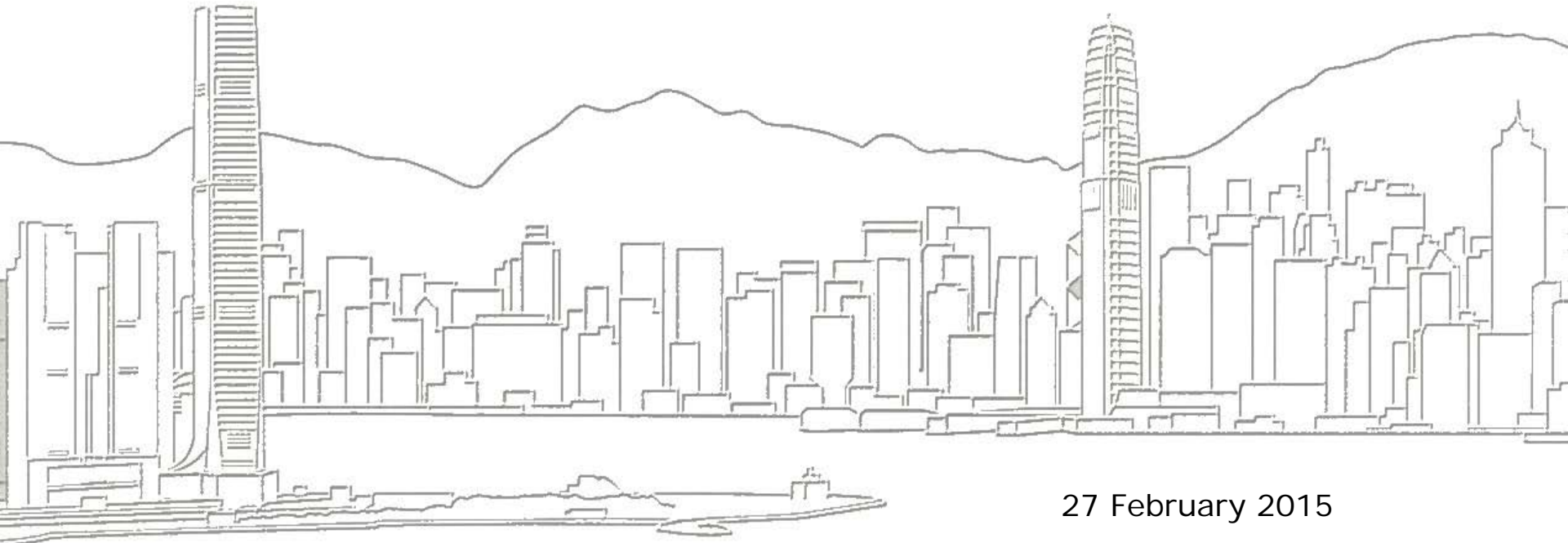




Sun Hung Kai Properties

Building Homes with Heart

Interim Results - FY2015



27 February 2015

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Interim Results Highlights



Results Summary

For the six months ended 31 December

	2014	2013	Change
Underlying net profit* (HK\$ million)	8,463	10,644	-20.5%
Underlying earnings per share* (HK\$)	3.08	3.98	-22.6%
Reported net profit (HK\$ million)	15,696	19,027	-17.5%
Reported earnings per share (HK\$)	5.71	7.12	-19.8%
Interim dividend per share (HK\$)	0.95	0.95	-

Remarks:

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



Profit Breakdown By Segment*

For the six months ended 31 December
(in HK\$ million)

	2014	2013	Change
(1) Property rental			
Hong Kong	5,955	5,541	
Mainland	1,218	1,073	
Singapore	<u>265</u>	<u>265</u>	
Sub-total	7,438	6,879	8.1%
(2) Property sales			
Hong Kong	1,694	3,071	
Mainland	594	2,559	
Singapore	<u>(3)</u>	<u>(4)</u>	
Sub-total	2,285	5,626	-59.4%
(3) Hotel operation	720	642	12.1%
(4) Other businesses	<u>2,137</u>	<u>1,806</u>	<u>18.3%</u>
Total (1)+(2)+(3)+(4)	12,580	14,953	-15.9%

Remarks:

* Including shares of Associates and JCEs



Financial Position

	31 Dec 14	30 Jun 14	31 Dec 13
Gearing Ratio*	13.8%	15.7%	12.9%
Shareholders' Funds (HK\$ million)	433,141	414,783	402,589
Net Debt (HK\$ million)	59,658	65,203	51,986
	1H FY15		1H FY14
Interest Cover**	8.4x		11.6x

Remarks:

* Calculated on the basis of net debt to Company's shareholders' funds

** Measured by the ratio of operating profit to total net interest expenses including those capitalized



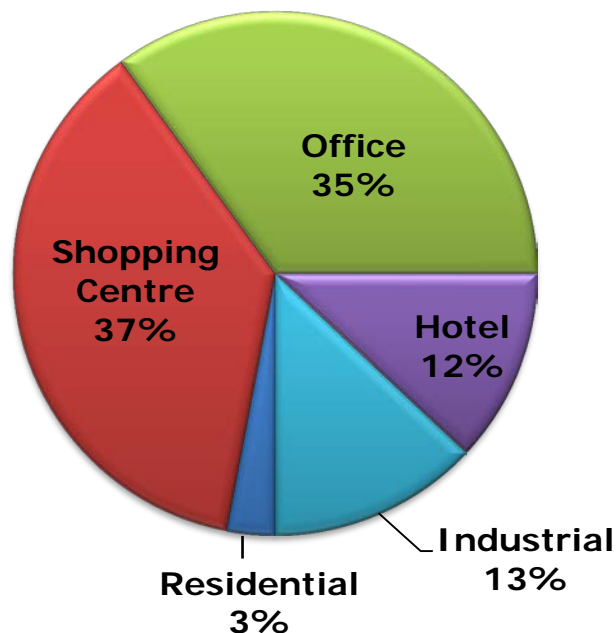
Property Business

Hong Kong

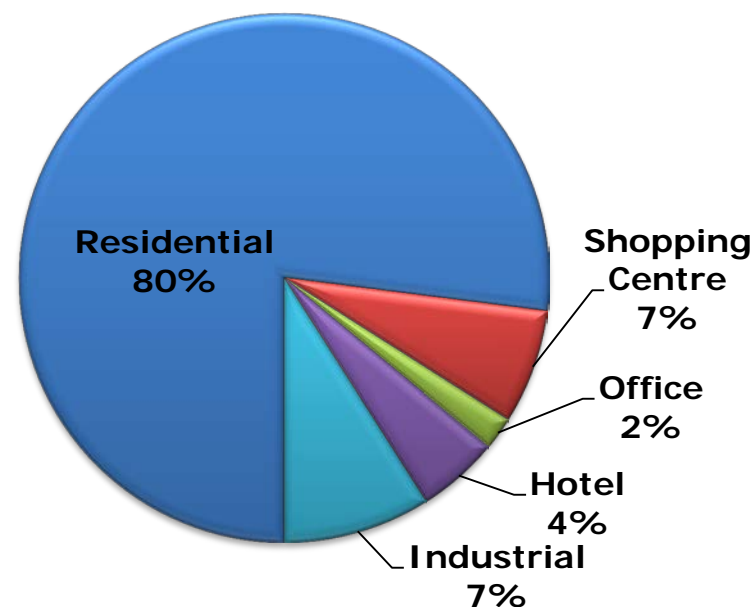


Land Bank

- Total land bank: 49.5m sq.ft. (as at 31 Dec 2014)
 - Excluding about 27m sq.ft. (site area) of farmland



Completed investment properties
Total: 28.7m sq.ft.



Properties under development
Total: 20.8m sq.ft.

Land Acquisitions

- 3 new sites added for the period under review

<u>Location</u>	<u>Group's Interest (%)</u>	<u>Usage</u>	<u>Attributable GFA (sq.ft.)</u>
Tin Shui Wai Town Lot No. 33	100	R/S	1,219,000
Tin Shui Wai Town Lot No. 34	100	R/S	1,040,000
Tuen Mun Town Lot No. 515	100	R	476,000
Total			2,735,000

Key : R=Residential, S=Shops

- Acquired another development site with nearly 1m sq.ft. of GFA at Light Rail Tin Wing Station in Tin Shui Wai in February this year

Property Development

- Over HK\$5.4bn property sales* were booked with satisfactory margin, mainly from
 - One Harbour Square, Deauville and Mount One
- Mount One in Fanling (~140,000 sq.ft. GFA) was completed during the period under review
 - About 1.3m sq.ft. residential GFA are expected to be completed in 2H FY15
- More than 3m sq.ft. of residential GFA are scheduled for completion in FY16, of which around 57% were sold
 - 65% sold in terms of units

Remarks:

*Including shares of Associates and JCEs



Contracted Sales

- Achieved around HK\$16bn of contracted sales during the period under review, mainly from
 - Major residential properties
 - The Wings IIIA
 - The Wings IIIB
 - Deauville
 - Major office properties
 - W50
 - One Harbour Square
- Achieved another HK\$9bn contracted sales since January 2015, mainly from Century Link Phase 1

Upcoming Major Launches

The Cullinan

- SHKP Stake: 100%
- Location: West Kowloon
- Residential GFA: 210,000 sq.ft.

Ho Man Tin Phase 1

- SHKP Stake: 100%
- Location: Ho Man Tin
- Residential GFA: 401,000 sq.ft.

Yuen Long Town Lot No. 507 Phase 1

- SHKP Stake: 100%
- Location: Yuen Long
- Residential GFA: 801,000 sq.ft.

Tseung Kwan O Town Lot No. 118

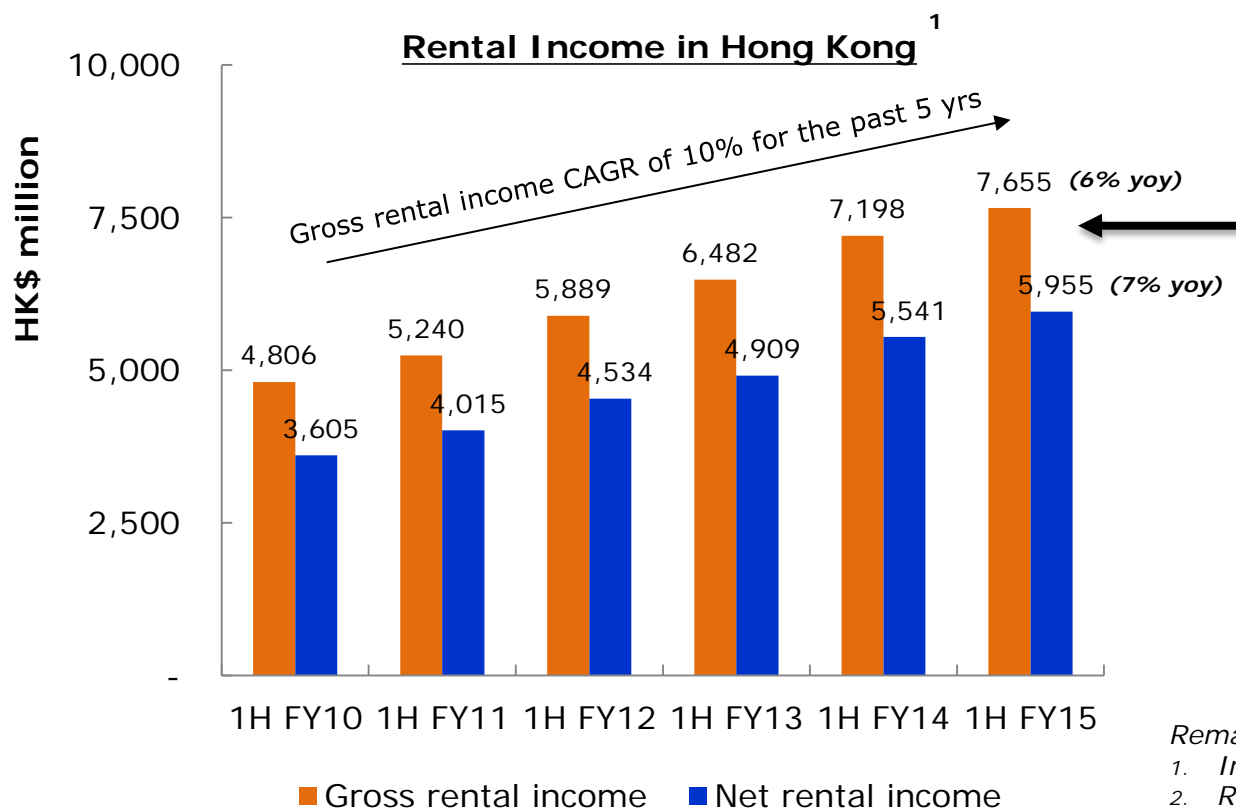
- SHKP Stake: 100%
- Location: Tseung Kwan O
- Residential GFA: 483,000 sq.ft.

Property Investment

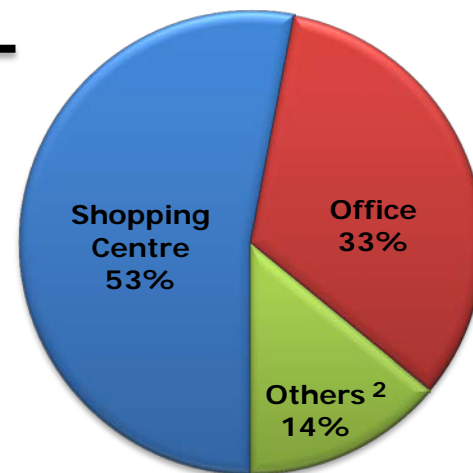
- Largest portfolio of quality investment properties totalling over 28m sq.ft.
 - Overall occupancy at around 95%
 - Positive rental reversions
- Regular upgrades and premium management services to keep our competitive edge in the leasing market
- Opportunities for non-core asset disposals continued to be assessed

Growing Rental Income

- Decent rental income growth recorded in 1H FY15



Gross Rental Income by Sector for 1H FY15



Remarks:

1. Including shares of Associates and JCEs
2. Residential, industrial and car parks

Retail Portfolio

- Balanced and diversified retail portfolio of over 10m sq.ft. of GFA
 - Growth in tenants' sales at the Group's major malls outperformed the market
 - Regional malls along the railway lines continue to deliver decent performances
 - Short period of disruption at selected malls due to Occupy Movement in the last quarter of 2014
- Overall high occupancies with positive rental reversions
- Gross rental income of over HK\$4bn, up about 6.7% yoy during the period

Asset Enhancement Initiatives

- MOKO (Formerly known as Grand Century Place)
 - Reconfiguration will be completed soon
 - Over 90% of tenants opened for business
 - Improved shoppers' circulation with new layouts
 - Increases in traffic and rental income are expected



Retail Network Expansion

- YOHO Midtown in Yuen Long (part of YOHO Mall)
 - 250,000 sq.ft. mall will open in late 2015
 - Offers appealing elements such as duplex shops and al fresco restaurants
- PopWalk in Tseung Kwan O
 - 66,000 sq.ft. retail podium of The Wings II is expected to open in early 2016
- North Point waterfront site
 - Over 130,000 sq.ft. of retail space with harbour view located near MTR North Point station
- Nam Cheong Station project
 - 300,000 sq.ft. premium mall located at the interchange of West Rail and Tung Chung lines

Office Portfolio

- Gross rental income of around HK\$2.5bn, up 5.7% yoy for the period
- Group's 10m sq.ft. of diverse office portfolio performed well during the period under review
 - Occupancy in IFC continued to rise
 - Positive rental reversions in ICC
 - Solid performance of other non-Central offices such as Millennium City in Kowloon East and Metroplaza in Kwai Fong
- Regular renovations of existing properties

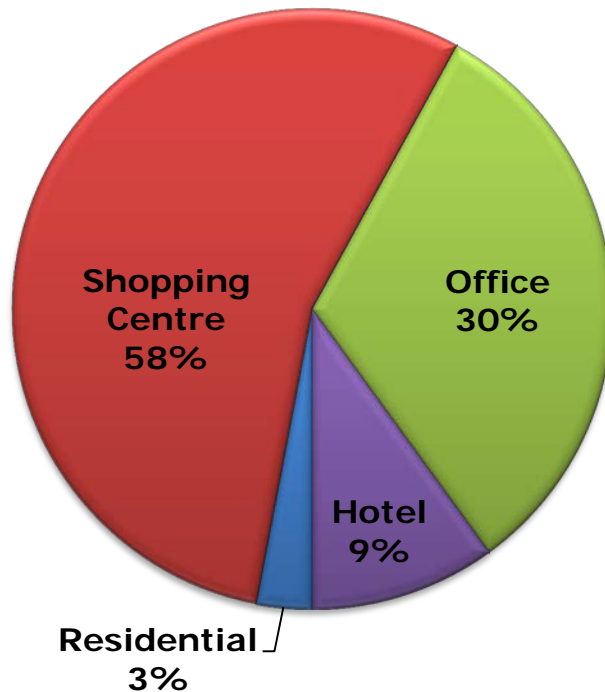
Property Business

Mainland

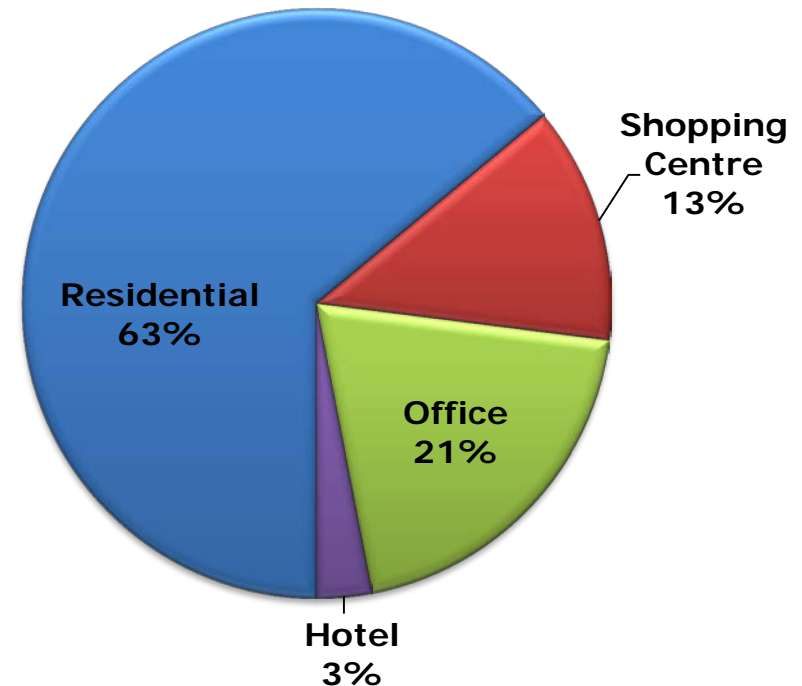


Land Bank

- Total land bank: 81.6m sq.ft. (as at 31 Dec 2014)



Completed investment properties
Total: 10.3m sq.ft.



Properties under development
Total: 71.3m sq.ft.

Property Development

- Completed 5 projects with about 3.4m sq.ft. of attributable GFA during the period under review
- Booked over HK\$4.2bn property sales*, mainly from
 - Forest Hills Phase 1A in Guangzhou
 - Shanghai Arch Phase 1
 - Park Royale Phase 1A and 1B in Guangzhou
- Over HK\$8bn property sales yet to be recognized

Remarks:

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



Contracted Sales

- Contracted sales of about HK\$2.7bn in 1H FY15, mainly from



Shanghai Arch Phase 1

- Stake: 100%
- Location: Shanghai



Oriental Bund

- Stake: 80%
- Location: Foshan



Shanghai Cullinan

- Stake: 100%
- Location: Shanghai

Upcoming Launches



Guangzhou Commerce Centre

- Stake: 70%
- Location: Guangzhou
- Attr. GFA: 254,000 sq.ft.



Oriental Bund (new phase)

- Stake: 80%
- Location: Foshan
- Attr. GFA: 446,000 sq.ft.¹



Shanghai Cullinan (new batch)

- Stake: 100%
- Location: Shanghai
- GFA: 190,000 sq.ft.²

Remarks:

1. Part of Oriental Bund Phase 1C
2. Total remaining unsold GFA

Property Investment

- About 10.3m sq.ft. attributable GFA of investment properties mainly in prime cities
 - Strong presence in Shanghai
- Positive reversions with high occupancy
- Accounted for around 17% of the Group's total gross rental income
- Gross rental income up by 6% yoy to HK\$1.6bn¹ in 1H FY15
 - Excluding one-off rental income² recorded in previous period, the growth rate would be 11%

Remarks:

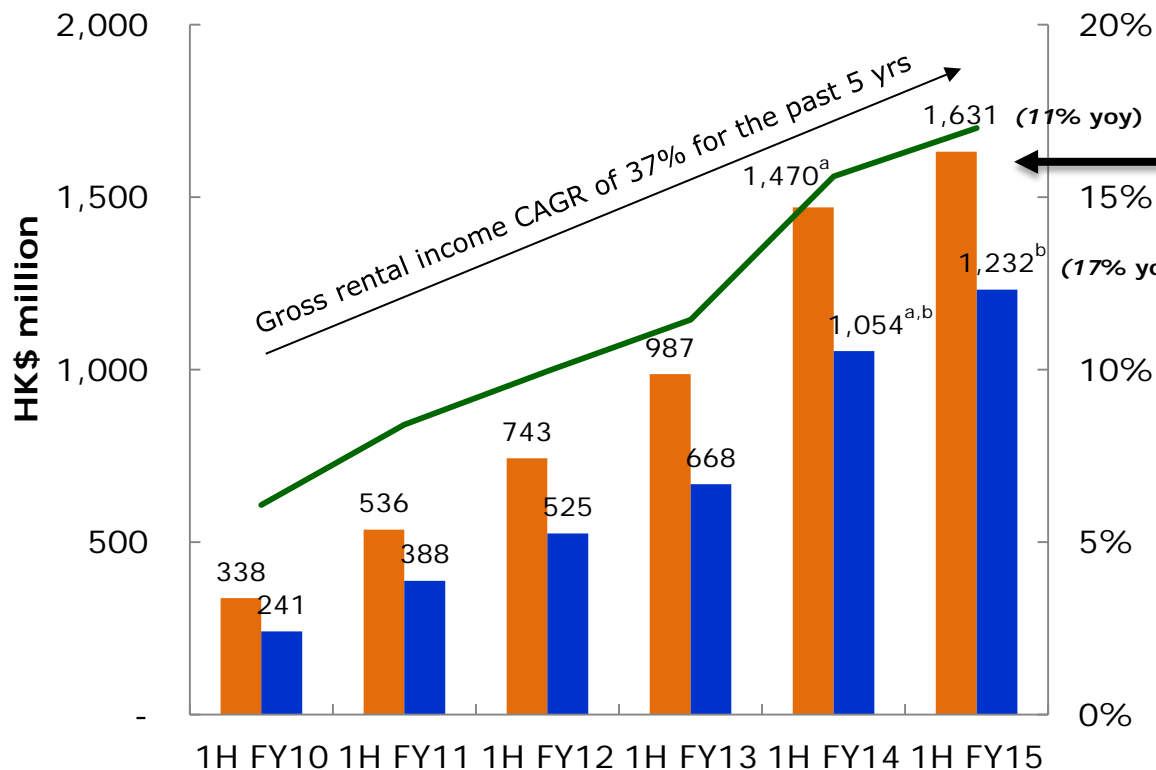
1. Including shares of Associates and JCEs

2. Related to one-off rental income adjustment of HK\$67m due to modification in lease structures finalized in 1H FY14

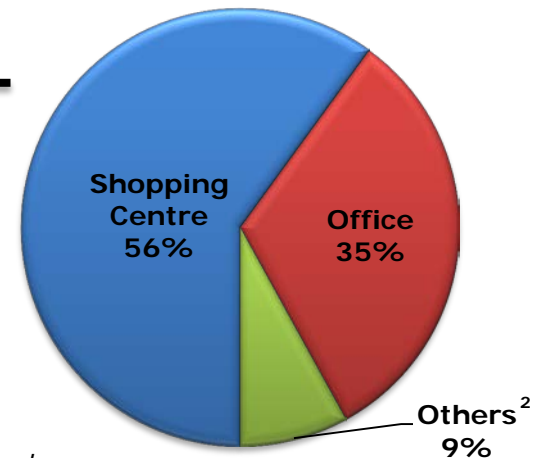


Solid Rental Income Growth

Rental Income on the mainland¹



Gross Rental Income by Sector for 1H FY15



Remarks:

1. Including shares of Associates and JCEs investment properties
2. Residential and car parks

Orange bar: Gross rental income (LHS)

Blue bar: Net rental income (LHS)

Green line: Contribution to Total Gross Rental Income (RHS)

Remarks:

a. Adjusted to exclude the one-off rental income

b. Adjusted to exclude the pre-opening expenses



Shanghai IFC in Pudong



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

- Fully leased
- Recorded healthy rental reversions



Office: 1.6m sq.ft. (GFA)

- Both office towers are fully occupied
- Prime location in the Lujiazui finance area
- Expect to benefit from the expansion of the free trade zone



Shanghai ICC in Puxi



Office: 1.3m sq.ft. (GFA)

- High occupancy in One ICC
- Two ICC scheduled to complete in 2015
 - Pre-leasing underway

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

- Fully leased
- Recorded high traffic flow



Xujiahui Centre Project in Shanghai

- 7.6m sq.ft. integrated project will be comprised of four land lots with direct access to Xujiahui metro station
 - Design plan nearing final stage
- 180,000-square-foot office building located on at lot 1 on Huashan Road will be up for sale in late 2015
 - Superstructure work has begun
- A prime shopping mall in the largest lot facing Hongqiao Road and Yishan Road will be built to strengthen the investment portfolio

Guangzhou Retail Developments



Parc Central

- SHKP Stake: 50%
- Location: Guangzhou
- Attr. GFA: 431,000 sq.ft.
- Expected opening: 2015



Mall at Tianhui Plaza

- SHKP Stake: 33%
- Location: Guangzhou
- Attr. GFA: 332,000 sq.ft.
- Expected opening: 2016

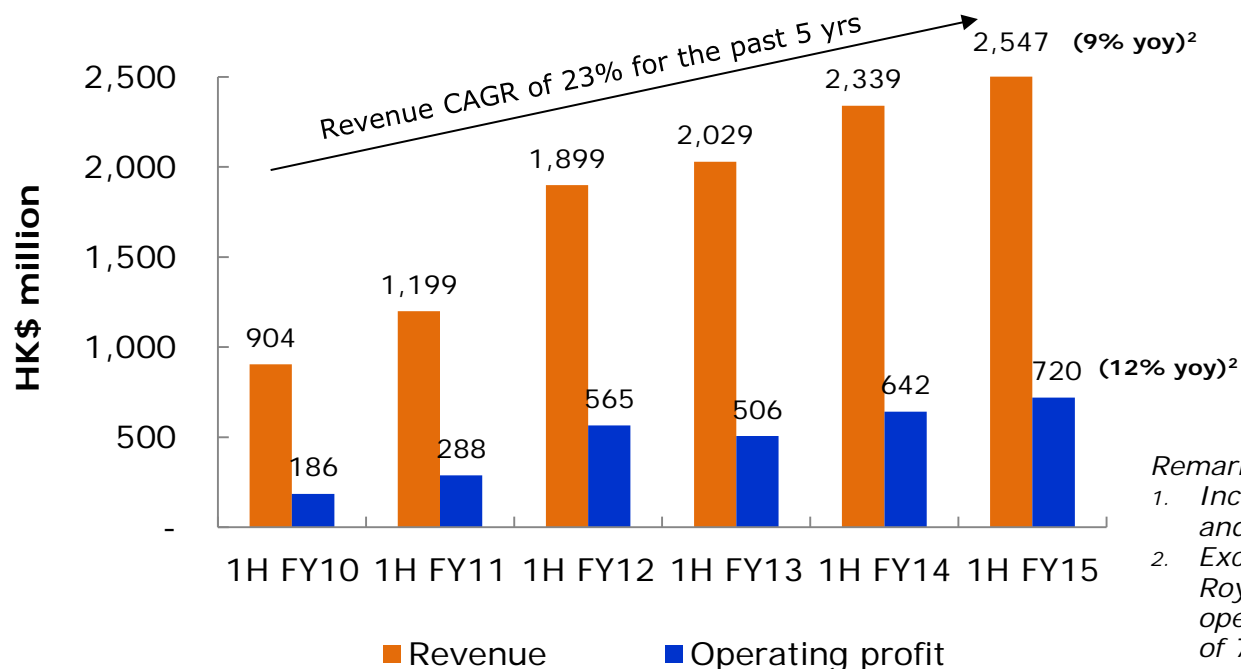
Hotel Business



Hotel Business

- Healthy growth with higher RevPAR and increased contribution from Royal Plaza post renovation

Revenue and Operating Profit from Hotel Portfolio¹



Remarks:

1. Including shares of Associates and JCEs
2. Excluding the newly renovated Royal Plaza Hotel, revenue and operating profit had a yoy growth of 7% and 7.5% respectively



Hotel Business (Cont'd)

- Hotels in Hong Kong continued to perform well
 - Decent growth in average RevPAR
 - Certain hotels were affected temporarily by the Occupy Movement in the last quarter of 2014
- The Ritz-Carlton Shanghai, Pudong recorded high occupancy
 - RevPAR staying among the top in Shanghai
- Hotel network expansion
 - Premium hotel in Sha Tin
 - North Point waterfront hotel site



Strategy and Prospects



Market Prospects

- Hong Kong
 - Residential market is expected to remain positive given solid demand from end-users, particularly for small- to medium-sized units
 - Retail and office leasing markets in major districts are expected to be stable amid healthy demand and limited supply
- Mainland China
 - New home sales in key cities are likely to further improve, with relaxation of government measures
 - Leasing demand for prime retail spaces in major cities is expected to hold up well given the rising spending power of the middle-income class



Business Strategy

- Group's long-term business strategies
 - Adhere to a balance of income from rental business and property development for sale
 - Continue to enhance the Group's brand with quality products and excellent services
 - Remain selective with focused approach to investment on the mainland
 - Observe strictly the discipline of prudent financial management

Business Prospects

- Property Development – Higher Asset Turnover
 - Rising production volume expected
 - Over 3m sq.ft. of residential GFA per annum to be completed in the next 2 financial years
 - Well positioned to acquire more land given strong financial position
 - Seek opportunities from rising land supply in HK
 - Abundant saleable resources
 - Confident in achieving full-year sales target
 - Premium products with more cost-effective designs to be developed

Business Prospects (Cont'd)

- Property Investment – Steady Rental Growth
 - Expect positive rental reversion with sustained high occupancy
 - Strong pipeline of new investment properties will support rental growth in the future
 - Over 1m sq.ft. of retail space will commence operations before end of 2016
 - More to come, including offices and hotels
 - Continue with on-going asset enhancement initiatives
 - Proactively and selectively seek opportunities for non-core asset disposals



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Q&A

