

The Temple House,  
Chengdu.



PROPERTY DIVISION

# TRANSFORMING URBAN AREAS



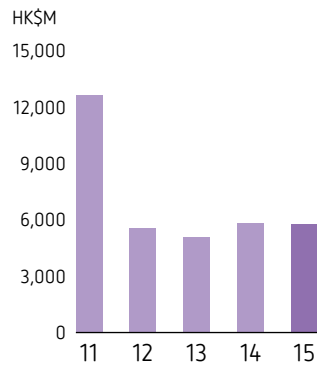
Swire Properties'  
growing portfolio of offices,  
retail space and hotels is continuing  
to transform urban areas.

OVERVIEW OF THE BUSINESS

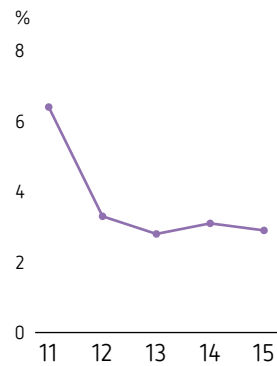
# PROPERTY DIVISION

Swire Properties is a leading developer, owner and operator of mixed-use, principally commercial properties in Hong Kong and Mainland China, with a record of creating long-term value by transforming urban areas.

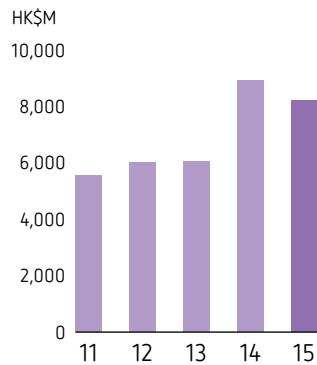
Underlying Profit Attributable to the Company's Shareholders



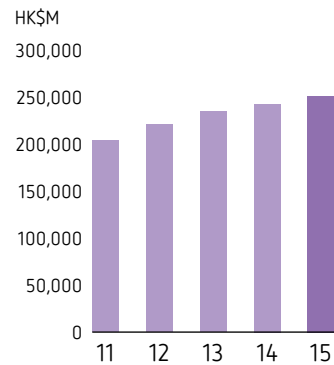
Underlying Return on Net Assets Employed



Net Cash Generated from Operating Activities



Net Assets Employed



Swire Properties' business comprises three main areas:

### Property Investment

Swire Properties' property investment portfolio in Hong Kong comprises office and retail premises, serviced apartments and other luxury residential accommodation in prime locations. The completed portfolio in Hong Kong totals 13.4 million square feet of gross floor area with an additional 1.9 million square feet under development. In Mainland China, Swire Properties owns and operates major commercial mixed-use developments in Beijing, Shanghai, Guangzhou and Chengdu, in joint venture in certain cases, which will total 8.9 million square feet on completion. Of this, 7.1 million square feet has already been completed. In the USA, Swire Properties is the primary developer undertaking a mixed-use commercial development at Brickell City Centre in Miami, Florida that will comprise 2.5 million square feet after two phases of development have been completed.

### Hotel Investment

Swire Properties wholly-owns and manages, through Swire Hotels, two hotels in Hong Kong, The Upper House at Pacific Place and EAST, Hong Kong at Taikoo Shing. Swire Properties has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and in the Novotel Citygate in Tung Chung. In Mainland China, Swire Hotels

manages three hotels. The Opposite House at Taikoo Li Sanlitun in Beijing is wholly-owned by Swire Properties; 50% interests are owned in EAST at INDIGO in Beijing and in The Temple House at Sino-Ocean Taikoo Li Chengdu. At TaiKoo Hui in Guangzhou, Swire Properties owns a 97% interest in the Mandarin Oriental. In the USA, the company owns a 75% interest in the Mandarin Oriental in Miami.

### Property Trading

Swire Properties' trading portfolio comprises a luxury residential project under development (ALASSIO) on Hong Kong Island, two residential towers under development (Reach and Rise) at Brickell City Centre in Miami, the remaining portion of the office property (Pinnacle One) at Sino-Ocean Taikoo Li Chengdu and the remaining units at other completed developments. The completed developments available for sale are the WHITESANDS, AREZZO and MOUNT PARKER RESIDENCES developments in Hong Kong. There are also land banks in Miami and Fort Lauderdale in Florida in the USA.

Swire Properties is listed on The Stock Exchange of Hong Kong Limited.

Particulars of the Group's key properties are set out on pages 217 to 227.

## STRATEGY

The strategic objective of Swire Properties (as a listed company in its own right) is sustainable growth in shareholder value over the long-term as a leading developer, owner and operator of principally mixed-use commercial properties in Hong Kong and Mainland China. The strategies employed in order to achieve this objective are these:

- The creation of long-term value through conceiving, designing, developing, owning and managing transformational mixed-use and other projects in urban areas.
- Maximisation of the earnings and value of its completed properties through active asset management, including reinforcing its assets through enhancement, redevelopment and new additions.
- Continuing its luxury residential property activities.
- Remaining focused principally on Hong Kong and Mainland China.
- Conservative management of its capital base.

Principal Property Investment Portfolio – Gross Floor Area  
('000 Square Feet)

Location	At 31st December 2015					Total	At 31st
	Office	Retail	Hotels	Residential	Under Planning		December 2014
							Total
<b>Completed</b>							
Pacific Place	2,186	711	496	443	–	3,836	3,836
Taikoo Place	5,451*	12	–	63	–	5,526	5,526
Cityplaza	1,633	1,105	200	–	–	2,938	2,938
Others	410	608	47	41	–	1,106	1,152
– Hong Kong	9,680	2,436	743	547	–	13,406	13,452
Taikoo Li Sanlitun	–	1,296	169	–	–	1,465	1,465
TaiKoo Hui	1,732	1,473	584	52	–	3,841	3,841
INDIGO	298	470	179	–	–	947	947
Sino-Ocean Taikoo Li Chengdu	–	624	114	64	–	802	613
Others	–	91	–	–	–	91	91
– Mainland China	2,030	3,954	1,046	116	–	7,146	6,957
– USA	–	–	259	–	–	259	259
– UK	–	–	–	–	–	–	208
<b>Total completed</b>	<b>11,710</b>	<b>6,390</b>	<b>2,048</b>	<b>663</b>	<b>–</b>	<b>20,811</b>	<b>20,876</b>
<b>Under and pending development</b>							
– Hong Kong	1,766	–	–	–	96	1,862	1,858
– Mainland China	918	548	194	74	–	1,734	1,896
– USA	260	490	218	109	1,444	2,521	2,377
<b>Total</b>	<b>14,654</b>	<b>7,428</b>	<b>2,460</b>	<b>846</b>	<b>1,540</b>	<b>26,928</b>	<b>27,007</b>

Gross floor area represents 100% of space owned by Group companies and the division's attributable share of space owned by joint venture and associated companies.

\* Includes 894,000 square feet at two techno-centres (Warwick House and Cornwall House).

## 2015 PERFORMANCE

### Financial Highlights

	2015 HK\$M	2014 HK\$M
<b>Revenue</b>		
<b>Gross rental income derived from</b>		
Office	5,972	5,707
Retail	4,366	4,260
Residential	378	353
<b>Other revenue *</b>	141	136
<b>Property investment</b>	10,857	10,456
<b>Property trading</b>	4,463	3,842
<b>Hotels</b>	1,127	1,089
<b>Total revenue</b>	16,447	15,387
<b>Operating profit/(loss) derived from</b>		
Property investment	8,090	7,870
Valuation gains on investment properties	7,067	1,942
Property trading	1,328	1,180
Hotels	(334)	(22)
<b>Total operating profit</b>	16,151	10,970
<b>Share of post-tax profits from joint venture and associated companies</b>	1,241	1,604
<b>Attributable profit</b>	14,017	9,495
<b>Swire Pacific share of attributable profit</b>	11,494	7,786

\* Other revenue is mainly estate management fees.

### Underlying Profit/(Loss) by Segment

	2015 HK\$M	2014 HK\$M
Property Investment	6,258	6,046
Property Trading	1,107	1,049
Hotels	(303)	29
<b>Total underlying attributable profit</b>	7,062	7,124

### Sustainable Development Highlights

	2015	2014
Energy intensity (kWh per sqm)	135	139
LTIR	1.90	1.95

Note: Energy intensity disclosed above relates to investment properties in Hong Kong and Mainland China. Energy intensity includes electricity consumed in the common areas of buildings and by building air conditioning systems. It generally excludes electricity consumed by tenants through their own connections to the electricity grid.

## 2015 PERFORMANCE (continued)

### Reconciliation of Attributable to Underlying Profit

Additional information is provided below to reconcile reported and underlying profit attributable to shareholders. These reconciling items principally adjust for net revaluation movements on investment properties and the associated deferred tax in Mainland China and the USA, and for other deferred tax provisions in relation to investment properties.

	Note	2015 HK\$M	2014 HK\$M
<b>Reported attributable profit</b>		<b>14,017</b>	9,495
Adjustments in respect of investment properties:			
Revaluation of investment properties	(a)	(8,137)	(3,134)
Deferred tax on investment properties	(b)	1,090	710
Realised profit on sale of investment properties	(c)	28	29
Depreciation of investment properties occupied by the Group	(d)	23	23
Non-controlling interests' share of revaluation movements less deferred tax		41	1
<b>Underlying attributable profit</b>		<b>7,062</b>	7,124
<b>Swire Pacific share of underlying attributable profit</b>		<b>5,791</b>	5,841

#### Notes:

- (a) This represents the Group's net revaluation movements and the Group's share of net revaluation movements of joint venture companies.  
 (b) This represents deferred tax movements on the Group's investment properties and the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on revaluation movements on investment properties in Mainland China and the USA, and deferred tax provisions made in respect of investment properties held for the long-term where it is considered that the liability will not reverse for some considerable time.  
 (c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the statement of profit or loss. On sale, the revaluation gains were transferred from the revaluation reserve to the statement of profit or loss.  
 (d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

## PROPERTY INDUSTRY BACKGROUND

### Office and Retail

#### Hong Kong

**OFFICE** | Demand for office space improved in 2015, though there was a slowdown in demand from Mainland Chinese entities in Central towards the end of the year. Occupancy levels were high.

**RETAIL** | Retail sales in Hong Kong were adversely affected by reduced spending by tourists.

#### Mainland China

**RETAIL** | In Mainland China, retail sales of luxury goods were weak but those of non-luxury goods were satisfactory. Demand for retail space was generally firm in 2015.

**OFFICE** | In Guangzhou, despite substantial new supply, rents were stable in 2015 as a result of high occupancy. In Beijing, office rents were weak against a background of reduced demand and increased supply.

### Property Sales Markets

In Hong Kong, demand for residential properties for sale was strong in the first nine months of the year but buyers became more cautious in the light of expected interest rate increases and general economic uncertainties.

### 2015 RESULTS SUMMARY

Attributable profit from the Property Division for the year was HK\$11,494 million compared to HK\$7,786 million in 2014. These figures include net property valuation gains, before deferred tax and non-controlling interests, of HK\$8,137 million and HK\$3,134 million in 2015 and 2014 respectively. Attributable underlying profit, which principally adjusts for changes in the valuation of investment properties, decreased by HK\$50 million or 1% to HK\$5,791 million.

The decrease in underlying profit principally reflects a loss on disposal of four hotels in the UK. Underlying profit from investment properties increased, reflecting good performances from the office portfolio in Hong Kong and from the retail portfolio in Mainland China.

Gross rental income was HK\$10,716 million in 2015 compared to HK\$10,320 million in 2014. Rental income increased both in Hong Kong and in Mainland China, as rental reversions were generally positive.

In Hong Kong, office occupancy levels were firm but retail sales were adversely affected by reduced spending by tourists. In Mainland China, retail sales of luxury goods were weak but demand for retail space was firm.

There were higher trading profits, principally because of the completion of the sales of the majority of the units at the AREZZO development in Hong Kong.

The hotel results were adversely affected by the loss on disposal referred to above and pre-opening costs at hotels in Chengdu in Mainland China and in Miami in the USA.

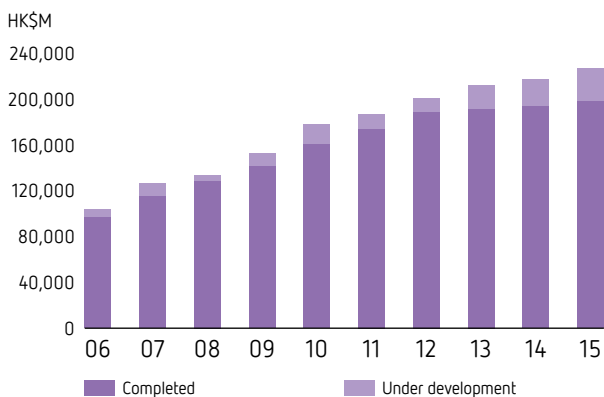
## KEY CHANGES TO THE PROPERTY PORTFOLIO

In April 2015, Swire Properties, Bal Harbour Shops and Simon Property Group agreed to develop the retail component of Brickell City Centre in Miami, USA. Under the agreement, Swire Properties will remain the primary developer of Brickell City Centre.

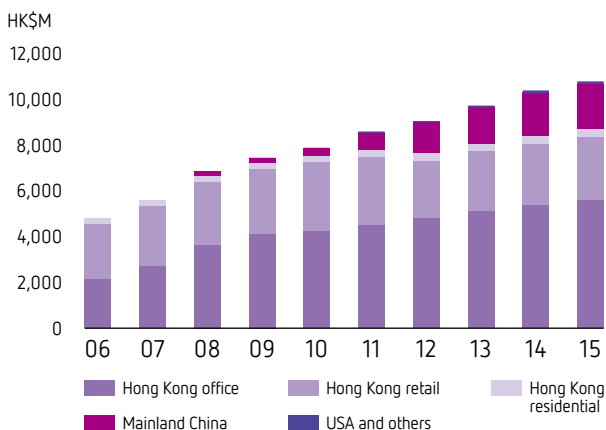
In May 2015, Swire Properties entered into a joint venture with China Motor Bus Company, Limited ("CMB"). The joint venture was formed to acquire, subject to certain conditions (including the agreement of a land premium with the Hong Kong Government), a plot of land in Chai Wan, Hong Kong. The land, together with some adjoining land, is intended to be redeveloped as a residential development. The proposed development is expected to have an aggregate gross floor area of approximately 692,000 square feet. The joint venture is 80% held by Swire Properties and 20% held by CMB.

In July 2015, a framework agreement was entered into with a subsidiary of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. signifying the parties' intention to develop a retail project with an aggregate gross floor area of approximately 1,330,000 square feet in Qiantan, Pudong New District in Shanghai. Entry into the proposed joint venture and undertaking the project are subject to certain conditions precedent. If the joint venture is formed, it is expected that Swire Properties will have a 50% interest in the project.

### Valuation of Investment Properties



### Gross Rental Income





The lobbies at One and Two Pacific Place were refurbished as part of the Pacific Place contemporisation project.



## INVESTMENT PROPERTIES

### Hong Kong

**OFFICE** | Gross rental income from the Group’s Hong Kong office portfolio increased by 4% to HK\$5,587 million in 2015. This principally reflected positive rental reversions at Taikoo Place and Cityplaza. Occupancy levels were higher. At 31st December 2015, the office portfolio was 99% let.

### Pacific Place

The offices at One, Two and Three Pacific Place performed well in 2015. The occupancy rate was 100% at 31st December 2015.

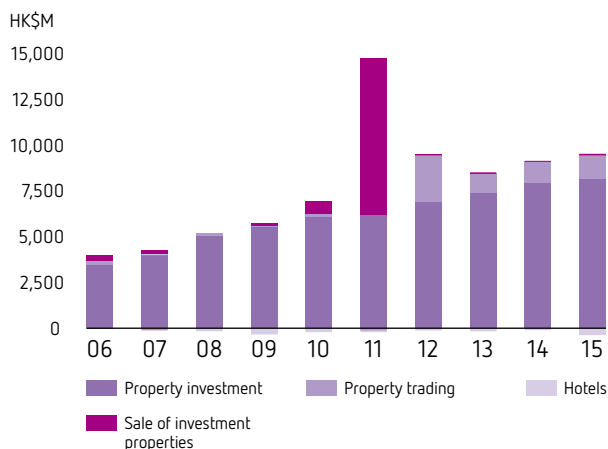
### Cityplaza

Demand for space in the three office towers (Cityplaza One, Three and Four) was strong in 2015. They were almost fully let at 31st December 2015.

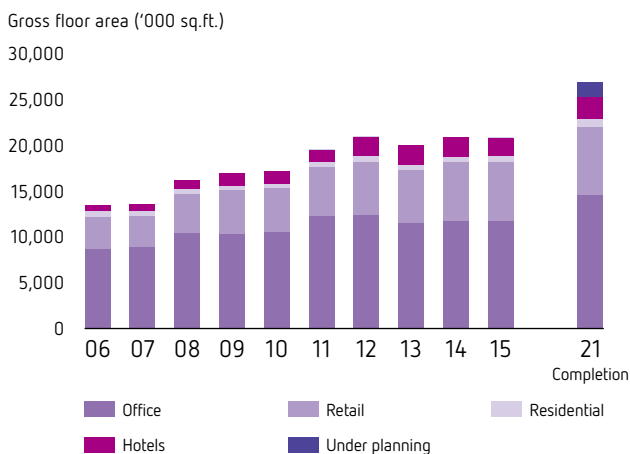
### Taikoo Place

The office portfolio in Taikoo Place recorded positive rental reversions during the year. The occupancy rate was 99% at 31st December 2015.

### Underlying Operating Profit



### Completed Property Investment Portfolio



**RETAIL** | The Hong Kong retail portfolio's gross rental income increased marginally, to HK\$2,725 million in 2015. This reflected positive rental reversions. The Group's malls were almost fully let throughout the year.

Retail sales at The Mall, Pacific Place and at Citygate Outlets decreased by 12% and 10% respectively in 2015, reflecting reduced spending by tourists. Retail sales at Cityplaza were stable following completion of an enhancement project at the mall in 2014.

**RESIDENTIAL** | Average occupancy at Pacific Place Apartments improved in 2015.

Taikoo Place Apartments, comprising 111 serviced apartments in Quarry Bay, opened in August 2015. Occupancy built up gradually.

The remaining eight units at OPUS HONG KONG were sold during the year. The net proceeds from the sale of units (including amounts receivable) were HK\$3,187 million. OPUS HONG KONG is accounted for as an investment property and sales proceeds are recorded in the consolidated statement of cash flows under proceeds from disposals of investment properties.

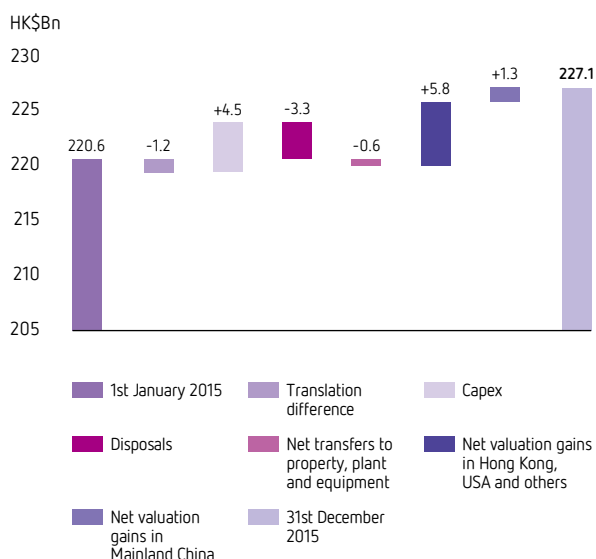
**INVESTMENT PROPERTIES UNDER DEVELOPMENT** | The commercial site (Tung Chung Town Lot No. 11) adjacent to Citygate Outlets is being developed into a commercial building with an aggregate retail and hotel gross floor area of approximately 477,700 square feet. Excavation and foundation works are proceeding. The development is expected to be completed in 2017. Swire Properties has a 20% interest in the development.

The commercial site (New Kowloon Inland Lot No. 6312) at the junction of Wang Chiu Road and Lam Lee Street in Kowloon Bay is being developed into an office building with an aggregate gross floor area of approximately 555,000 square feet. Substructure and superstructure works are proceeding. The development is expected to be completed in 2017.

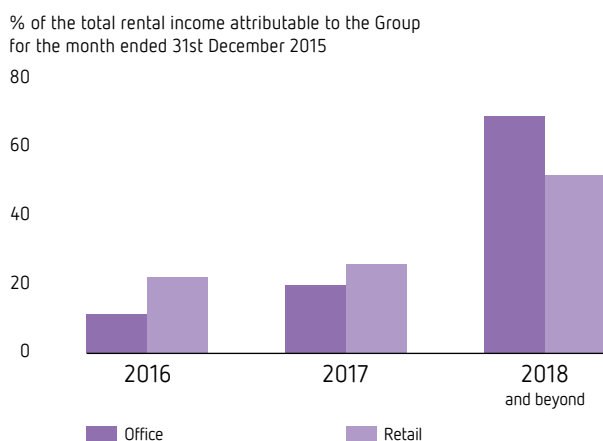
Somerset House in Taikoo Place is being redeveloped into a 50-storey office building with an aggregate gross floor area of approximately 1,020,000 square feet. Excavation and foundation works are proceeding. The redevelopment is expected to be completed in 2018. The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House into an office building) is being planned.

The commercial site at 8-10 Wong Chuk Hang Road is being developed into an office building with an aggregate gross floor area of approximately 382,500 square feet. Excavation and foundation works are proceeding. The development is expected to be completed in 2018. Swire Properties has a 50% interest in the development.

**Movement in Investment Properties**



**Hong Kong Lease Expiry Profile – at 31st December 2015**



Sino-Ocean Taikoo Li Chengdu was officially opened in April 2015. The retail-led mixed use development consists of an open-plan mall, a boutique hotel and a Grade-A office tower.



## Mainland China

**RETAIL** | The Mainland China retail portfolio's gross rental income for 2015 increased by 6% compared with 2014, to HK\$1,641 million.

The occupancy rate was 94% at Taikoo Li Sanlitun at 31st December 2015. Retail sales grew by 3% in 2015. Demand for retail space in Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination.

The occupancy rate at TaiKoo Hui was 99% at 31st December 2015. Retail sales at the mall increased by 16% in 2015.

The occupancy rate at the mall at INDIGO was 97% at 31st December 2015 and 94% of the shops were open. Retail sales increased by 30% in 2015.

Sino-Ocean Taikoo Li Chengdu was officially opened in April 2015. At 31st December 2015, tenants had committed (including by way of letters of intent) to take 88% of the retail space and 83% of the space was open for business.

**OFFICE** | The Mainland China office portfolio's gross rental income for 2015 increased by 9% compared with 2014, to HK\$360 million.

At 31st December 2015, the occupancy rates at the office towers at TaiKoo Hui and at ONE INDIGO were 100% and 92% respectively.

## INVESTMENT PROPERTIES UNDER DEVELOPMENT |

Structural work at HKRI Taikoo Hui (formerly known as the Dazhongli project) in Shanghai has been substantially completed. Interior decoration and mechanical and electrical installation works for the two office towers and the shopping mall are proceeding. The development is expected to open in phases from 2016.

## USA

Phase I of the Brickell City Centre development consists of a shopping centre, two office buildings (Two Brickell City Centre and Three Brickell City Centre), EAST, Miami hotel and serviced apartments and two residential towers (Reach and Rise). The residential towers are being developed for sale. A light rail system station within the site is being renovated as part of the development. Construction work on Phase I commenced in 2012, with completion expected this year.

Swire Properties has entered into agreements with Bal Harbour Shops and Simon Property Group to develop the retail component of Brickell City Centre. Swire Properties will remain the primary developer of the Brickell City Centre project.



Construction of Phase I of Brickell City Centre is expected to be completed later in 2016.

At 31st December 2015, Swire Properties owned 100% of the office, hotel and residential portions and 61.5% of the retail portion of Phase I of the project. The remaining interest in the retail portion was held by Simon Property Group (25%) and Bal Harbour Shops (13.5%). Bal Harbour Shops has an option, exercisable from the second anniversary of the grand opening of the retail component, to sell its interest to Swire Properties.

Phase II of the Brickell City Centre project is planned to be a mixed-use development comprising retail, office, hotel and residential space and including an 80-storey tower to be called One Brickell City Centre. Phase II will incorporate the site at 700 Brickell Avenue acquired by Swire Properties in July 2013. Development of this site will connect the Brickell City Centre development with Brickell Avenue. Swire Properties owns 100% of Phase II.

## VALUATION OF INVESTMENT PROPERTIES

The portfolio of investment properties was valued at 31st December 2015 (93% by value were valued by DTZ Debenham Tie Leung, an independent valuer, and 96% by value in total were valued by independent valuers) on the basis of open market value. The amount of this valuation was HK\$227,109 million compared to HK\$220,634 million at 31st December 2014 and HK\$225,591 million at 30th June 2015.

The increase in the valuation of the investment property portfolio is mainly due to an increase in the valuation of the offices in Hong Kong outside the Central district.

Under HKAS 40, hotel properties are not accounted for as investment properties but are included within property, plant and equipment at cost less accumulated depreciation and any provision for impairment.

## HOTELS

On an underlying basis, losses from the hotel portfolio were recorded in 2015, compared with profits in 2014. This mainly reflected a loss attributable to Swire Properties of HK\$229 million on the disposal of four hotels in the UK. Pre-opening costs were also incurred at new hotels in Mainland China and the USA.

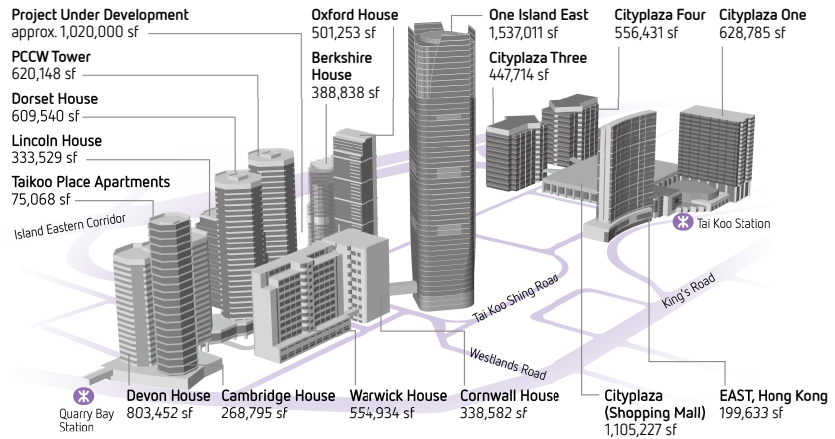
The performance of the managed and non-managed hotels in Hong Kong was adversely affected by the reduced number of visitors to Hong Kong in 2015.

The Temple House hotel (including serviced apartments) at Sino-Ocean Taikoo Li Chengdu opened in July 2015.

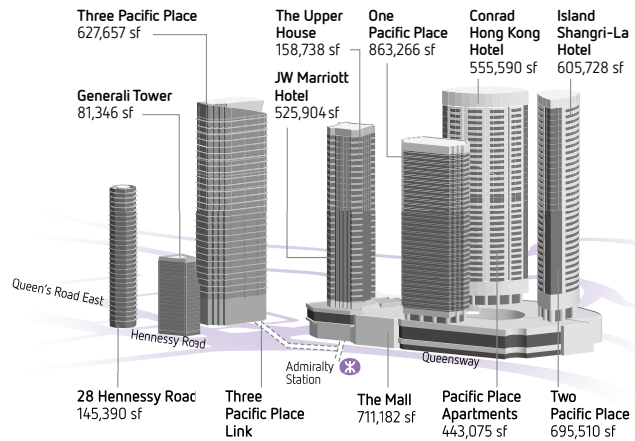
EAST, Miami is part of Phase I of the Brickell City Centre development and is expected to open in the first half of 2016.

## Hong Kong

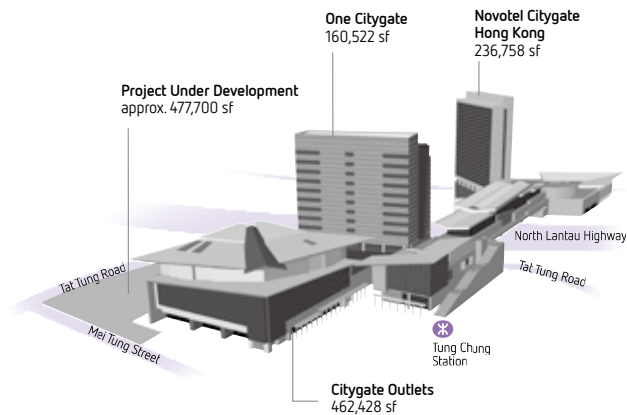
### Taikoo Place



### Pacific Place



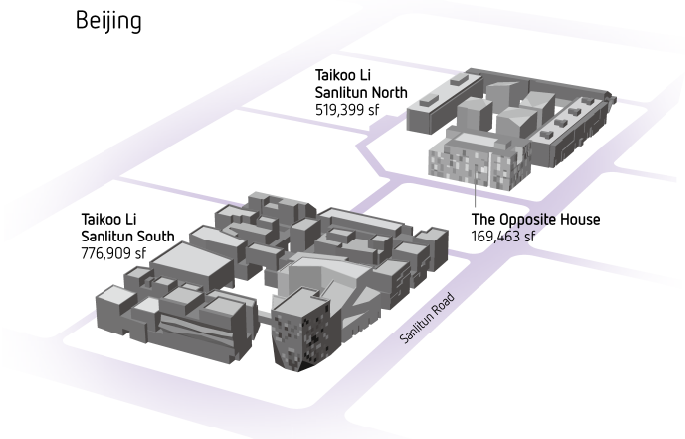
### Citygate



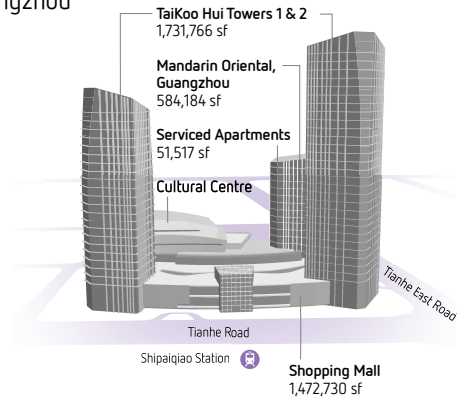
Note:  
These diagrams illustrate the major developments of Swire Properties. For details of other developments, please refer to the Schedule of Principal Group Properties on pages 217 to 227.

Mainland China

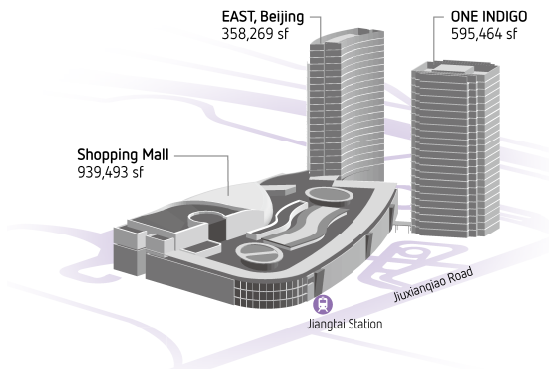
Taikoo Li Sanlitun  
Beijing



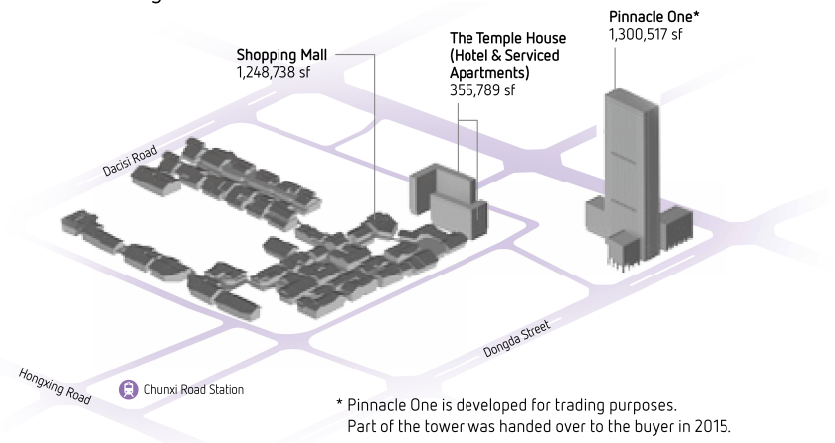
TaiKoo Hui  
Guangzhou



INDIGO  
Beijing

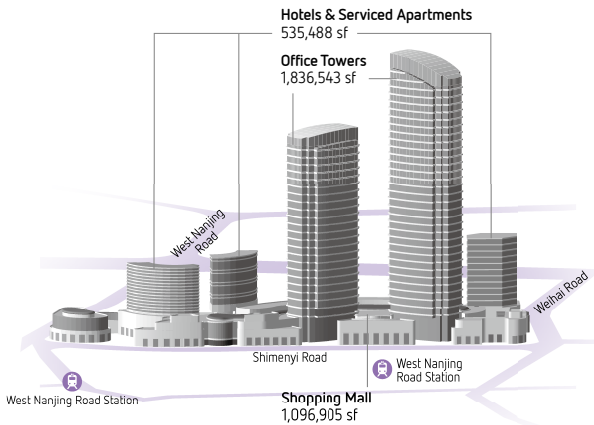


Sino-Ocean Taikoo Li Chengdu  
Chengdu

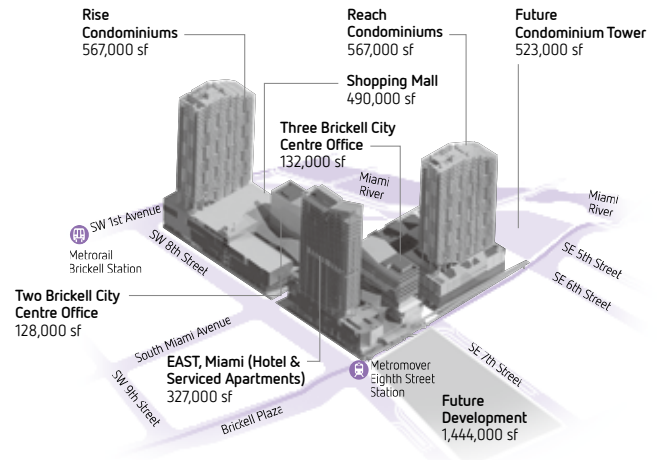


Projects Under Development

HKRI Taikoo Hui  
Shanghai, Mainland China



Brickell City Centre  
Miami, Florida, USA



## Profile of Capital Commitments for Investment Properties and Hotels

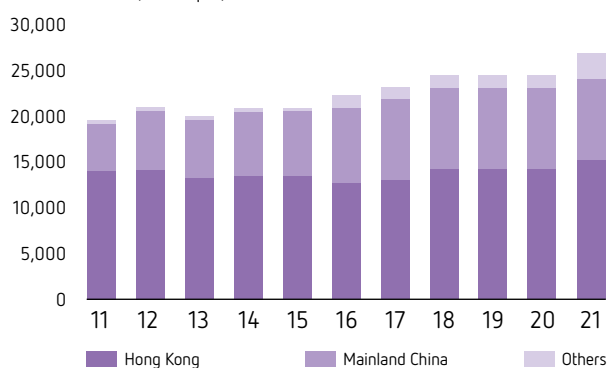
	Expenditure	Forecast year of expenditure				2019 and later HK\$M	Total Commitments	Commitments relating to joint venture companies *
	2015 HK\$M	2016 HK\$M	2017 HK\$M	2018 HK\$M	At 31st Dec 2015 HK\$M		At 31st Dec 2015 HK\$M	
Hong Kong	2,731	4,436	3,477	2,530	5,586	16,029	1,363	
Mainland China	1,497	1,416	633	461	10	2,520	1,885	
USA and others	2,372	828	162	156	103	1,249	–	
<b>Total</b>	<b>6,600</b>	<b>6,680</b>	<b>4,272</b>	<b>3,147</b>	<b>5,699</b>	<b>19,798</b>	<b>3,248</b>	

Note: The capital commitments represent 100% of the Group's capital commitments of subsidiaries and the Group's share of the capital commitments of joint venture companies.

\* The Group is committed to funding HK\$689 million and HK\$501 million of the capital commitments of joint venture companies in Hong Kong and Mainland China, respectively.

## Completed Property Investment Portfolio

Gross floor area ('000 sq.ft.)



## SUSTAINABLE DEVELOPMENT

Energy intensity decreased by 3% in 2015. This principally reflects the use of more energy efficient air-conditioning and lighting.

Lost time injury rates decreased by 3% in 2015 despite a larger workforce.

## PROPERTY TRADING

### Hong Kong

The profit from the sale of 17 units at the AZURA, ARGENTA, DUNBAR PLACE and MOUNT PARKER RESIDENCES developments was recognised during the year. All the units at these developments (except one at MOUNT PARKER RESIDENCES) had been sold at 31st December 2015.

AREZZO, the residential development at 33 Seymour Road, was completed in January 2015. 112 of the 127 units had been

sold at 8th March 2016. The profit from the sales of 112 units was recognised in 2015. The property is wholly-owned by Swire Properties.

Superstructure work is in progress at ALASSIO (formerly known as 100 Caine Road) and the development is expected to be completed in 2016 and available for handover to purchasers in 2017. The development consists of a 50-storey tower of 197 residential units. The development is wholly-owned by Swire Properties.

The WHITESANDS development consists of 28 detached houses at Cheung Sha, on Lantau Island. The development was completed and sales began in September 2015. One of the 28 houses had been sold at 8th March 2016, with the profit recognised in 2015. WHITESANDS is wholly-owned by Swire Properties.

### Mainland China

Construction of the Grade A office tower at Sino-Ocean Taikoo Li Chengdu, Pinnacle One, was completed in December 2014.

89% of the office's total gross floor area (approximately 1.15 million square feet) and 350 car park spaces were presold in August 2013. In 2015, the profit from the sale of approximately 52% of the presold gross floor area was recognised. The sale of the remaining presold gross floor area and 350 car park spaces is being cancelled as part of the consideration has not been received according to schedule.

### USA

The residential portion of Phase I of the Brickell City Centre development is being developed for trading purposes. There will be 780 units in two towers (Reach and Rise).




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**WHITESANDS**  
consists of 28 houses  
in Cheung Sha, South  
Lantau.

Swire Properties started to sell units in Reach in June 2014 and units in Rise in November 2014. In 2015, a total of 150 units were sold in Reach and Rise. 335 units in Reach and 160 units in Rise had been sold at 8th March 2016. The development is almost completed and will be available for handover to purchasers in the first half of 2016.

## OUTLOOK

### Office and Retail

#### Hong Kong

**OFFICE** | In 2016, high occupancy and limited supply will put upward pressure on rents in Central despite a slowdown in demand for office space by Mainland Chinese entities. High occupancy is expected to result in rents in Taikoo Place and Cityplaza being reasonably resilient despite increased supply in Kowloon East and other districts.

**RETAIL** | Demand for retail space in Hong Kong is expected generally to weaken in 2016. But there is growth in demand for quality space from tenants engaged in successful businesses.

#### Mainland China

**RETAIL** | Overall retail sales are expected to grow modestly in Guangzhou and Beijing and steadily in Chengdu.

**OFFICE** | In Guangzhou, office rents are expected to be stable in 2016 despite a substantial supply of new office space. In Beijing, office rents are expected to weaken in 2016 as substantial amounts of new office space become available and demand falls.

### Hotels

Trading conditions at hotels in Hong Kong and in Mainland China are expected to be challenging in 2016. The hotel market in Miami is expected to remain strong despite an increase in the supply of hotel rooms in 2016.

### Property Trading

In Hong Kong, buyers of property have become more cautious in the light of expected interest rate increases and general economic uncertainties. Trading profits are expected to be recognised in 2016 from sales of the remaining units at the WHITESANDS, AREZZO and MOUNT PARKER RESIDENCES developments.

In the USA, the residential property market in urban Miami has experienced a marked increase in supply since late 2014. In addition, the strengthening of the US dollar in 2015 has made Miami properties more expensive in local currency terms for buyers from outside the USA. Sales momentum has slowed.

Profits from property trading in Miami are expected to be recognised in 2016 upon handover of the presold units and on further sales of units at the Reach and Rise developments.

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### Guy Bradley