

／ BUSINESS
ASSETS

172,292

HK\$ million

／ GROSS
REVENUE

9,882

HK\$ million

／ OPERATING
PROFIT

7,846

HK\$ million



HARBOUR CITY

CANTON ROAD, HONG KONG

BUSINESS REVIEW

HARBOUR CITY

Harbour City's overall revenue (including hotels) increased by 3% to HK\$9,882 million and operating profit by 5% to HK\$7,846 million.

Retail

Retail revenue increased by 5% to HK\$5,949 million. Occupancy rate was maintained at virtually 100%.

Despite a weak market, Harbour City remains a global showcase in the region for the world's coveted brands. Among the most productive malls in the world with critical mass (two million square feet of adjoining mall space plus one-third of a mile of Canton Road shop front) and outstanding tenant mix, Harbour City continues to receive robust retailers' demand and support. It marks the core and anchor of the six-million-square-foot "Greater Harbour City" cluster of the golden square mile in Tsim Sha Tsui covering high-traffic shopping, entertainment, dining and lifestyle. To stay well ahead of the trends, Harbour City strives to improve its retail offering with aspirational, young and lifestyle brands as well as to organise exclusive marketing events to exceed customer expectations. These alongside the ongoing asset enhancement initiatives continue to bring pleasant surprises and excitement to shoppers.

New openings or commitments including J. Crew, Miu Miu (on Canton Road), Pandora, Philipp Plein, Rado and Sulwhasoo further optimised the tenant mix. The introduction of various Hong Kong or Kowloon debuts across distinct categories including Christian Louboutin Men, Issey Miyake, Maison Margiela and Tea WG Boutique continued to uplift retail and culinary experience.

A number of renowned fashion brands continue to show keen interest in expansion in Harbour City. Committed expansions included Bottega Veneta, Giuseppe Zanotti, Jimmy Choo (flagship), Prada and Roger Vivier. Various performing lifestyle brands including LOG-ON have also expanded to better catch their strong trends.

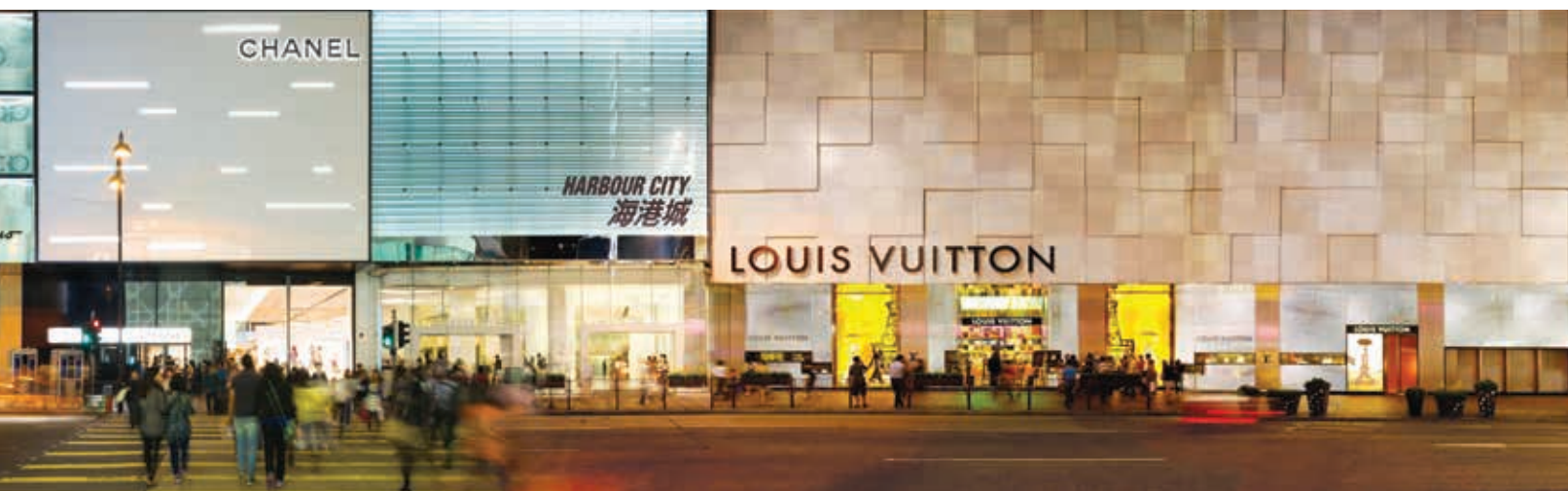
Ocean Terminal's enhancement works, poised for further value creation, are taking shape and progressing to plan. Premises improvement including the retail and culinary upgrade on the third floor is making good headway while new exciting offerings including Ballin, Leonard Paris, MM6, Pleats Please and Vivienne Westwood Café are attracting incremental patronage. The extension building, targeted for opening by mid-2017, will create new culinary options with a wondrous panoramic view of Victoria Harbour and city skyline.

Conversion works on the fourth floor at Gateway were completed. Adidas (flagship), China Tang (Kowloon debut) and other pleasant retail concepts will be opened in 2016.

Harbour City's dominant position is further strengthened by its innovative marketing. "The Happiness Hunt – Where's Wally?", where the precious original artwork of Martin Handford was exhibited in Asia for the first time, successfully allured crowds and media attention. During "Festive Korea" organized by The Consulate General of the Republic of Korea in Hong Kong, nearly 100 lanterns featuring 3D-die-cut Korean Words were set up at the Ocean Terminal Forecourt. To celebrate Christmas, Harbour City partnered with Hong Kong Disneyland to bring its 10th Anniversary Celebration theme "Happily Ever After" to life, with a Christmas Avenue featuring over 40 Disney characters and friends, echoing the festive season.

Office

Demand for office space at Harbour City remained solid, mainly attributable to the banking and financial sector and Mainland companies. Revenue increased by 9% to HK\$2,317 million as a result of positive rental reversion. Rents for new commitments remained stable with occupancy rate at 98% and lease renewal retention rate 76% at year-end.



BUSINESS REVIEW

HARBOUR CITY

BUSINESS ASSETS

As at 31 December	2015 HK\$ Million	2014 HK\$ Million	Change
Properties (at valuation)	163,300	159,700	+2%
Hotel and club* (at valuation)	8,020	8,420	-5%
Other assets	972	954	+2%
Total business assets	172,292	169,074	+2%

* Hotel and Club are stated at cost less depreciation in the financial statements.

GROSS REVENUE

	2015 HK\$ Million	2014 HK\$ Million	Change
Retail	5,949	5,674	+5%
Office	2,317	2,121	+9%
Serviced Apartments	301	301	-
Hotel and Club	1,315	1,454	-10%
Total gross revenue	9,882	9,550	+3%

OPERATING PROFIT

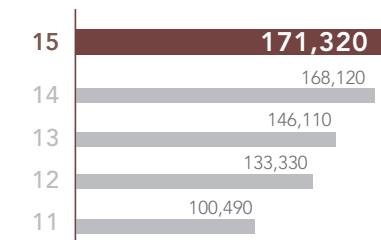
	2015 HK\$ Million	2014 HK\$ Million	Change
Retail	5,312	5,066	+5%
Office	1,977	1,793	+10%
Serviced Apartments	195	195	-
Hotel and Club	362	420	-14%
Total operating profit	7,846	7,474	+5%

PORTFOLIO INFORMATION

	Gross Floor Area (sq ft)	Revenue (HK\$ Million)	Average Occupancy (%)	Year-end Valuation (HK\$ Million)
Retail	2,049,000	5,949	99	96,639
Office	4,263,000	2,317	98	56,481
Serviced Apartments	670,000	301	71	10,180
Hotel and Club	1,368,000	1,315	85	8,020

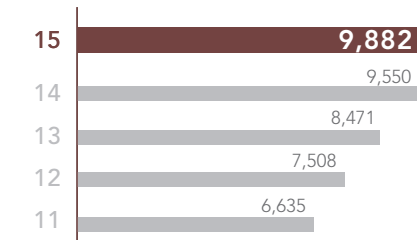
PROPERTY VALUE

(HK\$ Million)



GROSS REVENUE

(HK\$ Million)



BUSINESS REVIEW

HARBOUR CITY

RETAIL TENANT MIX (by Rental, Area and Sales)

	% by Rental	% by Area	% by Sales
Fashion	37.8	29.1	25.0
Leather Goods – Shoes, Bags & Related Trade	21.9	13.1	26.4
Jewellery, Beauty and Accessories	19.2	7.8	21.7
Department Store, Confectionery Products	8.6	19.6	12.1
Restaurant, Fast Food, F&B, Entertainment	3.5	15.4	3.1
Children's Wea, Toy & Related Trades	3.0	5.1	2.3
Electrical & Audio-visual Equipment	2.2	1.9	7.0
Sports Wear	2.1	2.2	1.5
Others	1.7	5.8	0.9
Total	100	100	100

/ Total GFA of
8.35 MILLION
 SQUARE FEET
 with an annual footfall of
80+ MILLION

/ High fashion retail frontage of
1/3 MILE
 equivalent to the most prime section of
 Ginza, Tokyo; Avenue Montaigne, Paris;
 and Fifth Avenue, New York

/ Total retail sales of
 HK\$ **30.7** BILLION

/ Average retail sales of
 HK\$ **2,377**
 per square foot per month

Harbour City remains a global showcase
in the region for the world's coveted brands.

