



# Hong Kong Property Leasing

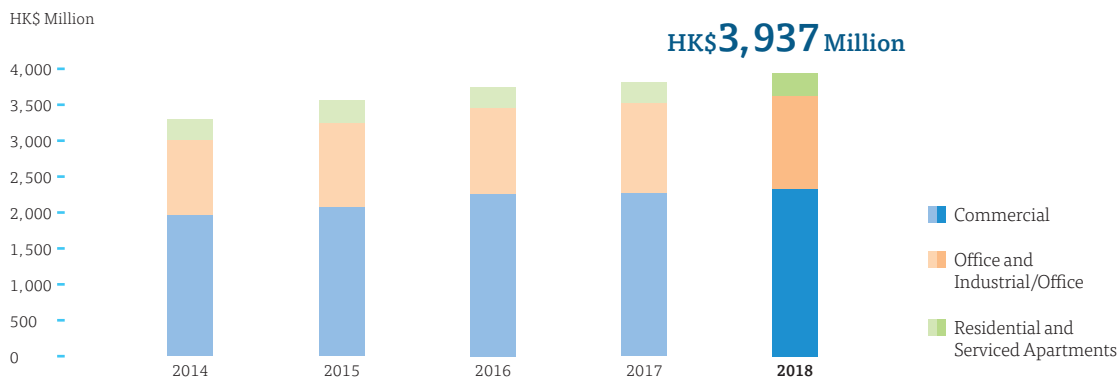
**Total revenue and operating profit from the leasing of our matured Hong Kong properties both reported mild growth of 3% to HK\$3,937 million and HK\$3,321 million, respectively, in spite of the high base. Overall rental margin was 84%.**

With our efforts made during the past few years in asset enhancement and improvement of tenancy profile, a solid foundation has been laid for sustainable growth in future years.

The performance of our Hong Kong commercial portfolio was steady with revenue advancing 3% to HK\$2,326 million, mainly driven by the positive rental reversions of our major tenants in recent years.

Riding on the positive momentum of the retail market, total retail sales of our malls rose 9% year-on-year. Occupancy rate fell one point to 95% because of the renovation at The Peak Galleria, but was up three points when excluding the closed area.

## Revenue of Hong Kong Portfolio



## Geographical Analysis of Hong Kong Investment Properties

At December 31

	Total Gross Floor Area* (‘000 sq.m.)	
	2018	2017
<b>Hong Kong Island</b>		
Central	51	51
Causeway Bay and Wan Chai	92	92
Kornhill and Quarry Bay	134	134
The Peak and Mid-Levels	46	46
Hong Kong South	12	12
<b>Kowloon</b>		
Mongkok	137	137
Tsim Sha Tsui and West Kowloon	81	82
Ngau Tau Kok	79	79
Kwai Chung	7	9
<b>Total</b>	<b>639</b>	<b>642</b>

## Segmental Analysis of Hong Kong Investment Properties

For the year ended December 31

	Revenue (HK\$ Million)		Occupancy Rate (at year-end)(%)	
	2018	2017	2018	2017
Commercial	2,326	2,261	95%	96%
Office and Industrial/Office	1,286	1,257	94%	95%
Residential and Serviced Apartments	325	303	85%	80%
<b>Total</b>	<b>3,937</b>	<b>3,821</b>	<b>93%</b>	<b>93%</b>

\* Including gross floor area of car parks



Review of Operations  
**Hong Kong Property Leasing**



**Brief on Properties**

**Fashion Walk**  
**Causeway Bay**

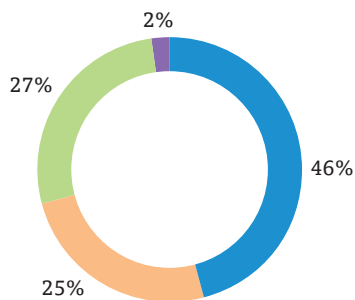
Fashion Walk is the distinctive shopping destination across three main areas, namely Paterson, Kingston and Food Street, offering the latest trends in fashion, gastronomy and lifestyle in a magnificent setting. It houses numerous innovative concept stores and flagships of celebrated international fashion labels, including the first pet-friendly beauty & event venue Private i Concept Store, the first global boutique of New York label Heron Preston, the first overseas store of Japanese stylish brand STUDIOUS, the first Hong Kong outlet of French fashion label AMI, and the Hong Kong flagship store Onitsuka Tiger, together with designer labels such as OFF-WHITE, MSGM, MASTERMIND WORLD and Y's, and a diverse array of culinary delights at Food Street.

**Hang Lung Centre**  
**Causeway Bay**

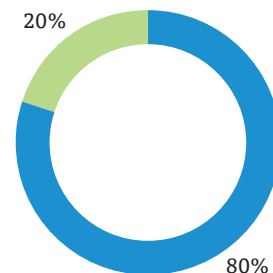
Offering a wide range of travel, fashion wholesale and medical services, Hang Lung Centre is a retail and commercial complex enviably situated at the heart of Causeway Bay. It welcomed H&M's first and the largest global flagship in Asia in 2015, while the Travel Zone is now optimized for customers to obtain travel information and purchase related products in an even more pleasant environment.

**Commercial Segment Distribution**  
**(by Leased Floor Area)**

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Bank
- Department Store
- Others



**Commercial Segment Distribution**  
**(by Leased Floor Area)**



**Key Statistics**

<b>Gross floor area (sq.m.)</b>	Commercial	31,072
	Office	N/A
	Residential and Serviced Apartments	7,935
<b>Number of car parking spaces</b>		N/A
<b>Occupancy rate (at year-end)</b>	Commercial	98%
	Office	N/A
	Residential and Serviced Apartments	86%
<b>Number of shopping mall tenants</b>		91

<b>Gross floor area (sq.m.)</b>	Commercial	8,777
	Office	22,131
	Residential and Serviced Apartments	N/A
<b>Number of car parking spaces</b>		126
<b>Occupancy rate (at year-end)</b>	Commercial	100%
	Office	89%
	Residential and Serviced Apartments	N/A
<b>Number of shopping mall tenants</b>		3



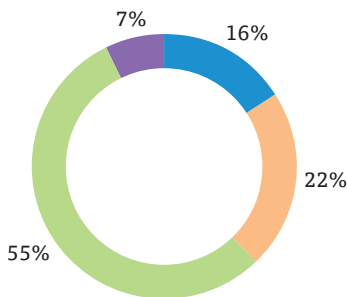
**The Peak Galleria**  
The Peak

Ideally located atop the famous attraction in Hong Kong, Victoria Peak, The Peak Galleria is renowned as a major tourist landmark. The extensive shopping and dining complex is complemented by various exciting activities highlighting the vibrant local culture. The complex also features an array of iconic museums and themed entertainments. Together with its tailor-made tenant mix and a series of brands making their debut in Hong Kong, The Peak Galleria is designed as a must-visit destination perfect for local and overseas tourists alike. Visitors can enjoy stunning panoramic views of Victoria Harbour and Pok Fu Lam Reservoir which are best seen from The Observation Deck at the Green Terrace on Level 3, which is free to all.

**Kornhill Plaza**  
Quarry Bay

Conveniently located in the east of Hong Kong Island atop the MTR Tai Koo Station, Kornhill Plaza is a commercial complex with a shopping mall, serviced apartments and an office tower. The mall houses AEON STYLE department store. The serviced apartments provide superior management and services, and an office tower, together with Kornhill Learnscape, which offers leisure-learning facilities for youngsters.

*Commercial Segment Distribution  
(by Leased Floor Area)*



12,446

N/A

N/A

493

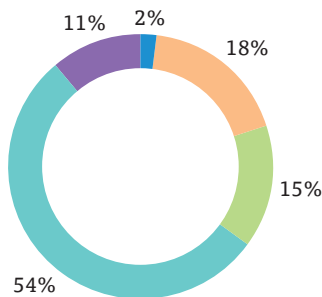
7% (closed for renovation)

N/A

N/A

16

*Commercial Segment Distribution  
(by Leased Floor Area)*



53,080

10,577

35,275

1,069

100%

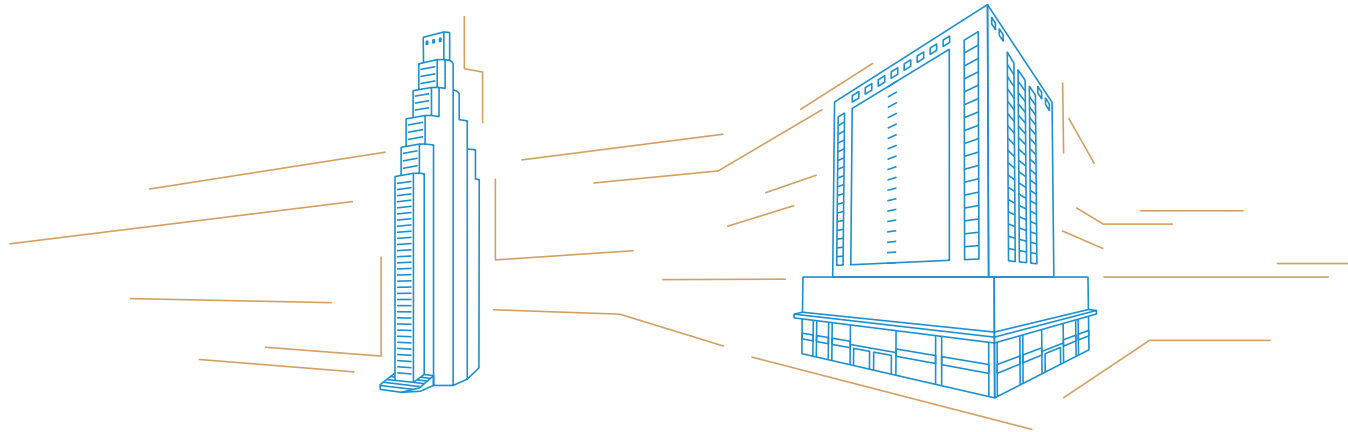
100%

77%

125



Review of Operations  
**Hong Kong Property Leasing**



**Brief on Properties**

**Standard Chartered Bank Building Central**

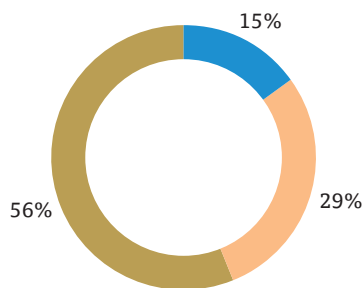
The Standard Chartered Bank Building is a Grade-A office tower in the commercial district of Central. In addition to the headquarters of Hang Lung Properties and the very first digital branch of Standard Chartered Bank Hong Kong, prestigious fashion label Escada and high-end Chinese restaurant Mott 32 are also among its tenants.

**Grand Plaza Mongkok**

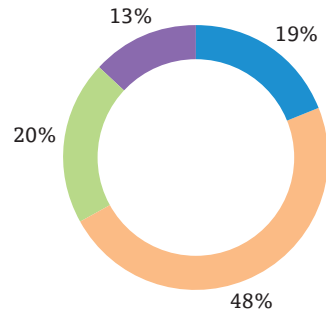
Enviably located right next to the MTR Mongkok Station on Nathan Road, Grand Plaza houses two office towers and a commercial podium. It is home to a stellar line-up of international watch and jewelry brands, concept stores as well as fashion and lifestyle labels. The dedicated Dining Floors feature 20-plus gourmet dining venues where international cuisine is served. The Grand Plaza Office Tower One showcases the region's most prominent healthcare centers. It has further been subtly zoned into Beauty and Travel floors, providing visitors a one-stop leisure and lifestyle experience.

**Commercial Segment Distribution (by Leased Floor Area)**

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Bank
- Department Store
- Others



**Commercial Segment Distribution (by Leased Floor Area)**



**Key Statistics**

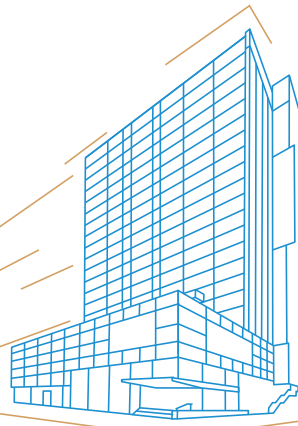
<b>Gross floor area (sq.m.)</b>	Commercial	4,814
	Office	23,730
	Residential and Serviced Apartments	N/A
<b>Number of car parking spaces</b>		16
<b>Occupancy rate (at year-end)</b>	Commercial	100%
	Office	100%
	Residential and Serviced Apartments	N/A
<b>Number of shopping mall tenants</b>		3

<b>Gross floor area (sq.m.)</b>	Commercial	20,905
	Office	31,251
	Residential and Serviced Apartments	N/A
<b>Number of car parking spaces</b>		40
<b>Occupancy rate (at year-end)</b>	Commercial	100%
	Office	98%
	Residential and Serviced Apartments	N/A
<b>Number of shopping mall tenants</b>		27



### Amoy Plaza Ngau Tau Kok

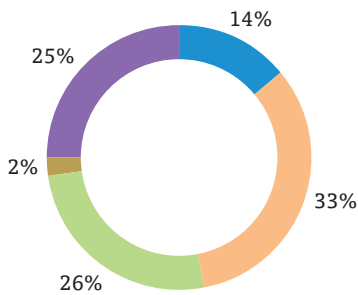
Conveniently located near the MTR Kowloon Bay Station, Amoy Plaza is an integrated mall in Kowloon East, comprising stores offering trendy fashions, beauty products and electronic gadgets. Together with more than 40 restaurants serving local and international cuisines, the mall offers a full selection of lifestyle experiences for nearby office workers and residents of Amoy Gardens.



### Gala Place Mongkok

Located at the junction of Dundas Street and Nathan Road with affluent footfall, Gala Place houses a diverse array of merchants. In addition to the 4,500-plus-square-foot Starbucks thematic store and the triple-story H&M full-concept flagship store, the largest in Kowloon, it also showcases an expertly curated portfolio of diversified services and products including chic fashion, outdoor gear, skincare and cosmetics, lifestyle products, audio and digital gadgets, beauticians, telecommunications centers, and a home design house as well as a smorgasbord of new and enticing food and beverage offerings, which together transform Gala Place into a hotspot for the trendy and fashionable in Mongkok. It is also equipped with a car park which offers close to 500 car parking spaces, providing a convenient, one-stop shopping experience for customers.

Commercial Segment Distribution  
(by Leased Floor Area)



49,006

N/A

N/A

620

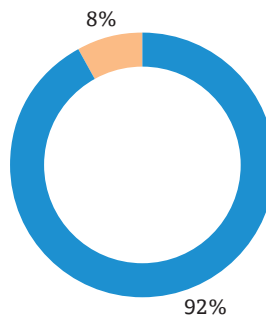
99%

N/A

N/A

262

Commercial Segment Distribution  
(by Leased Floor Area)



7,454

30,205

N/A

478

100%

92%

N/A

2



## Fashion Walk

Vibrant Fashion Walk emerged from its three-year transformation as a fashionable hub of trend-setting and entertainment in the bustling heart of Causeway Bay. Over a hundred highly sought-after global brands and labels including more than 40 flagship and experience stores create an exhilarating mix of fashion, lifestyle and F&B in a unique indoor-and-outdoor retail environment, including alfresco dining.

The successful launch of 9 Kingston Street – a unique 100,000-square-foot retail space facing Victoria Park – has enhanced the medley of iconic lifestyle, sports and F&B concepts. Exciting “firsts” in Hong Kong included the first Tian Tian Plus concept store outside of Singapore; Hong Kong flagship Little Bao Diner; Hong Kong’s first Belgian craft beer experience The Artist House; and Private i’s first one-stop pet salon and concept store. Other fashion designer labels include Heron Preston’s first global concept store and Palm Angels’ first Hong Kong concept store on

Paterson Street. Vivienne Westwood also unveiled its latest fashion and lifestyle concept with a full menu café.

Fashion Walk’s pop-ups and promotions continued to be the talk of the town, attracting extensive media coverage. Headlining high profile collaborations, prestigious IWC Schaffhausen’s pop-up celebrated their 150<sup>th</sup> anniversary; Givenchy Beauty launched their first international pop-up #THISISNOTWHATYOUTHINK; and Cathay Pacific staged their Wake Up Fresh interactive roadshow.

As a key element of Fashion Walk, Hang Lung Centre continued to be a highly popular destination for first-rate operators in the travel, fashion wholesale and medical sectors. Seven revamped medical floors, branded Hang Lung Medical Hub, are now home to over 120 professional specialists at about 60 clinics, labs and medical centers providing diverse, premium healthcare service.



## DESTINATION FOR TRENDSETTERS

More than 40 flagship and experience stores opened their doors at Fashion Walk



## COMMUNITY MALL

Kornhill Plaza positioned as a community mall serving nearby residents and office workers with daily necessities

## Central Portfolio

Our Central portfolio delivered healthy and sustainable rental growth in 2018. Unique dining concepts such as Mott 32, Duddell's, Foxglove and Wolfgang's Steakhouse continued to perform exceptionally well. Renowned Japanese omakase restaurants Sushi Sase and Sushi Sase Hanare launched in Baskerville House to rave reviews – complementing the other fine-dining concepts and fitting in well with the historical legacy of Duddell street.

For offices, leasing demand remained solid with vacancies still tight in the area. With their prime location and prestigious address, our Duddell Street properties continued to be well sought-after by reputable professional service firms.

## Kornhill Plaza

As a community mall serving nearby residents and office workers with daily necessities, Kornhill Plaza is relatively immune to macro retailing and economic factors. Its 2018 performance remained stable, maintaining high occupancy rate with increased sales. Our Wellness Zone has notably expanded, with F&B diversification including new Bubble Tea outlets and Sichuan restaurants.

As certain tenancies expire, we aim to fine-tune our mix to the needs of the Hong Kong East community, targeting more lifestyle, wellness and F&B variety.





**ASSET ENHANCEMENT**

The Peak Galleria is undergoing an historic facelift

**The Peak Galleria**

The Peak Galleria is undergoing an historic facelift – for repositioning as an iconic shopping, dining and entertainment landmark for locals and tourists. The first of two renovation phases is scheduled to open in summer 2019.

**Mongkok Portfolio  
 Shopping Malls**

Positioned as malls Where Trends Meet, to a stellar line-up of international watch and jewelry brands, concept stores as well as lifestyle, stylish sports and fashion labels with dedicated restaurants, Grand Plaza, Hollywood Plaza and Gala Place retained sustainable income growth despite a mild setback in income from jewelry and watch outlets.

Amid tenant mix reshuffling and premises re-layout responding to market change, the first to Hong Kong new brands including Hanlin Tea, Midori, Gyu Kaku Buffet, Nome, and new concepts including Mannings

Plus, Sasa Duplex, Tao Heung Fish Market and CSS Duplex Rolex made satisfactory debuts with sales growth and excitement to the market.

Looking ahead, sales on beauty & health care will remain robust, more focus will be on personal care and beauty sectors. F&B is proving equally resilient, more new F&B brands will be introduced under the Mongkok portfolio for a satisfactory rental growth.



**SUSTAINABLE GROWTH**

Mongkok portfolio recorded sustainable income growth

## Office Towers

Occupancy was up with stable rental growth from strong demand for medical floors at both Grand Centre and Grand Plaza. This was attributed to a growing number of “medical tourists”. At Hollywood Plaza and Gala Place, occupancy remained high. The steady rental growth was supported by the change of right trades which houses a potpourri of diversified services and products including chic sports fashion, outdoor gears, lifestyle products and co-work space, etc. to cope with market change. With the new dining floor, Gala Place would become a one-stop shopping and dining hub for customers.

Yet, office leasing competition is fierce due to increasing number of office supply.

With demand growing for clinic space, we plan to convert more office floors to medical floors to capture this growth market, with generally offers higher rental.

## Amoy Plaza

Amoy Plaza enjoyed a fruitful year by introducing a new UA Cinema, exciting F&B concepts attracting more teenagers and families, and unique retailing such as Living Plaza By AEON. Our F&B branding Eat in Amoy encouraged special and exciting new F&B tenants such as Domon Izakaya (HK Ajisen group) and Ten Ren Tea, enhancing the mall's attractiveness and revenue.

These positive developments, along with fun activities and happenings, enhanced Amoy Plaza's image as a one-stop community mall.

We will continue to introduce more entertainment, lifestyle and unique F&B brands, reinforcing Amoy Plaza's image. Our concept A Moment Of Yours is also establishing closer connection with the local community. East Kowloon Cultural Centre is expected to be opened in 2021, which could draw more footfall to Amoy Plaza.



## EXCITING BRANDS

Amoy Plaza enhanced its image as a one-stop community mall with introduction of exciting entertainment, F&B and retail brands