



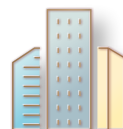
HONG KONG PROPERTY BUSINESSES



14 Projects to Supply
Approximately
14,000
Residential Units to the Market



16
Shopping Malls in
Our Portfolio



Managing Over
121,000
Residential Units

AIM

Through its property business, MTR seeks to develop, manage and rent quality residential and commercial projects along its railway network, creating thriving, integrated communities while generating revenue and shareholder value.

CHALLENGES

Property Rental

Negative rental reversions continued as the economy, retail environment and tourism remained in the recovery stage following the pandemic.

Property Management

Our property management services continued to face challenges related to statutory changes in licensing, safety and maintenance.

Property Development

An uncertain economic outlook and high interest rates affected market sentiment during the year under review.

OUTLOOK

Following the lifting of anti-pandemic measures and the reopenings of international travel and cross-boundary links, mall traffic and retail spending are still gradually recovering. To drive footfall, we will continue to launch tactical marketing promotions as well as digital campaigns via our MTR Mobile app and MTR Points loyalty programme. We will also keep assessing our tenant profile to ensure it meets the expectations of consumers.

For property tendering, we are closely monitoring market conditions and reviewing our programme for the tendering of property development projects as appropriate. In the next 12 months or so, we expect to re-tender Tung Chung East Station Package 1 while the Oyster Bay project is undergoing advance works, and we continue to target intake of the first batch of residents in 2030. Applications for pre-sale consent are underway for LOHAS Park Package 13 and the Yau Tong Ventilation Building. Subject to the progress of construction and sales, we expect to book property development profit from La Montagne (THE SOUTHSIDE Package 4), THE SOUTHSIDE Package 5, Ho Man Tin Station Package 1 and IN ONE (Ho Man Tin Station Package 2), and to continue booking profit from Villa Garda (LOHAS Park Package 11) in 2024.

STRATEGIES

Property Rental

MTR continued to design marketing and promotional campaigns aimed at driving mall traffic and encouraging spending. The Company reviewed its retail mix throughout the year to ensure that its portfolio was on-trend and in line with customer demand.

Property Management

We strove to maintain world-class property management standards, implemented a host of green initiatives to meet the Company's environmental and sustainability objectives, and continually assessed our operational efficiency for prudent cost management.

Property Development

We continued our efforts to drive unit sales and seek new development opportunities along MTR's existing and future railway lines. We also continued to prioritise the delivery of quality projects, both on time and within budget.



PROPERTY RENTAL

In 2023, property rental revenue increased by 6.0% year on year to HK\$4,795 million. This was primarily due to having lower amortisation of rental concessions charged to the statement of profit or loss as well as additional contributions following the opening of our two new shopping malls, The Wai in July 2023 and THE SOUTHSIDE in December 2023. Revenue gains were partially offset by negative rental reversions.

For the year, MTR shopping malls recorded a rental reversion of -8.4%, and the average occupancy rate was 99%. The average occupancy rate for the Company's 18 floors in Two International Finance Centre was 96%.

As at 31 December 2023, the lease expiry profile of our shopping malls by area occupied was such that approximately 30% will expire in 2024, 22% in 2025, 31% in 2026, and 17% in 2027 and beyond.

In terms of trade mix, as at 31 December 2023, food and beverage accounted for approximately 30% of the leased area of our shopping malls, followed by services at 21%, fashion, beauty and accessories at 21%, leisure and entertainment at 19%, and department stores and supermarkets at 9%.

As at year-end, the Company's attributable share of investment properties in Hong Kong was 316,342 square metres of lettable floor area for retail properties, 39,451 square metres of lettable floor area for offices and 19,206 square metres of property for other use.

To drive traffic to MTR Malls and help tenants' businesses recover after the pandemic, we held a number of promotional events, campaigns and tactical marketing initiatives throughout the year. These included the "Happy Music Festival", a series of music performances and themed events designed to support Government's "Happy Hong Kong" campaign; the "Happy Together" Click & Grab Coupon campaign, where we gave away shopping vouchers worth a total of more than HK\$20 million; and an MTR Mobile "instant win" lucky draw promotion in June and July that included vouchers for MTR Malls as prizes. We also continued to launch promotional campaigns in partnership with tenants while promoting our popular MTR Points loyalty programme.

In July 2023, we held the soft opening of our new shopping mall The Wai. Located at Tai Wai Station, The Wai hosts approximately 150 merchants providing dining, entertainment and other services for the community. The Wai also offers more than 50,000 square feet of outdoor green recreational space, the largest indoor bicycle parking lot in Hong Kong and art displays.

Investment Property Portfolio in Hong Kong (as at 31 December 2023)

Location	Type	Lettable floor area (sq. m)	No. of parking spaces	Company's economic interest
Telford Plaza I, Kowloon Bay, Kowloon	Shopping Centre	39,331	–	100%
	Car Park	–	993	100%
Telford Plaza II 7 – 8/F, Kowloon Bay, Kowloon	Shopping Centre	2,397	–	100%
Telford Plaza II 3 – 6/F, Kowloon Bay, Kowloon	Shopping Centre	18,253	–	100%
	Car Park	–	136	100%
Luk Yeung Galleria, Tsuen Wan, New Territories	Shopping Centre	11,143	–	100%
	Car Park	–	651	100%
Paradise Mall, Heng Fa Chuen, Hong Kong	Shopping Centre	15,484	–	100%
	Wet Market	1,216	–	100%
	Kindergarten	2,497	–	100%
	Car Park	–	415	100%
Maritime Square 1, Tsing Yi	Shopping Centre	28,597	–	100%
	Kindergarten	920	–	100%
	Car Park	–	220	100%
	Motorcycle Park	–	50	100%
Maritime Square 2, Tsing Yi	Shopping Centre	6,448	–	100%
	Car Park	–	65	100%
	Motorcycle Park	–	21	100%
	Motorcycle Park	–	1	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	8,456	–	100%
	Car Park	–	50	100%
PopCorn 1, Tseung Kwan O	Shopping Centre	12,174	–	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	Office	39,451	–	100%
	Car Park	–	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	13,512	–	100%
Olympian City Two, Tai Kok Tsui, Kowloon	Shop Unit	1,096	–	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	45,510	–	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%
	Car Park	–	67	100%
Royal Ascot, Fo Tan	Residential	2,356	–	100%
	Car Park	–	20	100%
Ocean Walk, Tuen Mun	Shopping Centre	6,192	–	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	12,154	–	100%
The Capitol, LOHAS Park, Tseung Kwan O	Shop Unit	391	–	100%
	Residential Care Home for the Elderly	2,571	–	100%

BUSINESS REVIEW

HONG KONG PROPERTY BUSINESSES

Investment Property Portfolio in Hong Kong (as at 31 December 2023) (continued)

Location	Type	Lettable floor area (sq. m)	No. of parking spaces	Company's economic interest
Le Prestige, LOHAS Park, Tseung Kwan O	Kindergarten	800	–	100%
	Car Park	–	2	100%
The Riverpark, No. 8 Che Kung Miu Road, Shatin	Shop Unit	154	–	100%
	Kindergarten	708	–	100%
	Car Park	–	5	100%
Hemera, LOHAS Park, Tseung Kwan O	Kindergarten	985	–	100%
The LOHAS, Tseung Kwan O	Shopping Centre	27,804	–	100%
	Kindergarten	1,141	–	100%
	Car Park	–	333	100%
	Motorcycle Park	–	33	100%
MONTARA, LOHAS Park, Tseung Kwan O	Car Park	–	162	100%
SEA TO SKY, LOHAS Park, Tseung Kwan O	Car Park	–	52	100%
MARINI, LOHAS Park, Tseung Kwan O	Kindergarten	729	–	100%
	Car Park	–	103	100%
The Wai, No. 18 Che Kung Miu Road, Shatin	Shopping Centre	33,325	–	100%
	Car Park	–	390	100%
	Motorcycle Park	–	39	100%
THE SOUTHSIDE, Wong Chuk Hang	Shopping Centre	25,944	–	100%
	Car Park	–	235	100%
	Motorcycle Park	–	12	100%

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 1 and 2, New Kwai Fong Gardens, ifc, Olympian City, Elements, the 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 15 May 2052
- Citylink Plaza where the Government Lease expires on 1 December 2057
- The Shop Units and Kindergarten of The Riverpark where the Government Lease expires on 21 July 2058

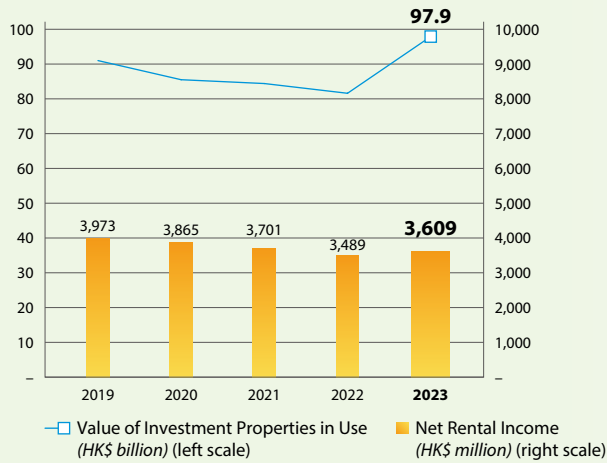
Properties Held for Sale (as at 31 December 2023)

Location	Type	Gross floor area (sq. m.)	No. of parking spaces	Company's economic 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	420**	–	1%
	Car Park	–	12	1%
Harbour Green, No. 8 Sham Mong Road, Kowloon	Kindergarten	1,299	–	50%
Residence Oasis, No. 15 Pui Shing Road, Hang Hau, Tseung Kwan O	Motorcycle Park	–	4	71%
The Grandiose, No. 9 Tong Chun Street, Tseung Kwan O	Motorcycle Park	–	24	70%
Wings at Sea and Wings at Sea II, LOHAS Park, Tseung Kwan O	Residential	700**	–	20.1%
	Car Park	–	95	20.1%
MALIBU, LOHAS Park, Tseung Kwan O	Residential	–	–	47%
	Car Park	–	27	47%
LP6, LOHAS Park, Tseung Kwan O	Residential	–	–	63.3%
	Car Park	–	180	63.3%
	Motorcycle Park	–	–	63.3%
MARINI, GRAND MARINI and OCEAN MARINI, LOHAS Park, Tseung Kwan O	Residential	150**	–	38%
LP10, LOHAS Park, Tseung Kwan O	Residential	12,519**	–	20%
	Car Park	–	84	20%
	Motorcycle Park	–	–	20%
The Palazzo, No. 28 Lok King Street, Shatin	Retail	2,000	–	55%
	Car Park	–	9	55%
	Motorcycle Park	–	5	55%
Festival City, No. 1 Mei Tin Road, Shatin	Car Park	–	69	100%
Lake Silver, No. 599 Sai Sha Road, Shatin	Car Park	–	2	92.88%
The Riverpark, No. 8 Che Kung Miu Road, Shatin	Car Park	–	2	87%
THE PAVILIA FARM I, No. 18 Che Kung Miu Road, Shatin	Residential	925**	–	68.3%
	Car Park	–	85	68.3%
	Motorcycle Park	–	15	68.3%
THE PAVILIA FARM II, No. 18 Che Kung Miu Road, Shatin	Residential	765**	–	68.3%
	Car Park	–	206	68.3%
	Motorcycle Park	–	24	68.3%

* Lettable floor area

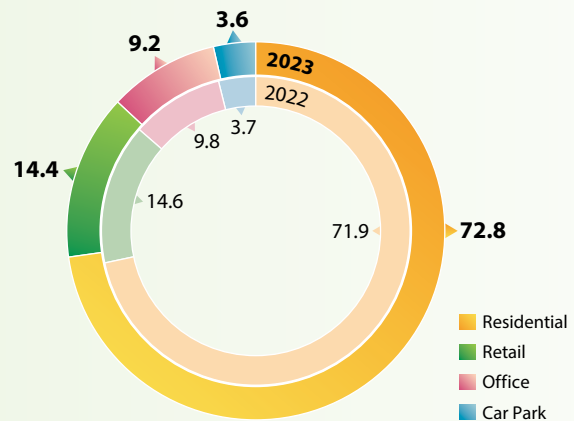
** Saleable area

Investment Properties in Hong Kong



Distribution of Hong Kong Property Management Income

(Percentage)



THE SOUTHSIDE, our new lifestyle mall at Wong Chuk Hang, held the first phase of its soft opening in December 2023. About 30 merchants, occupying approximately 20% of the mall's total floor area and concentrated on one of its five retail floors, opened during this first phase. In 2023, a fair value measurement gain of HK\$1,360 million was recognised from the initial booking of THE SOUTHSIDE shopping mall.

In 2023, we continued to introduce new initiatives and features at our commercial properties to reduce our carbon footprint, reduce waste and improve our overall performance in sustainability. Further information about our environmental efforts can be found in the Environmental & Social Responsibility of this Annual Report and our Sustainability Report 2023.

PROPERTY MANAGEMENT

Property management revenue in Hong Kong increased by 11.8% to HK\$284 million compared to 2022. As at 31 December 2023, MTR managed more than 121,000 residential units and over 920,000 square metres of office and commercial space in Hong Kong.



PROPERTY DEVELOPMENT

Hong Kong property development profit (post-tax) for 2023 was HK\$2,035 million, which was primarily derived from initial profit recognition from Villa Garda (LOHAS Park Package 11) and residual profits from various completed projects.

Pre-sales and Sales Activities

In the face of an uncertain economic outlook and the interest rate hike, the Company's property development business performed modestly in 2023.

As at 31 December 2023, SOUTHLAND (THE SOUTHSIDE Package 1) and La Marina (THE SOUTHSIDE Package 2) were 79% and 89% sold, respectively. Pre-sale activities continued for Villa Garda I, II and III (LOHAS Park Package 11), with 79%, 24% and 26% of units sold, respectively, as at 31 December 2023.

Pre-sales for IN ONE (Ho Man Tin Station Package 2) Phases IA, IB and IC were launched in May, March and April, respectively; these developments were 17%, 98% and 85% sold as at 31 December 2023. Pre-sales for La Montagne (THE SOUTHSIDE Package 4) Phase 4A



were launched in July; the development was 12% sold as at 31 December 2023. Pre-sales for YOHO WEST (Tin Wing Stop Phase 1) were launched in November, with 78% of units sold as at 31 December 2023. Pre-sale consents were obtained for LOHAS Park Package 12 (Phases 12A and 12B) in August 2023, Ho Man Tin Station Package 1 (Phases IIA and IIB) in November 2023, THE SOUTHSIDE Package 3 (Phases 3B and 3C) in December 2023 and LOHAS Park Package 12 (Phase 12C) in January 2024.

For West Rail properties, where we act as agent for relevant subsidiaries of the Kowloon-Canton Railway

Corporation, sales activities continued for the Cullinan West Development (Nam Cheong Station). As at 31 December 2023, The YOHO Hub Phase 1 (Yuen Long Station) was 43% sold; pre-sale consent has also been obtained for Phase 2. Pre-sales for GRAND MAYFAIR I and II (Kam Sheung Road Station Package 1) continued, with 99% and 82% of units sold as at 31 December 2023, respectively; meanwhile, pre-sale consent has also been obtained for GRAND MAYFAIR III.

Property Tendering

We received no tender submissions for Tung Chung East Station Package 1 in November 2023. For Oyster Bay Package 1, we decided not to accept any of the three tender submissions received in February 2023 as none met our minimum requirements. We are closely monitoring market conditions and will review our programme for the tendering of property development projects as appropriate. Meanwhile, the Company will continue exploring development opportunities along its railway lines and tender out projects in accordance with plans.

Future Development

As at 31 December 2023, the Company had 14 residential property projects under development, which are expected to provide approximately 14,000 units to the market in the short to medium term.

Oyster Bay, adjacent to the future Oyster Bay Station, will be developed in phases and provide about 10,720 private residential units. The intake for the first batch of residents is expected in 2030 subject to the awarding of the tender, which is dependent on market conditions.

In line with our rail-plus-property business model to drive shareholder value while building and enhancing communities throughout Hong Kong, we will continue to explore the development potential of stations and associated railway facilities along our existing and future railway lines, such as the Northern Link. For the Tuen Mun South Extension, the site at Area 16 was rezoned for mixed-use development in May 2023. For Kwu Tung Station on the East Rail Line, property development sites are now going through the Government land resumption process.

The Company welcomed the Chief Executive's 2023 Policy Address and has been invited to conduct a preliminary study on re-planning and developing the land covering Hung Hom Station and the railway facility sites in the vicinity as well as the waterfront and pier facility sites to the south of Hong Kong Coliseum to unlock the area's commercial and residential development potential, create a vibrant harbourfront, and improve pedestrian connectivity. At Government's invitation, we are also studying the development potential of the land around the proposed Pak Shek Kok Station.



Property Development Packages Completed during the year and awarded

Location	Developers	Type	Gross floor area (sq. m.)	Tender award date	Expected completion date
Ho Man Tin Station					
Package 1	Great Eagle Group	Residential	69,000	December 2016	By phases in 2024
IN ONE	Chinachem Group	Residential	59,400	October 2018	By phases in 2024
LOHAS Park Station					
Villa Garda	Sino Land Company Limited, K. Wah International Holdings Limited and China Merchants Land Limited	Residential	88,858	April 2019	By phases in 2024
Package 12	Wheelock and Company Limited	Residential	89,290	February 2020	2026
Package 13	Sino Land Company Limited, Kerry Properties Limited, K. Wah International Holdings Limited and China Merchants Land Limited	Residential	143,694	October 2020	2026
Tai Wai Station					
THE PAVILIA FARM	New World Development Company Limited	Residential	190,480	October 2014	Phase I and II completed in 2022 Phase III to be confirmed
		Retail	60,620*		Completed in 2022
Tin Wing Stop					
Tin Wing	Sun Hung Kai Properties Limited	Residential Retail	91,051 205	February 2015	By phases from 2024 to 2025
Wong Chuk Hang Station (THE SOUTHSIDE)					
Package 3	CK Asset Holdings Limited	Residential Retail	92,900 47,000	August 2018	2025 Completed in 2023
La Montagne	Kerry Properties Limited, Swire Properties Limited and Sino Land Company Limited	Residential	59,300	October 2019	By phases in 2024
Package 5	New World Development Company Limited, Empire Development Hong Kong (BVI) Limited, CSI Properties Limited and Lai Sun Development Company Limited	Residential	59,100	January 2021	2026
Package 6	Wheelock Properties Limited	Residential	46,800	April 2021	2028
Yau Tong Ventilation Building					
Yau Tong Ventilation Building	Sino Land Company Limited and CSI Properties Limited	Residential	30,225	May 2018	2026
Pak Shing Kok Ventilation Building					
Pak Shing Kok Ventilation Building	New World Development Company Limited and China Merchants Land Limited	Residential	27,006	April 2022	2031
Tung Chung Traction Substation					
Tung Chung Traction Substation	Chinachem Group	Residential	87,288	July 2022	2031
Kam Sheung Road Station[#]					
GRAND MAYFAIR	Sino Land Company Limited, China Overseas Land & Investment Limited and K. Wah International Holdings Limited	Residential	114,896	May 2017	By phases from 2024 to 2025
Yuen Long Station[#]					
The YOHO Hub	Sun Hung Kai Properties Limited	Residential Retail	126,455 11,535 [^]	August 2015	By phases from 2022 to 2023

[#] as a development agent for the relevant subsidiaries of KCRC

* excluding a bicycle park with cycle track

[^] including a 24-hour pedestrian walkway and a covered landscape plaza

Property Development Packages to be Awarded⁽¹⁾

Location	Type	Gross floor area (sq. m.)	Period of package tenders	Expected completion date
Oyster Bay	Residential Retail Kindergarten	826,000 30,000 4,500	2024 – 2036	2030 – 2042
Tung Chung East Station ⁽²⁾	Mixed-use Development	628,400	2024 – 2026	2030 – 2034
Tuen Mun A16 Station ⁽²⁾	Mixed-use Development	397,700	To be confirmed	To be confirmed
Kwu Tung Station ⁽²⁾	Mixed-use Development	303,300	To be confirmed	To be confirmed

Notes:

- Property development packages for which we are acting as development agent for the relevant subsidiaries of KCRC are not included.
- These property development packages are subject to review in accordance with land grant conditions and completion of statutory processes.

West Rail 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
Property Development Packages Awarded			
Tuen Mun	2.65	August 2006	By phases from 2012 – 2014
Tsuen Wan West (TW7)	2.37	September 2008	2014
Nam Cheong	6.18	October 2011	By phases from 2017 – 2019
Long Ping (North)	0.99	October 2012	2017
Tsuen Wan West (TW5) Cityside	1.34	January 2012	2018
Tsuen Wan West (TW5) Bayside	4.29	August 2012	2018
Tsuen Wan West (TW6)	1.38	January 2013	2018
Long Ping (South)	0.84	June 2013	2019
Yuen Long	3.91	August 2015	By phases from 2022 – 2023
Kam Sheung Road Package 1	4.17	May 2017	By phases from 2024 – 2025
	28.12		
Property Development Packages to be Awarded			
Kam Sheung Road Package 2	About 5.17	2024 – 2025	2031 – 2032
Pat Heung Maintenance Centre	About 23.56	Under review	Under review
	28.73		
Total	56.85		