



Access to Quality Living





**Maurice, Mr and Mrs Law**  
Residents of MTR Properties





## Hong Kong Property and Other Businesses

The buoyant primary residential market in 2015 supported our property tendering activities... The total gross floor area (“GFA”) which can be developed from these packages is about 621,460 square metres.

6

property development tenders awarded in 2015

96,066

managed residential flats

13 Shopping Malls

in our portfolio

The Hong Kong property market remained stable in the first half of 2015 but started to soften towards the end of the year, as slower economic growth in the Mainland of China began to impact Hong Kong. In the residential sector, low interest rates and sales incentives offered by developers continued to lend support to the primary market, whilst the secondary market weakened following further tightening of mortgage financing in February 2015. Grade-A office rents were underpinned by limited new supply in Central and continued demand from Mainland enterprises. The retail segment was increasingly affected by a fall-off in tourism from the Mainland of China and a sharp reduction in spending on luxury goods and high-value consumables, as well as increasing outbound travel as a result of the strong local currency.

### Property Development in Hong Kong

Profit from Hong Kong property developments in 2015 was HK\$2,891 million mainly from the booking of profits from Hemera (LOHAS Park Package 3), together with sale of inventory units from The Riverpark at Che Kung Temple Station and car parking spaces at various developments.

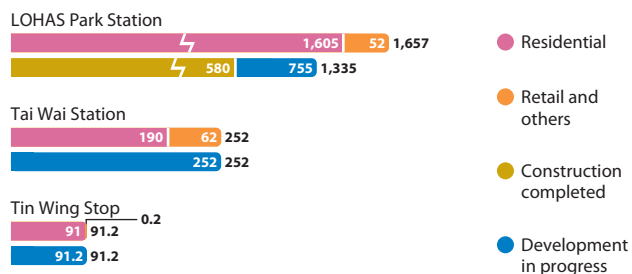
Presale of Hemera saw all 1,648 units sold by April 2015, with the development attracting strong interest.

The buoyant primary residential market in 2015 supported our property tendering activities. In January 2015, LOHAS Park Package 6 was awarded to a subsidiary of Nan Fung Group Holdings Limited and the Tin Wing Stop property development in Tin Shui Wai was awarded to a subsidiary of Sun Hung Kai Properties Limited in February. LOHAS Park

### Property Development Packages for Operating Network – Plan and Progress

The presale of Hemera (LOHAS Park Package 3) was launched in April 2015, with all 1,648 units sold.

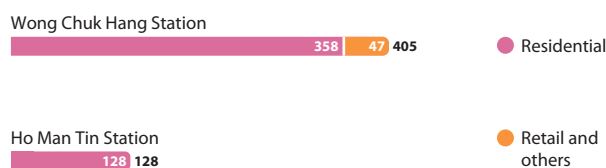
Gross floor area (thousand sq. m.)



### Property Development Packages for Future Extensions

Master Layout Plan for the Wong Chuk Hang Station site along the South Island Line (East) has been approved by the Town Planning Board.

Gross floor area (thousand sq. m.)



#### Maurice, Mr and Mrs Law Residents of MTR properties

The Law family has been living in MTR properties for five years. They chose to live here not just because it was near to their parents, but also because the property really suited their lifestyle. Two years after the Laws moved in, their son Maurice was born. With ample green space, a swimming pool and a spacious playroom in the clubhouse, the child-friendly facilities in the development are perfect for the Law family to enjoy quality time together. "We live just above the MTR station and it only takes me 30 minutes to go to work," Mrs Law says. "our son loves playing in the park, and we are delighted to have one so close to where we live."



# Executive Management's Report

## Hong Kong Property and Other Businesses



Maritime Square at Tsing Yi Station offers an exciting and varied shopping experience

Package 7 was awarded to a subsidiary of Wheelock and Company Limited in June and for this property development, apart from profit sharing in the residential component, MTR will also contribute HK\$4.98 billion and will retain ownership of the shopping mall. This contribution will be in two tranches with the first payment of HK\$2.44 billion already paid in July 2015 and the balance to be paid upon the completion of the mall construction, estimated to be in 2019. In October, LOHAS Park Package 8 was awarded to a subsidiary of Cheung Kong Property Holdings Limited and in December, LOHAS Park Package 9 was awarded to a subsidiary of Wheelock and Company Limited. In March 2016, LOHAS Park Package 10 was also awarded to a subsidiary of Nan Fung Group Holdings Limited. The total gross floor area ("GFA") which can be developed from these packages is about 621,460 square metres.

Acting as agent for the relevant subsidiaries of KCRC, we awarded the Yuen Long Station property development to a subsidiary of Sun Hung Kai Properties Limited in August 2015.

In total all these seven development packages will supply about 11,410 residential units when completed.

We continue to assess the feasibility of other property developments along our railway lines to increase housing supply in Hong Kong. One possible site is above our depot in

Siu Ho Wan on Lantau Island where, with the necessary zoning and other approvals, not less than 10,000 residential units can be built. Much work is still required including zoning, site planning, depot re-positioning, obtaining necessary approvals, land premium assessment as well as the business model to implement the works. At this preliminary stage there can be no assurance that this proposal would become a viable commercial project for MTR.

### Property Rental and Management Businesses in Hong Kong

Revenue from the Hong Kong property rental and property management businesses in 2015 increased by 8.2% to HK\$4,533 million. Operating costs rose by 15.8% to HK\$865 million mainly due to higher Government rent and rates as well as a one-off provision, resulting in operating profit rising 6.5% to HK\$3,668 million, with the operating margin at 80.9%.

### Property Rental in Hong Kong

Total property rental income in Hong Kong for the year was HK\$4,267 million, 8.2% higher than in 2014. The Company's shopping mall portfolio achieved an average 12% increase in rental reversion for the year. As at 31 December 2015, MTR's shopping malls in Hong Kong and the Company's 18 floors at Two International Finance Centre remained close to 100% let.

As at 31 December, the Company's attributable share of investment properties in Hong Kong was 212,301 square metres of lettable floor area of retail properties, 41,006 square metres of lettable floor area of offices, and 14,282 square metres of property for other use.

Our investment properties received numerous awards during 2015. Metro Daily included MTR in its "Metro Awards for Eco-Business 2015 - Shopping Centres". Elements made the Hong Kong Economic Times' "Top 10 - My Favourite Shopping Mall Awards 2014-2015". It also received a "Certificate of Excellence 2015" from TripAdvisor, as well as "The Marketing Events Award 2015 - Best Experiential Award - Bronze", given by Marketing Lighthouse Independent Media. Telford Plaza received East Week magazine's "Hong Kong Services Award 2015 - Shopping Mall Award" and the "Smart Telford Program" Mobile app won two awards from the Hong Kong Wireless Technology Industry Association. All 13 MTR Malls also received "Indoor Air Quality Certificate (Good Class)" awards from the Environmental Protection Department.

MTR Malls have been serving on the Steering Committee of the Food Wise Hong Kong Campaign under the Environment Bureau since 2013 and will continue in this role for a further three years. MTR Malls also initiated its own "MTR Malls Food Waste Reduction Pledge" incentive scheme to encourage food waste reduction practices in the shopping mall sector.

#### Property Management in Hong Kong

Hong Kong property management revenue in 2015 increased by 8.6% to HK\$266 million. As at 31 December 2015, the number of residential units under the Company's

management in Hong Kong had risen to 96,066, following the addition of 1,648 units from Hemera and 691 units from Grand Austin. The area of managed commercial space was 764,018 square metres.

Two International Finance Centre named "Property / Facility Management Team of the Year" at the "RICS Hong Kong Awards 2015" organised by the Royal Institution of Chartered Surveyors and gained a "Grand Award" in the "Excellence in Facility Management Award 2015" given by The Hong Kong Institute of Facility Management. Several recognitions for our safety management were received in the "14<sup>th</sup> Hong Kong Occupational Safety & Health Award" jointly organised by the Occupational Safety and Health Council and the Labour Department. The Palazzo secured the "Grand Award" in the "GreenPlus Awards" organised by CLP.

#### Hong Kong Property Investment Projects

Another avenue of growth in Hong Kong is the expansion of our investment properties portfolio. Over the next five years or so, we will be adding about 120,620 square metres (gross floor area, "GFA") to our shopping centre portfolio, thereby increasing attributable GFA of our existing retail portfolio by approximately 40%.

Two key additions will be retail malls in Tai Wai and LOHAS Park. The Tai Wai shopping centre will have 60,620 square metres GFA and is targeted to open in the third quarter of 2021. The Company has contributed HK\$7.5 billion to this development, and will retain ownership of the mall and bear the fit-out costs.



Residents at City Point enjoy the clubhouse facilities



# Executive Management's Report

## Hong Kong Property and Other Businesses



Telford Plaza received the "Hong Kong Service Award 2015 – Shopping Mall Award" and provides a fantastic shopping experience

The LOHAS Park shopping centre will have 44,500 square metres GFA and is targeted to open in the fourth quarter of 2020. The Company will contribute a total of HK\$4.98 billion to the development, retain ownership and fit out the shopping centre.

The extension of Maritime Square will increase the retail area by 12,100 square metres GFA at a cost of approximately HK\$2.4 billion. All statutory submissions have been obtained and construction works commenced in June 2015. Construction is progressing according to programme and the extension is targeted to open in the fourth quarter of 2017.

To meet growing demand for retail services in East Kowloon, two floors of our offices above Telford Plaza are being converted to retail use, adding a further 3,400 square metres GFA to the shopping centre. The estimated project cost is HK\$550 million. Land premium was paid in September 2015, and the conversion works commenced in December 2015 with opening targeted for the second quarter of 2017.

### Other Businesses

#### Ngong Ping cable car

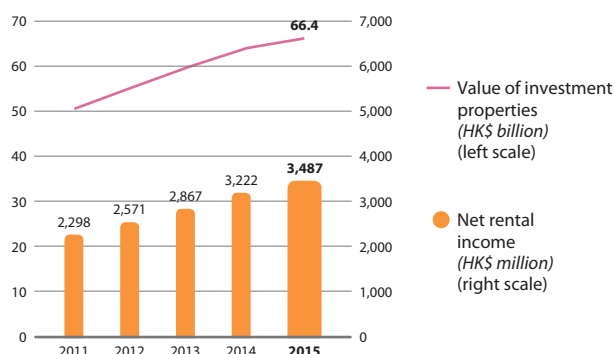
The Ngong Ping Cable Car and associated theme village ("Ngong Ping 360") recorded a 7.5% decrease in revenue in 2015 to HK\$347 million. The decline in visitor numbers of 11.5% to 1.62 million in 2015 was due mainly to 28 fewer operating days because of rope maintenance works, as well as the challenges faced by the Hong Kong tourism industry during the year. Service reliability remained excellent.

To attract more customers, coupons for Crystal Cabin rides and ticket packages were distributed at selected MTR and Airport Express stations during July and September, while throughout the autumn period, an integrated campaign was launched to invite visitors to explore the beauty of Lantau during the hiking season. During the year, the 360 Buddhist Walk was organised, integrating Buddhist learning and hiking. Ngong Ping 360 also



## Investment Properties

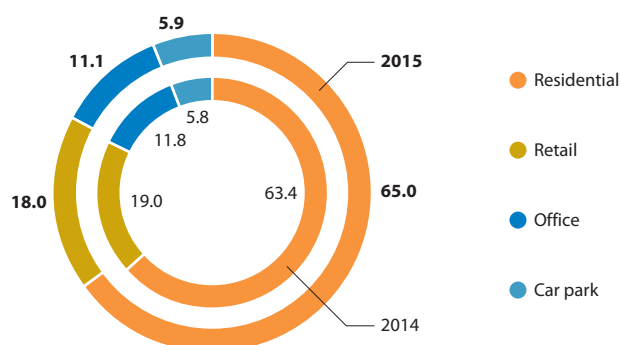
Rental income continued to grow with good rental reversion in our shopping malls.



## Distribution of Hong Kong Property Management Income

At the end of the year, the Company had 96,066 residential units and 764,018 sq.m. of commercial and office space under management in Hong Kong.

(Percentage)



collaborated with Pegasus Motion Pictures Limited to create the Ip Man Experience Hall at Ngong Ping Village.

Ngong Ping 360 garnered numerous awards during the year. It was named one of the "10 of the World's Most Amazing Cable Car Experiences" by CNN.com USA in February 2015 and selected by the Hong Kong Q-Mark Council on 27 August 2015 as a top three Q-Mark New Elite Brand under the "Q-Mark Elite Award 2015".

### Octopus

The Company's share of Octopus' net profit for 2015 increased by 4.0% to HK\$235 million. By the end of the year, more than 7,000 service providers in Hong Kong were accepting Octopus for payment. Total Octopus cards and other stored-value Octopus products in circulation during the year reached 30.5 million, while average daily transaction volumes and value reached 13.7 million and HK\$165.3 million respectively.

## Consultancy Business

We continue to leverage our experience as one of the world's leading railway operators to offer consultancy services to clients in Hong Kong and overseas. Revenue from the consultancy business in 2015 was HK\$189 million, 5.0% higher than in 2014.

## Project Management

Income from project management services to Government is predominately for entrustment works on the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("Express Rail Link") and Shatin to Central Link. Such income increased by 11.2% in 2015 to HK\$1,736 million. Income from the entrustment works is currently booked on a cost recovery basis.



# Executive Management's Report

## Hong Kong Property and Other Businesses



The Austin and Grand Austin were completed

### West Rail Line Property Development Plan

The Company acts as development agent for the West Rail property projects.

Station/Site	Site Area (hectares)	Actual/Expected tender award date	Actual/Expected completion date
<b>Property Development Packages awarded</b>			
Tuen Mun	2.65	Aug 2006	By phases from 2012 – 2014
Tsuen Wan West (TW7)	2.37	Sep 2008	2014
Nam Cheong	6.18	Oct 2011	By phases from 2017 – 2019
Tsuen Wan West (TW5) Cityside	1.34	Jan 2012	2018
Tsuen Wan West (TW5) Bayside	4.29	Aug 2012	2018
Long Ping (North)	0.99	Oct 2012	2018
Tsuen Wan West (TW6)	1.38	Jan 2013	2018
Long Ping (South)	0.84	Jun 2013	2019
Yuen Long	3.91	Aug 2015	2022
	<b>23.95</b>		
<b>Property Development Packages to be awarded</b>			
Kam Sheung Road	About 9.37	Under review	Under review
Pat Heung Maintenance Centre	About 23.56	Under review	Under review
	<b>32.93</b>		
<b>Total</b>	<b>56.88</b>		

## Property Development Packages Completed during the year and Awarded

Location	Developers	Type	Gross floor area (sq. m.)	Tender award date	Expected completion date
<b>LOHAS Park Station</b>					
Package Four	Sun Hung Kai Properties Limited	Residential	122,302	Awarded in April 2014	2020
Package Five	Wheelock and Company Limited	Residential	102,336	Awarded in November 2014	2020
Package Six	Nan Fung Group Holdings Limited	Residential	136,970	Awarded in January 2015	2021
Package Seven	Wheelock and Company Limited	Residential Retail Kindergarten	70,260 44,500 1,160	Awarded in June 2015	2022
Package Eight	Cheung Kong Property Holdings Limited	Residential	97,000	Awarded in October 2015	2021
Package Nine	Wheelock and Company Limited	Residential Kindergarten	104,110 810	Awarded in December 2015	2022
Package Ten	Nan Fung Group Holdings Limited	Residential	75,400	Awarded in March 2016	2022
<b>Tai Wai Station</b>					
Tai Wai	New World Development Company Limited	Residential Retail	190,480 60,620*	Awarded in October 2014	2022
<b>Tin Wing Stop</b>					
Tin Wing	Sun Hung Kai Properties Limited	Residential Retail	91,051 205	Awarded in February 2015	2021
<b>Nam Cheong Station<sup>#</sup></b>					
Nam Cheong	Sun Hung Kai Properties Limited	Residential Retail Kindergarten	214,700 26,660 1,000	Awarded in October 2011	By phases from 2017 – 2019
<b>Long Ping Station<sup>#</sup></b>					
Long Ping (North)	K. Wah International Holdings Limited and Sino Land Company Limited	Residential	48,675	Awarded in October 2012	2018
Long Ping (South)	Chinachem Group	Residential	41,990	Awarded in June 2013	2019
<b>Tsuen Wan West Station<sup>#</sup></b>					
TW5 Cityside	Chinachem Group	Residential Retail	66,114 11,210	Awarded in January 2012	2018
TW5 Bayside	Cheung Kong Property Holdings Limited	Residential Retail Kindergarten	167,100 40,000 550	Awarded in August 2012	2018
TW6	New World Development Co. Ltd. and Vanke Property (Overseas) Limited	Residential	62,711	Awarded in January 2013	2018
<b>Yuen Long Station<sup>#</sup></b>					
Yuen Long	Sun Hung Kai Properties Limited	Residential Retail	126,455 11,535 <sup>^</sup>	Awarded in August 2015	2022

<sup>#</sup> as a development agent for the relevant subsidiaries of KCRC

\* excluding a bicycle park with cycle track

<sup>^</sup> including a 24-hour pedestrian walkway and a covered landscape plaza

## Property Development Packages to be Awarded <sup>Notes 1 and 2</sup>

Location	Type	Gross floor area (sq. m.)	Period of package tenders	Expected completion date
LOHAS Park Station	Residential	About 320,000		
Wong Chuk Hang Station	Residential Retail	357,500 47,000	2016 – 2020	2020 – 2025
Ho Man Tin Station	Residential	128,400		

Notes:

1 Property development packages for which we are acting as development agent for the relevant subsidiaries of KCRC are not included.

2 These property development packages are subject to review in accordance with planning approval, land grant conditions and completion of statutory processes.



# Executive Management's Report

## Hong Kong Property and Other Businesses

### Investment Property Portfolio in Hong Kong (as at 31 December 2015)

Location	Type	Lettable floor area (sq. m.)	No. of parking spaces	Company's ownership interest
Telford Plaza I, Kowloon Bay, Kowloon	Shopping centre	39,305	–	100%
	Car park	–	993	100%
Telford Plaza II, Kowloon Bay, Kowloon	Shopping centre	19,328	–	50%
	Car park	–	136	50%
Luk Yeung Galleria, Tsuen Wan, New Territories	Shopping centre	11,107	–	100%
	Car park	–	651	100%
Paradise Mall, Heng Fa Chuen, Hong Kong	Shopping centre	18,050	–	100%
	Wet market	1,216	–	100%
	Car park	–	415	100%
Maritime Square, Tsing Yi	Shopping centre	29,161	–	100%
	Kindergarten	920	–	100%
	Car park	–	220	100%
	Motorcycle park	–	50	100%
The Lane, Hang Hau	Shopping centre	2,629	–	100%
	Car park	–	16	100%
	Motorcycle park	–	1	100%
PopCorn 2, Tseung Kwan O	Shopping centre	8,451	–	70%
	Car park	–	50	70%
PopCorn 1, Tseung Kwan O	Shopping centre	12,173	–	50%
	Car park	–	115	50%
	Motorcycle park	–	16	50%
G/F, No. 308 Nathan Road, Kowloon	Shop unit	70	–	100%
G/F, No. 783 Nathan Road, Kowloon	Shop unit	36	–	100%
New Kwai Fong Gardens, Kwai Chung, New Territories	Kindergarten	540	–	100%
	Car park	–	126	100%
International Finance Centre (ifc), Central, Hong Kong	– Two ifc	39,410	–	100%
	– One and Two ifc	–	1,308	51%
Phase I, Carpark Building, Kornhill, Quarry Bay, Hong Kong	Car park	–	292	100%
Roof Advertising Signboard, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Advertising signboard	–	–	100%
Ten Shop Units, First Floor Podium, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Shop unit	286	–	50%
Olympian City One, Tai Kok Tsui, Kowloon	Indoor sports hall	13,219	–	100%
Olympian City Two, Tai Kok Tsui, Kowloon	Shop unit	1,252	–	100%
Choi Hung Park & Ride Public Car Park, No. 8 Clear Water Bay Road, Choi Hung, Kowloon	Car park	–	54	100%
	Motorcycle park	–	10	100%
	Park & ride	–	450	100%
Elements, No. 1 Austin Road West, Kowloon	Shopping centre	45,800	–	81%
	Car park	–	898	81%
Cross Border Coach Terminus, No. 1 Austin Road West, Kowloon	Coach terminus	5,113	–	100%
Kindergarten, No. 1 Austin Road West, Kowloon	Kindergarten	1,045	–	81%
Plaza Ascot, Fo Tan	Shopping centre	7,720	–	100%
Royal Ascot, Fo Tan	Residential	2,784	–	100%
	Car park	–	20	100%
Ocean Walk, Tuen Mun	Shopping centre	6,083	–	100%
	Car park	–	32	100%
Sun Tuen Mun Shopping Centre, Tuen Mun	Shopping centre	9,022	–	100%
	Car park	–	421	100%
Hanford Plaza, Tuen Mun	Shopping centre	1,924	–	100%
	Car park	–	22	100%
Retail Floor and 1-6/F, Citylink Plaza, Shatin	Shopping centre	12,054	–	100%
Portion of G/F and portion of 1/F, MTR Hung Hom Building, Hung Hom	Office	1,596	–	100%
The Capitol, LOHAS Park	Shop unit	391	–	100%
	Residential care home for the elderly	2,571	–	100%
Le Prestige, LOHAS Park	Kindergarten	800	2	100%
The Riverpark, Che Kung Temple	Shop unit	154	–	100%
	Kindergarten	708	–	100%

## Investment Property Portfolio in Hong Kong (as at 31 December 2015) (continued)

All Properties are held by the Company and its subsidiaries under Government Leases for over 50 years except for:

- Telford Plaza I and II, Luk Yeung Galleria, Maritime Square, New Kwai Fong Gardens, IFC, Olympian City, Elements, Cross Border Coach Terminus and Kindergarten at No. 1 Austin Road West, Plaza Ascot, Royal Ascot, Ocean Walk, Sun Tuen Mun Shopping Centre and Hanford Plaza where the Government Leases expire on 30 June 2047
- Choi Hung Park & Ride where the Government Lease expires on 11 November 2051
- The Lane where the Government Lease expires on 21 October 2052
- PopCorn 2 where the Government Lease expires on 27 March 2052
- LOHAS Park where the Government Lease expires on 16 May 2052
- Citylink Plaza and MTR Hung Hom Building where the Government Leases expire on 1 December 2057
- The Shop units and Kindergarten of The Riverpark, Che Kung Temple where the Government Lease expires on 21 July 2058

## Properties held for sale (as at 31 December 2015)

Location	Type	Gross floor area (sq.m.)	No. of parking spaces	Company's ownership interest
Olympian City One, No. 11 Hoi Fai Road, Kowloon	Shopping centre	6,026*	–	40%
	Car park	–	330	40%
Bank of China Centre, No. 11 Hoi Fai Road, Kowloon	Car park	–	117	40%
The Arch, No. 1 Austin Road West, Kowloon	Residential	548**	–	38.5%
	Car park	–	12	38.5%
Residence Oasis, No. 15 Pui Shing Road, Hang Hau, Tseung Kwan O	Motorcycle park	–	18	71%
The Grandiose, No. 9 Tong Chun Street, Tseung Kwan O	Motorcycle park	–	24	70%
Harbour Green, No. 8 Sham Mong Road, Kowloon	Car park	–	24	35%
	Kindergarten	1,299	–	50%
The Palazzo, No. 28 Lok King Street, Shatin	Residential	1,022**	–	55%
	Retail	2,000	–	55%
	Car park	–	15	55%
	Motorcycle park	–	5	55%
Lake Silver, No. 599 Sai Sha Road, Shatin	Residential	1,674**	–	92.88%
	Retail	3,000	–	92.88%
	Kindergarten	1,000	–	92.88%
	Car park	–	51	92.88%
Festival City, No. 1 Mei Tin Road, Shatin	Car park	–	231	100%
Le Prestige, LOHAS Park, Tseung Kwan O	Car park	–	25	52.93%
Hemera, LOHAS Park, Tseung Kwan O	Car park	–	330	73.10%
The Riverpark, No. 8 Che Kung Miu Road, Shatin	Residential	1,696***	–	87%
	Car park	–	21	87%
Grand Austin, 9 Austin Road West, Kowloon	Car park	–	7	67.5%

\* Lettable floor area

\*\* Brochure gross floor area as per previously issued marketing brochures

\*\*\* Saleable area

## Managed properties in Hong Kong (as at 31 December 2015)

Number of managed residential flats	96,066 units
Area of managed commercial and office space	764,018 sq.m.