



資本策略

# Corporate Presentation

**Apr 2013**

CSI Properties Limited

Stock Code: 497

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## Executive Summary

- Mr. Mico Chung, Chairman, acquired control of the Company in 2004 as a platform to expand his property investment business
- Unique property repositioning model focusing on commercial projects in prime location and premium “life-style” residential properties
- Leading property investor/ developer in Hong Kong and a constituent stock of the MSCI Small Cap Hong Kong Index since May 2011
- Strong Greater China presence with 2.0 million sq. ft. <sup>(1)</sup> (1.3 million sq. ft. <sup>(2)</sup>) of properties in Hong Kong and Shanghai under group’s active management/ development
- Current market value of portfolio approximates to HK\$16.4 billion <sup>(1)</sup> (HK\$10.9 billion <sup>(2)</sup>) as per March 2012 independent valuation
- Mr. Chung recently completed his annual 2% purchase limit to take his ownership interest to approximately 46.2% stake in Company
- Successful inaugural 5-year US\$ 150m bond issue at 6.5% coupon in January 2013 via JPMorgan and BofA Merrill Lynch increases the asset base of Company and helps to expedite growth
- Properties valued at historical cost basis with no revaluation surplus, thus representing significant value in terms of discount to NAV when compared to other real estate companies in Hong Kong
- COUTURE HOMES, our premium lifestyle residential development division targeting lifestyle oriented end-users willing to pay a premium, will be the key growth driver going forward, complimenting our strong investment property division
- Combination of internationally-renowned architectural and interior design together with bespoke life-style furnishing and interior decoration will make COUTRE HOMES the leading lifestyle residential developer in Asia, mirroring the works of Candy&Candy and SC Global Developments

## Why CSI Properties

### Proven Track Record and Performance

Value enhancement model generates average annualized IRR of 60% since inception



### Profitable Twin Driver Business Model

Combining the repositioning of investment properties for value enhancement and premium **“tailor-made life-style”** residential properties development for high net-worth users



### Focused China Strategy

Strong local team and knowledge with proven track record and well established base to capture strong macro growth in China



### Management and Design Strength

Experienced and financially disciplined management combining with world-class award-winning architectural and interior design strength



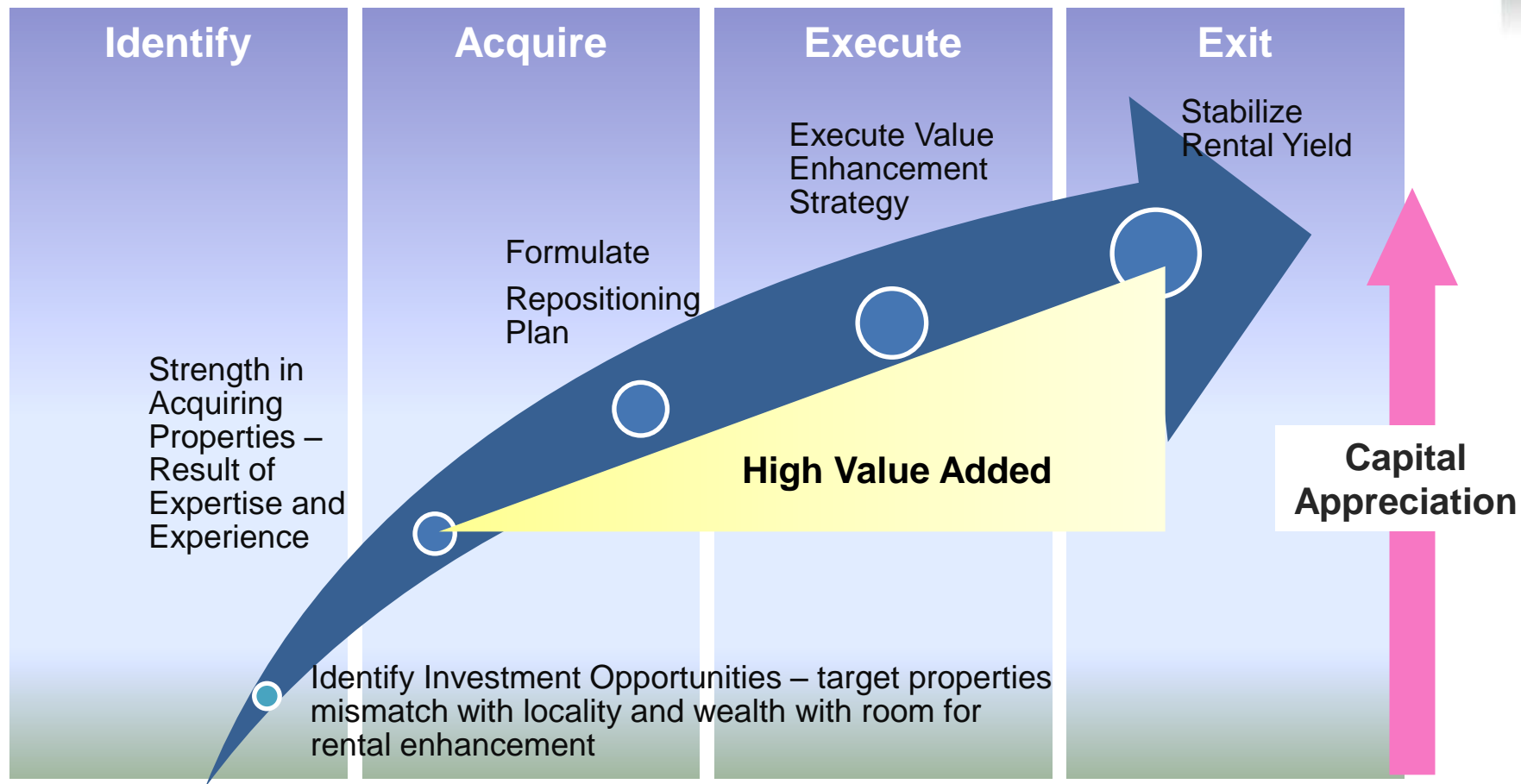
### Strong Financial Performance

Strong cash profit growth, while keeping steady dividend payout

### High Growth Prospect

To become the premium mid-cap investment property and life-style residential development company within 5 years

## Our Investment Properties Business Model – Profitable Strategic Repositioning of Properties



Well executed business model allows company to grow from  
HK\$300m asset base to HK\$10 billion from 2003 to present

## Proven Track Record and Superior Investment Return

Major Projects (up until Sep 2012)		Cost (HK\$'m)	Selling Price (HK\$'m)	Increase (%)	IRR (%)
	Paul Y. Centre, Kwun Tong (2006-07) <i>- renovation &amp; tenants repositioning</i>	780	1,150	48%	178
	No. 88 Gloucester Road, Wanchai (2003-07) <i>- renovation &amp; tenants repositioning</i>	196	783	300%	65
	4 houses in Tai Tam, Island South (2006-09) <i>- premium design &amp; major renovation</i>	280	555	98%	68
	Novel Plaza, Shanghai (2007-08) <i>- renovation &amp; tenants repositioning</i>	820	1,200	47%	84
	International Capital Plaza, Shanghai (2007-10) <i>- design, renovation &amp; tenants mix</i>	875	1,353	55%	24
	No. 14-16 Hankow Road, Tsimshatsui (2007-2011) <i>- change in use from commercial to serviced apartments</i>	620	1,380	122%	43
	8 units at The Hampton, Happy Valley* (2008-2012) <i>- design, major renovation &amp; full furnishings</i>	332	807	143%	40
	11 Floors at AXA Centre, Wanchai# (2006-2012) <i>- renovation &amp; tenants repositioning</i>	802	1,748	118%	32

\* 8 units of the Hampton already completed. 1 more unit contracted to sell at HK\$84m targeted for completion by Nov 2012

# 10 floors sold for a total of HK\$1.56 bn and completed in FY ended Mar 2011 and Mar 2012, and basement sold for HK\$188m and completed in Sep 2012

**Real cash profit from sale of properties while maintaining outstanding investment returns with average IRR of 55% over average holding period of 3 years**



## Focused Strategy to Capture High Growth Potential in China

- CSI started operation in Shanghai in 2006 in view of the tremendous potential for China market and led by experienced management team under Ms. Dong Yan
- Capturing the long term growth potential in China that's well supported by macro economic factors
- Successful value enhancement track record include the International Capital Plaza project which cost RMB 740 million (incl. renovation) in 2007 and sold for RMB1.16 billion in December 2010 (**IRR of 20% in a holding period of 3.5 years**) and the Novel Plaza project which cost HK\$820 million (incl. renovation) in 2007 and sold for HK\$ 1.2 billion in 2008 (**IRR of 84% in a holding period of 1 year**)
- Current investment projects include the In Point shopping mall and the Platinum office building; and the high-end residential project at Qing Pu targeted for 220+ tailor-made luxury villas under COUTURE HOMES

### ***Business Strategy***

- Active repositioning and value enhancement for our prime investment properties to add substantial value
- Developing premium tailor-made lifestyle residences targeting high net-worth buyers in China with strong demand for such properties
- Potential to further increase China investment from the current 30% of CSI's total portfolio with key focus in Shanghai



*The Platinum*



*Qing Pu Villas*



*In Point Shopping Mall*



COUTURE HOMES  
尚家生活

## - Our Premium Lifestyle Residential Division

- As a commitment to our positioning on tailor-made, premium lifestyle residential property development, we have rebranded our residential development division under the brand “COUTURE HOMES”
- Going forward will focus on premium residential development, with the internationally renowned award-winning architect and designer, Mr. Steve Leung, as Vice-Chairman
- Focus on exploiting gap in the market to supply tailor-made “life-style” luxury residential apartments and houses to meet the untapped demand of high net-worth end users who are willing to pay premiums for such properties
- Dedicated to detailed design and top quality finishing, tailored made to aim at pre-targeted class of potential high-net worth buyers
- Deliver residences mirroring the works of world-class premium residential development companies like Candy & Candy and SC Global Developments

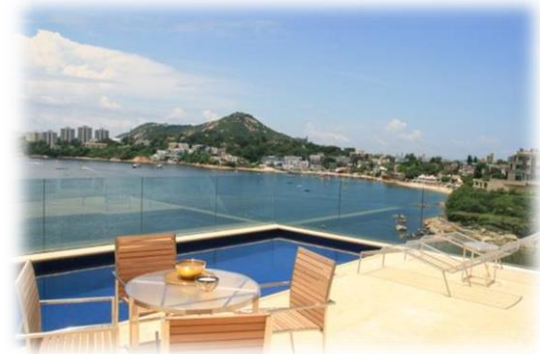


COUTURE HOMES  
尚家生活



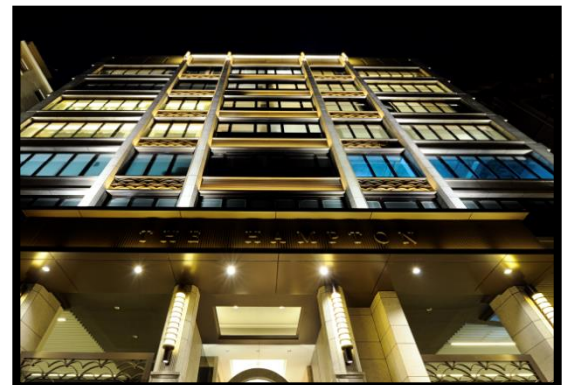
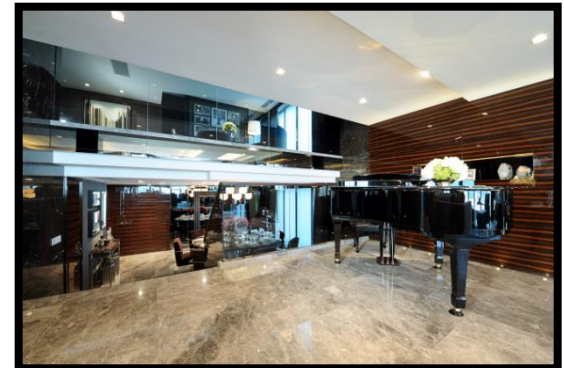
## The Origin of Couture Homes

- Purchased a detached houses complex in Tai Tam from a Singapore fund in 2006 for a total of HK\$330m (incl. renovation)
- Working with the award-winning designer team led by Steve Leung, these houses were completely redesigned and furnished with bespoke furnishings and decorations
- Excellent reception in the market with these tailored-made, luxury life-style houses quickly sold in the market at a total consideration of HK\$555 million in 2008/ 2009, **or 100% post-leveraged equity return within 3 years**
- Chairman Mico Chung and Steve Leung recognise a strong demand for premium lifestyle residences targeting users who are willing to pay premium for the unique design and furnishings
- **Couture Homes as a brand was formally launched in 2010, with the first development project “The Hampton” in Happy Valley another tremendous success, setting the foundation for this premium lifestyle residential development division**



## Couture Homes as the Key Growth Driver

- The Hampton epitomizes the superior quality of our residential units by combining world-class design concepts together with use of bespoke furniture, fabrics, rugs, vanished wood panels, wall decoration and leather upholstery to set new standards of quality and lifestyles in the high end luxury residential market
- Our current and future residential projects will mirror the premium standards as seen by world-class premium residential development companies like Candy & Candy and SC Global Developments
- Forthcoming Couture Homes projects (greenfield projects with c. 860,000 sq.ft.) include:
  - YOO Residence, Nos. 33-39 Tung Lo Wan Road, Causeway Bay, Hong Kong (international branded apartments with over 130 units)
  - No. 47 Barker Road, The Peak, Hong Kong (super luxury villa of 4,000 sq. ft. at this heritage site)
  - Kau To Shan site, Kowloon, Hong Kong (18 life-style luxury villas of approximately 2,000+ sq. ft each)
  - Prime villa development site, Qing Pu, Shanghai (about 230 luxury villas of approximately 3,000 sq. ft. each)
  - Jardine's Lookout redevelopment site, Hong Kong (detached houses and super luxury life-style apartments of approximately 4,500 sq. ft. each)





## Experienced and Disciplined Management Team

### Group Senior Management

#### **Mr. Mico Chung (Chairman and Executive Director)**

Mr. Chung acquired control of the Group in 2004 as a platform to expand his property investment business. Mr. Chung graduated from University College, University of London and qualified as a solicitor in 1986. He previously worked for the investment banking arm of Standard Chartered Bank, Bond Corporation International, China Strategic Holdings Ltd and PCCW Ltd. He has led several landmark deals including acquisition of World Trade Centre in Causeway Bay from Hongkong Land for HK\$1.72 billion in 1990, inception of the Cyberport project, acquisition by PCCW of HKT, and the spin-off of Pacific Century Premium Development from PCCW. **Under his leadership, CSI has been able to achieve an impressive 33% average annual growth in asset and superior average ROI of 60% on exited projects based on our value enhancement model.**

#### **Mr. Simon Kan (Group Legal Counsel, Company Secretary and Executive Director)**

Mr. Kan Joined the Group in 2001. He graduated from Wadham College, Oxford University in the United Kingdom in 1993 and qualified as solicitor in Hong Kong in 1997. Mr. Kan has over 10 years of legal and compliance experience in various companies listed in Hong Kong and also has worked in the commercial department of a Hong Kong law firm and a U.K. City firm. **Mr. Kan provides strong leadership on legal compliance and speedy execution of deals for CSI.**

#### **Mr. Louis Chow (Chief Financial Officer and Executive Director)**

Mr. Chow joined the Group in 2001. He graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 10 years of financial experience in various companies listed in Hong Kong and overseas and previously worked in an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accounts and the Hong Kong Institute of Certified Public Accountants. **Mr. Chow provides strong and continuous leadership to ensure financial prudence and stability for CSI.**



## Experienced and Disciplined Management Team

### ***Investment Property Division***

#### ***Mr. Wong Chung Kwong (General Manager of Hong Kong Investment Property Division and Executive Director)***

*Prior to joining the Group in 2004, Mr. Wong has over 30 years' experience in the local and mainland real estate markets. He has been involved in numerous property projects overseeing all aspects including sales and marketing, acquisitions, repositioning and asset management. Before joining the Group, Mr. Wong had worked in several property development and management companies in Mainland China and Hong Kong. **Mr. Wong has extensive knowledge and network within the investment property arena in Hong Kong and is key to the purchase, rental and sale of our investment properties.***

#### ***Ms. Dong Yan (General Manager of Shanghai Investment Property Division)***

*Ms. Dong Yan joined the Group in 2006, prior to which she was the deputy general manager of one of the largest real estate developer in Shanghai, Shanghai Real Estate Co. Ltd., for over 10 years. Ms. Dong oversaw the master planning and design work phases for numerous projects, as well as their sales and marketing activities. Ms. Dong received her post-graduate diploma on urban planning and inner city renewal from the Institute of Housing and Urban Development Studies, Rotterdam, Netherlands in 1993 and a master degree from Norwegian School of Management, as well as an EMBA from Antai School of Management, Jiao Tong University, PRC. **Ms. Dong has extensive knowledge and network within the investment property arena in Shanghai and is key to the purchase, rental and sale of our investment properties in Shanghai, while also maintaining close relationships with the respective city and district officials.***

## World-Class Architectural and Interior Design Strength

### **COUTURE HOMES – Premium Lifestyle Residential Development Division**

#### **Mr. Steve Leung (Vice Chairman)**

*Mr. Leung, a leading award-winning architect and designer recognized internationally, joined the Group in 2012. He graduated from the University of Hong Kong with a Bachelor of Architecture degree and holds a Master of Urban Planning degree from the University of Hong Kong. Mr. Leung is a Registered Architect and has been the key to numerous major developers' successful and profitable development projects. He is the founder of Steve Leung Designs Limited having offices in Hong Kong, Shenzhen, Shanghai and Beijing. His well recognized projects with CSI, including the renowned Tai Tam project and The Hampton, help cement CSI as the premium residential property developer with ability to achieve market leading pricing and value creation. **Mr. Leung is the key inspiration in architectural and interior design plans for all current and future Couture Homes residences.***

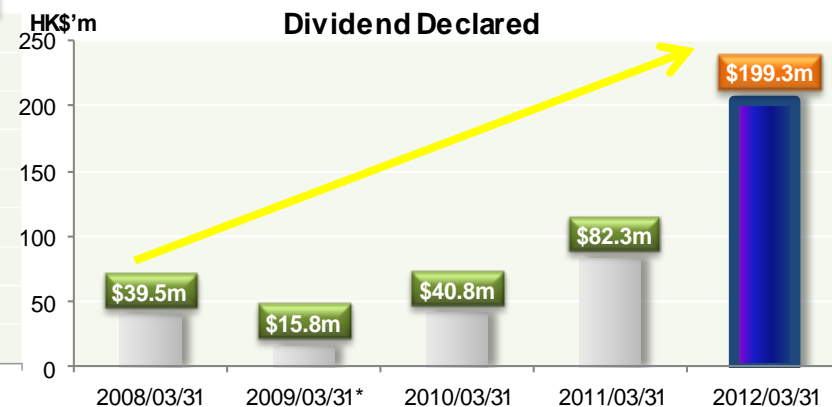
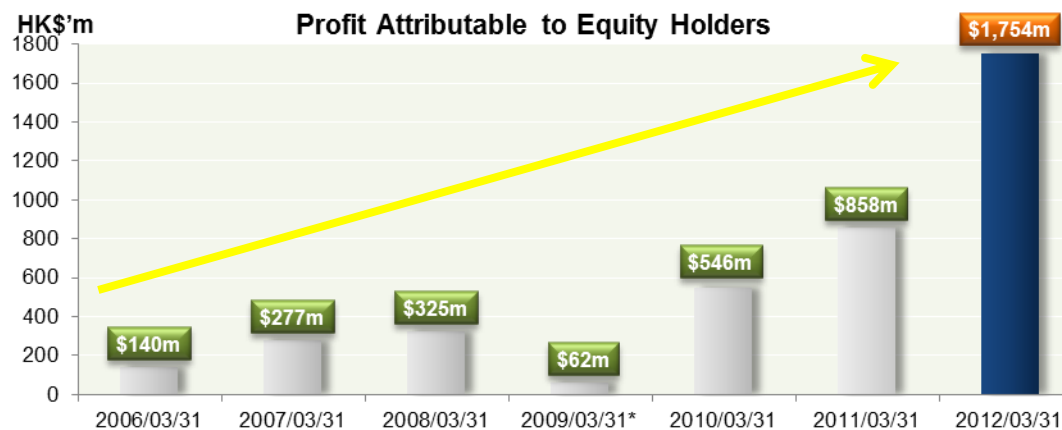
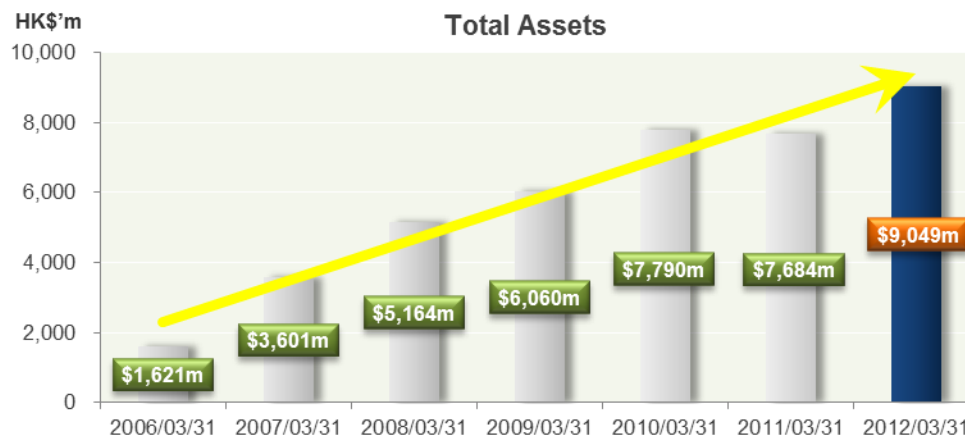
#### **Mr. Jimmy Fong (Managing Director – Sales and Marketing Division)**

*Prior to joining the Group in 2011, Mr. Fong has over 20 years solid experience in luxury residential real estate project development and investment, as well as in-depth knowledge of the property market. He has worked as the Director of Savills Hong Kong Limited (formerly known as First Pacific Davis) since 1993. Mr. Fong has also worked in Shanghai, PRC in the 90's and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989. **Mr. Fong has extensive knowledge and network within the Luxury residential property arena in Hong Kong and is key to the successful sale of our Couture Homes residences.***

#### **Mr. Arnold Fung (Managing Director – Development Division)**

*Mr. Fung graduated from the University of Hong Kong with a Bachelor of Architecture degree and holds a Master of Business Administration degree from the University of Southern California, USA. Mr. Fung is a Registered Architect and Authorized Person – Architect in Hong Kong and has over 28 years of experience in both architectural and interior design field. He is a member of the Hong Kong Institute of Architects, the Royal Institute of British Architects, Royal Architectural Institute of Canada, and Ontario Association of Architects and has PRC Class 1 Registered Architect Qualification. Mr. Fung joined the Group in 2012 immediately prior to which he was an Executive Director of Steve Leung Designs Limited. **Mr. Fung is the master project director for all Couture Homes projects.***

## Proven Financial Track Record

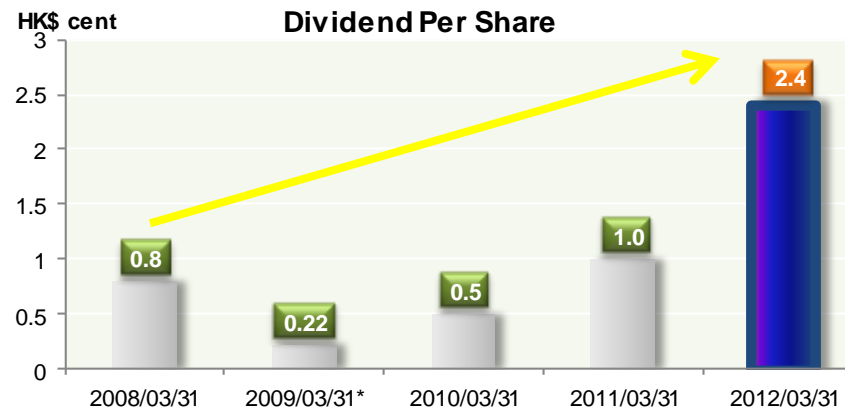
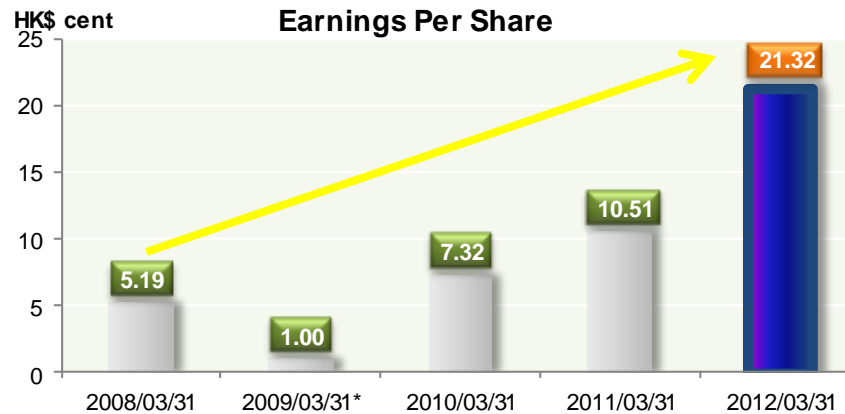


\*Note: Profit and dividend for FY 09 were lower due to financial crisis.

Superior financial performance year-on-year coupling with steady dividend far outperform other Hong Kong property companies



## Proven Financial Track Record



*\*Note: Earnings and dividend for FY 09 were lower due to financial crisis.*

Strong and consistent growth in earnings and dividend  
(FY2012: DPS of HK\$2.4 cents and 11.5% payout ratio)  
should warrant stock re-rating and narrowing of valuation discount

## Pro-forma Balance Sheet Adjusted for Market Valuation

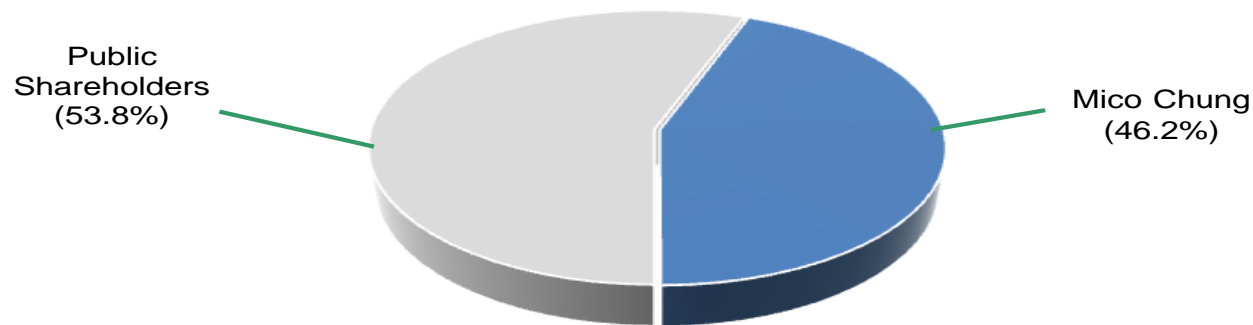
	Net Asset Value (HK\$'m)
Net assets attributable to Shareholders (audited)	5,959
Add:	
Attributable revaluation surplus relating to the Group's properties held for sale as per independent valuations at 31 March 2012	2,250
Attributable revaluation surplus relating to the Group's properties held for sale by jointly controlled entities as per independent valuations at 31 March 2012	862
Profit for the six months ended 30 September 2012 attributable to Shareholders	373
Net proceeds from top-up placement in Oct 2012	395
<b>Net assets attributable to Shareholders as if properties held for sale by jointly controlled entities and interests in jointly controlled entities were stated at open market value (1)</b>	<b>9,839</b>
<b>Pro-forma adjusted NAV per share (2) after top-up placement in Oct 2012</b>	<b>HK\$1.03</b>

Notes:

- (1) Deferred tax liabilities have not been provided for the attributable surplus of properties held for sale
- (2) NAV per share calculated based on 9,518m shares in issue post top-up placement in October 2012

**Book NAV recorded at cost (unlike most property companies)  
and pro-forma adjusted NAV based on independent valuers' valuations**

## Strong Commitment of Controlling Shareholder



Shareholding interests based on 9,518 million, the total number of outstanding shares after completion of top-up placement in October 2012

- Mr. Chung recently completed his annual 2% purchase limit to take his ownership interest to 46.2% stake in Company
- Strong commitment of controlling shareholder and tremendous confidence in future growth prospects of CSI



## Our Future Goal

### Investment Properties

- Continue to leverage on established market strengths and network to identify and invest in properties that fit into our model of value enhancement in Hong Kong and Shanghai
- Closely monitor market conditions to optimize disposals of properties for reinvestment opportunities



### Couture Homes

- Commitment to detailed design and top quality finishing, tailored made to aim at pre-targeted class of lifestyle oriented end-users willing to pay a premium
- Leverage on Couture Homes' uniqueness and capture more development opportunities in Hong Kong and Shanghai
- Unmatched in Greater China and deliver residences mirroring world-class premium developers like Candy & Candy SC Global Developments

Young, High Growth Company with Passionate and Experienced Management Team

Become the major player in Greater China property sector with unique, twin growth engine in investment property and life-style homes, with steady profitability and dividend policy

## Massive Upside Potential in Valuation through Stock Re-rating

<u>Type of Business</u>	<u>Share Price vs NAV</u>
Major property developers	Close to NAV or slight premium
Major property investors	20% - 40% discount
Mid-cap property companies	30% - 40% discount
<b>CSI</b>	<b>Approx. 70% discount</b>

- Our current capital structure is very similar to property developers so CSI should trade at valuation similar to typical property developer
- CSI's current share price represents substantial discount which offers attractive value proposition
- Unlike other property companies, our high growth and strong real cash profit realized each year may even warrant investors to view us as a high growth company and focus on earnings multiple
- Investment and premium residential property divisions will be the twin growth engine to achieve high, stable profitability and maintain steady dividend

## Prospects - List of Major Properties

Portfolio information *		Date of Purchase	Gross Area (approx) sq ft ('000)	Market Value <sup>(1)</sup> (HK\$'m)	Book Value (HK\$'m)	Current/Committed Annual Rent (HK\$'m)	Occupancy (%)
<b><i>Investment Property</i></b>							
Cubus, No. 1 - 3 Hoi Ping Road (CSI – 25%) <sup>(4)</sup>	Causeway Bay	Apr '06	60	1,450	515	40	100
G/F, 1506-07,17-24F <sup>(6)</sup> , Skysign, 78 carparks of AXA Centre, No. 151 Gloucester Road	Wanchai	Aug '06 / May '07	133	1,902	660	60	100
H8, 8 Hau Fook Street <sup>(5)</sup>	Tsimshatsui	Jun '06	45	540	311	18	100
The Platinum, Taicang Road (CSI – 50%)	Lu Wan	Apr '10	370	3,145	2,110	157	93
In Point, Wujiang Road & Shimenyi Road	Jing An	Aug '09	122	900	632	51	95
23 - 25 & 27 Ashley Road (Redevelopment)	Tsimshatsui	Sep '06	62	717	369	24	96
No. 1 Irving Street (J-Plus Hotel)	Causeway Bay	May '11	45	575	575	20	96
No. 2-4 Shelly Street (Redevelopment)	Central	Mar '11	32	285	285	7	N/A
Novotel Nathan Road Hotel (CSI – 50%)	Jordon	Jul'12	290	2,368	2,368	130	96
			<b>1,159</b>	<b>11,882</b>			
<b><i>Residential Property</i></b>							
1A, 2A <sup>(3)</sup> , 2B <sup>(3)</sup> The Hampton, 45 Blue Pool Road	Happy Valley	May '08	10	230	110	N/A	N/A
No. 47 Barker Road	The Peak	Feb '11	4	204	204	N/A	N/A
No. 33-39 Tung Lo Wan Road (CSI – 50%)	Causeway Bay	Jul '11	90	1,000	1,000	N/A	N/A
Land in Qing Pu (CSI – 50%)	Qing Pu	Jun '11	643	1,182	1,182	N/A	N/A
Land in Kau To Shan	Shatin	May '12	50	531	531	N/A	N/A
Monterey Court, Perkins Road (CSI - 60%)	Jardine's Lookout	Dec'12 <sup>(2)</sup>	73	1,403	1,403	36	100
			<b>870</b>	<b>4,550</b>			

Disposal Pipeline

Disposal Pipeline

\*Based on 100% ownership interest. Source: Company records as at November 2012

Note (1) As per valuation report by qualified valuers /Actual Sale & Purchase Agreement at end of Mar 2012. (2) Purchase agreement signed and completed Dec 2012

(3) Purchase agreement signed for Units 2A and 2B, completing Apr 2013 and Nov 2012 respectively. (4) Agreement entered in November 2012 by the Group and its JV partners for disposal of their entire interests based on an agreed property value of HK\$1.53 billion with completion in January 2013. (5) Agreement entered in December 2012 for the disposal of the Group's interests at HK\$668 million with target completion in July 2013.

(6) Sale agreement signed for 24/F (c.10.4K sq.ft) and completion at Mar 2013 at HK\$171.3m





# Q & As









## Appendix 1: 1H FY 2013 Interim Results Highlights



## 1H FY 2013 Interim Results Highlights

<i>(Period ending 30 Sep 2012) (HK\$m)</i>	<b>1H FY2013 (A)</b>	<b>1H FY2012 (B)</b>	<b>% change (A/B-1)</b>
<b>Gross Revenue from property business</b>	793	2,511	68% 
- property sale	684	2,402	
- rental income	109	109	
<b>Gross Profit</b>	478	1,363	65% 
<b>Profit from Property JV/ Associates</b>	16	186	91% 
<b>Profit Attributable to Equity Holders</b>	373	1,312	72% 
<b>EPS (Basic)</b>	4.5 cents	16.0 cents	72% 

Note: 1H FY2012 include sale of the Mohan Building, TST for HK\$1.38 billion and profit of approximately HK\$750 million



## 1H FY 2013 Interim Results Highlights

<i>(HK\$'m)</i>	<b>1H FY 2013 30<sup>th</sup> Sep 2012</b>	<b>FY 2012 31<sup>st</sup> Mar 2012</b>
Properties & related assets	7,066	5,894
Cash & bank balances	<b>1,847</b>	2,445
Investments	648	646
Other assets	<u>138</u>	<u>64</u>
<b>TOTAL ASSETS</b>	<b>9,699</b>	<b>9,049</b>
Bank loans	2,842	2,655
Convertible Bonds	0	9
Other liabilities	<u>655</u>	<u>413</u>
<b>TOTAL LIABILITES</b>	<b>3,497</b>	<b>3,077</b>
Minority Interests	30	13
<b>SHAREHOLDERS' EQUITY</b>	<b>6,172</b>	<b>5,959</b>

Strong cash position and low debt ratio demonstrate financial stability while allowing for flexibility in capturing future investment opportunities

# 1H FY 2013 Interim Results Financial Highlights

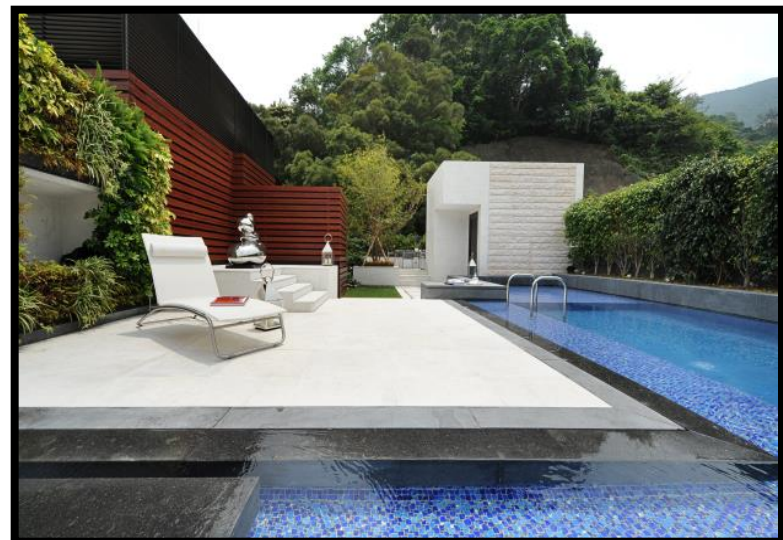
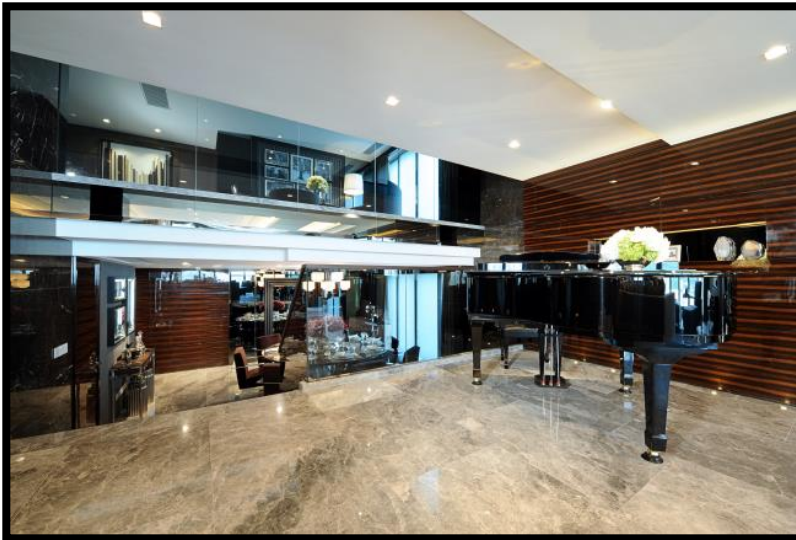
	1H FY 2013 30 <sup>th</sup> Sep 2012 (HK\$m)	FY 2012 31 <sup>st</sup> Mar 2012 (HK\$m)
Book NAV attributable to Shareholders	6,172	5,959
Net debt	1,007	210
Current ratio	4.6x	5.6x
Gearing ratio (consolidated)	29.3%	29.3%
Committed Property JV/ Associate Loans	822	777
Gearing ratio (incl. JV/ Associate)	34.8%	34.9%
Pro-Forma Adjusted NAV	9,839*	9,448

Notes:

- Pro-forma Adjusted NAV calculated post top-up placement in October 2012
- Gearing ratio calculated based on **book value of assets as presented in annual report and does not have mark-to-market revaluation surplus**



## Appendix 2: Details of Key Investment and Residential Property Projects





# Prime Assets in Top Tier Locations

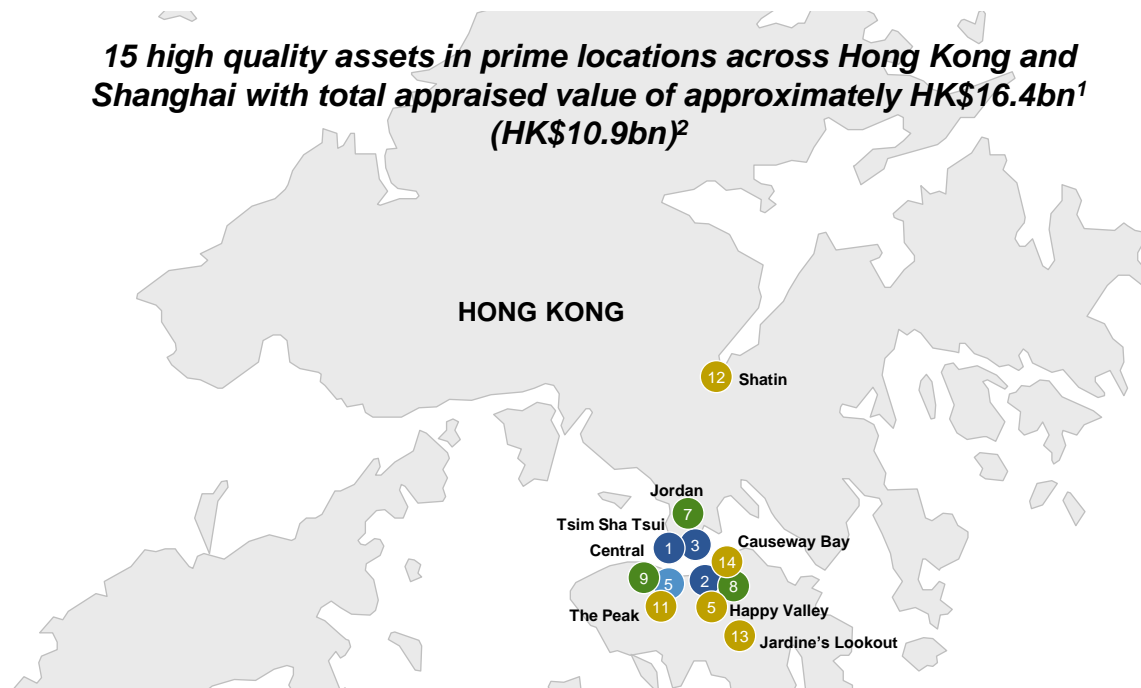
## Portfolio overview

**15 high quality assets in prime locations across Hong Kong and Shanghai with total appraised value of approximately HK\$16.4bn<sup>1</sup> (HK\$10.9bn)<sup>2</sup>**

### CHINA



### HONG KONG



### SHANGHAI



### Retail properties

- 1 23–25 and 27 Ashley Road
- 2 Cubus, 1–3 Hoi Ping Road <sup>6</sup>
- 3 H8, 8 Hau Fook Street <sup>7</sup>
- 4 In Point, Wujiang and Shimenyi Rd

### Office buildings

- 5 AXA Centre, 151 Gloucester Road <sup>3</sup>
- 6 The Platinum, Taicang Road

### Hotels / serviced apartment

- 7 Novotel Hotel: Nathan Road
- 8 J-Plus Hotel: 1 Irving Street
- 9 2–4 Shelly Street

### Residential properties

- 10 33–39 Tung Lo Wan Road
- 11 No. 47 Barker Road
- 12 Land in Kau To Shan
- 13 Monterey Court <sup>4</sup>
- 14 1A, 2A, 2B The Hampton <sup>5</sup>
- 15 Land in Qing Pu

# Key Current Investment Projects

## Cubus, Causeway Bay

- Ginza-style F&B tower located in the heart of Causeway Bay on No.1-3 Hoi Ping Road
- GFA of 60,000 sq.ft. housing high-end restaurants and lifestyle stores and spas
- Current market value at approximately HK\$1.5bn versus our book value of HK\$515m
- Occupancy at 100% with annual committed rent of HK\$40m



## 23, 25 & 27 Ashley Road, TST

- Ginza-style F&B buildings located in the heart of Tsim Sha Tsui
- GFA of 62,000 sq.ft. with current market value at approximately HK\$717m versus our book value of HK\$369m
- Occupancy at 96% with annual committed rent of over HK\$24m
- Currently acquiring adjacent lot on 21 Ashley Road with potential redevelopment opportunity for this 9,000 sq. ft. site



# Key Current Investment Projects

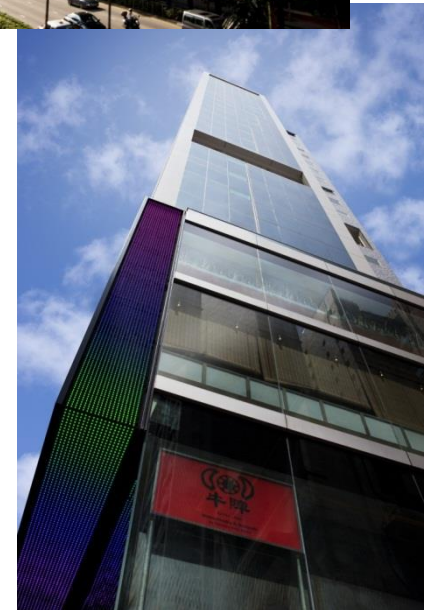
## AXA Centre, Wanchai

- Grade-A office located on 151 Gloucester Road with prime harbour view
- Currently still hold 8 top floors (17-24<sup>th</sup> floors), sky-sign, ground floor and 78 car parking spaces, after sale of the lower floors
- Tenants include AXA Insurance as its HK headquarter office and Porsche, Volkswagen on ground level
- Occupancy at 100% with annual committed rent of HK\$60m
- GFA of 133,000 sq.ft. and market value of HK\$1,902m versus book value of HK\$660 million



## H8, TST

- Ginza-style F&B buildings located in the heart of Tsim Sha Tsui on 8 Hau Fook Street
- GFA of 45,000 sq.ft. with current market value at approximately HK\$540m versus our book value of HK\$311m
- Occupancy at 100% with annual committed rent of over HK\$18m





# Key Current Investment Projects

## Platinum, Shanghai

- Grade-A prime office building with 20 storeys located on Taicang Road near XianTianDi in Shanghai
- Majority of tenants are multi national corporations including the likes of McKinsey (China's headquarter), Standard Chartered Banks and LG Group etc.
- Occupancy at 93% with annual committed rent of approximately HK\$157m
- GFA of 370,000 sq.ft. and market value of HK\$3,145m versus book value of HK\$2,110 million



## In Point, Shanghai

- Popular shopping mall located in the heart of Shanghai just behind the Four Seasons Hotel on Wujiang Road
- GFA of 122,000 sq.ft. with current market value at approximately HK\$900m versus our book value of HK\$632m
- Occupancy at 95% with annual committed rent of over HK\$51m
- Further substantial increase in value expected with the opening of the adjacent Dazhongli Project of Swire Properties in FY2015/2016



# Key Current Investment Projects

## Novotel Hotel Jordan

- Acquisition of 50% interest of **Novotel Hotel Jordan** for HK\$2.4 billion completed end of July 2012
- GFA of approximately 290,000 sq.ft. with 389 hotel rooms and prime shopping space
- Estimated gross entry yield of 5.5% and targeting yield of 7.5% within 2 years after renovation and repositioning



## J-Plus Hotel, No.1 Irving Street

- Acquisition of **J-Plus Hotel**, a Philippe Stark-designed boutique hotel, in the prime area of Causeway Bay
- Currently has 55 rooms and running at close to full occupancy
- Potential redevelopment opportunity in conjunction with the adjacent site at No.14 Pennington Street for a combined site area of 5,500 sq. ft.



# Couture Homes – Key Current Projects

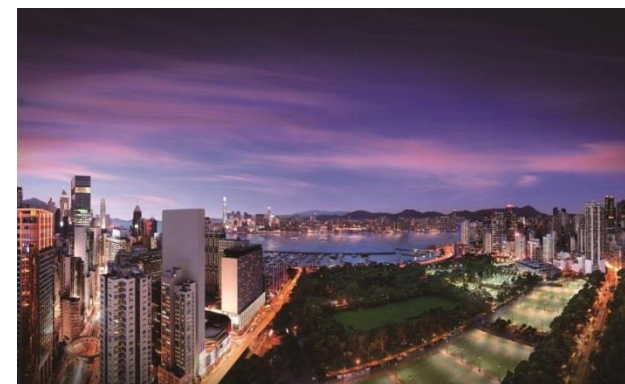
## The Hampton, Happy Valley

- Successful sale of 8 uniquely-themed and furnished luxury units for a combined total of HK\$807 million set the foundation for Couture Homes
- Combination of design concepts from world renowned designers and use of bespoke furnishing key success factors
- 1 unit completed sale in Nov 2012 for HK\$84m, with 2 more units remaining and targeted to be sold within FY 2013



## YOO Residence, Tung Lo Wan Road, Causeway Bay

- Acquired 50% interest of **33-39 Tung Lo Wan Road** in Jul 2011
- A prime residential site in the centre of Causeway Bay within a few walking steps to the Victoria Park
- Site area approximately 9,500 sq.ft. with estimated GFA of approximately 90,000 sq.ft.
- Proposed to develop into over 130 high-end lifestyle units ranging from 400 sq.ft. to over 2,000 sq. ft., and will be badged with international renowned designer brand, YOO, a first in Hong Kong
- Target pre-sale around mid 2013.





# Couture Homes – Key Current Projects

## Barker Road, The Peak

- Acquired the heritage site at **47 Barker Road** in February 2011 at HKD204 million
- A rare land lot at Barker Road in the ultra premier residential area at the Peak
- The house will be redesigned and refurbished and will blend with its historical façade
- Target completion and sale in FY 2014



# Couture Homes – Key Current Projects

## Qing Pu Villas, Shanghai

- Acquired 50% interest in June 2011 for a prime residential site in the luxurious villa district in **Qing Pu District, Shanghai**
- GFA of approximately 650,000 sq.ft.
- Only 15 minutes driving distance from the Hong Qiao International Airport
- Proposed to develop into approximately 250 luxurious villas at over 3,000 sq. ft. each
- Target completion and sale in 2014/ 2015





# Couture Homes – Key Current Projects

## Kau To Shan, Shatin

- Acquisition of **Kau To Shan** land site through government tender
- G.F.A. of approximately 50,000 sq. ft. for a cost of HK\$531m
- Plans to develop into around 20 luxury villas of approximately 2,500 sq.ft. each with its own private garden and swimming pool
- Target completion and sale by FY2014/2015



## Monterey Court, Jardine's Lookout

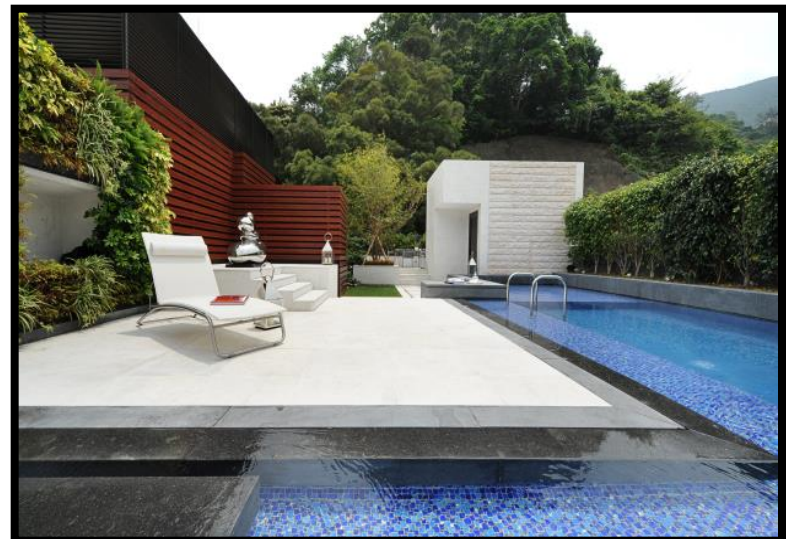
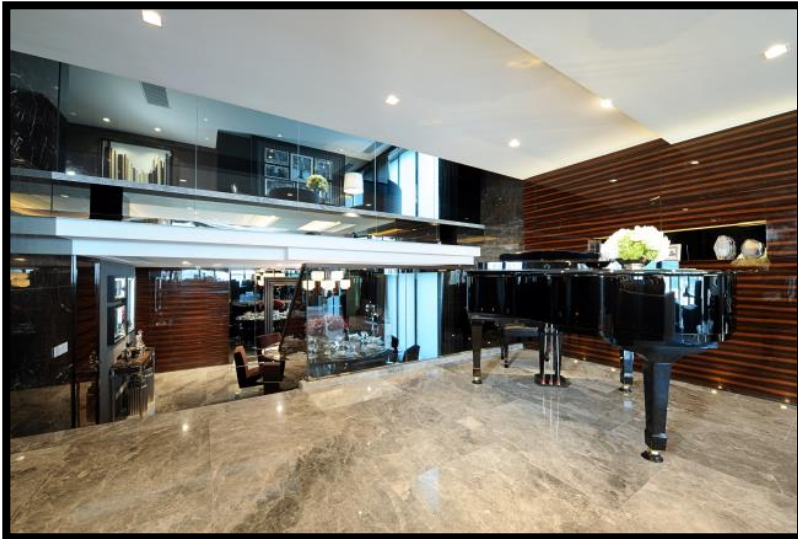
- Acquisition of **Monterey Court at Jardine's Lookout**, the premier luxury residential district in Hong Kong with completion targeted for Dec 2012
- G.F.A. of approximately 73,000 sq. ft. and yielding 2.3% currently
- Redevelopment plan set for this prime location for construction of a combination of super luxury villas and super luxury apartments (around 5,000 sq.ft. each)







## Appendix 3: Case Studies



## Ongoing Case Example: Novotel Nathan Road Hotel

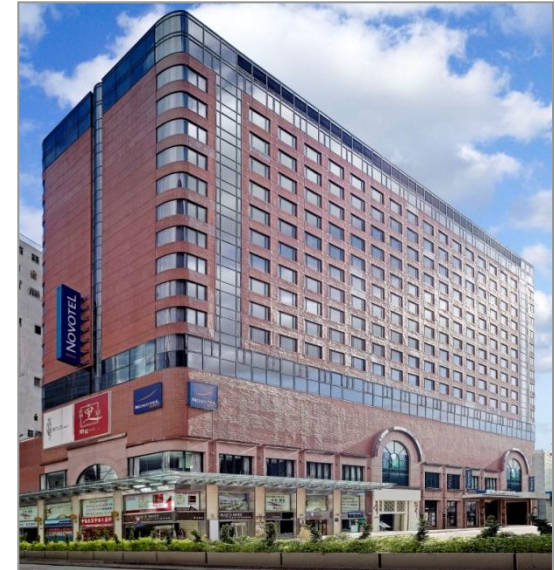
### Opportunity identified

- 4-star hotel in prime district in Kowloon
- Room for improvement in hotel rates
- Underperformance in shopping arcade rental
- Acquired property with Gaw Capital Partners in Aug 2012
- Targeting rental yield improvement within 2 years after renovation and repositioning

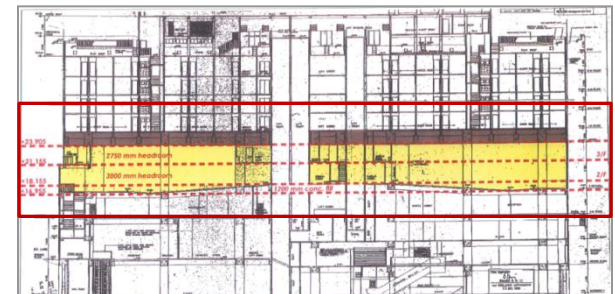
### Redevelopment plans and execution strategy

- **Basement 2: Tenant repositioning and facilities upgrade**
  - Change tenant from health care to retail and karaoke
  - Install new escalators from Basement 1 to leverage Sasa Cosmetics' traffic
  - Provide separate entrance from street level to draw more crowd
- **Ground floor: Increase retail area and income**
  - Remove existing restaurant lift lobby and relocate current hotel gym to the second floor
- **Upper ground floor: Upgrade of building facilities**
  - Install new escalators from ground floor with entrance lobby facing Nathan Road to attract greater foot traffic
- **Second floor: Change in land usage**
  - Convert current floor into 2 floors of hotel with 68 hotel rooms (each with area of ~18 sqm) and build ancillary hotel facilities
- Total redevelopment cost of ~HK\$88mm
- Target completion in 3 years

### Novotel Hotel



### Floor plan change: Adding an extra floor





## Ongoing Case Example: Monterey Court, Jardine's Lookout

### Opportunity identified

- Prime **residential tower at Jardine's Lookout**, renowned high-end residential district in Hong Kong popular to tycoons
- **Acquisition price at HK\$19,000 psf** for the site with a gross floor area of 73,000 sq ft

### Redevelopment plans and execution strategy

- **Redevelop into an iconic, super luxury apartment building**, mirroring the quality of the OPUS, the landmark building that recently transacted at over HK\$75,000 psf
- Approximately 18 super luxury apartments with unit size of 5,000 sq ft and 2 super luxury villas
- **JV with Grosvenor**, the internationally renowned developer
- Currently generating **HK\$36mm in annual rental income**
- Redevelopment expected to commence in 3Q 2013
- Target completion at end 2016

### Monterey Court (rendering)





## Success Case Example: Mohan Building

### Building exterior

#### Before renovation



#### After renovation



### Han Residence



#### Opportunity identified

- 12-storey office building **situated at the heart of Tsim Sha Tsui** shopping district leased to SMEs and trading firms
- **Poorly managed, mismatched location and positioning**
- Acquired property in April 2007 for HK\$575mm

#### Strategy employed

- Renovated both exterior and interior, **changed land use** for the office floors from commercial to residential
- **Built 51-unit serviced apartment** Han Residence
- Total renovation cost was HK\$30mm

#### Results

- Rent increased by 4 times
- Aug 2011: Sold for HK\$1,380mm
  - **Gross profit of HK\$775mm**
  - IRR of 43%
  - 4.3 years holding period

4F–12F Mohan Building	Before	After
Usage	Office	Residential
Gross floor area (sqft)	23,150	24,847
Occupancy rate	90%	90%
Rent (HK\$ psf per month)	11.0	40.2
Rental income (HK\$mm)	2.8	10.8

↑ 4x

## Success Case Example: AXA Centre

### Opportunity identified

- **Headquarter of AXA Insurance** with sweeping view of Victoria Harbour
- Acquired 51% interest from AXA Insurance in Aug 2006 and subsequently increased ownership to c.90% in 2007
- Total acquisition cost was ~HK\$1.5bn

### Lift lobby

#### Before renovation



#### After renovation



### Strategy employed

- Improved building image via **refurbishments and upgrade** of building facilities
- Repositioned property and upgraded tenant mix to include international names
  - **Attracted brand name anchor tenants** such as Porsche and Park 'n Shop to basement retail spaces

### Concierge

#### Before renovation



#### After renovation



### Results

- Increased rental income by 1.6 times in 3 years
- Nov 2010: Sold 9 office floors strata title and first floor retail podium for HK\$1,560mm
  - All acquisition costs recouped
  - **Gross profit of HK\$813mm**
  - IRR of 31%
- Sep 2012: Sold basement floor for HK\$188mm
  - **Gross profit of HK\$133mm**
  - IRR of 33%
- Remainder of CSI's holding in AXA Center
  - Annual **rental income of HK\$60mm**
  - Appraised value of HK\$1,902mm, 2.9 times over book value of HK\$660mm
- If remaining interest in AXA Center were disposed at valuation, estimated profit of HK\$1.2bn and IRR of 39%

### Ground floor – tenant repositioning

**NISSAN**



**PORSCHE**







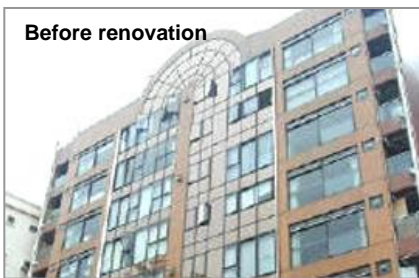
## Success Case Example: The Hampton, Happy Valley

### The Hampton

- Acquired the whole building with 15 units in May 2008 for HK\$290mm (HK\$7,800 psf) from Nan Fung Development
- Spent HK\$170mm to substantially rebuild and convert existing 15 units into 11 larger sized apartment units
- **All-in cost of HK\$12,000 psf**
- Designed and furnished by award-winning architect and designer Mr. Steve Leung and team
- Well received in the market – 9 out of 11 units sold already at an **average price of HK\$27,000 psf**
  - 3 units sold in first half of 2012 and one more unit sold and completed at HK\$84mm on 16 Nov 2012

### Building exterior

Before renovation



After renovation



### The Hampton units – lifestyle homes

