



COUTURE HOMES
尚家生活

**Corporate
Presentation
Feb 2014**

(497.HK)

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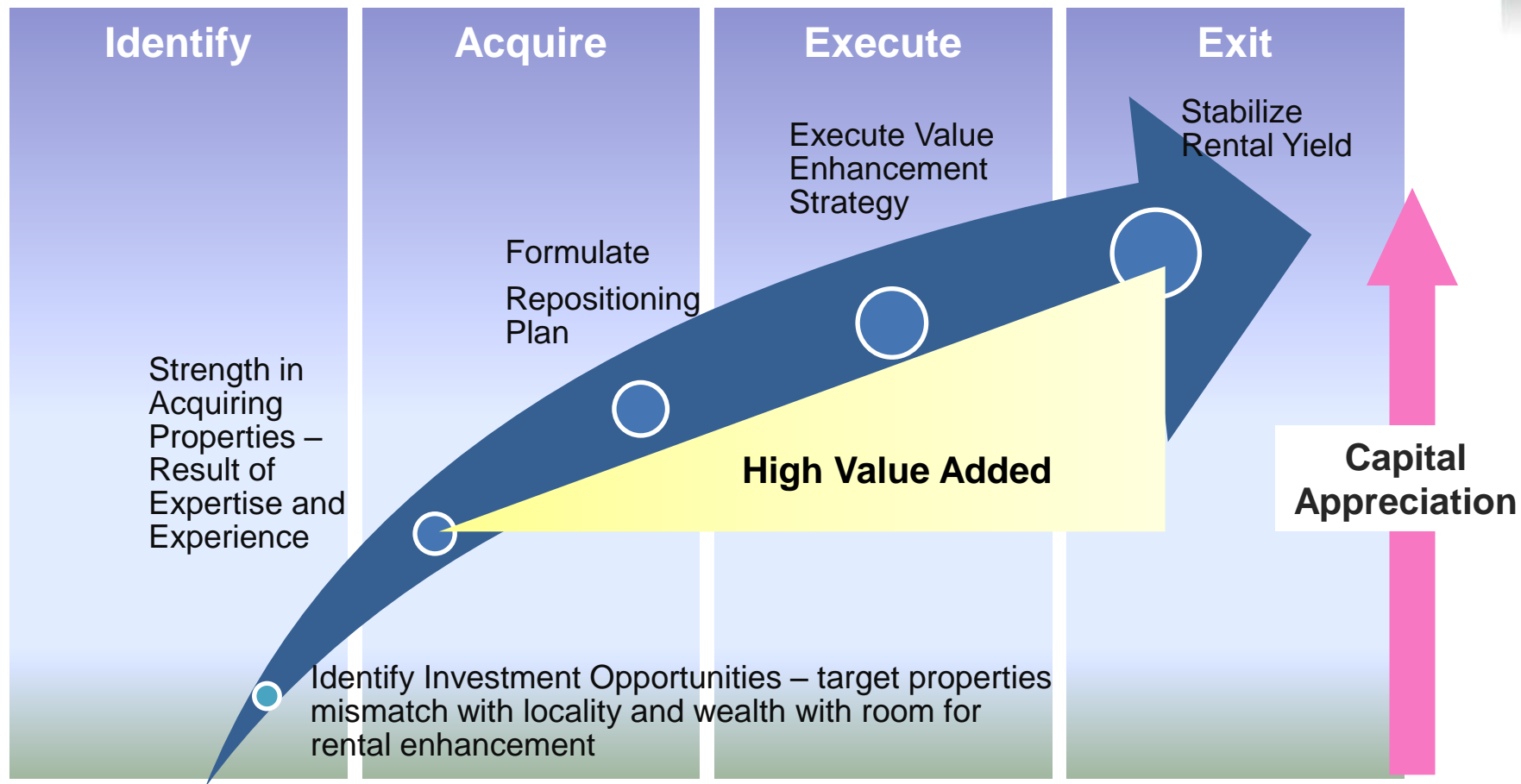
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Executive Summary









- Mr. Mico Chung, Chairman, acquired control of the Company in 2004 as a platform to expand his property investment business
- One of the fastest growing property investment/ development companies in Greater China in the past 10 years and a constituent stock of the MSCI Small Cap Hong Kong Index since May 2011
- Unique property repositioning model focusing on commercial projects in prime location and premium “life-style” residential properties
- Proven trackrecord from HK\$300 million asset base in 2004 to over HK\$10 billion currently and averaging approximately 30%+ annual IRR
- Strong Greater China presence with approximately 2.0 million sq. ft. of properties in Hong Kong and Shanghai under group’s active management/ development
- Current market value of portfolio approximates to HK\$16.6 billion as per March 2013 independent valuation
- Mr. Chung completed his annual 2% purchase limit in April 2013 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 diversify funding source
- Properties valued at historical cost basis with no revaluation surplus, representing significant value in terms of discount to NAV when compared to other real estate companies in Hong Kong, and limited writedown potential in market downturn
- 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

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 2004 to present

Proven Track Record and Superior Investment Return

Major Projects (up until Mar 2013)		Cost (HK\$'m)	Selling Price (HK\$'m)	Increase (%)	IRR (%)
	Paul Y. Centre, Kwun Tong (2006-07) <i>- renovation & tenants repositioning</i>	780	1,150	48%	178
	No. 88 Gloucester Road, Wanchai (2003-07) <i>- renovation & tenants repositioning</i>	196	783	300%	65
	4 houses in Tai Tam, Island South (2006-09) <i>- premium design & major renovation</i>	280	555	98%	68
	Novel Plaza, Shanghai (2007-08) <i>- renovation & tenants repositioning</i>	820	1,200	47%	84
	International Capital Plaza, Shanghai (2007-10) <i>- design, renovation & 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
	11 units at The Hampton, Happy Valley (2008-2013) <i>- design, major renovation & full furnishings</i>	464	1,058	128%	29
	12 Floors at AXA Centre, Wanchai# (2006-2013) <i>- renovation & tenants repositioning</i>	855	1,919	124%	31

12 floors sold for a total of HK\$1.9 bn and completed in FY ended Mar 2011 to Mar 2013

Real cash profit from sale of properties while maintaining outstanding investment returns with average IRR of approximately 50+% 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
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- 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 in partnership with leading internationally renowned award-winning architects/ designers including the yoo designer team (led by Philippe Starck), Steve Leung and Paul Davies etc.
- 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



The Hampton



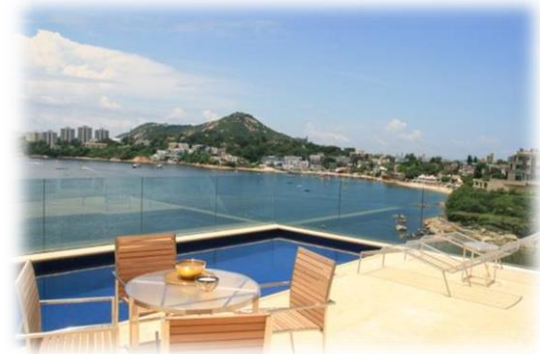
Yoo Residence



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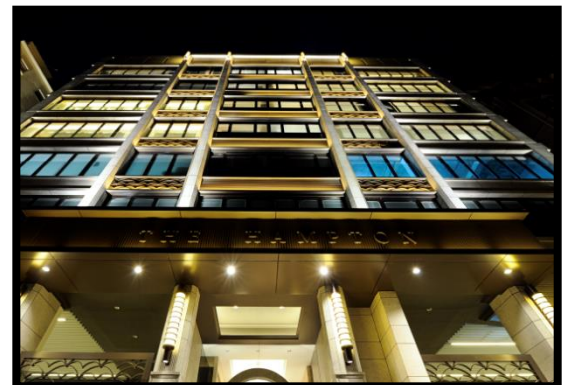
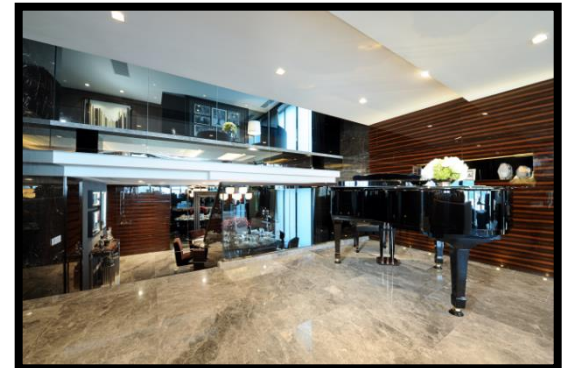
The Origin of Couture Homes

- 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 team 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. 900,000 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)
 - Prime project in Central, Hong Kong (approx. 45,000sq.ft.)



Experienced and Disciplined Management Team

Group Senior Management

Mr. Mico Chung (Chairman and Executive Director of CSI)

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 of CSI)

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 of CSI)

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 of CSI)

*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.***

Mr. Herrick Lee Kwan Yee (Head of Commercial Property Division)

*Mr. Lee is responsible for all commercial property related investments of the Group. Mr. Lee has over 20 years of experience in real estate investments with various types of projects. Mr. Lee was an Executive Director of the Henry Group Holdings Limited, a director of Colliers International in Hong Kong and worked for a number of international surveying firms before joining the Group. Mr. Lee is a member of the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors. **Mr. Lee has specialized skills for retail properties repositioning and asset enhancement by close relationships with reputable chain-store retail operators.***

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 (“CH”) – Premium Lifestyle Residential Development Division

Mr. Jimmy Fong (Executive Director of CSI and Managing Director of CH - 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. Raymond Soo (Managing Director of CH - Development)

*Mr. Soo joined the group in 2013. He graduated from the University of Sheffield, United Kingdom in 1989. Mr. Soo is a registered architect since 1994 and has over 20 years' experience in real estate developments in various countries such as Hong Kong, Macau, Mainland China, Philippines and United Kingdom. He previously worked for some major property developers such as Cheung Kong Holdings Limited and Kerry Properties Limited. Mr. Soo has a wide range of project management experience and has led project teams to complete various world class developments ranging from commercial offices, shopping centers to large scale residential developments. Mr. Soo provides strong leadership to the project team and produces quality project developments with the highest standard. **Mr. Soo is the master project director for all Couture Homes projects.***

Mr. Arnold Fung (Managing Director of CH - Design)

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.

Pro-forma Balance Sheet Adjusted for Market Valuation

	Net Asset Value (HK\$'m)
Net assets attributable to Shareholders (audited)	7,064
Add:	
Attributable revaluation surplus relating to the Group's properties held for sale as per independent valuations at 31 March 2013*	2,800
Attributable revaluation surplus relating to the Group's properties held for sale by jointly controlled entities as per independent valuations at 31 March 2013*	666
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⁾	10,530
Pro-forma adjusted NAV per share ⁽²⁾	HK\$1.11

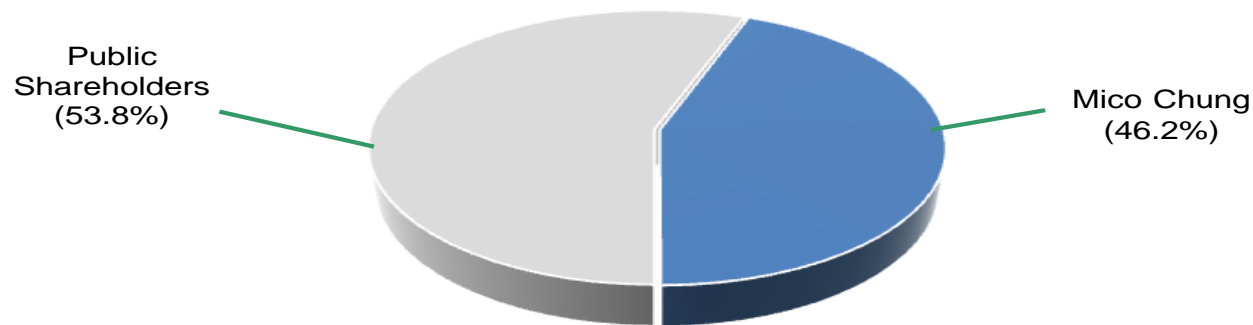
Notes:

(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

* Independent valuations conducted by professional valuers DTZ and Jones Lane

Strong Commitment of Controlling Shareholder



Shareholding interests based on 9,518 million, the total number of outstanding shares

- Mr. Chung recently completed his annual 2% purchase limit in Apr 2013 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
- Significant institutional ownership from various global fund managers also helps to drive valuation and growth

Recent Key Corporate Activities Highlights

- Completed a placement exercise through CLSA Capital Markets Limited and JPMorgan Securities to raise approximately US\$50 million in October 2012
- The placement proceeds further strengthen the balance sheet of the company and provide the funds for necessary acquisition of commercial and residential properties, while also helping the Group to further enhance the institutional investorbase
- The Group also achieved another major milestone on the capital management front through the completion of our inaugural bond issue in January 2013 through JPMorgan Securities and Bank of America Merrill Lynch
- The US\$150 million 5 year unrated fixed rate debut bond was priced at an attractive interest rate of 6.5% per annum
- The issue opens up a new financing avenue and allows the Group more flexibility in financing our future growth while also giving us access to a broader investor base of global fixed income investors

Awarded “Best Small Cap Company in Hong Kong”

- The Group was awarded the “Best Small Cap Company in Hong Kong” in Asia's Best Managed Companies annual poll conducted by FinanceAsia, the leading financial journal in the Asia Pacific region
- FinanceAsia has organised the annual poll to select Asia's best managed companies for over 10 years
- The poll included opinions and votes from 300 major investment professionals and financial analysts in the Asia-Pacific region and companies were rated on overall management, corporate governance, investor relations and commitment to strong dividend payments, amongst other criteria
- This award reflects the wide recognition and trust by the investment community in the Group's business strategy and track record during the past decade



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
CSI	Approx. 70% discount

- 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

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

Prospects - List of Major Properties

INVESTOR RELATIONS

Portfolio information *		Date of Purchase	Gross Area (approx) sq ft ('000)	Market Value ⁽¹⁾ (HK\$'m)	Book Value (HK\$'m)	Current/ Committed Annual Rent (HK\$'m)	Occupancy (%)
Investment Property							
G/F, 1506-07,17-23F, Skysign, 78 carparks of AXA Centre, No. 151 Gloucester Road	Wanchai	Aug '06 / May '07	124	2,197	616	60	100
H8, 8 Hau Fook Street	Tsimshatsui	Jun '06	45	668	311	18	Sold
The Platinum, Taicang Road (CSI – 50%)	Lu Wan	Apr '10	370	3,467	2,110	157	93
In Point, Wujiang Road & Shimenyi Road	Jing An	Aug '09	122	965	632	51	95
23 - 25 & 27 Ashley Road (Redevelopment)	Tsimshatsui	Sep '06	62	726	369	24	96
No. 1 Irving Street (J-Plus Hotel)	Causeway Bay	May '11	45	600	575	20	96
No. 2-4 Shelly Street (Redevelopment)	Central	Mar '11	32	325	285	7	N/A
Novotel Nathan Road Hotel (CSI – 50%)	Jordon	Jul'12	290	2,930	2,368	130	96
Golden Centre (CSI – 40%)	Sham Shui Po	Dec'12	30	503	503	16	100
No. 58-60, Sai Yeung Choi Street (CSI - 50%)	Mongkok	Jun'13	5	593	593	10	100
Residential Property (Market value on cost only)			1,125	12,974			
1A ⁽²⁾ , 2A ⁽²⁾ The Hampton, 45 Blue Pool Road	Happy Valley	May '08	7	167	80	N/A	Sold
No. 47 Barker Road	The Peak	Feb '11	4	204	204	N/A	N/A
yoo Residence, No. 33-39 Tung Lo Wan Road (CSI – 50%) ⁽³⁾	Causeway Bay	Jul '11	90	1,065	1,065	N/A	Majority Pre-sold
Land in Qing Pu (CSI – 50%)	Qing Pu	Jun '11	643	1,354	1,354	N/A	N/A
Land in Kau To Shan	Shatin	May '12	50	550	550	N/A	N/A
Monterey Court, Perkins Road (CSI - 60%)	Jardine's Lookout	Dec'12 ⁽²⁾	73	1,403	1,403	36	100
90+% interest in prime site near LanKwaiFong	Central	Jun'13	6 (redevelopment site area only)	TBC	TBC	NA	NA
			873	4,743			

*Based on 100% ownership interest. Source: Latest Company records

Note (1) As per valuation report by qualified valuers /Actual Sale & Purchase Agreement at end of Mar 2013.

(2) Purchase agreement signed for Units 1A and 2A, completing Oct 2013 and May 2013 respectively. (3) 122 units presold for a total of c. HK\$1.8 billion, with remaining special duplex and penthouse units expecting premium pricing

Disposal Pipeline

Disposal Pipeline



Best Small-Cap

CSI Properties

Hong Kong

Jonathan Hirst
Publisher

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Editorial Director



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Q & As



Appendix 1: 1H FY2014 Results Highlights



1H FY 2014 Interim Results Highlights

<i>(Period ending 30 Sep 2013) (HK\$'m)</i>	1H FY2014 (A)	1H FY2013 (B)	% change (A/B-1)
Gross Revenue from property business	2,164	793	173% 
- property sale	2,060	684	
- rental income	104	109	
Gross Profit	694	478	45% 
Profit from Property JV/ Associates	41	16	156% 
Profit Attributable to Equity Holders	601	373	61% 
EPS (Basic)	6.3 cents	4.5 cents	40% 

FY 2014 YTD Key Disposals

<i>Project</i>		<i>Selling Price (HK\$m)</i>
H8, 8 Hau Fook Street	TST	668
2 units of the Hampton	Happy Valley	160
Le Diamant, 703-705 Nathan Road	Mongkok	1,029
One floor of Enterprise Square	Kowloon Bay	284
Presale of c.120 units at the yoo Residence*	Causeway Bay	c. 1,800
23 rd Floor of AXA Centre**	Wanchai	c.223

CSI has achieved several key sales totaling c. HK\$4 billion in the current fiscal year despite difficult market conditions, with 6 top floors of AXA Centre (17th -22nd Floors) and the Platinum Building the key sales target for remaining part of FY 2014 and FY 2015

Notes

*: Completion set for around mid 2015

** : Completion for 23rd Floor of AXA Tower set for mid March 2014

FY 2014 Interim Results Highlights

<i>(HK\$'m)</i>	Interim FY 2014 30 th Sep 2013	FY 2013 31 st Mar 2013
Properties & related assets	7,816	7,433
Cash & bank balances	2,257	3,132
Investments	1,580	752
Other assets	<u>155</u>	<u>173</u>
TOTAL ASSETS	11,808	11,490
Bank loans	2,654	2,707
Notes	1,170	1,170
Other liabilities	<u>421</u>	<u>528</u>
TOTAL LIABILITES	4,245	4,405
Minority Interests	7	21
SHAREHOLDERS' EQUITY	7,556	7,064

Strong position in cash and short term investments ensures financial prudence while allowing for flexibility in capturing future investment opportunities

Interim FY 2014 Financial Highlights

	1H FY 2014 (HK\$m)	FY 2013 (HK\$m)
Book NAV attributable to Shareholders	7,556	7,064
Pro-forma adjusted NAV attributable to Shareholders	10,529	10,530
Net debt	1,568	745
Investments*	1,580	752
Current ratio	6.64x	6.09x
Gearing ratio (consolidated)	32.4%	33.7%
Gearing ratio (consolidated with property held for sale adjusted to marked-to-market value)	25.9%	25.9%
Committed Property JV/ Associate Loans	1,394	1,250
Gearing ratio (incl. JV/ Associate)	39.5%	40.2%

Note *: Over 90% of investment portfolio in liquid bonds with duration less than 3 years with aim to minimise negative carry from the CSI 6.5% bond issued at Jan 2013

The Hampton



Appendix 2: Details of Key Investment and Residential Property Projects



Yoo Residence

Key Current Investment Projects

AXA Centre, Wanchai

- Grade-A office located on 151 Gloucester Road with prime harbour view
- Currently still hold 7 top floors (17th -23rd floors), sky-sign, ground floor and 75 car parking spaces, after sale of the basement and 24th floors
- Tenants include AXA Insurance as its HK headquarter office and Porsche on ground level
- Occupancy at 100% with annual committed rent of HK\$60m
- GFA of 124,000 sq.ft. and market value of HK\$2,197m versus book value of HK\$616 million



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\$726m 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

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
- Ground and basement floor tenant revamp done with conversion of second floor retail space into additional 68 new hotel rooms set for FY 2014



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 in May 2011
- Currently with 55 rooms and running at close to full occupancy
- Rebranding underway in 2Q2014 as J Plus by yoo Hotel with upgrades and renovation
- Potential redevelopment opportunity in conjunction with the adjacent site at No.14 Pennington Street for a combined site area of 5,500 sq. ft. to becoming a prime retail/ F&B/ hotel tower in the heart of Causeway Bay



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\$3,467m 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\$965m 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



Couture Homes – Key Current Projects

The Hampton, Happy Valley (All Sold)

- 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
- ***Remaining 4 units completed sale in FY2013 for HK\$484m, with last 2 units completed in FY 2014***



yoo Residence, Tung Lo Wan Road, Causeway Bay (Presale in progress)

- 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 103,000 sq.ft.
- Proposed to develop into 144 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
- ***Presales in progress with c. 120 units sold for a total consideration of approximately c. HK\$ 1,800 million.***



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 in with its historical façade
- Recent sale of Hutchison's project on Barker Road at HK\$100K psf a reference point for sale
- ***Target completion and sale in FY 2015***



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 320 luxurious villas and apartments
- ***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 in May 2012
- 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
- *Site formation work already begun with sale set for FY2015*



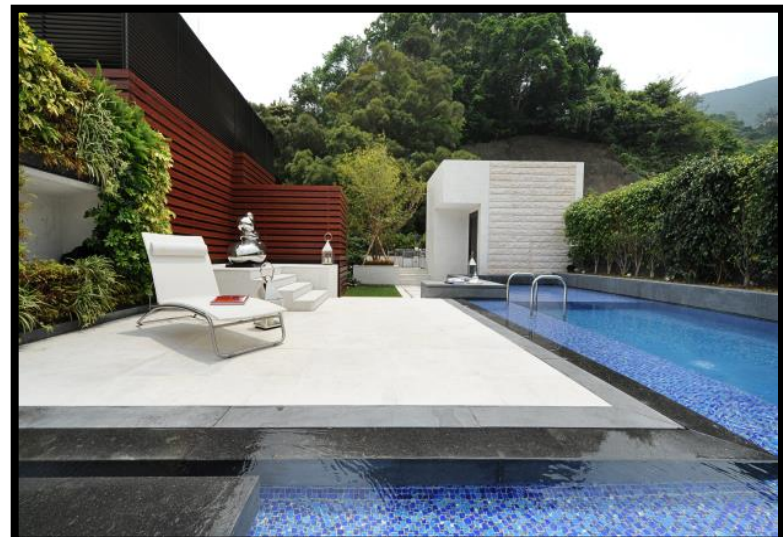
Monterey Court, Jardine's Lookout

- 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 current structure undergoing demolition for redevelopment
- Current plan set for this prime location for construction of a combination of super luxury villas and apartments (around 5,000 sq.ft. each) with Grosvenor Fund from the UK as our development partner for the project
- *Redevelopment work starting end of 2013 with target completion and sale by FY 2016/2017*





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

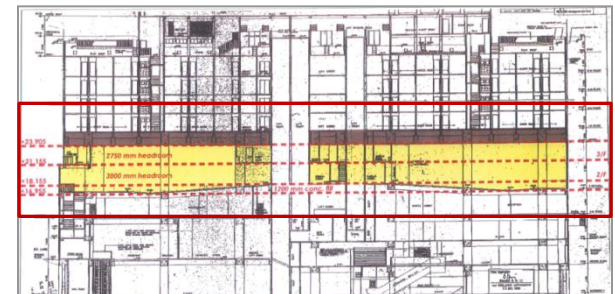
Redevelopment plans and execution strategy

- **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

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

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%

Lift lobby

Before renovation

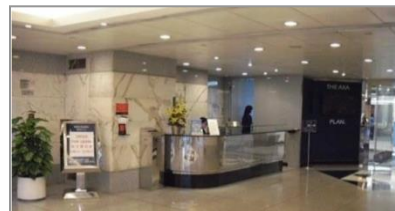


After renovation



Concierge

Before renovation



After renovation



Ground floor – tenant repositioning

NISSAN



PORSCHE





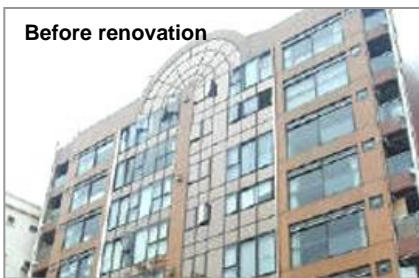
Success Case Example: The Hampton, Happy Valley

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

