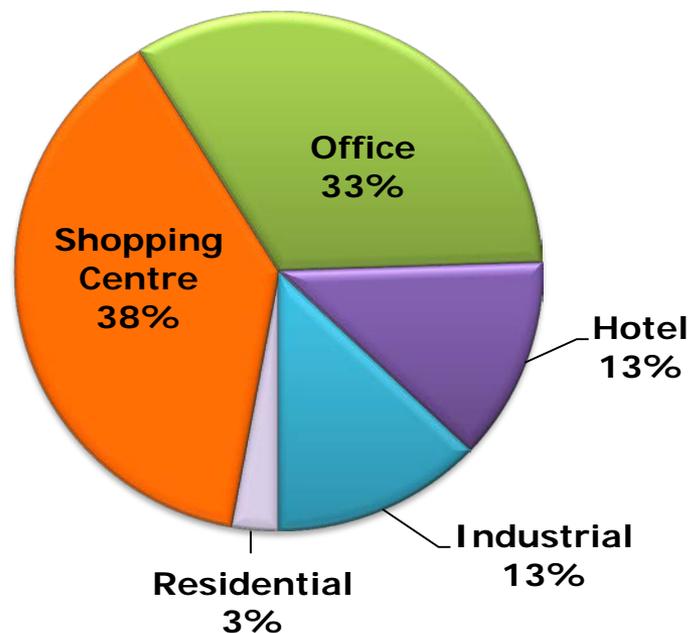
(2) Measured by the ratio of operating profit to total net interest expenses including those capitalized



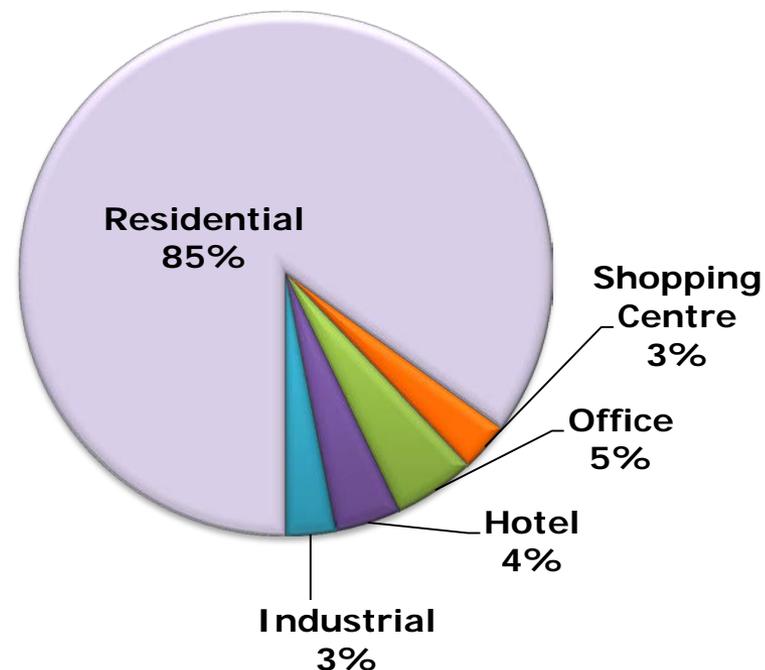
PROPERTY BUSINESS - HONG KONG LAND BANK

Land Bank in Hong Kong

Total land bank as at 31 December 2017: 55.1mn sq.ft.⁽¹⁾



Completed investment properties
Total: 30.9mn sq.ft.



Properties under development
Total: 21.4mn sq.ft.

Remarks:

(1) Including 2.8mn sq.ft. of completed properties pending for sale in Hong Kong and all of which are residential properties; excluding agricultural land which is about 29mn sq.ft. of site area as at the end of 2017

Land Acquisitions through Various Channels

- Added 3 projects through land use conversion, government tender and old building redevelopment

Location	Stake (%)	Usage	Attributable GFA (sq.ft.)
Tai Po Town Lot No. 157, Shap Sz Heung	100	Residential/ Shopping centre	4,788,000
New Kowloon Inland Lot No. 6550	100	Hotel	374,000
222-228 Wan Chai Road	92	Office	121,000
Total			5,283,000

- In January this year, SUNeVision also acquired an industrial site in Tsuen Wan with about 202,000 sq.ft. of GFA
- Continue to actively seek opportunities for land acquisitions
 - Including agricultural land conversion

Recent Agricultural Land Conversion

- Shap Sz Heung project
 - A large residential cluster spanning nearly 4.8mn sq.ft. of GFA
 - Around 10-minute drive to MTR Wu Kai Sha Station
 - To be developed in phases over a relatively long development cycle
 - Involve advance works including road widening and associated infrastructural works



PROPERTY BUSINESS - HONG KONG PROPERTY DEVELOPMENT

Recognized Property Sales in Hong Kong

Property Sales ⁽¹⁾ (HK\$ mn)	1H FY2018	1H FY2017	Change
Revenue	31,761	19,243	↑ 65%
Operating Profit	12,671	6,691	↑ 89%
<i>Margin</i>	<i>40%</i>	<i>35%</i>	↑ 5ppt

- Strong profit growth from property sales due to
 - Encouraging sales responses from Cullinan West, Cullinan West II, Ocean Wings and PARK YOHO Genova
 - Front-loaded completion in 1H FY2018
 - Higher development margin
- Over HK\$17.5bn contracted sales yet to be recognized

Remarks:

(1) Including shares of associates and joint ventures

Property Completion in Hong Kong

- Completed about 3.5mn sq.ft. of attri. GFA
 - Nearly 2.5mn sq.ft. residential properties for sale
 - The remainder are non-residential premises for long-term investment, including
 - Hotel VIC in North Point
 - V Walk, a shopping mall in MTR Nam Cheong Station Development
 - Two Harbour Square in Kwun Tong

- Around 0.2mn sq.ft. of attr. residential GFA due for completion in 2H FY2018

Contracted Sales in Hong Kong

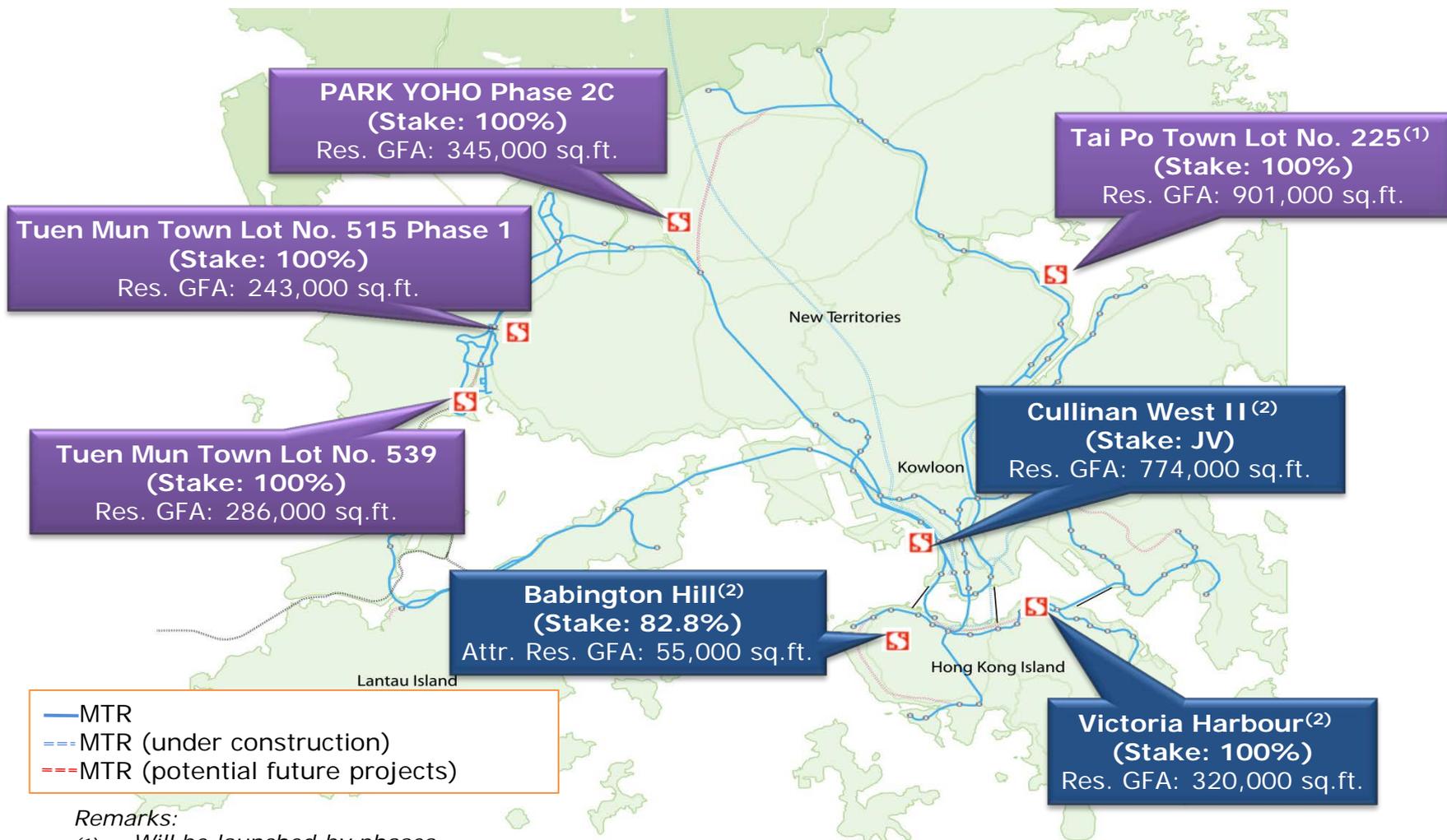
Major contributors

Project Name	Location	Stake (%)	Attr. Sales Proceeds (HK\$ bn)	Expected Completion
Wings at Sea and Wings at Sea II	Tseung Kwan O	JV	11.2	FY2019
Cullinan West II	West Kowloon	JV	6.8	Completed
PARK YOHO Genova	Yuen Long	100	4.8	Completed
Others			3.7	
Total			26.5	

➤ YTD 2018 contracted sales reached around HK\$5.7bn

Confident in achieving FY2018 contracted sales target

Upcoming Launches in Next 10 Months



Remarks:

- (1) Will be launched by phases
- (2) Remaining units will be put on the market



PROPERTY BUSINESS - HONG KONG PROPERTY INVESTMENT

Property Rental in Hong Kong

Gross Rental Income by Sector ⁽¹⁾ (HK\$ mn)	1H FY2018	% of Total	1H FY2017	% of Total	Change
Shopping Centre	4,825	54%	4,600	53%	↑ 5%
Office	2,986	33%	2,904	34%	↑ 3%
Others ⁽²⁾	1,200	13%	1,139	13%	↑ 5%
Total	9,011	100%	8,643	100%	↑ 4%

- Healthy performance driven by new investment properties, overall positive rental reversions and high overall occupancy of around 95%
- Provide the Group with sizeable recurring income stream

Remarks:

(1) Including shares of associates and joint ventures

(2) Residential, industrial and car parks

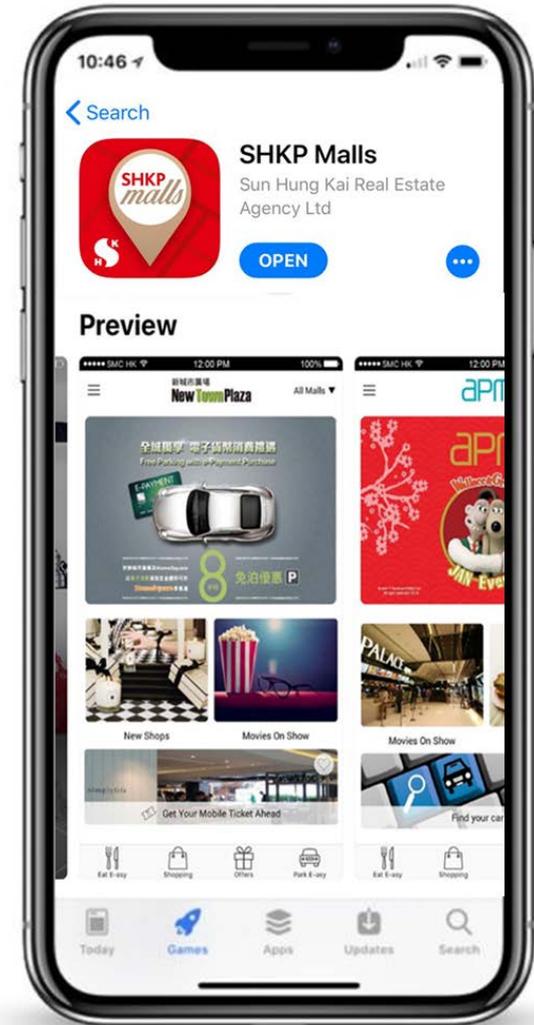
Satisfactory Performance for Diversified Retail Portfolio

- Achieved high occupancies and positive rental reversions for Hong Kong retail portfolio of ~12mn sq.ft.



Embrace New Economy with Innovative Digital Solutions

- Recently launched the Group's integrated shopping mall app—**SHKP Malls App**
 - To integrate 26 major malls on a single easy-to-use platform during 2018
 - Provide information on dining, parking, shopping, promotional activities
 - Offer an integrated membership programme
 - Provide more convenient and enhanced shopping experience for customers



Ongoing Asset Enhancement Initiatives



Metroplaza, Kwai Fong

- A facelift with a reconfigured layout
- Introduced more popular brands
- New outdoor thematic piazza with new features becomes a photo hotspot and a great place for relaxation
- Significant increase in traffic flow

New Town Plaza, Sha Tin

- Phase III: new layouts with tenant mix refinement to be completed by 2019
- Phase I: a new cinema opening in summer 2018

Future New Shopping Malls



V Walk, West Kowloon
(~300,000 sq.ft.)

- Expect to open in mid 2019
- Received enquires from several international fashion brands and an array of popular restaurants
- Synergize with the hotel site nearby and Cullinan West residences



Harbour North, North Point
(~145,000 sq.ft.)

- 1st phase of 7,000-sq-ft street-level shops to open in late 2018
- 2nd phase will be a 138,000-sq-ft mall
- Synergize with Hotel VIC and Victoria Harbour residences

Solid Performance for Premium Office Portfolio



IFC

Occupancy: 100%



ICC

Occupancy: 99%



Millennium City Cluster

Occupancy: 96%

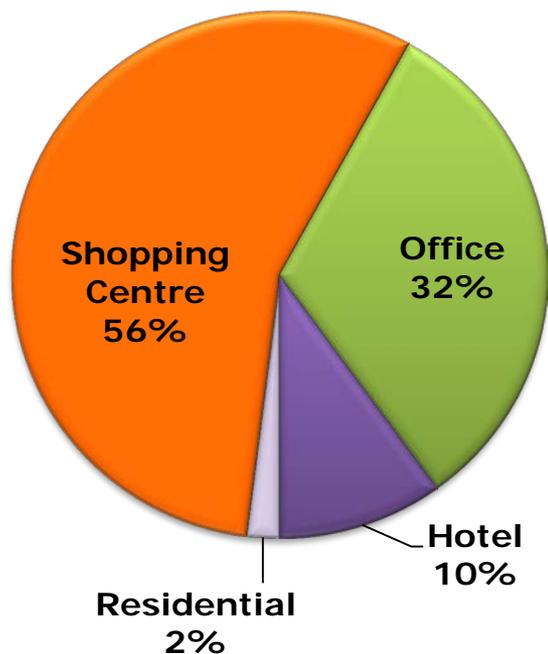
- Achieved healthy positive rental reversions and continuously high occupancies
- Further strengthen the commercial portfolio in Kwun Tong
 - Two Harbour Square (Stake: 64.3%)
 - Leasing progressing well with tenants moving in during 1H 2018
 - 98 How Ming Street project (Stake: 68.4%)
 - Planning and design is under way



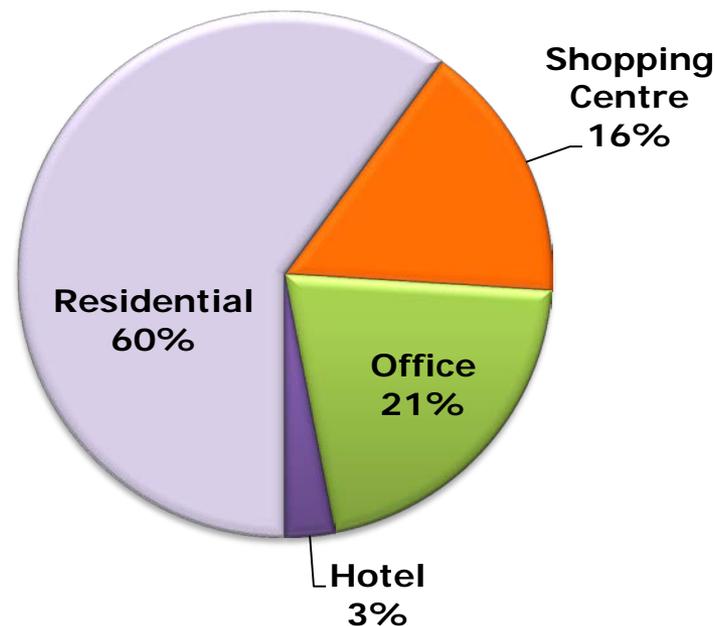
**PROPERTY BUSINESS - MAINLAND CHINA
LAND BANK**

Land Bank in Mainland China

Total land bank as at 31 December 2017: 64.7mn sq.ft.⁽¹⁾



Completed investment properties
Total: 12.8mn sq.ft.



Properties under development
Total: 51.0mn sq.ft.

Remarks:

(1) Including 0.9mn sq.ft. of completed properties pending for sale on the mainland; majority of which are residential properties



**PROPERTY BUSINESS - MAINLAND CHINA
PROPERTY DEVELOPMENT**

Recognized Property Sales in Mainland China

Property Sales ⁽¹⁾ (HK\$ mn)	1H FY2018	1H FY2017	Change
Revenue	2,822	6,883	↓ 59%
Operating Profit	1,224	1,644	↓ 26%
<i>Margin</i>	43%	24%	↑ 19ppt

- Major contributors include:
 - Shanghai Arch in Shanghai
 - Top Plaza East Tower in Guangzhou
 - Park Royale Phase 2A in Huadu
 - Long King Phase 1D & 2A in Foshan
- Completed about 1.6mn sq.ft. of attr. GFA
- Around HK\$6.2bn contracted sales yet to be recognized

Remarks:

(1) Including shares of associates and joint ventures

Contracted Sales in Mainland China

Major contributors

Project Name	Location	Stake (%)	Attr. Sales Proceeds (RMB bn)	Expected Completion
Long King Phase 2	Foshan	50	0.7	FY2018 onwards
Top Plaza	Guangzhou	33.3	0.5	Completed
Forest Hills Phase 2B	Guangzhou	70	0.2	FY2018
Grand Waterfront Phase 2A	Dongguan	100	0.2	FY2019
Others			0.4	
Total			2.0⁽¹⁾	

Remarks:

(1) Contracted sales in terms of HKD amounted to about HK\$2.3 bn

Upcoming Launches in Next 10 Months

Project Name	Location	Stake (%)	Attr. Res. GFA (sq.ft.)
Grand Waterfront Phase 2A <i>(New Batches)</i>	Dongguan	100	420,000
The Arch Suites	Chengdu	40	395,000
TODTOWN Phase 1	Shanghai	35	214,000



PROPERTY BUSINESS - MAINLAND CHINA PROPERTY INVESTMENT

Property Rental in Mainland China

Gross Rental Income by Sector ⁽¹⁾ (HK\$ mn)	1H FY2018	% of Total	1H FY2017	% of Total	Change
Shopping Centre	1,179	55%	1,023	56%	↑ 15%
Office	789	37%	664	36%	↑ 19%
Others ⁽²⁾	172	8%	150	8%	↑ 15%
Total	2,140	100%	1,837	100%	↑ 16%

- Representing 19% of the Group's total gross rental income
- Meaningful rental growth of 13% in RMB terms (RMB1,815mn), mainly driven by:
 - Positive rental reversions
 - Contributions from new investment properties

Remarks:

(1) Including shares of associates and joint ventures

(2) Residential and car parks

SHKP's Iconic Projects in Shanghai



Shanghai IFC in Pudong

Office: 1.6mn sq.ft. (Attr. GFA)

- Virtually fully let
- Notable growth in rental rates on renewals

Shanghai IFC Mall: 1.2mn sq.ft. (GFA)

- Remarkable growth in tenant sales
- More accessible after its direct connection to Line 14 opening in 2020

Shanghai ICC in Puxi

Office: 1.3mn sq.ft. (GFA)

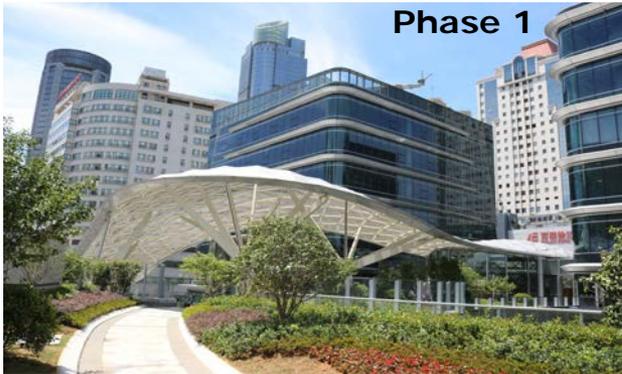
- One ICC: positive rental reversions with high occupancy
- Two ICC: now 95% leased

IAPM Mall: 1.3mn sq.ft. (GFA)

- Healthy growth in tenant sales and traffic

ITC, Mega Integrated Project in Shanghai

ITC: 7.6mn sq.ft. (GFA)



One ITC (Phase 1)

- Completed in FY2017
- Office (170,000 sq.ft.): some tenants have already moved in
- Upscale mall (340,000 sq.ft): encouraging leasing response; target to open in 1H 2019

Phase 2

- Completion in 2H 2018
- Office (320,000 sq.ft.) and retail space (43,000 sq.ft.): pre-leasing is currently under way



Nanjing IFC, New Commercial Icon in Nanjing



Nanjing IFC: 3.4mn sq.ft. (GFA)

- Situated atop an interchange station of two metro lines in the Hexi CBD
- Started pre-leasing for 2mn sq.ft. of premium offices and 1.1mn-sq-ft mall
- One of the office towers has already topped out
- Target to be fully completed in 2020





HOTEL BUSINESS

Hotel Business

Hotel Business ⁽¹⁾ (HK\$ mn)	1H FY2018	1H FY2017	Change
Revenue	2,738	2,529	↑ 8%
Operating Profit	776	735	↑ 6%
<i>Margin</i>	<i>28%</i>	<i>29%</i>	↓ 1ppt

- Performance of the Group's Hong Kong hotel portfolio continued to improve
- The Ritz-Carlton Shanghai, Pudong, continued to enjoyed high occupancy and rising room rates

Remarks:

(1) Including shares of associates and joint ventures

New Hotel Additions

- Hotel VIC in North Point
 - Recently completed
 - Schedule to commence operation in mid 2018
 - Part of Group's developments on North Point waterfront

- A premium hotel in Sha Tin
 - Plan to open in 2019
 - A sister project of Royal Park Hotel

- Four Seasons Hotel in Suzhou
 - Construction under way





MARKET AND BUSINESS PROSPECTS

Market Prospects

Hong Kong

- Despite anticipated modest rate rises, the primary residential market is likely to continue to do well, driven by continuous economic expansion, a robust labour market and abundant liquidity
- Leasing demand for quality offices will be supported by favourable market conditions and policy initiatives
- The retail leasing market will be benefitted from healthy local consumption and improving tourist arrivals amid increasing cross-border connectivity

First-tier / key cities in Mainland China

- Premium office space at prime location will remain highly sought-after by multinationals including co-working space operators
- Rising domestic spending power of middle-income class, including the millennials, will continue to drive the leasing demand for well-managed shopping malls at prime locations
- First home sales will continue to be constrained by regulatory measures

Business Prospects – Property Development

- Abundant saleable resources
 - Confident in achieving full-year contracted sales target
 - Aim to achieve a medium-term target of annual property sales value of HK\$40bn in Hong Kong
 - Expect satisfactory development margin

- Sufficient land bank with various sources of land banking
 - 18.1mn sq.ft. (GFA) of residential land bank under development in Hong Kong sufficient for development needs of 5 to 6 years
 - Continue to seek opportunities for land bank replenishment in Hong Kong through various means, including land use conversion
 - Prudent financial approach on land acquisitions

Business Prospects – Property Investment

- Organic rental income growth from existing rental portfolio
 - Sizeable and well diversified premium rental portfolio
 - Positive rental reversions with high occupancies
 - Strong cash flow to support dividend

- Expanding investment property portfolio to further drive rental income growth over time
 - About 0.8mn sq.ft. and 3.8mn sq.ft. of rental properties are scheduled for completion in Hong Kong and Mainland China respectively in the next 3 years
 - Another 2.1mn sq.ft. and 8.1mn sq.ft. of investment property will be completed in Hong Kong and Mainland China respectively between 2021 and 2023

- Continue to review opportunities for non-core property disposals

Strong Fundamentals





Sun Hung Kai Properties

Building Homes with Heart

Q&A

