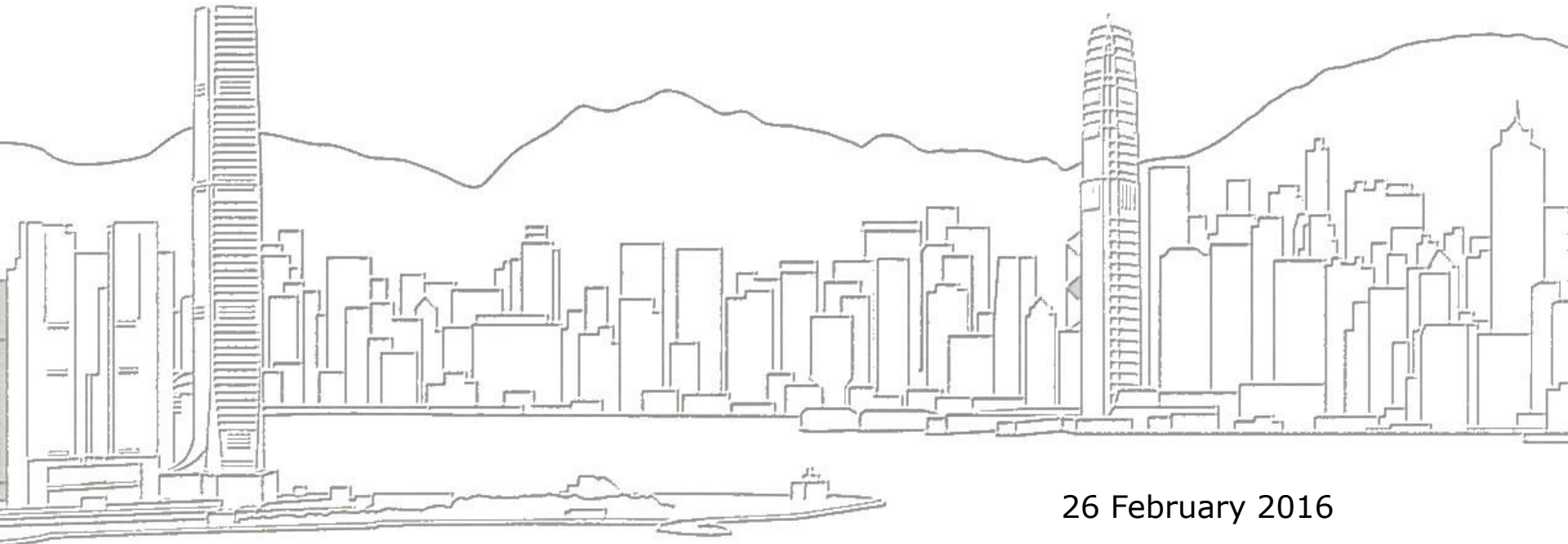




Sun Hung Kai Properties

Building Homes with Heart

FY2016 Interim Results



26 February 2016

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Interim Results Highlights

Interim Results Highlights

| | 1H FY2016 | 1H FY2015 | Change |
|--|--------------|--------------|---------|
| Profit attributable to the Company's shareholders | | | |
| - Underlying* (HK\$ mn) | 9,298 | 8,463 | 9.9 % |
| - Reported (HK\$ mn) | 14,724 | 15,696 | -6.2 % |
| Basic earnings per share for profit attributable to the Company's shareholders | | | |
| - Underlying* (HK\$) | 3.23 | 3.08 | 4.9 % |
| - Reported (HK\$) | 5.11 | 5.71 | -10.5 % |
| Interim dividend per share (HK\$) | 1.05 | 0.95 | 10.5 % |

Remarks:

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

Interim Results Highlights (Cont'd)

| Profit Breakdown by Segment (in HK\$ mn) | 1H FY2016 | 1H FY2015 | Change |
|---|---------------|---------------|--------------|
| (1) Property rental | | | |
| - Hong Kong | 6,399 | 5,955 | |
| - Mainland | 1,313 | 1,218 | |
| - Singapore | 231 | 265 | |
| Sub-total | 7,943 | 7,438 | 6.8 % |
| (2) Property sales | | | |
| - Hong Kong | 1,700 | 1,694 | |
| - Mainland | 762 | 594 | |
| - Singapore | 12 | (3) | |
| Sub-total | 2,474 | 2,285 | 8.3 % |
| (3) Hotel operation | 697 | 720 | -3.2 % |
| (4) Other businesses | 2,205 | 2,137 | 3.2 % |
| Total (1)+(2)+(3)+(4) | 13,319 | 12,580 | 5.9 % |

Interim Results Highlights (Cont'd)

| | 31 Dec 2015 | 30 Jun 2015 | 31 Dec 2014 |
|---------------------------------------|-----------------------|----------------|----------------------|
| Shareholders' funds (HK\$ mn) | 455,766 | 451,026 | 433,141 |
| - Shareholders' fund per share (HK\$) | 157.5 | 156.8 | 153.4 |
| Net debt (HK\$ mn) | 56,551 ⁽¹⁾ | 50,571 | 59,658 |
| Net gearing ratio ⁽²⁾ | 12.4% | 11.2% | 13.8% |
| | 1H FY2016 | | 1H FY2015 |
| Interest cover ⁽³⁾ | 9.7x | | 8.4x |

Remarks:

(1) About 10% of net debt was denominated in RMB

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

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

**Yuen Long Station and
YOHO Development**

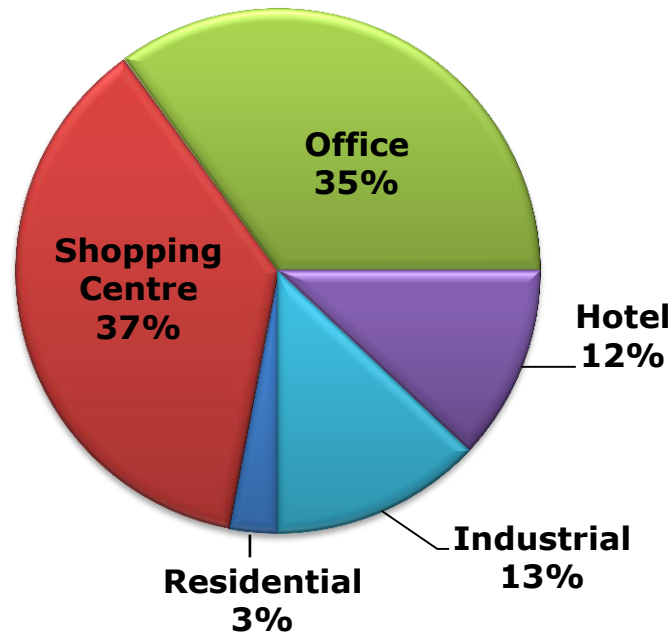


Land Bank

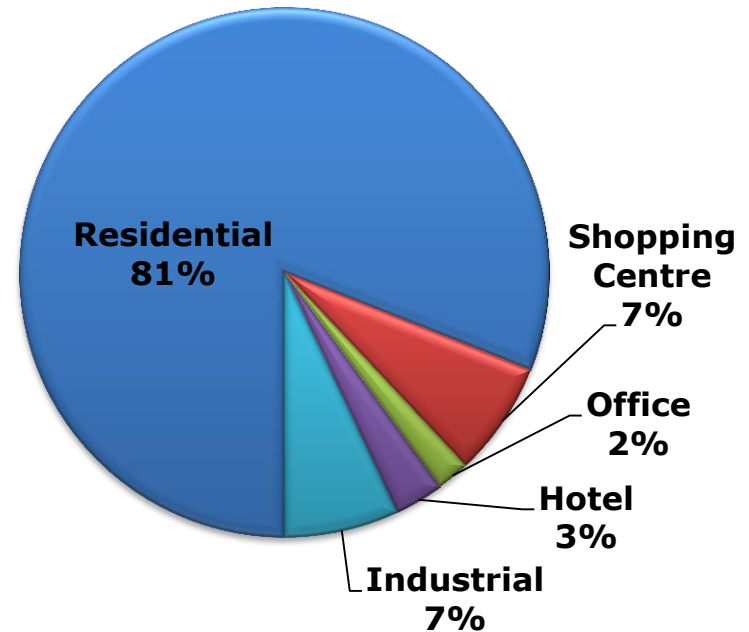
Hong Kong

Land Bank as at 31 December 2015

– Total land bank: 52.2mn sq.ft.⁽¹⁾



Completed investment properties
Total: 28.8mn sq.ft.



Properties under development
Total: 23.4mn sq.ft.

Remarks:

(1) Excluding over 30mn sq.ft. (site area) of agricultural land

Land Acquisitions

- 3 new sites were added during the period
 - Large-scale Yuen Long Station Development with significant synergy with the neighbouring YOHO residential enclave and YOHO Mall

| Location | Stake (%) | Usage | Attributable GFA (sq.ft.) |
|--|--------------|-------|---------------------------------|
| Yuen Long Station Development | JV | R/S | 1,468,000 |
| Sha Tin Town Lot No. 617 | 100 | O/S | 174,000 |
| Pak Tai Street / San Shan Road, Ma Tau Kok | JV | R/S | 105,000 |
| Total | | | 1,747,000 |

Remarks: R=Residential, S=Shopping Centre / Shops, O=Office

- Adhere to a prudent financial management discipline on land replenishment

**Ultima
Ho Man Tin**



Property Development

Hong Kong

Property Development

- Over HK\$6.2bn property sales⁽¹⁾ were booked with satisfactory profit margins
 - Ultima Phase 1 in Ho Man Tin
 - Park Vista 1A in Yuen Long
- Ultima Phase 1 with over 400,000 sq.ft. of residential GFA was completed during the period
- Expect a meaningful increase in residential completion to about 2.7mn sq.ft. in 2H FY2016
- Substantial majority of the residential completion in FY2016 has been pre-sold

Remarks:

(1) Including shares of Associates and JCEs

Contracted Sales

- Contracted sales of about HK\$11.3bn during the period, mainly from

| Project Name | Location | Stake (%) | Attr. Sales Proceeds (HK\$ bn) | Expected Completion |
|-----------------|-------------|-----------|--------------------------------|---------------------|
| Century Link II | Tung Chung | 100 | 5.5 | 2H FY2016 |
| Ultima Phase 1 | Ho Man Tin | 100 | 2.8 | Completed |
| Park Vista 1A | Yuen Long | 100 | 1.0 | Completed |
| King's Hill | Island West | 92 | 0.8 | FY2017 |

Upcoming Major Launches

| Project Name | Location | Stake (%) | Attr. Res. GFA (sq.ft.) | Approx. Attr. No. of Units | Expected Completion |
|--------------------------------|---------------|-----------|-------------------------|----------------------------|---------------------|
| Grand YOHO Phase 1 | Yuen Long | 100 | 740,000 | 1,100 | FY2017 |
| Tseung Kwan O Town Lot No. 118 | Tseung Kwan O | 100 | 483,000 | 630 | FY2018 |
| Ultima Phase 2 | Ho Man Tin | 100 | 467,000 | 270 | FY2016 |
| Inland Lot No. 9027 Phase 1 | North Point | 100 | 320,000 | 360 | FY2017 |
| 1-3 Church Lane | Shau Kei Wan | 92 | 291,000 | 600 | FY2018 |
| Twin Regency | Yuen Long | 100 | 232,000 | 520 | FY2017 |
| Sha Tin Town Lot No. 566 | Sha Tin | 100 | 130,000 | 60 | FY2017 |

Location Map of Upcoming Major Launches

Grand YOHO Phase 1



Twin Regency



Ultima Phase 2



Inland Lot No. 9027 Phase 1



Sha Tin Town Lot No. 566



Tseung Kwan O Town Lot No. 118



1-3 Church Lane



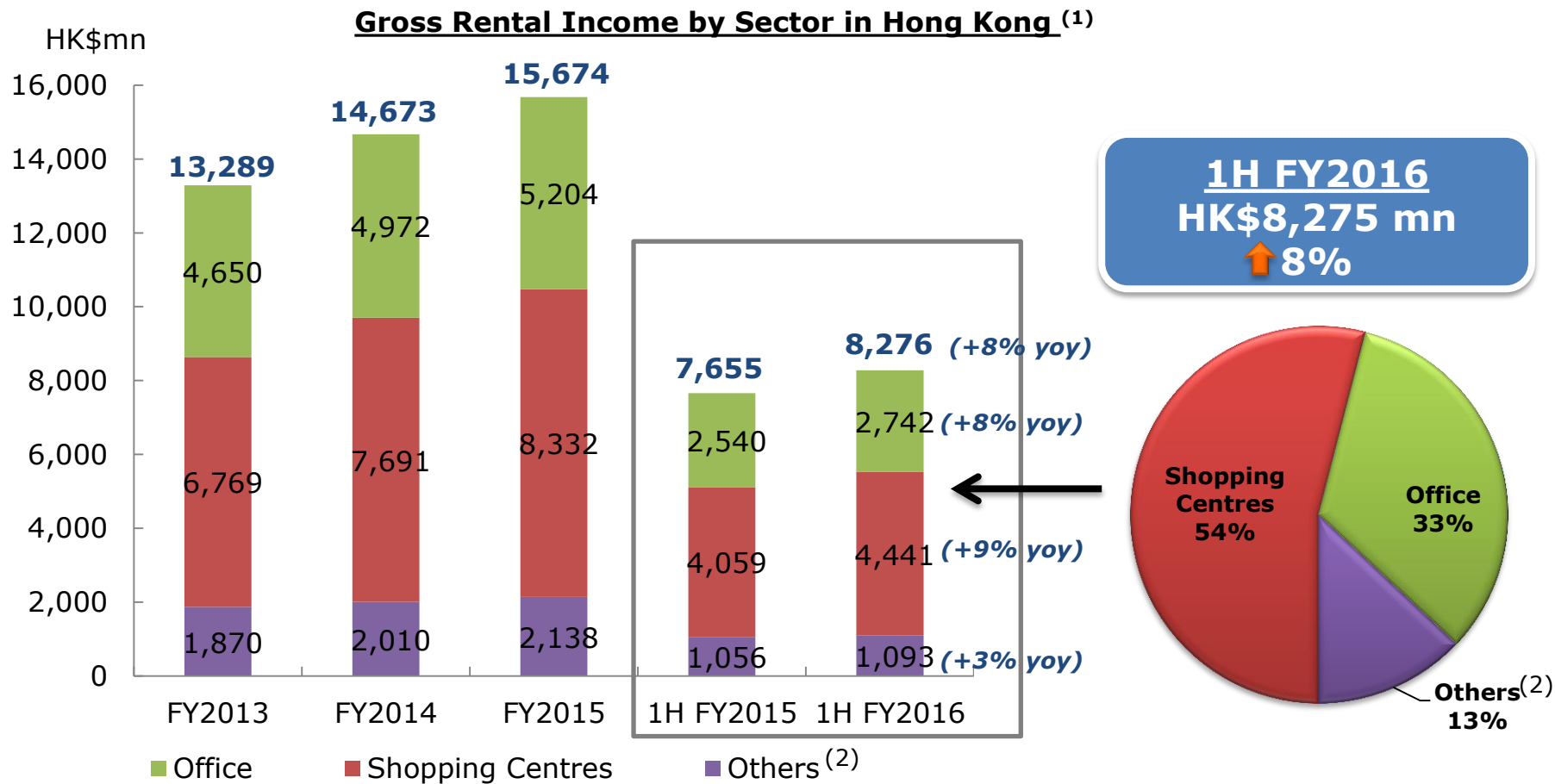


Property Investment

Hong Kong

Property Investment

- Steadily-growing rental income from diversified portfolio



Remarks:

(1) Including shares of Associates and JCEs

(2) Residential, industrial and car parks

Retail Portfolio

- Quality and diversified retail portfolio of over 10.7mn sq.ft. of GFA
 - High occupancies
 - Positive rental reversions
 - Reasonable occupancy cost
 - Rental income mainly driven by base rent
- Extensive network of regional malls serving mainly the locals
- Continuous asset enhancements and tenant mix refinements to better cater for customers' needs and changing consumption trends

Continuous Asset Enhancement Initiatives



MOKO, Mong Kok

- Reconfiguration completed in August 2015
- Improved traffic with new layouts and additional escalators
- Strong growth in rents

APM, Kwun Tong

- Conversion of over 150,000 sq.ft. of office space for retail use is under way
- Greening project at podium garden is expected to be completed by end of 2016



Metroplaza, Kwai Fong

- Initiatives included floor layout reconfiguration and indoor decor enhancement
- Introduced more quality restaurants and cosmetic brands during the period

Strong Pipeline for Future Expansion



YOHO Mall, Yuen Long: 1.1mn sq.ft. (GFA)

- YOHO Mall I opened in September 2015 with high traffic
- Renovation at YOHO Mall II will be completed in 1Q 2016
- Comparable to the positioning and scale of New Town Plaza in eastern New Territories
- Expected to be a prominent shopping hub for residents of western New Territories upon full completion

Strong Pipeline for Future Expansion (Cont'd)



YOHO Mall Extension, Yuen Long

- Over 450,000 sq.ft. of retail space at Grand YOHO is slated for completion by the end of 2016
- Another of nearly 110,000 sq.ft. at Yuen Long Station Development will also form part of the YOHO Mall



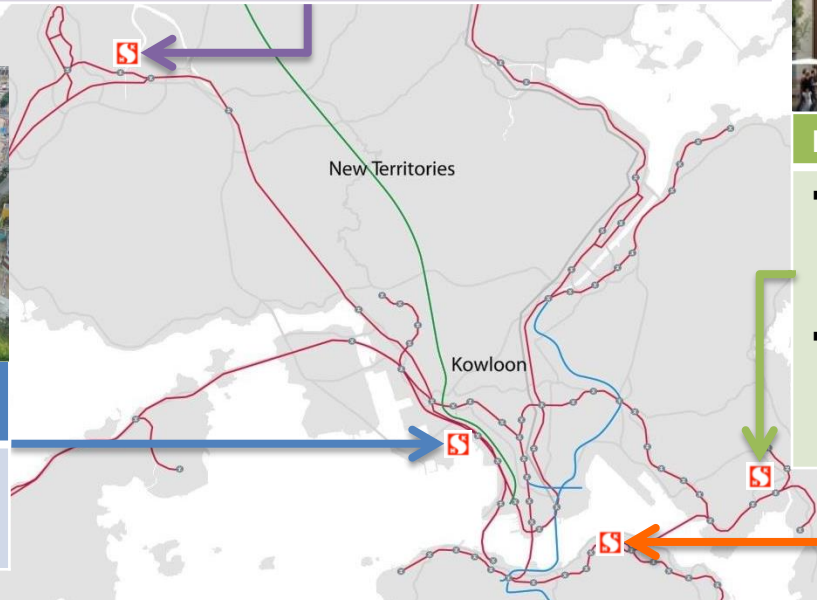
PopWalk, Tseung Kwan O

- 240,000 sq.ft. of retail space beneath the Group's developments in Tseung Kwan O South
- First phase, a 66,000-sq-ft retail podium under The Wings II
 - Almost fully pre-leased
 - Open in 1H 2016



Nam Cheong Station Development

- 300,000-sq-ft mall with extensive transport network



Harbour North, North Point

- Over 140,000 sq.ft. of retail space to be developed in two phases
- Include many sought-after eateries on waterfront promenade

- MTR
- MTR (under construction)
- Guangzhou-Shenzhen-Hong Kong Express Rail Link (under construction)

 **Malls in the pipeline**

Office Portfolio

- About 10mn sq.ft. of well-diversified office space continued to generate promising results
 - Spot rents at IFC saw an uptrend
 - ICC recorded strong rental reversions and improved occupancy
 - Millennium City cluster continued to attract tenants from various sectors, leading to high occupancies and higher rents for new leases and renewals
 - Diverse tenant mix provided stable rental income growth

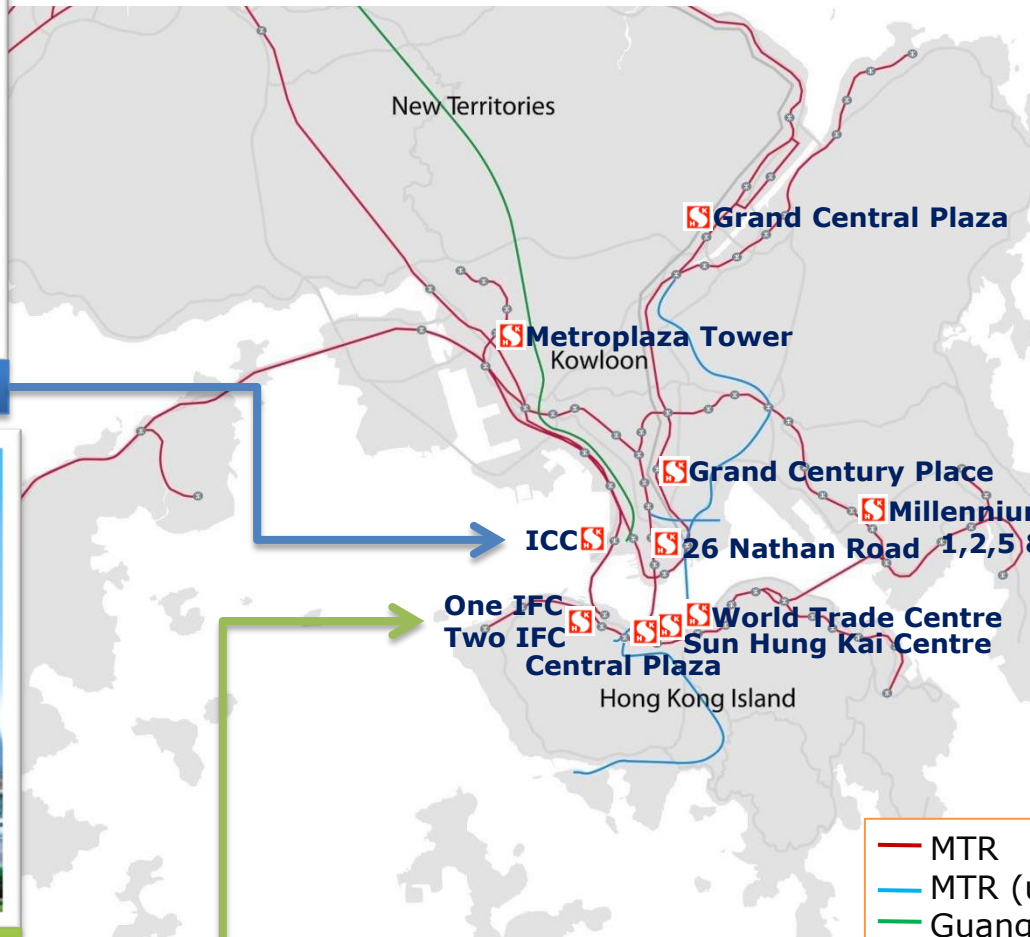
Diversified Office Portfolio



Occupancy: 96%



Occupancy: 99%

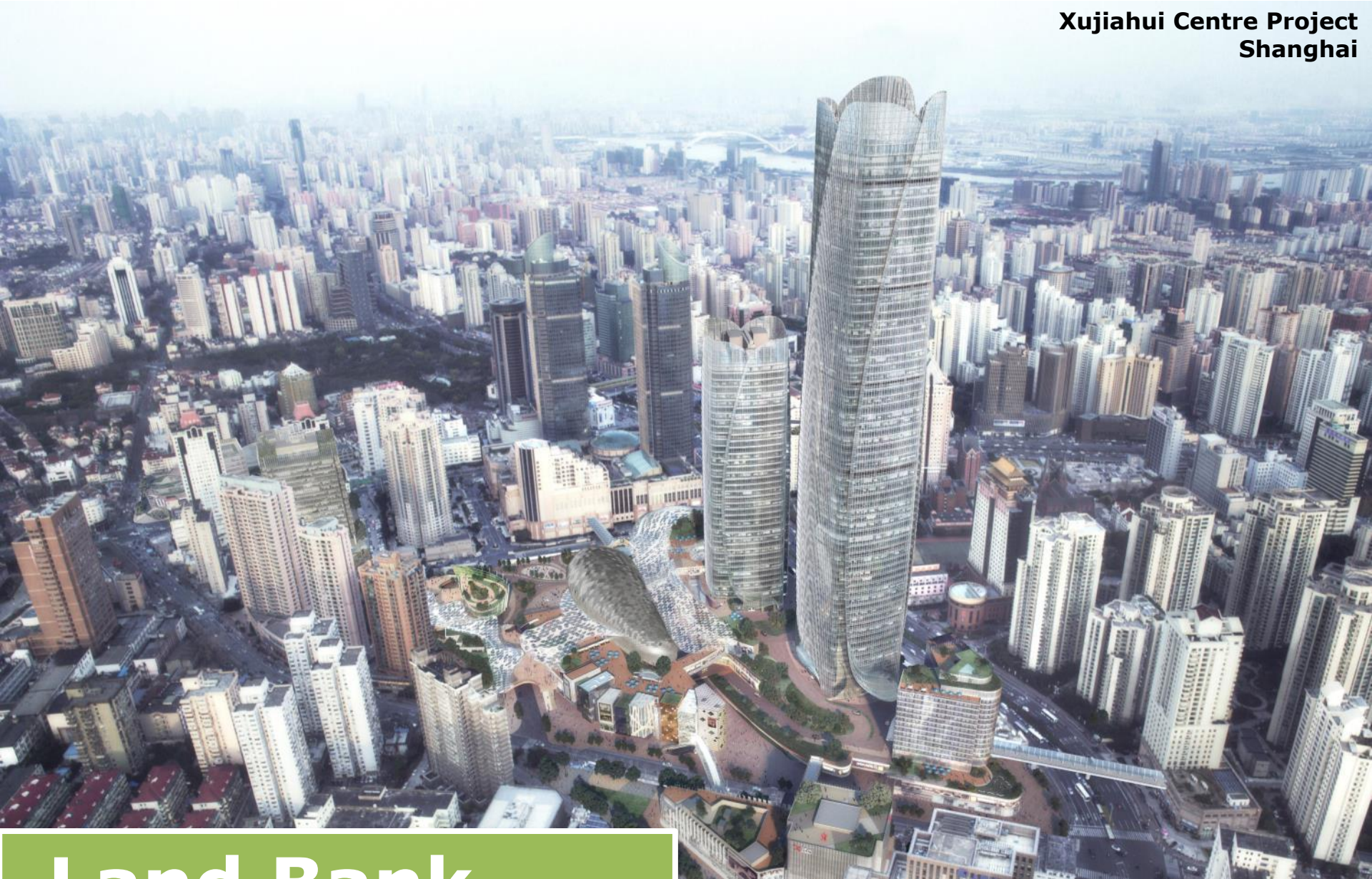


Occupancy: 99%

- MTR
- MTR (under construction)
- Guangzhou-Shenzhen-Hong Kong Express Rail Link (under construction)

Remarks:

(1) Occupancy as at 31 December 2015

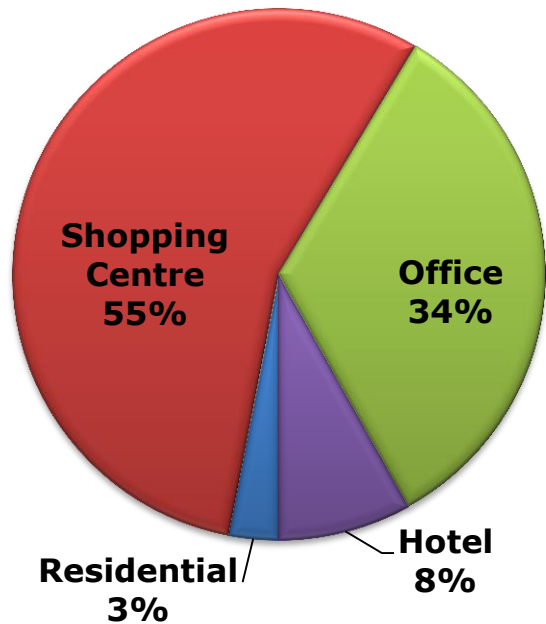


Land Bank

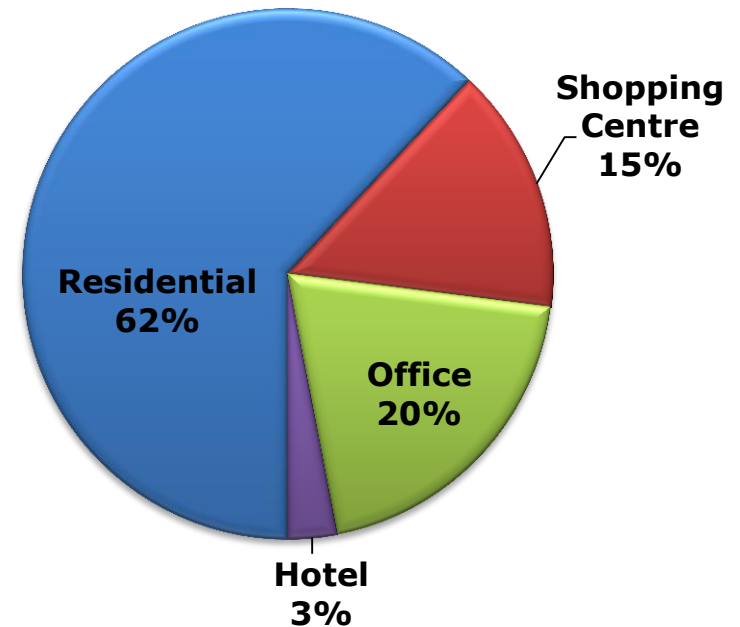
Mainland

Land Bank as at 31 December 2015

- Total land bank: 70.4mn sq.ft.



Completed investment properties
Total: 11.7mn sq.ft.



Properties under development
Total: 58.7mn sq.ft.



Property Development

Mainland

Property Development

- Booked over HK\$3.2bn property sales⁽¹⁾, mainly from
 - Shanghai Arch
 - Shanghai Cullinan
 - Forest Hills Phase 1A & 1B
- Completed an attributable GFA of about 700,000 sq.ft. of residential units of Oriental Bund Phase 1A during the period
 - Over 900,000 sq.ft. of attributable GFA will be completed in 2H FY2016, mainly from Hangzhou MIXC Phase 2C and International Grand City (IGC)

Remarks:

(1) Including shares of Associates and JCEs, and only sales from units that have been handed over to buyers

Contracted Sales

- Achieved contracted sales of about RMB 2.5bn⁽¹⁾ for the period under review, mainly from

| Project Name | Location | Stake (%) | Attr. Sales Proceeds (RMB bn) | Expected Completion |
|-----------------------|-----------|-----------|-------------------------------|---------------------|
| Shanghai Arch Phase 1 | Shanghai | 100 | 0.5 | Completed |
| Shanghai Cullinan | Shanghai | 100 | 0.4 | Completed |
| Park Royale Phase 2A | Guangzhou | 100 | 0.3 | FY2018 |
| The Woodland Phase 4D | Zhongshan | JV | 0.2 | FY2017 |

Remarks:

(1) Contracted sales in terms of HKD amounted to HK\$3.1bn

Major Upcoming Launches

| Project Name | Location | Stake (%) | Attr. Res. GFA (sq.ft.) | Expected Completion |
|---|-----------|-----------|-------------------------|---------------------|
| Shanghai Arch Phase 2A (Serviced apartment) | Shanghai | 100 | 206,000 | FY2018 |
| Grand Waterfront Phase 1A&1B (Remaining batches) | Dongguan | 100 | 307,000 | FY2017 |
| Forest Hills Phase 2B | Guangzhou | 70 | 467,000 | FY2018 |
| Oriental Bund Phase 1D | Foshan | 50 | 429,000 | FY2018 |
| The Arch Chengdu (1st batch of Chengdu ICC Phase 2A) | Chengdu | 40 | 138,000 | FY2018 |

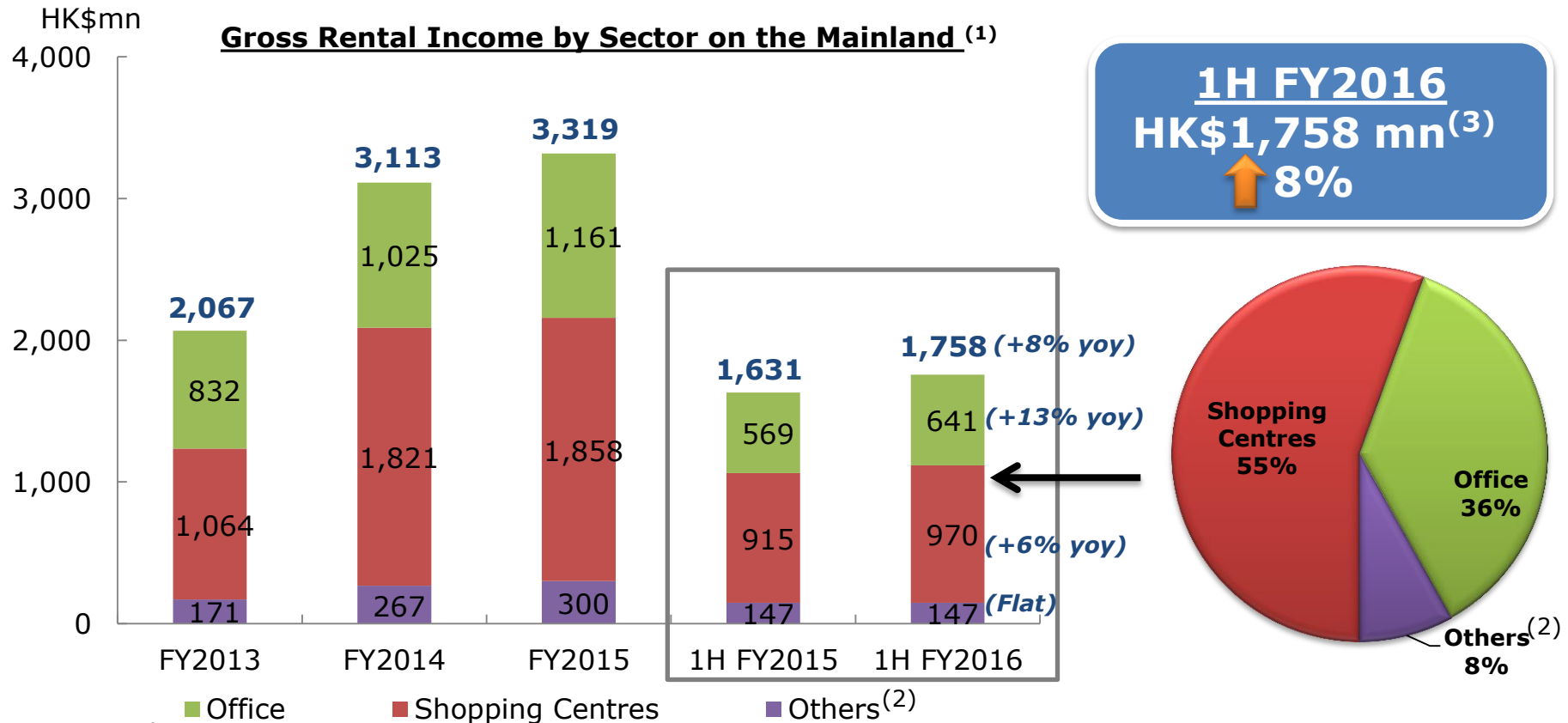


Property Investment

Mainland

Growing Rental Income

- Accounted for around 17% of the Group's total gross rental income



Remarks:

(1) Including shares of Associates and JCEs

(2) Residential and car parks

(3) Gross rental income in terms of RMB amounted to RMB 1,440mn, up 11% yoy

Shanghai IFC in Pudong



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

- Both towers were virtually fully occupied
- Advantageous location in the Lujiazui Finance and Trade Zone

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

- Occupancy stayed high
- Recorded continued growth in tenant sales and positive rental reversions
- Construction work on additional external connections will be completed from 2016 onwards

Shanghai ICC in Puxi



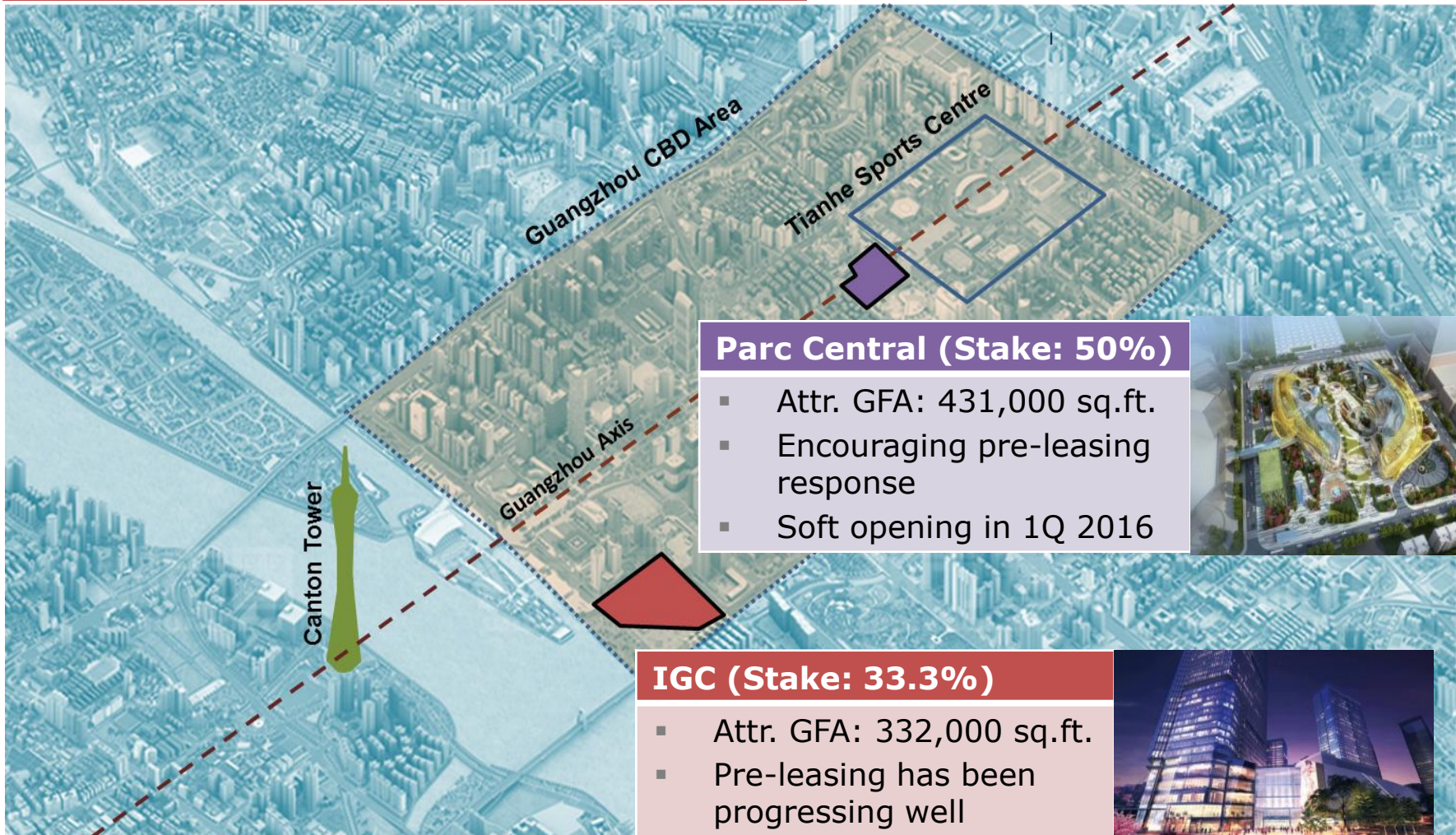
Office: 1.3mn sq.ft. (GFA)

- One ICC has been fully leased
- Leasing of Two ICC is encouraging

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

- Nearly full occupancy
- Tenant sales continued to ramp up strongly since opening
- Opening of line 12 extension gives IAPM direct connections to 3 metro lines and draws increasing traffic

New Malls in Guangzhou



Parc Central (Stake: 50%)

- Attr. GFA: 431,000 sq.ft.
- Encouraging pre-leasing response
- Soft opening in 1Q 2016



IGC (Stake: 33.3%)

- Attr. GFA: 332,000 sq.ft.
- Pre-leasing has been progressing well
- Open in 2H 2016



Xujiahui Centre Project in Shanghai

- 7.6mn sq.ft. integrated project with high-end retail space, grade-A office and a luxury hotel
- Directly linked to Xujiahui metro station
- Construction of Lot 1 is progressing on schedule
 - 180,000 sq.ft. of office space will be handed over in 1H 2017
 - 330,000-sq-ft shopping mall will open in 2018

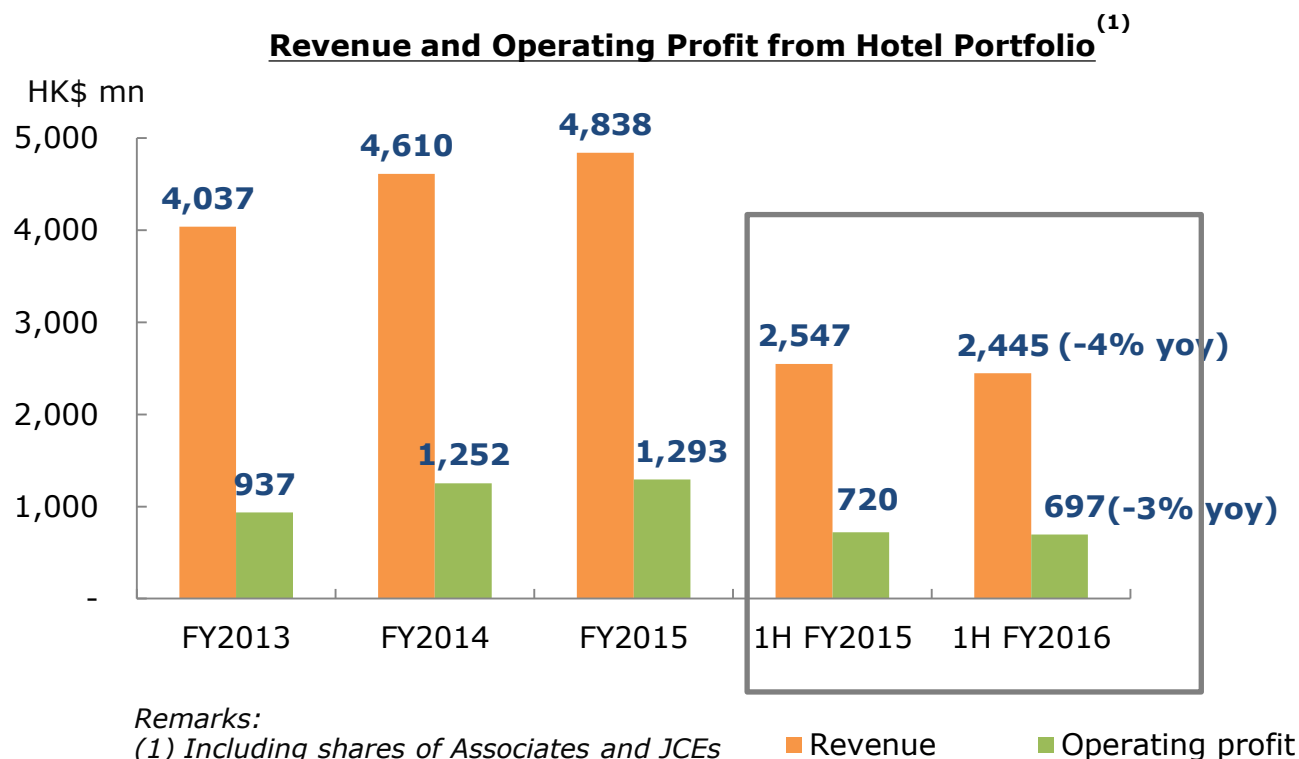




Hotel Business

Hotel Business

- Both revenue and operating profit declined slightly amid a challenging operating environment in Hong Kong



Hotel Business (Cont'd)

- Sustained high occupancy at hotels in Hong Kong while room rates were under pressure due to the decline in the number of inbound visitors
- Food and beverage business continued to register satisfactory profit growth, partially offsetting the decline in RevPAR
- The Ritz-Carlton Shanghai, Pudong continued to perform well with decent growth in revenue and profit

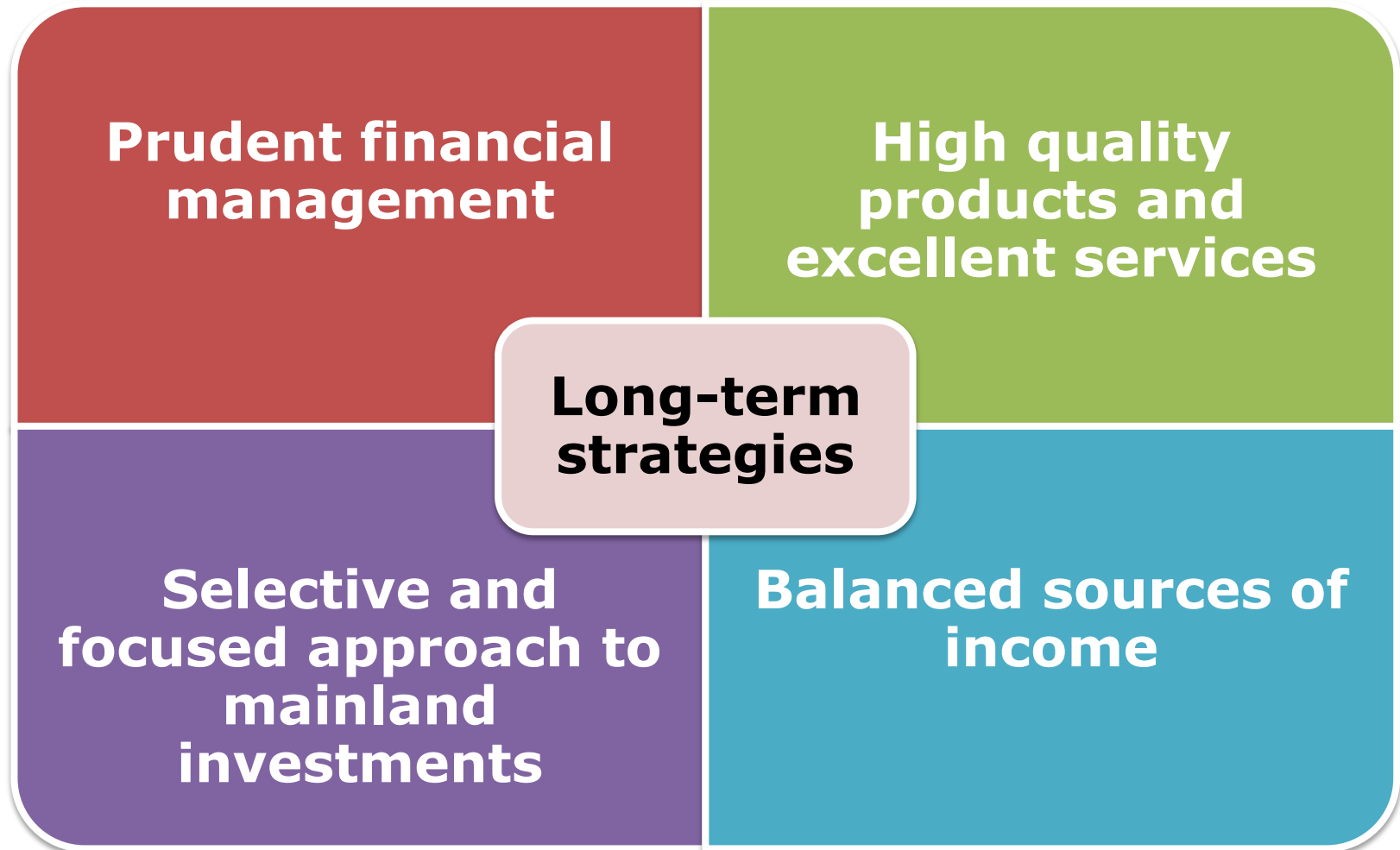


Strategy and Prospects

Market Prospects

- Hong Kong
 - The residential market consolidation is expected to continue in the short term, while end-user demand is supported by positive factors such as positive demographics and still low interest rates
 - Grade-A office leasing market is expected to do well amid low vacancies while performance of regional malls serving mainly locals will remain solid
- First-tier cities on the Mainland
 - Robust momentum in residential markets is likely to continue amid positive supply and demand dynamics
 - Well-managed prime grade-A offices and premium shopping malls in key locations will outperform

Business Strategy



Business Prospects – Property Development

- Substantial majority of over 3mn sq.ft. of residential completion in Hong Kong in this financial year has been pre-sold
- Stick to prudent financial discipline on land replenishment when good opportunities arise
- Continue to launch projects for sale once ready
 - Strong brand name
 - High quality products and services
 - Strong pipeline meeting varying needs of homebuyers

Business Prospects – Property Investment

- Expect steadily growing rental income
 - Positive rental reversions with high occupancy
 - Diversified rental income portfolio
 - The quality office portfolio to benefit from its strong brand and leading position
 - Extensive network of regional malls in Hong Kong with limited exposure to tourist luxury spending
 - Ongoing asset enhancement initiatives
 - Around 1.3mn sq.ft.⁽¹⁾ of attributable retail space are to be opened in the next 2-3 years
- Continue to review and monitor opportunities for non-core asset disposals

Remarks:

(1) Excluding Parc Central to be soft opened in 1Q 2016



Sun Hung Kai Properties

Building Homes with Heart

Q&A

