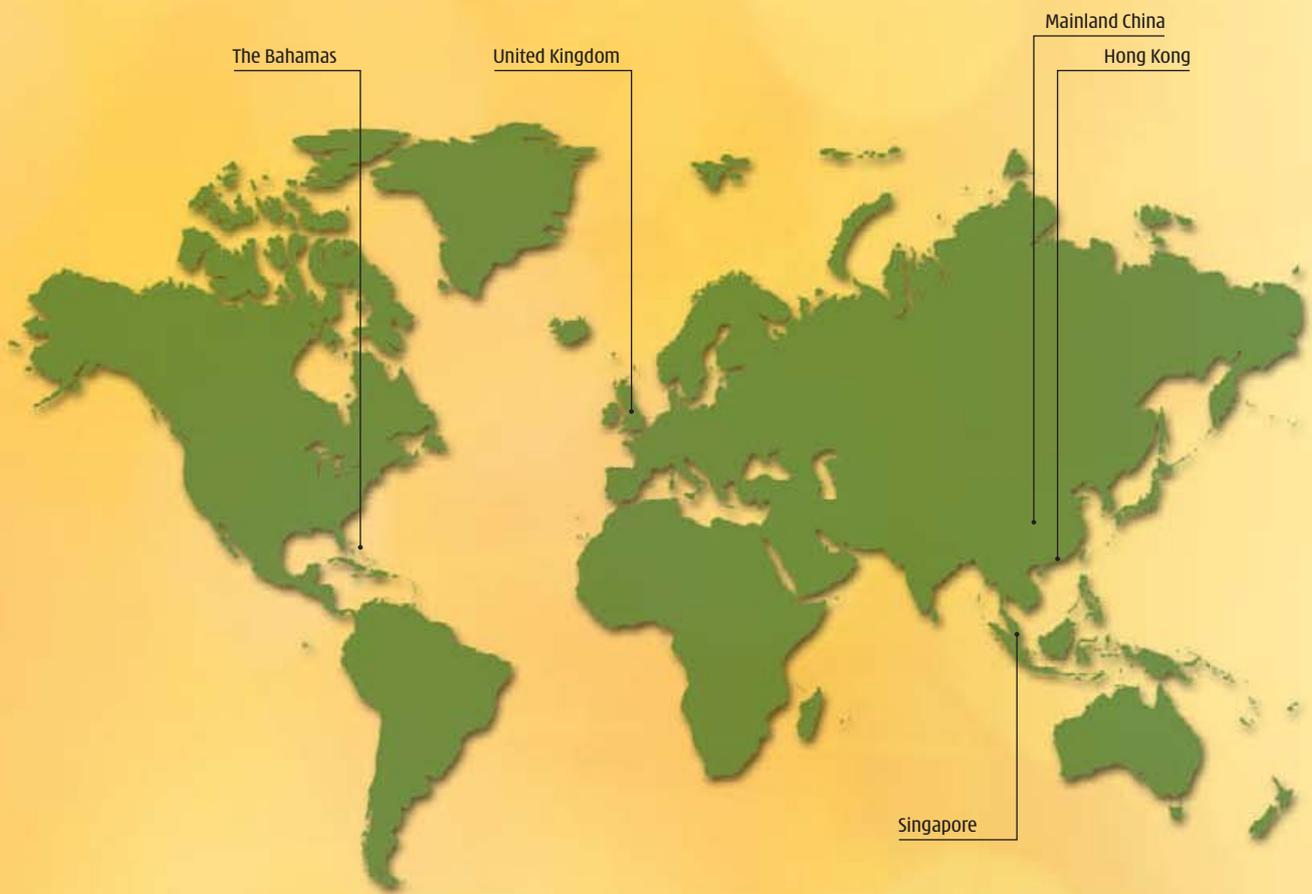


Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 13.8 million square feet of office, commercial, industrial and residential premises, development of mainly residential projects in the Mainland and overseas, and ownership interests in a portfolio of 12 premium quality hotels.



Regency Park, a large-scale low-density luxurious residential development in Shenzhen, Mainland China.



- Total revenue increased 7% to HK\$17,226 million.
- EBITDA improved 7% to HK\$9,903 million.
- EBIT improved 8% to HK\$9,517 million.
- The hotels division recorded an increase in total revenue, EBITDA and EBIT of 12%, 42% and 83% respectively compared to 2010.

Operations Review – Property and Hotels

Group Performance

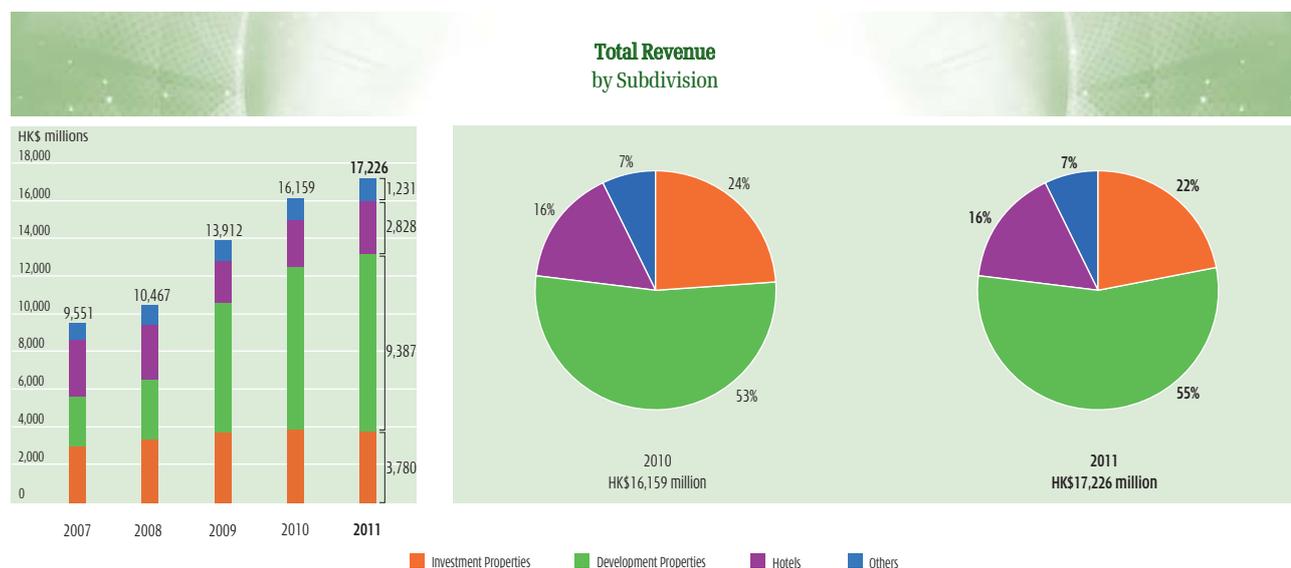
This division holds a diversified investment property portfolio of approximately 13.8 million square feet of office, commercial, industrial and residential premises, of which approximately 12.0 million square feet is located in Hong Kong. It includes interests in joint ventures for the development of high quality, mainly residential projects with an attributable interest in a landbank of approximately 99 million square feet, primarily in the Mainland. In addition, the Group has ownership interests in a portfolio of 12 premium quality hotels with an average inventory of 9,370 rooms.

	2011 HK\$ millions	2010 HK\$ millions	Change
Total revenue	17,226	16,159	+7%
EBITDA ⁽¹⁾	9,903	9,279	+7%
EBIT ⁽¹⁾	9,517	8,847	+8%

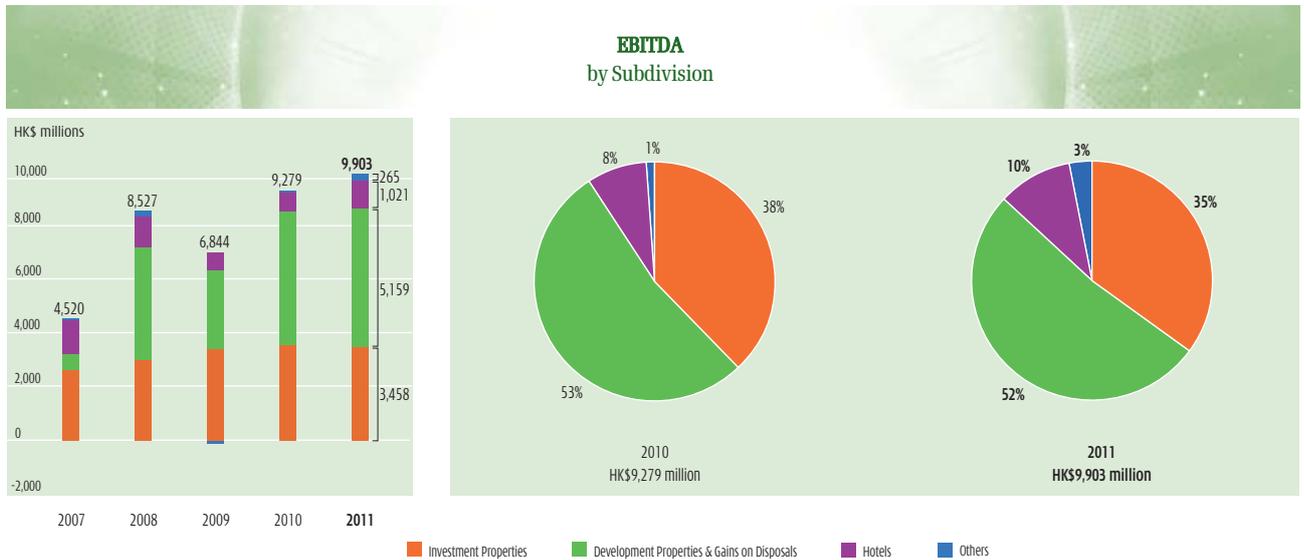
Note 1: 2010 results have been restated to reflect the Group's early adoption of HKAS 12 retrospectively (see note 1 to the accounts).

In local currencies, the division reported growth in total revenue, EBITDA⁽¹⁾ and EBIT⁽¹⁾, excluding property revaluation gains, of 4%, 2% and 2% respectively. This division contributed 4%, 12% and 18% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Sales growth was reported in all subdivisions other than Investment Properties. Although the Group's rental properties portfolio reported a solid occupancy profile and steady rental growth, reported rental income declined by 2% after the disposal of the Group's interest in Beijing Oriental Plaza to Hui Xian REIT in April 2011. Excluding the contribution from this investment property, underlying gross rental income for the Group's portfolio in Hong Kong, the Mainland and others increased by 3% overall in 2011.



EBITDA and EBIT increased 7% and 8% respectively, primarily due to the completion and sale of various residential projects in the Mainland and Hong Kong, as well as strong earnings growth in the hotel operations, partly offset by the decline in gross rental income mentioned previously.

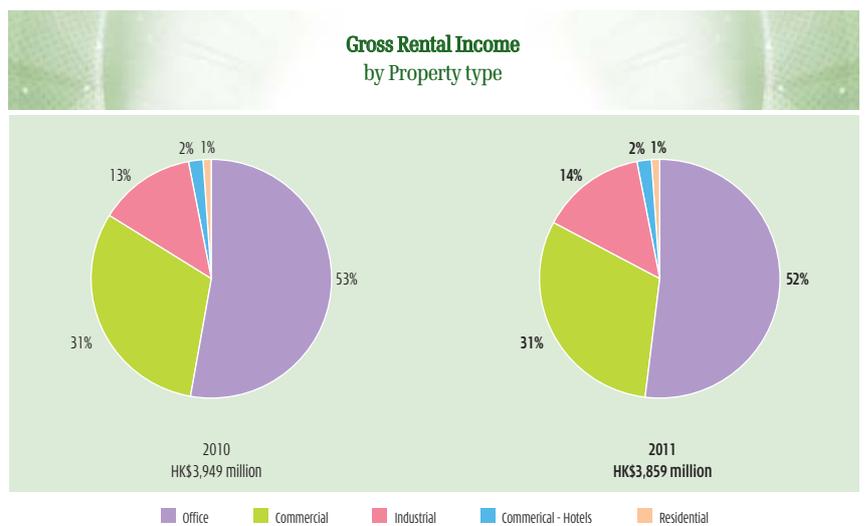
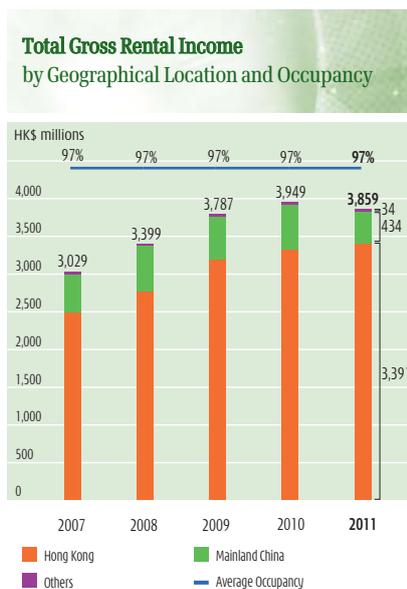


In addition to the EBITDA and EBIT above, the Group recorded an increase in fair value, after deferred tax expense and non-controlling interests, of HK\$590 million in 2011 (2010 - HK\$3,565 million) in relation to its investment properties and investment properties under construction.

Segment Performance

Investment Properties

As mentioned previously, underlying gross rental income increased by 3% after excluding the contribution from the Group's interest in Beijing Oriental Plaza. The Group's rental properties portfolio generated an 8% yield on its carrying value of approximately HK\$48,000 million, including share of property joint venture.



Operations Review – Property and Hotels

Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
(thousand sq ft)				
Cheung Kong Center	Office	1,263	100%	87%
Harbourfront Office Towers I and II	Office	863	100%	98%
Hutchison House	Office	504	100%	93%
Aon China Building	Office	259	100%	96%
Whampoa Garden	Commercial	1,714	100%	99%
Aberdeen Centre	Commercial	345	100%	100%
Hutchison Logistics Centre	Industrial	4,705	100%	100%

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.0 million square feet (2010 – 12.6 million square feet) of office (28%), commercial (20%), industrial (51%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK\$3,391 million (2010 – HK\$3,315 million), including the Group's share of associated companies' and jointly controlled entities' rental income, was 2% above last year, reflecting higher lease renewal rates in 2010 and 2011. All of the Group's premises remain substantially let.

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
(thousand sq ft)					
Metropolitan Plaza	Chongqing	Office & Commercial	1,512	50%	100%
Westgate Mall & Tower	Shanghai	Office & Commercial	1,099	30%	100%

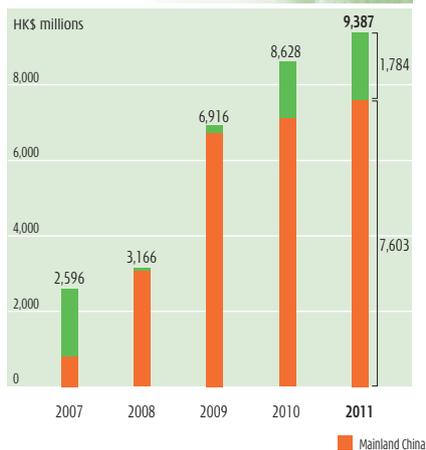
The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 3.9 million square feet, of which the Group's share is 1.8 million square feet (2010 – 2.3 million square feet). The Group's share of gross rental income of HK\$468 million (2010 – HK\$634 million) was 26% below last year, mainly due to the disposal of the Group's interest in an investment property in Beijing. Excluding the contribution from this investment property in both years, underlying gross rental income increased by 6% in 2011 due to the continuing trend of increasing rental renewal rates.

Property Development and Sales

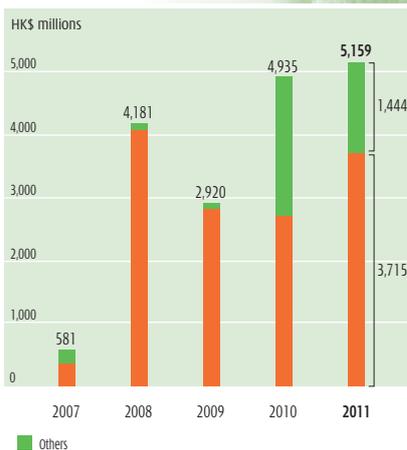
During the year, profits were recorded primarily from the sale of units in joint-venture residential development projects in the Mainland and Hong Kong. The Group's attributable share of gross floor area completed and sold amounted to 0.3 million square feet in Hong Kong and over 5.4 million square feet in the Mainland, being increases of 618% and 20% respectively compared to 2010. Development sales grew by 9% in 2011, reflecting the increased volume of sales and completion activities.

The Group also replenished its landbank in the Mainland during the year by entering into joint ventures to develop mainly residential properties of approximately 11.9 million square feet, of which the Group's share is 5.9 million square feet. Including these recent additions, the Group's current attributable landbank (including interests held directly and its share of interests held by joint ventures, associates and jointly controlled entities) is approximately 99 million square feet, of which 97% is in the Mainland (representing an average land cost of RMB208 per square foot), 2% in the UK and 1% in Singapore and Hong Kong. This landbank comprises 50 projects in 24 cities and is planned to be developed in a phased manner over several years. In 2012, the division will continue to focus on the orderly development and sale of its existing landbank projects in the Mainland, Hong Kong, Singapore and the UK markets. The Group expects to complete an attributable share of gross floor area of approximately 13.2 million square feet of residential and commercial properties during 2012 in Hong Kong, Singapore and 13 cities in the Mainland.

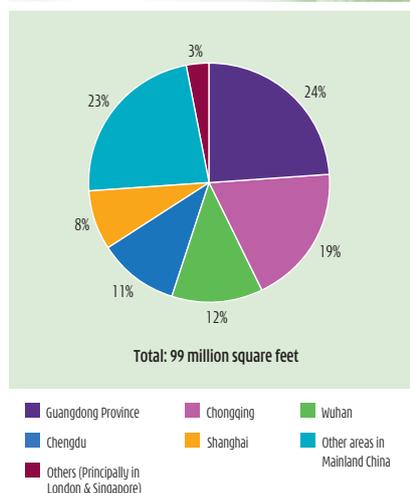
Development Sales (Total Revenue)
by Geographical Split



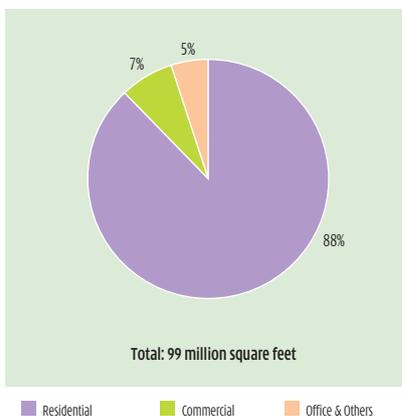
Development Profit and Gains on Disposals (EBITDA)
by Geographical Split



Gross Floor Area of Development Projects
by Geographical Location



Gross Floor Area of Development Projects
by Property Types



Operations Review – Property and Hotels

Hong Kong

Major property completed in Hong Kong

During the year, the following project was completed.

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)				
Uptown	The Remaining Portion of Lot No. 2064 in D.D. 121 Hung Shui Kiu, Yuen Long	Residential	537	50%

Over 90% of the residential units in Uptown, Yuen Long, have been sold since the project launched in 2011. The remaining units in Caribbean Coast residential development in Tung Chung were also sold during the year. The Group's share of revenue for development sales of associated companies and jointly controlled entities increased by 257% to HK\$1,763 million with the Group's corresponding share of gross floor area completed and sold amounting to 0.3 million square feet.

Major property under development in Hong Kong for rental

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
(thousand sq ft)					
28 Barker Road	The Peak	Residential	29	100%	2012

This high-end, low-density property development is located on The Peak, one of the most prestigious addresses in Hong Kong, and the luxury residential units will be available for leasing upon completion during the fourth quarter of 2012.

The Mainland

Major properties completed in the Mainland

During 2011, an attributable share of approximately 8.0 million square feet in residential and commercial properties were completed in the Mainland as detailed in the table below.

Developments completed during 2011

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)				
Le Parc Phases 2B, 3A & 3B	Chengdu High-Tech Zone, Chengdu	Residential & Commercial	3,675	50%
The Greenwich Phases 2A & 3B	Xian Hi-Tech Industries Development Zone, Xian	Residential & Commercial	2,628	50%
The Riverside and Metropolitan Plaza Phases 1 & 3	Huangsha, Guangzhou	Residential & Commercial	1,769	50%
Regency Residence Phases 1, 2A(2) & 2B	Nanguan District, Changchun	Residential	1,548	50%
Regency Oasis Phases 1A & 1B	Wenjiang District, Chengdu	Residential & Commercial	1,324	50%
Regency Park Phases 2A, 2B & 2D	Jingyue Economic Development Zone, Changchun	Residential	1,002	50%
The Greenwich Phase 1C	Yao Jia Yuan Dong Li, Chaoyang District, Beijing	Residential	958	50%
Noble Hills Phase 2A	Douxu, Chongqing	Residential	947	50%
Noble Hills Phase 2	Wangcheng County, Changsha	Residential	782	50%

Major properties completed in the Mainland (continued)

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Economic Net Interest
The Metropolitan Tianjin Phase 2	Yingkoudao, Heping District, Tianjin	Residential	678	40%
Le Sommet Phase 3	Longgang District, Shenzhen	Residential	527	50%
Regency Cove Phase 2	Maqiao Town, Minhang District, Shanghai	Residential	283	42.5%
Regency Park Phase 2B	Huamu Road, Pudong New District, Shanghai	Residential & Commercial	110	50%

All of these development projects have generated profits to the Group. The Group's share of revenue from development sales, net of business tax, of associated companies and jointly controlled entities increased by 7% to HK\$7,599 million in 2011, with the Group's corresponding share of gross floor area sold increasing by 20% to over 5.4 million square feet in the same period as compared to 2010. However, the Group's share of contracted sales revenue, net of business tax, of associated companies and jointly controlled entities decreased by 22% to HK\$5,981 million in 2011, with the Group's corresponding share of gross floor area reducing by 27% to 3.4 million square feet compared to 2010, mainly due to the continued implementation of Government economic policies aimed at preventing residential property price inflation.



Cape Coral, the residential and commercial properties in Chongqing, Sichuan Province.

Operations Review – Property and Hotels

Major properties under development in the Mainland

The following table summarises the projects scheduled to be completed in 2012.

Name		Location	Property Type	Total Gross Floor Area (thousand sq ft)	Economic Net Interest
The Greenwich	Phases 2A, 2B & 3A	Xian Hi-Tech Industries Development Zone, Xian	Residential & Commercial	3,014	50%
Laguna Verona	Phases D1 and G1a	Hwang Gang Lake, Dongguan	Residential & Commercial	2,583	49.9%
Le Parc	Phases 4A & 6A	Chengdu High-Tech Zone, Chengdu	Residential & Commercial	2,490	50%
Regency Oasis	Phases 1B & 2	Wenjiang District, Chengdu	Residential	2,340	50%
The Harbourfront	Phase 1	Shibei District, Qingdao	Residential & Commercial	2,278	45%
The Metropolitan Tianjin	Phases 1 & 2	Yingkoudao, Heping District, Tianjin	Residential & Commercial	2,127	40%
Century Place	Phases 1 & 2	Futian District, Shenzhen	Residential & Commercial	1,933	40%
Noble Hills	-	Baoan District, Shenzhen	Residential & Commercial	1,583	50%
Cape Coral	Phase 2	Nanan District, Chongqing	Residential & Commercial	1,579	47.5%
Zengcheng	Phase 1	Zengcheng, Guangzhou	Residential & Commercial	1,189	50%
Regency Cove	Phase 1	Caidian District, Wuhan	Residential	962	50%
Noble Hills	Phase 3	Wangcheng County, Changsha	Residential	932	50%
Cape Coral	Phase 3A	Panyu District, Guangzhou	Residential	905	50%
The Metropolis	Phase 2A	Huang Pu District, Guangzhou	Commercial	674	30%
Le Sommet	Phases 1B, 2 & 4A	Longgang District, Shenzhen	Residential	644	50%
Regency Park	Phases 1, 2 & 3A	Tianning District, Changzhou	Residential	509	50%
Yuhu Mingdi	Phase 1	Luogang District, Guangzhou	Residential & Commercial	473	40%
Noble Hills	Phase 2B	Douxu, Chongqing	Residential	354	50%
Regency Garden	Phase 1	Pudong New District, Shanghai	Residential	350	42.5%
Regency Park	Phase 2C	Jingyue Economic Development Zone, Changchun	Residential	190	50%
Putuo	Phase 1A	Putuo District, Shanghai	Commercial	155	30%
Regency Residence	Phases 1 & 2B	Nanguan District, Changchun	Residential & Commercial	123	50%

Overseas

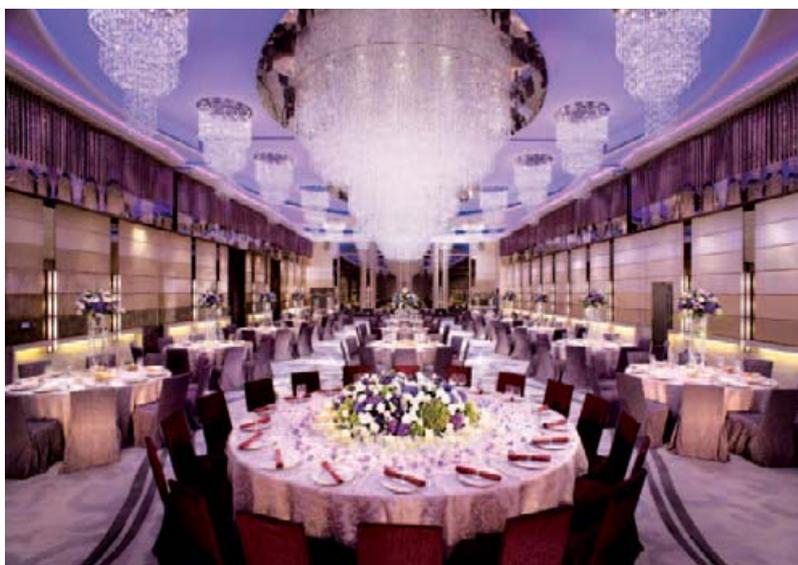
Major overseas property under development

The following project is scheduled to be completed in 2012.

Name	Location	Property Type	Total Gross Floor Area (thousand sq ft)	Economic Net Interest
Marina Bay Phase 2	Singapore	Commercial	1,634	17%

Hotels

The Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas, of which seven are managed through its 50% owned hotel management joint venture. In 2011, the hotels division recorded an increase in total revenue of 12% to HK\$2,828 million. EBITDA and EBIT increased by 42% and 83% to HK\$1,021 million and HK\$733 million respectively compared to 2010, primarily due to higher occupancy and average room rates in most hotels, as well as an improvement in the results from operations in the Bahamas.



The 6,200-square-foot, Swarovski-chandelier-adorned Grand Ballroom, which can accommodate up to 700 guests in theatre-style setting, is the crown jewel of Harbour Grand Hong Kong.

