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SWIRE PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01972)

2022 Final Results

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FINANCIAL HIGHLIGHTS

	Note	2022 HK\$M	2021 ^(e) HK\$M Restated	Change
Results				
For the year				
Revenue		13,826	16,318	-15%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	8,706	9,532	-9%
Recurring underlying	(b)	7,176	7,143	0%
Reported		7,980	7,112	+12%
Cash generated from operations		6,332	7,028	-10%
Net cash (outflow)/inflow before financing		(3,243)	1,849	n.a.
		HK\$	HK\$	
Earnings per share				
Underlying	(c), (d)	1.49	1.63	-9%
Recurring underlying	(c), (d)	1.23	1.22	0%
Reported	(c), (d)	1.36	1.22	+12%
Dividend per share				
First interim		0.32	0.31	+3%
Second interim		0.68	0.64	+6%
		HK\$M	HK\$M	
Financial Position				
At 31st December				
Total equity (including non-controlling interests)		292,258	293,610	0%
Net debt		18,947	10,334	+83%
Gearing ratio	(a)	6.5%	3.5%	+3%pt.
		HK\$	HK\$	
Equity attributable to the Company's shareholders per share	(a)	49.44	49.85	-1%

Notes:

(a) Refer to glossary on page 70 for definition.

(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 12.

(c) Refer to note 9 in the financial statements for the weighted average number of shares.

(d) The percentage change is the same as the corresponding percentage change in profit attributable to the Company's shareholders.

(e) Following a change in accounting policy resulting from the agenda decision approved by the IFRS Interpretation Committee on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)", the 2021 comparative figures have been restated. In this connection, revenue for the year ended 31st December 2021 has been increased by HK\$427 million while underlying and reported profit has each been reduced by HK\$9 million. Reported equity as at 31st December 2021 has been reduced by HK\$548 million. Refer to note 20(b) to the financial statements for further details.

	2022 HK\$M	2021 HK\$M Restated
Underlying profit/(losses) by segment		
Property investment	7,409	7,482
Property trading	108	(45)
Hotels	(341)	(294)
Recurring underlying profit	7,176	7,143
Divestment	1,530	2,389
Underlying profit	8,706	9,532

CHAIRMAN'S STATEMENT

Dear shareholders,

2022 was a milestone year for our business. We made significant progress with our HK\$100 billion investment pipeline, whilst celebrating 50 years of originality and creativity since Swire Properties' inception in 1972.

We continued to face operational challenges due to the pandemic, in particular during the first half of the year. However, our financial strength and our commitment to operational excellence ensured that we delivered a stable performance across our business.

The full reopening of the border with the Chinese Mainland and the relaxation of pandemic control measures is a welcome development for Hong Kong, as the city returns to normalcy. Hong Kong is our home, and we are determined to contribute to Hong Kong's resurgence, and to further reinforce the city's unique position as a global financial centre and a super connector to the Greater Bay Area.

In the Chinese Mainland, thanks to the national success of our two retail-led brands – Taikoo Li and Taikoo Hui – we have announced several major new investments. As China's economy continues to grow, we will continue to refine our approach to transformational placemaking in all the cities in which we operate.

Our 50th anniversary celebrations in 2022 were a timely reminder of how far we have come as a company since our early beginnings with the Taikoo Sugar Refinery and Taikoo Dockyard. I was immensely proud to celebrate our achievements with our teams, partners and the wider community. This milestone year was made all the more important as it marked the 25th anniversary of the establishment of the Hong Kong Special Administrative Region. Looking ahead, we are looking forward to pursuing our growth strategy in our home city and in our core markets in the Chinese Mainland and South East Asia.

Profits and Sustained Dividend Growth

Our reported profit attributable to shareholders in 2022 was HK\$7,980 million, compared with HK\$7,112 million in 2021.

Underlying profit attributable to shareholders decreased by HK\$826 million from HK\$9,532 million in 2021 to HK\$8,706 million in 2022, primarily due to the reduction in profit from the sale of car parking spaces at our Taikoo Shing residential development in Hong Kong. Our recurring underlying profit for the year was HK\$7,176 million, compared with HK\$7,143 million in 2021.

We declared a second interim dividend for 2022 of HK\$0.68 per share. This, together with the first interim dividend of HK\$0.32 per share paid in October 2022, amounts to a full year dividend of HK\$1.00 per share, representing a 5% increase over the dividends for 2021. The second interim dividend for 2022 will be paid on Thursday, 4th May 2023 to shareholders registered at the close of business on the record date, being Thursday, 6th April 2023. Shares of the Company will be traded ex-dividend from Monday, 3rd April 2023.

Our policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time.

Close to 40% of HK\$100 Billion Plan Committed

2022 was a seminal year for the Company's growth. Following the announcement of our HK\$100 billion investment plan, our teams have made tremendous progress implementing our plan, with 39% now committed to new and ongoing investments in Hong Kong and across our core markets in the Chinese Mainland and South East Asia.

Under the plan, HK\$30 billion has been allocated to our portfolios in Hong Kong to further expand Taikoo Place and Pacific Place. We are also keen to continue our growth in the Chinese Mainland,

and have earmarked HK\$50 billion to double our gross floor area in the region over the next decade, under our recognised Taikoo Li and Taikoo Hui brands.

Despite the challenges of the pandemic, we were able to announce several significant new projects in the Chinese Mainland in 2022, which testifies to our strong confidence in the Chinese market over the long term.

In March 2022, we announced our partnership with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an. This mixed-use development is located at the Small Wild Goose Pagoda historical and cultural zone in Beilin district, and will mark our seventh development and our fourth Taikoo Li in the Chinese Mainland. Hailed as a cradle of Chinese civilisation, we are delighted to have the opportunity to develop a landmark project in this historical city. We are also excited to contribute our placemaking expertise in the urban development of Xi'an.

In October 2022, we announced another retail development project in Sanya. This will introduce more variety to our Chinese Mainland portfolio, as our first project situated in a tropical locale within the region. Under the Hainan Free Trade Port policy, Sanya has rapidly become one of the most sought-after travel destinations in the Chinese Mainland. With the launch of our first premium resort-style complex, we will be well-placed to tap into this growing demand.

The Greater Bay Area remains a key focus, given its strategic role in the economic development of the nation. We are continuing to explore opportunities to develop a commercial landmark in the Julong Wan Area, set within a location on the riverfront in Liwan district, Guangzhou.

We have been actively seeking investment opportunities in Shenzhen, due to its increasing consumption power as a tier-one commercial and technology centre. We see opportunities to introduce our Taikoo Hui and Taikoo Li brands to the market, and were pleased to sign a Strategic

Framework Cooperation Agreement with the Futian district government in July 2022. We intend to develop a retail-led commercial project in Futian, which has highly attractive prospects as the core business area of Shenzhen.

We also made exciting headway in 2022 with the announcement of a new luxury hotel under The House Collective brand, which will be centrally located in the Nanshan district of Shenzhen. This new hotel venture followed closely on the heels of our announcement in July of a new "House" hotel in Shibuya, Tokyo. Together, these hotel projects form part of our overall development plan for our hotel business, to ramp up the expansion of The House Collective and EAST Hotel brands across Asia Pacific. We have the appetite to continue to invest, but prefer an asset-light approach, utilising a management-contract model to expand into new cities.

In December 2022, we announced the acquisition of the remaining 50% interest of Sino-Ocean Taikoo Li Chengdu from our joint venture partner Sino-Ocean group. All three phases of the acquisition were completed by February 2023. This industry-leading development has become a top destination in the country and a source of local pride, and we see this acquisition as an important milestone in our regional growth story.

Investing in our Commercial Portfolios

Our commitment to our home city is as strong as ever. With approximately one third of our HK\$100 billion set aside to reinforce our flagship portfolios in Hong Kong, we hope to support the long-term competitiveness of the city as an international financial centre.

Following the launch of Two Taikoo Place, we are nearing completion of the current phase of our Taikoo Place redevelopment. This HK\$15 billion project has been instrumental in transforming Taikoo Place into a global business district, which has become the gold standard for well-connected, holistically planned commercial space, with diverse amenities and cutting-edge

ESG credentials. With these strong fundamentals, our office portfolio remains resilient in a weak office market, and we are in a prime position to benefit from the prevailing flight-to-quality trend.

As part of our masterplan for Taikoo Place, we obtained full ownership of the Zung Fu Industrial Building in March 2022. Subject to Swire Properties having successfully bid in the compulsory sale of the adjacent Wah Ha Factory Building, we intend to redevelop the two sites for office and commercial use, which will grow our presence in the district with an additional 779,000 square feet of gross floor area. In addition, we submitted a compulsory sale application for a site on Tong Chong Street in June 2022. Subject to a successful bid, the development would form part of our long-term expansion plans for Taikoo Place.

At Pacific Place, we are also making significant progress in the eastward expansion of the office portfolio. Given the increasing importance of Admiralty with its enhanced mass transit connectivity, we intend to continue growing our commercial presence, with Grade A office space characterised by strong sustainability credentials, exceptional connectivity and a sense of community.

In December 2022, we announced that our new office tower at 46-56 Queen's Road East has officially been named "Six Pacific Place". Our office building 28 Hennessy Road, which lies adjacent to Six Pacific Place, will be renamed as "Five Pacific Place", strengthening our flagship brand as a premium office address.

The Hong Kong retail market continued to be impacted by the pandemic and associated travel restrictions in 2022. The relaxation in COVID-19 travel curbs is an important step forward, and we remain confident in the long-term position of Hong Kong as a global tourism and financial centre. Whilst it will take time for the market to fully recover, we expect to see some stability in the near term, and our strong fundamentals will ensure that we can take advantage of the anticipated recovery in 2023.

We remain committed to reinforcing our core assets. In the context of our retail portfolio, we have made good use of the past two years to undertake renovations, and we will continue to focus on expanding and elevating our tenant mix, introducing innovative retail concepts to our malls, and launching immersive customer engagement initiatives. Our loyalty programmes and newly refurbished VIP lounges have been well-received, and we are also exploring crossover opportunities between some of our malls in Hong Kong and the Chinese Mainland to further enhance our customer experience.

Trading Portfolio and Venturing into New Markets

We have allocated HK\$20 billion to residential trading, with an aim to expand in our core market of Hong Kong, and explore new markets in the Chinese Mainland and South East Asia. Our teams have been making excellent progress in building out our trading pipeline. In Hong Kong alone, we have three major projects in development.

We were delighted to win the bid for 269 Queen's Road East, which will further strengthen and diversify our greater Pacific Place portfolio. In addition, the launch of EIGHT STAR STREET in 2022 received keen market attention and has enjoyed a strong sales performance to date.

In the Chinese Mainland, we plan to develop a boutique luxury project in our upcoming Taikoo Li Xi'an development. This is an exciting opportunity for our residential brand, and we are keen to explore the regional market for further opportunities.

We also remain opportunistic regarding expansion opportunities in South East Asia, with the aim of building our presence in four core cities – Singapore, Bangkok, Jakarta and Ho Chi Minh City. We have been making steady progress, with two projects currently in sale and development in Ho Chi Minh City, and a luxury residential project launched for sale in Jakarta. In February 2023, we were delighted to

announce our first investment in Bangkok, with a 40% acquisition of a rare freehold plot in the city's core central business district. We are excited to work with our local partners to develop a unique luxury residence in the Thai capital. Looking ahead, we will continue to seek out prime opportunities for future investment in these markets.

A New Era in ESG Leadership

The implementation of our SD 2030 Strategy in 2016 has seen us advance rapidly to become a sustainability leader – ranking number one in Asia, and four in the world amongst our peers under the Dow Jones Sustainability World Index. I will leave it to Tim to touch on the specifics, but increasing our climate resilience remains of paramount importance, and we are committed to our ambitious 1.5°C-aligned science-based targets and our transition to net-zero. As we continue to set the bar higher, the goal becomes harder to achieve; I am grateful to our teams for their support as they continue to push the envelope to advance our SD agenda.

I would also like to take this opportunity to thank a group of young people who made an indelible contribution to Swire Properties this year. When we speak of sustainable development, we must think about the next generation of talent. Our 50th anniversary celebrations offered an exceptional opportunity to collaborate with talented young people on a host of special events, including the White Christmas Street Fair and the Hong Kong Palace Museum's Bi-city Youth Cultural Leadership Programme. We look forward to continuing these partnerships in the years to come, and to offering a platform to empower our youth and nurture their role as future leaders in Hong Kong.

Conclusion

As we close the final chapter of a very memorable 2022, I would like to thank our shareholders, partners, and the wider community for your support over the past five decades.

Under our HK\$100 billion investment and strategic plan, we are well-positioned to pursue new opportunities to grow our business over the next decade. The reopening of Hong Kong and the Chinese Mainland signals the beginning of a new post-pandemic era for our business, and we remain optimistic for a recovery across our key markets, and are ready to capture new opportunities as they arise.

I would also like to express my gratitude to the team at Swire Properties for their dedication over the past year in the face of many challenges. Our 50th anniversary was a great year of celebrations with our community, and I commend our team for their creativity and passion in hosting such a fantastic calendar of events to mark this important milestone in our proud history.

Guy Bradley
Chairman
Hong Kong, 9th March 2023

CHIEF EXECUTIVE'S STATEMENT

Dear shareholders,

As we move forward into a post-COVID-19 era, we remain focused on investing in our growth and building on the future of our business. While we experienced our share of setbacks in 2022 due to the challenging operating environment, we were well prepared to respond effectively to the gradual recovery in the latter half of 2022.

Overall, we delivered a steady performance in 2022. We have made encouraging progress implementing our ambitious HK\$100 billion investment plan to expand our portfolios in core markets in Hong Kong, the Chinese Mainland and South East Asia.

2022 was a special year for Swire Properties as we celebrated our 50th anniversary with colleagues, customers, tenants and the wider community through a diverse and colourful programme of events. Throughout the year, our colleagues have demonstrated leadership, resilience and creativity, both in their response to the challenges of the pandemic and to the fantastic events which have been held all around the world to mark this anniversary milestone.

The easing of COVID-19 restrictions in Hong Kong and the Chinese Mainland marks a key turning point for the economic recovery across our core markets. Undoubtedly challenges still lie ahead but we remain confident in our core markets in Hong Kong and the Chinese Mainland. We will continue to grow our pipeline of new projects based on our HK\$100 billion investment plan, promote leadership in sustainability and accelerate our digital transformation strategy.

2022 Financial Results at a Glance

Our underlying profit decreased by HK\$826 million from HK\$9,532 million in 2021 to HK\$8,706 million in 2022, which mainly reflected the decrease in profit from the sale of

car parking spaces in Hong Kong. Recurring underlying profit was HK\$7,176 million in 2022, compared with HK\$7,143 million in 2021.

Our recurring underlying profit from property investment decreased in 2022, due primarily to lower office rental income from Hong Kong and lower retail rental income from the Chinese Mainland.

In Hong Kong, we operated in a weaker office market due to new supply and economic uncertainty. However, our office portfolio remained resilient with solid occupancy rates.

The retail market in Hong Kong experienced severe disruption in the early part of the year, due to the fifth COVID-19 wave, related social distancing measures and mandatory closures. Despite this challenging start, we saw a recovery in footfall and tenants' sales from the second quarter of 2022 onwards, following the gradual relaxation of restrictions and the introduction of the HKSAR Government's consumption voucher scheme. Rental concessions were given to tenants for specific periods on a case-by-case basis. Our malls remained almost fully let throughout the year.

Retail sales in the Chinese Mainland started strongly in 2022, with a full year contribution from our new Taikoo Li Sanlitun West and Taikoo Li Qiantan developments. From the second quarter, our six shopping malls were affected to varying degrees by the pandemic and ensuing city-wide closures, particularly in Shanghai and Beijing. As a result, retail sales (excluding Taikoo Li Sanlitun West and Taikoo Li Qiantan) decreased by 20% on an attributable basis. Our office portfolio in the Chinese Mainland proved resilient despite COVID-19 related controls in the cities in which we operate.

Underlying profit from property trading in 2022 reflected the completion of sales of 27 units at our EIGHT STAR STREET residence in Hong Kong and the share of profits from sales at The River project in Ho Chi Minh City, Vietnam. Our hotel

business in Hong Kong and the Chinese Mainland was adversely affected by COVID-19 and its associated travel restrictions.

Our Future Prospects

The office market in Hong Kong is expected to remain weak in 2023, reflecting increased vacancy rates, new supply and global economic uncertainty. We also anticipate that competition from Central and Kowloon East will exert downward pressure on rents. However, our office portfolio remains resilient in a weakened market, due to a well-managed profile and solid occupancy rates. Taikoo Place in particular, is benefiting from the flight-to-quality, with prospective tenants placing a higher value on sustainability and wellness.

Under our HK\$100 billion investment plan we are continuing to expand our Taikoo Place and Pacific Place portfolios, offering unmatched, triple-Grade A office space alongside top-tier amenities, and supported by strong ESG credentials. Amidst strong competition, these are the placemaking attributes which represent the future of the workplace.

Our newest office tower, Two Taikoo Place, obtained its occupation permit in September 2022, and we have been making good progress with the leasing campaign despite market conditions, with a pre-leasing commitment of over 56%, demonstrating the resilience of our office portfolio. In addition to Swiss wealth management group Julius Baer, which earlier confirmed that it will take up four floors spanning close to 100,000 square feet, more companies have committed to moving into Two Taikoo Place. These include Sumitomo Mitsui Banking Corporation, Japan's leading bank, which will lease two floors spanning 45,000 square feet, and the Accounting and Financial Reporting Council, which confirmed plans to take up close to 35,000 square feet at Two Taikoo Place. Some of the committed tenants will relocate from Central, reinforcing the current and continuing decentralisation trend and Taikoo Place's rising status as a Global Business District.

A "New Central" is forming around the Admiralty area, and we are well positioned to take advantage of this with our diversified office and retail developments and by reinforcing our greater Pacific Place offering. In 2022 we announced our newest Grade A office tower, Six Pacific Place, and the renaming of 28 Hennessy Road as Five Pacific Place. We also achieved another milestone with our successful bid for a residential site at 269 Queen's Road East in Wan Chai, a prime location which will support the eastward expansion of our greater Pacific Place portfolio.

As Hong Kong reconnects to the world and closer financial integration with the Chinese Mainland is realised, we expect to see continued improvement in the financial markets. Hong Kong's strategic role as an international financial centre will be strengthened in the long run. We remain confident in the long-term prospects for the Hong Kong office market, and we anticipate an increase in demand for Grade-A office space, particularly from financial institutions and professional services firms in the medium term. Under our current masterplan for our core portfolios, we are well-placed to benefit from a positive shift in market sentiment, as well as current trends shaping the future of work.

We are very pleased with the relaxation in Hong Kong's travel policy which will provide a welcome boost to Hong Kong's retail sector in due course. Despite a difficult 2022, we anticipate that footfall and retail sales will gradually improve across our Hong Kong malls in 2023. In the meantime, we will strengthen and refine our trade mix and upgrade the amenities in our malls. We will also continue to invest heavily in our loyalty programmes to engage our growing membership base.

The Chinese Mainland is now a major contributor to our revenue growth. Under our investment strategy, we aim to double our gross floor area in the region over the next decade, investing HK\$50 billion to grow our retail-led Taikoo Li and Taikoo Hui brands in Tier 1 and emerging Tier 1 cities. The reopening of the border will have a positive impact on our

business and we expect to see moderate to strong demand from retailers.

We are looking to increase the scale of our investments in the Chinese Mainland. Taikoo Li Xi'an will be our next major landmark, alongside our new retail-led project in Sanya. We also remain focused on expanding our presence in the Greater Bay Area and we have been making encouraging progress in Guangzhou and Shenzhen.

Our acquisition of the remaining 50% equity interest of Sino-Ocean Taikoo Li Chengdu will contribute to our growth plan, whilst the recent opening of ZHANGYUAN West Zone in Shanghai, which is jointly operated and managed by Swire Properties and our local government partner, has reinforced Swire Properties' reputation for urban regeneration, historical preservation and innovative retail concepts.

On the residential front, we are making steady headway with the expansion of our property trading portfolio. We are keen to build on our premium residential brand, and currently have an ambitious trading pipeline of six projects under development in Hong Kong and South East Asia, including our newly announced luxury residential project in Bangkok, Thailand, with a residential component also being planned for our new Taikoo Li Xi'an development. With HK\$20 billion designated for strategic investment in our trading pipeline, we have the appetite to do more. Currently we have teams across the region who are actively looking for the right partners and suitable sites for further investment opportunities.

In 2022 we made the strategic decision to expand our hotel business through third-party management agreements. We will open two new third party-owned House Collective hotels in two new cities – in Nanshan district in Shenzhen and Shibuya in Tokyo. This is part of our wider development strategy in the Greater Bay Area and highlights The House Collective's brand recognition as a premium hotel name in the Asia Pacific region.

Charting a Sustainable Future

We continued to demonstrate leadership in sustainability in 2022, reaching numerous milestones throughout the year which were recognised internationally. Swire Properties advanced from 7th to 4th position in the Dow Jones Sustainability World Index 2022, in addition to retaining the Global Sector Leader title (Mixed-use sector) in the 2022 Global Real Estate Sustainability Benchmark for the sixth consecutive year.

As we continue to work towards achieving our 1.5°C-aligned science-based targets, it is crucial that we work closely with our partners to advance our greater goals. To that end, we introduced our proprietary Green Performance Pledge (GPP), which provides our office tenants with the tools and technology to enhance their overall ESG performance within our office portfolios.

Since the launch of the GPP pilot between August 2021 and December 2022, 52 office tenants – representing 37.9% of occupied lettable floor area from the Company's Hong Kong office portfolio (over 2.5 million square feet) – have signed up which is a very encouraging result for our innovative new tenant engagement platform. We have begun piloting the programme in our Chinese Mainland portfolio and aim to engage 50% of our tenant base in Hong Kong and the Chinese Mainland by 2025.

We are adopting various approaches to transformational placemaking, including "smart" placemaking, to ensure that we are designing buildings for the future. We have been making a significant and ongoing investment in our office portfolio to create best-in-class buildings which can deliver a fully integrated user experience and excellent digital connectivity. Our efforts were recognised in 2022 with Two Taikoo Place and Six Pacific Place becoming the first buildings in Hong Kong to be WiredScore and SmartScore certified, both achieving the highest Platinum certification level. Taikoo Place and Pacific Place were also confirmed as the first

WiredScore-certified portfolios in Hong Kong, reinforcing our status as a leader in designing the most innovative and smart buildings in the industry.

We will continue to accelerate the process of digital transformation with a team dedicated to identifying and promoting the adoption of emerging technologies for our portfolios. Additionally, New Ventures is responsible for a US\$50 million corporate venture capital fund to source and invest in emerging technologies globally, ensuring that we stay ahead of the curve while gaining valuable insights to accelerate growth.

50th Anniversary Celebrations in 2022

Our 50th anniversary year gave us the opportunity to celebrate with our people, our partners and our communities. The anniversary campaign, which was rolled out over the year under the tagline “ORIGINAL. ALWAYS.”, paid tribute to the innovative mindset which has shaped the Company’s success over the past five decades.

As part of the festivities we launched a range of immersive art and cultural experiences for our local communities, featuring partnerships with renowned international and local artists. This included the continuation of our 10-year collaboration with Art Basel Hong Kong and the inaugural Asian tour of the critically-acclaimed exhibition “Bags: Inside Out” with the Victoria & Albert Museum, across our retail portfolios in Hong Kong and the Chinese Mainland. In the spirit of innovation, we also collaborated with a selection of ten artists to create the exclusive 50th Anniversary Art NFT Collection, which was made available as free art drops.

This unique approach also saw us commission a botanical art series in Taikoo Place, named “Seasons in Continuum”. These stunning floral installations told our story over the past five decades, whilst highlighting our ethos of improving public spaces and making art accessible to all.

One of the defining features of our success over the years has been the close ties we have built with our local communities. As a developer deeply rooted in Hong Kong, we know that the younger generation is the key to the city’s future. Over the years Swire Properties has launched numerous programmes to provide opportunities for young people to learn from the best in our industry, and to give them a platform to showcase their talents in the areas of entrepreneurship and innovation.

In November, we were proud to be the Lead Sponsor for the “Bi-city Youth Cultural Leadership Programme”, led by The Hong Kong Palace Museum. The Programme aims to inspire young people and to develop them into the next generation of cultural leaders in Beijing and Hong Kong. In the first year of the programme, our senior management team shared their expertise in the areas of transformational placemaking and arts and culture. We are planning for the second year of the programme and intend to offer students experiential learning opportunities across our property portfolios.

One of our most enduring youth empowerment initiatives has been the Swire Properties Placemaking Academy (SPPA), now in its fourth year. Our 2022 cohort took the lead in designing the anniversary edition of our White Christmas Street Fair, receiving guidance, mentorship and resources within and from outside the Company to create a sustainable and innovative festive celebration for the wider community to enjoy.

As part of our anniversary festivities we also invited 50 students and alumni from the SPPA to participate in the “50A Urban Furniture Project”, where they underwent a series of masterclasses to create a state-of-the-art piece of urban furniture. The project resulted in three exceptional designs which will all be showcased at our headquarters in Taikoo Place later this year.

Throughout 2022, our Community Ambassador Programme continued to provide widespread support to our local communities. The

programme's signature initiative, "BOOKS FOR LOVE @ HK\$10", marked its own 10th anniversary by raising over HK\$1 million for charity through its book sales, achieving a record high. The remarkable efforts of our volunteers, which comprise our employees and their families and friends, were also recognised at the inaugural Hong Kong Volunteer Awards. Jointly organised by the Home & Youth Affairs Bureau and the Agency for Volunteer Service, our Community Ambassadors were honoured to receive the Outstanding Volunteer Group Award for their invaluable contributions to Hong Kong.

Conclusion

In 2022, we were proud to celebrate 50 years of successful placemaking and to recognise important partnerships with key stakeholders all around the world. Working together, we are looking forward to implementing our ambitious investment strategy which will shape the Company's progress over the next decade.

We remain fully committed to the future of Hong Kong. We will continue to invest in the development of our portfolios to contribute to Hong Kong's growth and competitiveness as a global financial hub, whilst scaling up our investments in the Chinese Mainland and establishing a long-term presence in South East Asia.

I would like to express my appreciation to our shareholders, our partners and the exceptionally talented team at Swire Properties for your support over the past year and in the future.

Tim Blackburn
Chief Executive
Hong Kong, 9th March 2023

REVIEW OF OPERATIONS

	2022	2021 ⁽²⁾
	HK\$M	HK\$M
		Restated
Revenue		
Gross Rental Income derived from		
Offices	6,003	6,214
Retail	5,849	6,191
Residential	374	474
Other Revenue ⁽¹⁾	114	102
Property Investment	12,340	12,981
Property Trading	921	2,443
Hotels	565	894
Total Revenue	13,826	16,318
Operating Profit/(Losses) derived from		
Property investment		
From operations	7,702	8,278
Sale of interests in investment properties	571	1,185
Valuation gains/(losses) on investment properties	801	(1,947)
Property trading	209	492
Hotels	(259)	(174)
Total Operating Profit	9,024	7,834
Share of Post-tax Profit from Joint Venture and Associated Companies	1,455	1,786
Profit Attributable to the Company's Shareholders	7,980	7,112

(1) Other revenue is mainly estate management fees.

(2) Following a change in accounting policy resulting from the agenda decision approved by the IFRS Interpretation Committee on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)", the 2021 comparative figures have been restated. Refer to note 20(b) to the financial statements for further details.

Additional information is provided in the following section to reconcile reported and underlying profit attributable to the Company's shareholders. These reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the U.S.A., and for other deferred tax provisions in relation to investment properties. In the Chinese Mainland and the U.S.A., the Group's investment properties recorded net property valuation gains of HK\$2,503 million and HK\$389 million respectively in 2022. In Hong Kong, investment properties recorded net property valuation losses of HK\$1,166 million. There is a further adjustment to remove the effect of the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit.

Underlying Profit Reconciliation	Note	2022 HK\$M	2021 HK\$M Restated
Profit Attributable to the Company's Shareholders per Financial Statements		7,980	7,112
Adjustments in respect of investment properties:			
Valuation (gains)/losses in respect of investment properties	(a)	(1,726)	708
Deferred tax on investment properties	(b)	1,402	1,027
Valuation gains realised on sale of interests in investment properties	(c)	915	585
Depreciation of investment properties occupied by the Group	(d)	22	23
Non-controlling interests' share of valuation movements less deferred tax		144	59
Movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	(e)	49	49
Impairment loss on a hotel held as part of a mixed-use development	(f)	-	22
Less amortisation of right-of-use assets reported under investment properties	(g)	(80)	(53)
Underlying Profit Attributable to the Company's Shareholders		8,706	9,532
Profit from divestment		(1,530)	(2,389)
Recurring Underlying Profit Attributable to the Company's Shareholders		7,176	7,143

Notes:

- (a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.
- (b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the U.S.A., and deferred tax provisions made in respect of investment properties held for the long-term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfers of investment properties within the Group.
- (c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.
- (d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
- (e) The value of the put option in favour of the owner of a non-controlling interest is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the non-controlling interest is interested.
- (f) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.
- (g) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit.

Underlying Profit

Movement in Underlying Profit

	HK\$M
Underlying profit in 2021 (Restated)	9,532
Decrease in profit from divestment	(859)
Decrease in profit from property investment	(73)
Increase in profit from property trading	153
Increase in losses from hotels	(47)
Underlying Profit in 2022	8,706

Our reported profit attributable to shareholders in 2022 was HK\$7,980 million, compared to a profit of HK\$7,112 million in 2021.

Underlying profit attributable to shareholders (which principally adjusts for changes in valuation of investment properties) decreased by HK\$826 million from HK\$9,532 million in 2021 to HK\$8,706 million in 2022. The decrease mainly reflected the reduction in profit from the sale of car parking spaces in Hong Kong.

Recurring underlying profit (which excludes the profit from divestments) was HK\$7,176 million in 2022, compared with HK\$7,143 million in 2021.

Recurring underlying profit from property investment decreased in 2022. This mainly reflected lower office rental income from Hong Kong and lower retail rental income from the Chinese Mainland.

In Hong Kong, despite a weak office market due to the economic uncertainty and increased supply, the office portfolio was generally resilient, with solid occupancy. The retail portfolio was adversely affected by COVID-19 in the early part of the year. Footfall and tenants' sales gradually recovered from the second quarter of 2022, as COVID-19 related social distancing measures were adjusted. The HKSAR Government's consumption voucher scheme also helped.

In the Chinese Mainland, the six shopping malls were affected to varying degrees by COVID-19 and related measures from the second quarter of 2022.

In the U.S.A., retail sales and gross rental income were solid.

The underlying profit from property trading in 2022 mainly reflected the completion of sales of 27 units at EIGHT STAR STREET in Hong Kong and the share of profits from sales at The River project in Vietnam.

The hotel businesses in Hong Kong and the Chinese Mainland were adversely affected by COVID-19 associated travel restrictions. The hotels in the U.S.A. performed better.

HK\$100 Billion Investment Plan

In March 2022, the Company announced a plan to invest HK\$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland and in residential trading projects (including in South East Asia). The target allocation is HK\$30 billion to Hong Kong, HK\$50 billion to the Chinese Mainland and HK\$20 billion to residential trading projects (including in South East Asia). At 7th March 2023 approximately HK\$39 billion of the planned investments had been committed (HK\$17 billion to the Chinese Mainland, HK\$11 billion to Hong Kong and HK\$11 billion to residential trading projects). Major committed projects are a retail-led mixed-use development in Xi'an, residential developments at Chai Wan Inland Lot No. 178 and at 269 Queen's Road East in Hong Kong, a retail-led development in Sanya, office and other commercial use developments at 8 Shipyard

Lane and at 1067 King's Road in Hong Kong, the acquisition of the remaining 50% interests in Sino-Ocean Taikoo Li Chengdu and the acquisition of a 40% interest in a residential development in Bangkok. Uncommitted projects include further retail-led mixed-use projects in Tier 1 and emerging Tier 1 cities in the Chinese Mainland (with a letter of intent and a framework agreement having been signed in relation to projects in Guangzhou and Beijing and a plan to double gross floor area in the Chinese Mainland), further expansion at Pacific Place and Taikoo Place in Hong Kong and further residential trading projects in Hong Kong, the Chinese Mainland and South East Asia.

Key Developments

In January 2022, the sale of the property located at Fort Lauderdale, Florida was completed.

In March 2022, a consortium in which the Group has a 70% interest acquired (via a government land tender) the land use rights in respect of land in the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an for a consideration of approximately RMB2,575 million. The land is expected to be developed into a retail-led mixed-use development comprising retail and cultural facilities, a hotel, serviced residences and business apartments.

In March 2022, the Group obtained full ownership of Zung Fu Industrial Building in Quarry Bay, Hong Kong. Subject to the Group having successfully bid in the compulsory sale of the adjacent Wah Ha Factory Building, the two sites are intended to be redeveloped for office and other commercial uses.

In March 2022, the Group acquired an additional 6.67% interest in the Citygate development in Tung Chung, Hong Kong. As a result, the Group's interest in the Citygate development increased from 20% to 26.67%.

In June 2022, the Group acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai, Hong Kong for a consideration of approximately HK\$1,962 million. The plot of land will be developed primarily for residential use with an aggregate gross floor area ("GFA") of approximately 116,000 square feet. Works preparatory to demolition of the existing building have commenced. The development is expected to be completed in 2025.

In July and August 2022, Swire Hotels announced plans for two new, third-party owned hotels under The House Collective brand, in Tokyo and Shenzhen. The two hotels will be managed by Swire Hotels.

In September 2022, the Group obtained the occupation permit for Two Taikoo Place. Two Taikoo Place, the second phase of the Taikoo Place redevelopment, is an office tower with an aggregate GFA of approximately one million square feet. Leased floors have been handed over to tenants in phases.

In October 2022, a consortium in which the Group has a 50% interest acquired (via a government land tender) the land use rights in respect of land in the Haitang district of Sanya for a consideration of RMB1,308 million. The land is expected to be developed into a premium, resort-style, retail-led development which will be Phase III of the Sanya International Duty-Free Complex. The project is expected to open in phases from late 2024.

In November 2022, the first phase of the ZHANGYUAN urban regeneration project officially opened in Shanghai. The project is operated and managed by a joint venture between the Group and Shanghai Jing'an Real Estate (Group) Co., Ltd.

In December 2022, the sale of the property at 8-12 Tsing Tim Street in Tsing Yi, Hong Kong was completed.

In December 2022, the Group entered into three conditional agreements with the Sino-Ocean group to acquire further interests in Sino-Ocean Taikoo Li Chengdu. Under the first agreement (which was completed in

December 2022), the Group's interest in Sino-Ocean Taikoo Li Chengdu increased from 50% to 65%. Under the second agreement (which was completed in February 2023), the Group's interest in the property management of Sino-Ocean Taikoo Li Chengdu increased to 100%. Under the third agreement (which was completed in February 2023), the Group's interest in the investment properties of Sino-Ocean Taikoo Li Chengdu increased to 100%. The consideration was RMB1,000 million under the first agreement, RMB59 million under the second agreement and RMB4,491 million under the third agreement.

In February 2023, the Group acquired a 40% interest in a site located in Lumpini sub-district in Pathum Wan district, Bangkok for a consideration of approximately THB2.4 billion. In partnership with City Realty Co. Ltd., the site is expected to be developed for residential purposes with a site area of approximately 136,000 square feet.

Portfolio Overview

The aggregate gross floor area (“GFA”) attributable to the Group at 31st December 2022 was approximately 33.6 million square feet.

Of the aggregate GFA attributable to the Group, approximately 29.9 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 24.1 million square feet and investment properties under development or held for future development of approximately 5.8 million square feet. In Hong Kong, the investment property and hotel portfolio comprise approximately 13.7 million square feet attributable to the Group of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In the Chinese Mainland, the Group has interests in eight major commercial developments in prime locations in Beijing, Guangzhou, Chengdu, Shanghai, Xi’an and Sanya. These developments are expected to comprise approximately 14.1 million square feet of attributable GFA when they are all completed. Of this, 10.0 million square feet has already been completed. Outside Hong Kong and the Chinese Mainland, the investment property portfolio comprises the Brickell City Centre development in Miami, U.S.A.

The tables below illustrate the GFA (or expected GFA) attributable to the Group of the investment property and hotel portfolio at 31st December 2022.

Completed Investment Properties and Hotels (GFA attributable to the Group in million square feet)

	Office	Retail	Hotels ⁽¹⁾	Residential/ Serviced Apartments	Under Planning	Total
Hong Kong	9.5	2.6	0.8	0.6	-	13.5
Chinese Mainland	2.9	5.7	1.2	0.2	-	10.0
U.S.A.	-	0.3	0.3	-	-	0.6
Total	12.4	8.6	2.3	0.8	-	24.1

Investment Properties and Hotels Under Development or Held for Future Development (expected GFA attributable to the Group in million square feet)

	Office	Retail	Hotels ⁽¹⁾	Residential/ Serviced Apartments	Under Planning	Total
Hong Kong	0.2	-	-	-	-	0.2
Chinese Mainland	-	1.1	-	-	3.0	4.1
U.S.A.	-	-	-	-	1.5 ⁽²⁾	1.5
Total	0.2	1.1	-	-	4.5	5.8

Total Investment Properties and Hotels (GFA (or expected GFA) attributable to the Group in million square feet)

	Office	Retail	Hotels ⁽¹⁾	Residential/ Serviced Apartments	Under Planning	Total
Total	12.6	9.7	2.3	0.8	4.5	29.9

(1) Hotels are accounted for in the financial statements under property, plant and equipment and, where applicable, the leasehold land portion is accounted for under right-of-use assets.

(2) This property is accounted for under properties held for development in the financial statements.

The trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are six residential projects under planning or development, three in Hong Kong, one in Indonesia, one in Vietnam and one in Thailand. There are also land banks in Miami, U.S.A.

The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio at 31st December 2022.

Trading Properties
(GFA (or expected GFA) attributable to the Group in million square feet)

	Completed Development ⁽¹⁾	Under Development or Held for Development	Total
Hong Kong	0.0	0.8	0.8
U.S.A. and elsewhere	0.1	2.8	2.9
Total	0.1	3.6	3.7

(1) Completed development in Hong Kong comprises EIGHT STAR STREET.

The table below shows the analysis of the Group's completed investment properties GFA (excluding hotels), gross rental income and net assets employed by region on an attributable basis.

	Completed Investment Properties GFA (excl. Hotels)		Attributable Gross Rental Income		Net Assets Employed	
	31st December 2022	31st December 2021	Year ended 31st December 2022	Year ended 31st December 2021	31st December 2022	31st December 2021
				Restated		Restated
Hong Kong	58%	57%	61%	60%	79%	80%
Chinese Mainland	40%	41%	37%	37%	19%	18%
U.S.A. (and elsewhere)	2%	2%	2%	3%	2%	2%
Total	100%	100%	100%	100%	100%	100%

Investment Properties – Hong Kong

Offices

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 10.0 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK\$5,932 million in 2022. At 31st December 2022, our office properties, completed and under development, in Hong Kong were valued at HK\$180,180 million. Of this amount, the Company's attributable interest was HK\$170,513 million.

Hong Kong Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
Pacific Place	2,186,433	97%	100%
Taikoo Place – One Island East and One Taikoo Place	2,550,379	97%	100%
Taikoo Place – Two Taikoo Place ⁽¹⁾	994,545	53%	100%
Taikoo Place – Other Office Towers ⁽²⁾	3,136,717	95%	50%/100%
Others ^{(3), (4)}	1,158,595	86%	26.67%/50%/100%
Total	10,026,669		

(1) Including space allocated to tenants who have signed letter of intent.

(2) Including PCCW Tower, of which the Group owns 50%.

(3) Others comprise One Citygate (26.67% owned), Berkshire House (50% owned), SPACES.8QRE (wholly-owned), 28 Hennessy Road (wholly-owned and will be renamed as Five Pacific Place) and South Island Place (50% owned).

(4) In March 2022, the Group acquired an additional 6.67% interest in the Citygate development. The Group's interest in One Citygate increased from 20% to 26.67% after the transaction.

Gross rental income (after deduction of rental concessions of HK\$34 million) from the Hong Kong office portfolio in 2022 was HK\$5,595 million, 3% lower than in 2021. The office market was weak. Demand was subdued, reflecting increased supply and economic uncertainty. But our office portfolio was generally resilient. We believe that tenants value our provision of amenities and our commitment to sustainability and to the wellbeing of the people who occupy its offices. At 31st December 2022, the office portfolio was 91% let. Excluding Two Taikoo Place (which was completed in September 2022), the office portfolio was 96% let.

The table below shows the mix of tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 31st December 2022.

Office Area by Tenants' Businesses (At 31st December 2022)

Banking/Finance/Securities/Investment	31.0%
Trading	17.6%
Professional services (Accounting/Legal/Management consulting/Corporate secretarial)	15.2%
Insurance	9.1%
Technology/Media/Telecoms	8.7%
Real estate/Construction/Property development/Architecture	7.6%
Advertising and public relations	0.9%
Others	9.9%

At 31st December 2022, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 21% of the Group's total attributable office area in Hong Kong.

Pacific Place

The performance of the offices at One, Two, and Three Pacific Place was resilient in 2022. These offices were 97% let at 31st December 2022. Royal Bank of Canada, Eight Roads Capital, Northern Light Venture Capital, Derivatives China, Cornell Capital and CIFI Holdings became tenants. PAG and Sequoia Capital leased more spaces. FIL Asia, Bain Capital, Moelis & Co., Matthews Global, Sequoia Capital, Anchor Equity, Shenwan Hongyuan, Agile Property, China Baofeng, Aplus Partners, China Harmony, JIC(HK) and W2 Capital Group renewed their leases. OCI International, Ganglong China Property and Resona Bank relocated within the same portfolio.

Taikoo Place

The performance of One Taikoo Place and One Island East at Taikoo Place was resilient. These two offices were 100% and 96% let respectively at 31st December 2022. In One Island East, Huaxin Mining Investment and Squire Patton Boggs became tenants. CHANEL leased more space. Accenture, Allied World, Amgen, CMS Hasche Sigle, Hong Kong LLP, La Prairie, SK Hynix, SWIFT and Transamerica Life Bermuda renewed their leases.

At Two Taikoo Place, tenants have committed (including by way of letters of intent) to take 53% of the space at 31st December 2022. Occupation permit was obtained in September 2022. Leased floors have been handed over to tenants in phases. Amundi, BASF, Boston Consulting Group, China CITIC Bank International and Julius Baer became tenants.

There are six other office towers at Taikoo Place (including PCCW Tower, in which we have a 50% interest). These offices were 95% let at 31st December 2022. GROW Investment Group, Kyndryl, ListcoPRO, OnTheList, The Asset, The Hong Kong Securities and Investment Institute, and ZILD became tenants. FWD, Gravitas Recruitment Group, IPG and LVMH leased more space. ACCA, Allegis Group, Bayer, Beiersdorf, BNP Paribas, Bryan Cave Leighton Paisner, Burberry, Chung Shek Enterprises, CITIC Telecom CPC, CJ ENM, FTI Consulting, Galderma, Gartner, Gianni & Origoni, Grobest, Horspath, IBM, Informatica Software, Jones Lang Lasalle Management Service, LyondellBasell, Magnum Research, Marine Contracting Services, Mighty Ocean, Qantas Airways, QBE, Schindler Lifts, SinoEnergy Capital, Sumida Electric, Swire Coca-Cola, TotalEnergies and Worms Asia renewed their leases.

South Island Place

The offices were 87% let at 31st December 2022. Tenants include KPMG, Fleet Management Limited, the Competition Commission and SCMP. The Group has a 50% interest in the development.

Hong Kong Office Market Outlook

The office market in Hong Kong is expected to be weak in 2023, reflecting increased vacancy rates, new supply and economic uncertainty. Increasing competition from Central and Kowloon East will exert downward pressure on rents. A flight-to-quality is expected to benefit the Group as prospective tenants upgrade their premises and place a higher value on sustainability and the wellbeing of occupants. Following the reopening of the border with the Chinese Mainland and assuming continued improvements in the financial markets, the demand for Grade-A office space in Hong Kong, particularly from financial institutions and professional services companies, should increase.

The following table shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 13.8% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 16.3% of such rental income due to expire in 2024.

Office Lease Expiry Profile (At 31st December 2022)	
2023	13.8%
2024	16.3%
2025 and later	69.9%

Retail

Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 3.2 million square feet of space on a 100% basis. Total attributable gross rental income from our retail properties in Hong Kong was HK\$2,320 million in 2022. At 31st December 2022, our retail properties in Hong Kong were valued at HK\$54,518 million. Of this amount, the Group's attributable interest was HK\$45,649 million.

The portfolio principally consists of The Mall at Pacific Place, Cityplaza at Taikoo Shing and Citygate Outlets at Tung Chung. The Mall and Cityplaza are wholly-owned by the Group. During the year, the Group increased its interest in the Citygate development (comprising Citygate Outlets) from 20% to 26.67%. The malls are managed by the Group.

Hong Kong Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
The Mall, Pacific Place	711,182	96%	100%
Cityplaza	1,096,898	100%	100%
Citygate Outlets ⁽¹⁾	803,582	100%	26.67%
Others ^{(1), (2)}	549,558	100%	26.67%/60%/100%
Total	3,161,220		

(1) In March 2022, the Group acquired an additional 6.67% interest in the Citygate development. The Group's interest in Citygate Outlets and Tung Chung Crescent neighbourhood shops increased from 20% to 26.67% after the transaction.

(2) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (which are wholly-owned), Island Place retail premises (60% owned) and Tung Chung Crescent neighbourhood shops.

Gross rental income (after deduction of rental concessions of HK\$171 million) from the retail portfolio in Hong Kong was HK\$2,169 million in 2022, a 1% increase from 2021. Rental concessions were given to tenants for specific periods on a case-by-case basis. Cash rental concessions were less in 2022 than in 2021. COVID-19 related social distancing measures disrupted the retail market during the first quarter of 2022. The market recovered gradually from the second quarter, as social distancing measures and quarantine requirements were adjusted. The HKSAR Government's consumption voucher scheme also helped. Retail sales in 2022 increased by 2% at The Mall, Pacific Place and by 4% at Citygate Outlets, and decreased by 5% at Cityplaza. Retail sales in Hong Kong as a whole decreased by 1% in 2022.

The malls were almost fully let throughout the year.

The table below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 31st December 2022.

Retail Area by Tenants' Businesses (At 31st December 2022)	
Fashion and accessories	28.8%
Food and beverages	20.2%
Department stores	15.1%
Cinemas	4.2%
Supermarkets	3.7%
Jewellery and watches	2.8%
Ice rink	0.9%
Others	24.3%

At 31st December 2022, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 25% of the Group's total attributable retail area in Hong Kong.

The Mall at Pacific Place

The Mall at Pacific Place is in the mixed-use Pacific Place development. The offices and the four hotels at Pacific Place provide a flow of shoppers for The Mall.

The Mall was almost fully let during the year. Despite challenging market conditions, enhancement to the retail tenant mix continued. New and experiential retail brands were introduced. K-way, Max Mara, Omega, Reign Abalone, The Hawk & Aster / Elephant Grounds and Venchi became tenants. Joyce took more space and opened its new flagship store. Burberry was relocated within The Mall. The premises occupied by Adidas, Brooks Brothers, Chloé, La Mer, LensCrafters, Montblanc, Shanghai Tang, Vilebrequin, Zadig & Voltaire were refitted.

Cityplaza

Cityplaza is the largest shopping mall on Hong Kong Island, with a total floor area of approximately 1.1 million square feet. The six-level mall has more than 170 shops and restaurants, a cinema, an indoor ice rink and over 800 indoor parking spaces. Continued improvements to the tenant mix, promotions and activities in the mall make it an attractive place to shop, eat and be entertained.

Despite the competitive environment, Cityplaza was fully let in 2022. New tenants were introduced including American Eagle / Aerie, Fubon Bank (Hong Kong), LIFETASTIC, mi-tu, Marimekko, New Balance, O.N.S | kapok, Polo Ralph Lauren, Skechers and XOVĒ. Cathay Pacific has launched its first new retail concept store in Cityplaza. APITA completed the major renovation on the ground floor with the introduction of two new restaurants (SENSU and Shiawase Yakitori) and unveiled an elevated and expanded food hall, APITA Eatery. Newly renovated LOG-ON reopened with its new F&B, cafe ToGather by LOG-ON. Nike and Sabon renovated its shops. Blooms Coffee, Fresh (a beauty brand), Carnival (a new food hall) and Sushi Taka (a Japanese restaurant) were opened in early 2023.

Citygate Outlets

Citygate Outlets is the largest premium outlet mall in Hong Kong with approximately 200 shops and restaurants, and with 2 hotels. It is near tourist attractions and transportation links (Hong Kong International Airport and the Hong Kong-Zhuhai-Macao Bridge). It appeals to local shoppers and tourists.

It was fully let in 2022. adidas, Burberry, Calvin Klein, cdf Beauty, Coach, Fortress, I.T/i.t, MCL Citygate, Nike, Polo Ralph Lauren, TaStE and Uniqlo are major tenants. Over 20 new tenants were introduced in 2022, such as Bath & Body Work, Cupping Room, Delsey, Haustage, Jimmy Choo, J. Journey, Jumpin Gym, Kapok, Life Kan, Man Mano Handmade Pasta, Pho Le, Que by Rin Horiuchi, Rabeanco, Rayban, Save The Duck and Shake Shack. Starbucks at North phase were upgraded to Starbucks Reserve.

Hong Kong Retail Market Outlook

Footfall and tenants' sales in Hong Kong are expected to improve with the removal of COVID-19 related measures and the reopening of the border with the Chinese Mainland.

The following table shows the percentage of attributable gross rental income from the retail properties in Hong Kong, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 26.8% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 34.2% of such rental income due to expire in 2024.

Retail Lease Expiry Profile (At 31st December 2022)

2023	26.8%
2024	34.2%
2025 and later	39.0%

Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, EAST Residences in Quarry Bay, STAR STUDIOS in Wan Chai and a number of luxury houses on Hong Kong Island and Lantau Island, with an aggregate GFA of approximately 0.6 million square feet. The residential portfolio was 72% let at 31st December 2022. Demand for our residential investment properties was primarily local, and was affected by COVID-19 as well as a net outflow of residents to overseas.

Investment Properties Under Development

Six Pacific Place (formerly known as 46-56 Queen's Road East)

Planning permission to develop this site in Wan Chai for office use was obtained in 2018. The site area is approximately 14,400 square feet. The development has an aggregate GFA of approximately 223,000 square feet. Superstructure works are in progress. Completion of construction is expected later in 2023.

Others

Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road

In 2018, the Group submitted compulsory sale applications in respect of these two sites in Quarry Bay. In March 2022, the Group acquired the remaining interests in Zung Fu Industrial Building and obtained full ownership of the site. Subject to the Group having successfully bid in the compulsory sale of the Wah Ha Factory Building site, the two sites are intended to be redeveloped for office and other commercial uses with an aggregate GFA of approximately 779,000 square feet.

983-987A King's Road and 16-94 Pan Hoi Street

In 2018, a joint venture company in which the Group holds a 50% interest submitted a compulsory sale application in respect of this site in Quarry Bay. Subject to the joint venture company having successfully bid in the compulsory sale and in accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a GFA of approximately 440,000 square feet.

9-39 Hoi Wan Street and 33-41 Tong Chong Street

In June 2022, the Group submitted a compulsory sale application in respect of this site in Quarry Bay. The gross site area is approximately 20,060 square feet. Proceeding with the development (the planning of which is being reviewed) is subject to the Group having successfully bid in the compulsory sale.

Taikoo Shing Car Parking Spaces

Since November 2020, the Group has offered 2,530 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 1,458 of these car parking spaces had been sold at 7th March 2023. Sales of 1,452 car parking spaces had been recognised at 31st December 2022, 250 of them in 2022. Sales of 6 car parking spaces are expected to be recognised in 2023.

Investment Properties – Chinese Mainland

Overview

The property portfolio in the Chinese Mainland comprises an aggregate of 22.5 million square feet of space, 14.1 million square feet of which is attributable to the Group. Completed properties amount to 13.9 million square feet, with 8.6 million square feet under development. Total attributable gross rental income from investment properties in the Chinese Mainland was HK\$5,172 million in 2022. At 31st December 2022, the investment properties in the Chinese Mainland were valued at HK\$108,978 million. Of this amount, the Group's attributable interest was HK\$73,665 million.

Chinese Mainland Property Portfolio ⁽¹⁾

	GFA (sq. ft.) (100% Basis)				Attributable Interest
	Total	Investment Properties	Hotels and Others	Under Planning	
<i>Completed</i>					
Taikoo Li Sanlitun, Beijing	1,789,000	1,619,537	169,463	-	100%
Taikoo Hui, Guangzhou	3,782,327	3,272,893	509,434	-	97%
INDIGO, Beijing	1,894,141	1,535,840	358,301	-	50%
Sino-Ocean Taikoo Li Chengdu ⁽²⁾	1,654,565	1,461,428	193,137	-	65%
HKRI Taikoo Hui, Shanghai	3,536,619	3,148,792	387,827	-	50%
Taikoo Li Qiantan, Shanghai	1,188,727	1,188,727	-	-	50%
Hui Fang, Guangzhou	90,847	90,847	-	-	100%
Others	2,917	2,917	-	-	100%
Sub-Total	13,939,143	12,320,981	1,618,162	-	
<i>Under Development</i>					
INDIGO Phase Two, Beijing ⁽³⁾	4,045,514	-	-	4,045,514	35%
Taikoo Li Xi'an ⁽⁴⁾	2,364,668	-	-	2,364,668	70%
Sanya ⁽⁵⁾	2,143,440	2,143,440	-	-	50%
Sub-Total	8,553,622	2,143,440	-	6,410,182	
Total	22,492,765	14,464,421	1,618,162	6,410,182	

(1) Including hotels and properties leased for investment.

(2) In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest increased from 50% to 65% after the transaction.

(3) This is an office-led mixed-use development. The development scheme is being planned. The development is planned to be completed in two phases, in 2025 and 2026.

(4) This is a retail-led mixed-use development. The development scheme is being planned. The development is planned to be completed in late 2025.

(5) This is a retail-led development. The development is planned to be completed in phases from late 2024.

Gross rental income (after deduction of rental concessions of HK\$113 million) from the Group's investment property portfolio in the Chinese Mainland was HK\$3,324 million in 2022, 8% lower than in 2021, reflecting the COVID-19 resurgence in the cities where our malls operate. This partly offset by a full year contribution from Taikoo Li Sanlitun West.

Retail

The completed retail portfolio in the Chinese Mainland comprises an aggregate of 7.9 million square feet of space, 5.7 million square feet of which is attributable to the Group. Total attributable gross rental income from our retail properties in the Chinese Mainland declined by 5%, to HK\$4,242 million, in 2022. Disregarding rental concessions and changes in the value of the Renminbi, total attributable gross rental income increased by 4%. At 31st December 2022, our completed retail properties in the Chinese Mainland were valued at HK\$67,719 million. Of this amount, the Group's attributable interest was HK\$51,762 million.

The portfolio consists of Taikoo Li Sanlitun in Beijing and Hui Fang in Guangzhou, which are wholly-owned by the Group, Taikoo Hui in Guangzhou, which is 97% owned, INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai, each of which is 50% owned, and Sino-Ocean Taikoo Li Chengdu, which is 65% owned after the completion of the acquisition of additional 15% interest in December 2022.

Chinese Mainland Completed Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
Taikoo Li Sanlitun, Beijing ⁽¹⁾	1,619,537	94%	100%
Taikoo Hui, Guangzhou	1,529,392	99%	97%
INDIGO, Beijing	946,769	100%	50%
Sino-Ocean Taikoo Li Chengdu ⁽²⁾	1,354,624	95%	65%
HKRI Taikoo Hui, Shanghai	1,173,459	97%	50%
Taikoo Li Qiantan, Shanghai ⁽³⁾	1,188,727	93%	50%
Hui Fang, Guangzhou	90,847	100%	100%
Total	7,903,355		

(1) Including Taikoo Li Sanlitun West, which officially opened in December 2021.

(2) In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest increased from 50% to 65% after the transaction.

(3) Including space allocated to prospective tenants who have signed letters of intent.

Retail sales in the Chinese Mainland started strongly. There were full year contributions from the Taikoo Li Sanlitun West and Taikoo Li Qiantan developments in 2022. From the second quarter, the Group's six shopping malls were affected to varying degrees by COVID-19 related measures. Shops in Shanghai, Beijing and Chengdu were closed for periods. The increase in COVID-19 cases which followed adjustments to COVID-19 policies in December 2022 caused short-term disruption. Tenants were understaffed and their operations were adversely affected. Our retail sales in the Chinese Mainland (excluding Taikoo Li Sanlitun West and Taikoo Li Qiantan) decreased on an attributable basis by 20% in 2022. Retail sales in Taikoo Li Sanlitun and INDIGO in Beijing, Taikoo Hui in Guangzhou, Sino-Ocean Taikoo Li Chengdu and HKRI Taikoo Hui in Shanghai decreased by 26%, 26%, 11%, 15% and 36% respectively in 2022. National retail sales decreased by 0.2%.

The Group's gross rental income (after deduction of rental concessions of HK\$113 million) from retail properties in the Chinese Mainland decreased by 9%, to HK\$2,943 million, in 2022. Rental concessions were given to tenants for specific periods on a case-by-case basis. Disregarding rental concessions and changes in the value of the Renminbi, gross rental income decreased by 2%.

The table below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 31st December 2022.

Retail Area by Tenants' Businesses (At 31st December 2022)	
Fashion and accessories	42.5%
Food and beverages	24.5%
Cinemas	5.3%
Supermarkets	5.2%
Jewellery and watches	2.8%
Others	19.7%

At 31st December 2022, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 19% of the Group's total attributable retail area in the Chinese Mainland.

Taikoo Li Sanlitun, Beijing

Taikoo Li Sanlitun is in the Sanlitun area of the Chaoyang district of Beijing. It was our first retail development in the Chinese Mainland. It comprises three neighbouring retail sites, South, North and West. There are approximately 281 retail outlets.

Taikoo Li Sanlitun South concentrates on contemporary fashion and lifestyle brands. In 2022, Gentle Monster opened its world's largest global flagship store and adidas upgraded its Beijing flagship store to Asia Pacific's first-ever "adidas Halo" concept store in the development. Apple, ARKET, World of Ralph Lauren and a 1,597-seat Megabox cinema are tenants. A-COLD-WALL*, by Far, Creed, DC Shoes, Editions De Parfums Frederic Malle, HOKA ONE ONE, Kilian, Nautica Whitesail, Peak Performance, Penfield, STUSSY, WE11DONE, Don Nino, LIAN, Men Hwa, Spring Patio, Tarentum, Tiago Urban Kitchen and Yaki Bar became tenants in 2022. Tenants in Taikoo Li Sanlitun North are principally retailers of luxury, designer fashion and lifestyle brands. Balenciaga, Gucci, LOEWE, Moncler, CANADA GOOSE and SPACE are tenants. I.T, Bape and Alexander McQueen upgraded to their flagship stores in the development in 2022. Bottega Veneta, Celine, LLADRO and Roger Vivier became tenants in 2022. As an extension to Taikoo Li Sanlitun South, tenants in Taikoo Li Sanlitun West include DESCENTE Kinetic Lab Global Experience Centre, Nike Rise, Uniqlo Global Sanlitun Flagship Store, M One KTV and MixPower.

Retail sales at Taikoo Li Sanlitun decreased by 26% in 2022. Gross rental income (after deduction of rental concessions) at the development decreased. Shops and restaurants were shut from time to time as a result of COVID-19. Rental income benefitted from a full year of income from Taikoo Li Sanlitun West and an improved tenant mix. Demand for retail space at Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination. The development was 94% let at 31st December 2022.

Taikoo Hui, Guangzhou

Taikoo Hui is in the Tianhe district of Guangzhou. Its mall is a popular shopping centre in Guangzhou. Bottega Veneta, Cartier, Chanel, DIOR, Gucci, Hermès, I.T, Louis Vuitton, Saint Laurent, Van Cleef & Arpels, Uniqlo, Victoria's Secret, Fangsuo bookstore and Olé Supermarket are tenants. Editions De Parfums Frederic Malle, I-Primo, Kilian, Managi, Manito, Pleats Please Issey Miyake & Bao Bao Issey Miyake, Rock&Ride, Rolex, self-portrait, Thom Browne, Vacheron Constantin, Ah Ma Hand made, Baker & Spice, Chop-chop Noodles, Don Nino and Mikisi Japanese Bistro became tenants in 2022.

Retail sales and gross rental income (after deduction of rental concessions) at Taikoo Hui decreased by 11% and 8% respectively in 2022. There were improvements to the tenant mix. The mall was 99% let at 31st December 2022.

INDIGO, Beijing

INDIGO mall is in the Jiangtai area in the Chaoyang district of Beijing. It is directly linked to the Beijing Metro Line 14 and is near the airport expressway. i.t, Massimo Dutti, Muji, Tesla, SISYPHE bookstore, BHG Market Place and a seven-house with 1,000-seat CGV cinema are tenants. adidas women, HOKA ONE ONE, HUAWEI, moodytiger, New Balance 1906, OVV, Saucony, Uniqlo, % Arabica and WANXIEHUI became tenants in 2022. The mall has become a significant fashion and lifestyle shopping centre in north-east Beijing.

Retail sales at INDIGO decreased by 26% in 2022. There were improvements to the tenant mix. The mall was 100% let at 31st December 2022.

Sino-Ocean Taikoo Li Chengdu

Sino-Ocean Taikoo Li Chengdu is in the Jinjiang district of Chengdu and is part of the Chunxi Road/Daci Temple shopping district. It is our second Taikoo Li project in the Chinese Mainland. Apple, Balenciaga, Gucci, Dior, Hermès, I.T, Tiffany & Co., Muji, Fangsuo bookstore, Olé Supermarket and a 1,720-seat Palace-j'aime cinema are tenants. Despite COVID-19 resurgence in Chengdu, 85 brands opened new stores or upgraded to their latest concept stores in 2022 including Louis Vuitton Maison and The Hall Restaurant, Balenciaga, Boucheron, Cartier Masion, Dior Couture and The World of Ralph Lauren.

Retail sales and gross rental income (after deduction of rental concessions) at Sino-Ocean Taikoo Li Chengdu decreased by 15% and 9% respectively. The development is reinforcing its position as a premium shopping and leisure destination. The development was 95% let at 31st December 2022.

HKRI Taikoo Hui, Shanghai

HKRI Taikoo Hui is on Nanjing West Road in the Jing'an district of Puxi, Shanghai. It has excellent transport connections, being next to the Nanjing West Road metro station (which serves three metro lines) and near the Yan'an Expressway.

HKRI Taikoo Hui is our second Taikoo Hui development in the Chinese Mainland. Starbucks Reserve Roastery, Atelier Cologne, Bremont, COS, diptyque, dunhill, Ermengildo Zegna, Guerlain, Golden Goose, IWC, i.t, Kenzo, Lululemon, MARNI MARKET, Max Mara, Nio, SPACE, Tesla, The Cheesecake Factory, Shanghai Club, Ho Hung Kee and a city'super supermarket are tenants. CANADA GOOSE, drivepro lab, FIVE GUYS, Fook Luk House, GAGA, LOEWE, MOOSE KNUCKLES, self-portrait, Theory, UNDEFEATED and Venchi became tenants in 2022.

Retail sales and gross rental income (after deduction of rental concessions) at HKRI Taikoo Hui decreased by 36% and 17% respectively in 2022. Shops were closed in April and May. The mall was 97% let at 31st December 2022.

Taikoo Li Qiantan, Shanghai

Jointly developed with a subsidiary of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd., Taikoo Li Qiantan is a retail development in Qiantan, Pudong new district in Shanghai. Connected with 3 metro lines, it has an aggregate GFA of 1,188,727 square feet and space for around 250 shops. It is our second development in Shanghai and the third Taikoo Li project in the Chinese Mainland.

The development officially opened in September 2021. Footfall and retail sales were initially strong in 2022. They were adversely affected by COVID-19 related measures from March to May. A number of new flagship stores opened after operation resumption including Bulgari, Cartier, Dior, Gucci, Hermès, Louis Vuitton, Max Mara, Mikomoto, Moncler, China's first Museum of Ice Cream, Team Wang and Valentino. The first MUJI flagship store with Marche in the Chinese Mainland became tenant in 2022. At 31st December 2022, tenants

had committed (including by way of letters of intent) to take 93% of the retail space and 83% of the lettable retail space was open.

Chinese Mainland Retail Market Outlook

Consumer confidence is expected to improve in the Chinese Mainland, following the adjustments made to COVID-19 policies at the end of 2022. Inbound and outbound travel is expected to increase. In Guangzhou and Chengdu, demand for retail space from retailers of luxury brands is expected to be strong. In Shanghai, demand for retail space from retailers of luxury fashion, cosmetics and lifestyle brands, and from operators of food and beverage outlets, is expected to be steady. In Beijing, retail sales and demand for retail space are expected to be moderate.

The following table shows the percentage of attributable gross rental income from the retail properties in the Chinese Mainland, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 32.1% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 25.8% of such rental income due to expire in 2024.

Retail Lease Expiry Profile (At 31st December 2022)

2023	32.1%
2024	25.8%
2025 and later	42.1%

Offices

The completed office portfolio in the Chinese Mainland comprises an aggregate of 4.1 million square feet of space, 2.9 million square feet of which is attributable to the Group. Total attributable gross rental income from our office properties in the Chinese Mainland decreased by 1% to HK\$867 million in 2022. Disregarding changes in the value of the Renminbi, total attributable gross rental income increased by 2%. At 31st December 2022, our completed office properties in the Chinese Mainland were valued at HK\$21,021 million. Of this amount, the Group's attributable interest was HK\$13,149 million.

The portfolio consists of Taikoo Hui in Guangzhou, which is 97% owned, and INDIGO in Beijing and HKRI Taikoo Hui in Shanghai, each of which is 50% owned.

Chinese Mainland Completed Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2022)	Attributable Interest
Taikoo Hui, Guangzhou	1,693,125	94%	97%
INDIGO, Beijing	589,071	94%	50%
HKRI Taikoo Hui, Shanghai	1,828,060	99%	50%
Total	4,110,256		

Demand for office space in Beijing, Shanghai and Guangzhou were adversely affected by COVID-19 resurgence in 2022. In Guangzhou, demand for office space was weak and new supply put pressure on office rents. Office rents in Shanghai remained resilient in core areas but decreased in decentralised areas reflecting the amount of new supply and the higher vacancy rates. In Beijing, despite weak demand, office rents remained stable due to limited new supply in core areas.

The Group's gross rental income from office properties in the Chinese Mainland decreased by 4% to HK\$365 million in 2022. Disregarding changes in the value of the Renminbi, the gross rental income was approximately the same.

The table below shows the mix of the tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 31st December 2022.

Office Area by Tenants' Businesses (At 31st December 2022)

Banking/Finance/Securities/Investment	29.2%
Trading	23.7%
Technology/Media/Telecoms	16.5%
Professional services	14.4%
Pharmaceutical manufacturing	7.0%
Real estate/Construction/Property development/Architecture	6.7%
Others	2.5%

At 31st December 2022, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2022) together occupied approximately 47% of the Group's total attributable office area in the Chinese Mainland.

Taikoo Hui, Guangzhou

There are two office towers in Taikoo Hui, Guangzhou. They were 94% let at 31st December 2022. Demand for office space in 2022 was weak and rents were under pressure. Apple, Canon, CapitaLand, Cushman & Wakefield,

HSBC, FedEx, Medtronic, Microsoft, Roche, Samsung, SFML, Sumitomo Corporation and Eyugame leased more space in 2022. Dior, Edelman, EIC Education, Lectoredu and Louis Vuitton became tenants in 2022.

INDIGO, Beijing

ONE INDIGO was 94% let at 31st December 2022. Despite weak demand for office space, office rents were stable with the limited new supply in the core areas. The main tenants are technology, media and telecoms companies. Disney, Eli Lilly, Rolls Royce and Western Cloud are tenants. Coupang leased more office space in 2022. Rhenus Logistics became tenant in 2022.

HKRI Taikoo Hui, Shanghai

There are two office towers at HKRI Taikoo Hui in Shanghai. They were 99% let at 31st December 2022. Demand slowed down in 2022. The main tenants are financial services companies, pharmaceutical companies, law firms, gaming companies and retailers. Abbvie, Advent Capital, Alliance Bernstein, Amore Pacific, Bank of China, Bally, Beautiful Tree, BionTech, Byredo, Canali, Citic Capital, Clifford Chance, EA, Eli Lilly, Fangda Partners, Fidelity, H&M, Harry Winston, Jimmy Choo, JLL, Jun He Law Offices, Michael Kors, Rothschild, Towers Research Capital, Versace and Warner Brothers are tenants. Blackstone, Chanel, CVC Capital Partners, Genesis, Han Kun Law Offices, KRR, Neuberger Berman, Supercell and White & Case leased more space in 2022.

Chinese Mainland Office Market Outlook

In Guangzhou, new supply in decentralised areas is expected to put downward pressure on office rents. In Beijing, new supply in core areas is limited. Demand should benefit from the removal of COVID-19 related measures. In Shanghai, demand is expected to be stable. Office rents in core central business districts, where supply is limited, are expected to be stable.

The following table shows the percentage of attributable gross rental income from the office properties in the Chinese Mainland, for the month ended 31st December 2022, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 25.4% of the attributable gross rental income in the month of December 2022 are due to expire in 2023, with tenancies accounting for a further 25.9% of such rental income due to expire in 2024.

Office Lease Expiry Profile (At 31st December 2022)

2023	25.4%
2024	25.9%
2025 and later	48.7%

Serviced Apartments

There are 24 serviced apartments at the Mandarin Oriental in Taikoo Hui Guangzhou, 42 serviced apartments at The Temple House in Sino-Ocean Taikoo Li Chengdu and 102 serviced apartments at The Middle House Residences in HKRI Taikoo Hui Shanghai.

The performance of the serviced apartments in 2022 was adversely affected by COVID-19 associated restrictions. Occupancy at the Mandarin Oriental in Guangzhou, The Temple House in Chengdu and The Middle House Residences in Shanghai was 88%, 76% and 64% respectively at 31st December 2022.

Chinese Mainland Serviced Apartments Market Outlook

The performance of the serviced apartments is expected to recover following the adjustments to COVID-19 restrictions in 2023.

Investment Properties Under Development

INDIGO Phase Two, Beijing

INDIGO Phase Two is an extension of the existing INDIGO development, with a GFA of approximately four million square feet. Jointly developed with the Sino-Ocean group, INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in 2025 and 2026. Basement works are in progress. The Group has a 35% interest in INDIGO Phase Two.

Taikoo Li Xi'an

In March 2022, a consortium in which the Group has a 70% interest acquired (via a government land tender) the land use rights in respect of land in the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. With a site area of approximately 1.3 million square feet, the land is expected to be developed as Taikoo Li Xi'an, a retail-led mixed-use development comprising retail and cultural facilities, a hotel, serviced residences and business apartments. The estimated GFA is approximately 2.4 million square feet (above ground), subject to further planning. The project is expected to be completed in late 2025. The development is being done in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd.

Sanya

In October 2022, a consortium in which the Group has a 50% interest acquired (via a government land tender) the land use rights in respect of land in the Haitang district of Sanya with a site area of approximately 2.1 million square feet. The land is expected to be developed into a premium, resort-style, retail-led development including underground parking and other ancillary facilities. The development will be Phase III of the Sanya International Duty-Free Complex. The project is expected to open in phases from late 2024. The development is being done in collaboration with China Tourism Group Duty Free Corporation Limited.

The table below illustrates the expected attributable area of the completed property portfolio in the Chinese Mainland.

Attributable Area of Completed Property Portfolio in the Chinese Mainland			
GFA (sq. ft.)	2023-2024	2025	2026 and later
Taikoo Li Sanlitun, Beijing	1,789,000	1,789,000	1,789,000
Taikoo Hui, Guangzhou	3,668,857	3,668,857	3,668,857
INDIGO, Beijing	947,072	947,072	947,072
Sino-Ocean Taikoo Li Chengdu ⁽¹⁾	1,654,565	1,654,565	1,654,565
HKRI Taikoo Hui, Shanghai	1,768,311	1,768,311	1,768,311
Taikoo Li Qiantan, Shanghai	594,364	594,364	594,364
INDIGO Phase Two, Beijing	-	778,508	1,415,930
Taikoo Li Xi'an	-	1,655,268	1,655,268
Sanya ⁽²⁾	-	1,071,720	1,071,720
Hui Fang, Guangzhou	90,847	90,847	90,847
Others	2,917	2,917	2,917
Total	10,515,933	14,021,429	14,658,851

(1) In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest increased from 50% to 65% after the transaction. The attributable area represents 100% interests in the site after the completion of the acquisition of the remaining 35% interest in February 2023.

(2) The development is expected to open in phases from late 2024. GFA completed at year end of 2024 has yet to be determined.

Others

ZHANGYUAN, Shanghai

In 2021, the Group formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, in which the Group has a 60% interest, is engaged in the revitalisation and management of the ZHANGYUAN shikumen compound in the Jing'an district of Shanghai. When the revitalisation is completed, the compound will have a GFA (including car parking spaces) of 591,189 square feet above ground and 738,066 square feet underground. There are over 40 shikumen blocks, with about 170 two or three-storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. The first phase (the West zone) was completed and opened in November 2022. Construction and renovation at the second phase (the East zone) are in progress. The second phase is planned to be completed and opened in 2026. The Group does not have an ownership interest in the compound.

Investment Properties – U.S.A.

Overview

Brickell City Centre, Miami

Brickell City Centre is an urban mixed-use development in the Brickell financial district of Miami, U.S.A. It has a site area of 504,017 square feet (approximately 11.6 acres).

The first phase of the Brickell City Centre development comprises a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel with serviced apartments (EAST Miami, which was sold in 2021) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. All the residential units at Reach and Rise have been sold.

The Group owns 62.93% of the shopping centre at the Brickell City Centre development. The remaining interest in the shopping centre is owned by Simon Property Group (25%) and Bal Harbour Shops (12.07%). Bal Harbour Shops has an option, which has been exercisable since February 2020, to sell its interest to the Group.

The shopping centre was 89% leased (including by way of letters of intent) at 31st December 2022. Retail sales in 2022 increased by 24%.

The second phase of the Brickell City Centre development, to be known as One Brickell City Centre, is being planned. It will be a commercial development and will be connected to the first phase of Brickell City Centre.

Brickell City Centre, Miami		
	GFA (sq. ft.) ⁽¹⁾ (100% Basis)	Attributable Interest
<i>Completed</i>		
Shopping centre	496,508	62.9%
<i>Future Development</i>		
One Brickell City Centre	1,510,000	100%
Total	2,006,508	

(1) Represents leasable/saleable area except for the car parking spaces, roof top and circulation areas.

Miami Market Outlook

In Miami, retail sales are expected to increase.

Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2022 on the basis of market value (95% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK\$271,191 million, compared to HK\$267,815 million at 31st December 2021.

The increase in the valuation of the investment property portfolio primarily reflected new investment and an increase in the valuation of certain existing properties in the Chinese Mainland (reflecting a reduction of 25 to 50 basis points in the capitalisation rates), partly offset by a decrease in the valuation of the office investment properties in Hong Kong and foreign exchange translation losses in respect of the investment properties in the Chinese Mainland.

Under HKAS 40, hotel properties are not accounted for as investment properties. The hotel buildings are included within property, plant and equipment. The leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

Property Trading

Overview

The trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are six residential projects under planning or development, three in Hong Kong, one in Indonesia, one in Vietnam and one in Thailand. There are also land banks in Miami, U.S.A.

Property Trading Portfolio (At 31st December 2022)

	GFA (sq. ft.) (100% Basis)	Actual/Expected Construction Completion Date	Attributable Interest
<u>Completed</u>			
Hong Kong			
- EIGHT STAR STREET, Wan Chai ⁽¹⁾	5,897 ⁽²⁾	2022	100%
Vietnam			
- The River	185,594 ⁽²⁾	2022	20%
<u>Under Development</u>			
Hong Kong			
- Wong Chuk Hang Station Package Four Property Development	638,305	2024	25%
- Chai Wan Inland Lot No. 178	694,278 ⁽³⁾	2025	80%
- 269 Queen's Road East, Wan Chai ⁽⁴⁾	102,990 ⁽⁵⁾	2025	100%
Indonesia			
- Savyavasa, South Jakarta	1,122,728	2024	50%
Vietnam			
- Empire City	7,131,624	2028	15.73%
<u>Held for Development or sale</u>			
U.S.A.			
- South Brickell Key, Miami, Florida	550,000	n.a.	100%
- Brickell City Centre, Miami, Florida – North Squared site ⁽⁶⁾	523,000	n.a.	100%

- (1) The occupation permit for EIGHT STAR STREET was issued in May 2022.
 (2) Remaining saleable area.
 (3) Including a retail podium of approximately 2,002 sq. ft.
 (4) In June 2022, the Group acquired this site (via a government land tender).
 (5) Excluding a retail podium of approximately 13,197 sq. ft.
 (6) Represents saleable area.

Hong Kong**EIGHT STAR STREET, Wan Chai**

EIGHT STAR STREET at 8 Star Street, Wan Chai is a residential building (with retail outlets on the lowest two levels) of approximately 34,000 square feet. The occupation permit was obtained in May 2022. 30 out of 37 units had been sold at 7th March 2023. 27 units had been handed over to the purchasers at 31st December 2022.

Wong Chuk Hang Station Package Four Property Development

A joint venture formed by the Group, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development in Wong Chuk Hang in Hong Kong. The development will comprise two residential towers with an aggregate GFA of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. Pre-sales are expected to start in the second quarter of 2023. The development is expected to be completed in 2024. The Group has a 25% interest in the joint venture.

Chai Wan Inland Lot No. 178

In 2021, a project company held as to 80% by the Group and as to 20% by China Motor Bus Company, Limited completed a land exchange with the HKSAR Government in respect of a plot of land in Chai Wan. The plot of land is expected to be redeveloped into a residential complex (with retail outlets) with an aggregate GFA of approximately 694,000 square feet. Foundation works are in progress. The development is expected to be completed in 2025.

269 Queen's Road East, Wan Chai

In June 2022, the Group acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai. The plot of land will be developed primarily for residential uses with an aggregate GFA of approximately 116,000 square feet. Works preparatory to demolition of the existing building have commenced. The development is expected to be completed in 2025.

Hong Kong Residential Market Outlook

In Hong Kong, demand for residential accommodation is expected to be weak in the short term (due to increased interest rates and economic uncertainty) but resilient in the medium and long term, reflecting local demand and limited supply.

Indonesia

In 2019, a joint venture between the Group and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed for residential purposes with an aggregate GFA of approximately 1,123,000 square feet. Superstructure works are in progress. The development is expected to comprise over 400 residential units and to be completed in 2024. The Group has a 50% interest in the joint venture. Pre-sales are in progress.

Vietnam

In 2020, the Group agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development comprises 525 luxury apartments in three towers. The Group has an effective 20% interest in the development. Approximately 93% of the units had been sold at 7th March 2023. Handover of the completed units to purchasers is in progress.

In 2021, the Group made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases up to 2028. The Group invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 47% of the residential units had been pre-sold at 7th March 2023.

Thailand

In February 2023, the Group acquired a 40% interest in a site located in Lumpini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site is expected to be developed for residential purposes with a site area of approximately 136,000 square feet.

Indonesia, Vietnam and Thailand Residential Market Outlook

With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable.

Estate Management

The Group manages approximately 20 residential estates which it has developed. It also manages OPUS HONG KONG, a residential property in Hong Kong which the Group redeveloped for Swire Pacific Limited. The management services include day to day assistance for occupants, management, maintenance, cleaning, security and renovation of common areas and facilities. The Group places great emphasis on maintaining good relationships with occupants.

Hotels

Managed Hotels and Restaurants

Overview

The Group owns and manages (through Swire Hotels) hotels in Hong Kong, the Chinese Mainland and the U.S.A. The House Collective, comprising The Upper House in Hong Kong, The Opposite House in Beijing, The Temple House in Chengdu and The Middle House in Shanghai, is a group of small and distinctive luxury hotels. In July and August 2022, the Group announced the plans to further expand The House Collective to Tokyo and Shenzhen. There are EAST hotels in Hong Kong, Beijing and Miami. In October 2021, EAST Miami ceased to be owned by the Group. It continues to be managed by Swire Hotels.

The managed hotels in Hong Kong and the Chinese Mainland were affected by the COVID-19 related travel restrictions. The hotels in the U.S.A. performed well.

The managed hotels (including restaurants and taking account of central costs) recorded an operating loss before depreciation of HK\$118 million in 2022, compared with an operating profit before depreciation of HK\$22 million in 2021.

Hotel Portfolio (Managed by Swire Hotels)

	No. of Rooms (100% Basis)	Attributable Interest
<i>Completed</i>		
Hong Kong		
- The Upper House	117	100%
- EAST Hong Kong	331	100%
- Headland Hotel ⁽¹⁾	501	0%
Chinese Mainland		
- The Opposite House	99	100%
- EAST Beijing	369	50%
- The Temple House ⁽²⁾	142	65%
- The Middle House ⁽³⁾	213	50%
U.S.A.		
- EAST Miami ⁽⁴⁾	352	0%
Total	2,124	

(1) Headland Hotel is owned by Airline Property Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.

(2) Comprising one hotel tower and one serviced apartment tower. In December 2022, the Group acquired an additional 15% interest in Sino-Ocean Taikoo Li Chengdu. The Group's interest in The Temple House increased from 50% to 65% after the transaction.

(3) Comprising one hotel tower and one serviced apartment tower.

(4) EAST Miami (including serviced apartments in the hotel tower) is owned by a third party.

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place in Hong Kong, revenue per available room and occupancy continued to be affected by COVID-19 associated travel restrictions. In 2022, the hotel was ranked number three in the Condé Nast Traveler's 2022 Readers' Choice Awards for the Best Hotels in Hong Kong category. It also received awards from Travel + Leisure and TripAdvisor, and was named Hong Kong's Best Wellness Retreat 2022 in the World Spa Awards.

EAST Hong Kong

At EAST Hong Kong, a 331-room hotel in Taikoo Shing, revenue per available room and occupancy were severely affected by COVID-19 related travel restrictions. The hotel was ranked number eight in the Condé Nast Traveler's 2022 Readers' Choice Awards for The Best Hotels in Hong Kong category.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. Its occupancy and revenue per available room declined in 2022 due to COVID-19 associated restrictions. In 2022, the hotel received awards from Condé Nast Traveler and Travel + Leisure, and was ranked number five and six in TripAdvisor's Top 25 Hotels and Luxury Hotels in China respectively. Jing Yaa Tang restaurant was awarded with 1-star in the MICHELIN Guide Beijing 2022.

EAST Beijing

EAST Beijing is a 369-room lifestyle hotel at INDIGO in Beijing, in which the Company has a 50% interest. Occupancy and revenue per available room were severely affected by COVID-19 associated restrictions. The hotel was recognised as The Most Popular Hotel of the Year by CAAC Inflight Magazine.

The Temple House

The Temple House (in which the Company has a 65% interest after the completion of the acquisition of additional 15% interest in December 2022) has 100 hotel rooms and 42 serviced apartments at Sino-Ocean Taikoo Li Chengdu. Revenue per available room and occupancy declined due to COVID-19 associated restrictions. The hotel received award from Condé Nast Traveler as the number eleven of the Best Hotels in China and China Top 10 Hotels in the Gold List. The Mi Xun Spa was named Best Spiritual Spa Treatment of the Year in SpaChina Wellness and Spa Awards 2022, and China's Best Wellness Retreat 2022 in the World Spa Awards 2022. The Mi Xun Tea House was awarded with 1-star in the MICHELIN Guide Chengdu 2022.

The Middle House

The Middle House (in which the Company has 50% interest) has 111 hotel rooms and 102 serviced apartments at HKRI Taikoo Hui, Shanghai. Revenue per available room and occupancy declined in 2022 due to COVID-19 associated restrictions. The food and beverages businesses were also adversely affected. The hotel received awards from Condé Nast Traveler and TripAdvisor. Sui Tang Li restaurant was designated One-Diamond in the 2022 Black Pearl Restaurant Guide. Mi Xun Spa was named The Most Effective Treatment of the Year award in the SpaChina Wellness & Spa Awards 2022, and China's Best Wellness Retreat of 2022 in the World Spa Awards.

EAST Miami

EAST Miami at the Brickell City Centre development in Miami has 263 hotel rooms and 89 serviced apartments. The hotel was sold to a third party in October 2021. It continues to be managed by Swire Hotels. Its revenue per available room grew strongly in 2022. The hotel was included in the Condé Nast Traveler Gold List.

Restaurants

Swire Hotels operates restaurants in Hong Kong through its hotels. It also operates a standalone restaurant. The Upper House operates The Continental, a European restaurant, at Pacific Place. EAST Hong Kong operates Mr & Mrs Fox, a restaurant with an international menu, and PUBLIC café at Taikoo Place.

Non-managed Hotels

Overview

The Group has ownership interests in (but does not manage) hotels with 3,138 rooms in aggregate.

Hotel Portfolio (not managed by the Group)

	No. of Rooms (100% Basis)	Attributable Interest
<i>Completed</i>		
Hong Kong		
- Island Shangri-La Hong Kong	557	20%
- JW Marriott Hotel Hong Kong	608	20%
- Conrad Hong Kong	513	20%
- Novotel Citygate Hong Kong ⁽¹⁾	440	26.67%
- The Silveri Hong Kong – MGallery ⁽¹⁾	206	26.67%
Chinese Mainland		
- Mandarin Oriental, Guangzhou ⁽²⁾	287	97%
- The Sukhothai Shanghai	201	50%
U.S.A.		
- Mandarin Oriental, Miami	326	75%
Total	3,138	

(1) In March 2022, the Group acquired an additional 6.67% interest in the Citygate development. The Group's interests in Novotel Citygate Hong Kong and The Silveri Hong Kong - MGallery increased from 20% to 26.67% after the transaction.

(2) Including serviced apartments in the hotel tower.

The non-managed hotels in Hong Kong and the Chinese Mainland were adversely affected by COVID-19 related travel restrictions. The non-managed hotel in the U.S.A. performed better. Average room rates and occupancy were higher. The Mandarin Oriental, Guangzhou is a leading luxury hotel in Guangzhou. The Chinese restaurant at the hotel, Jiang by Chef Fei, obtained a 2-star Michelin award. The Sukhothai Shanghai is a luxury hotel in Shanghai. The Silveri Hong Kong – MGallery in Hong Kong opened in phases from the middle of 2022.

Hotels Market Outlook

The hotels in Hong Kong and the Chinese Mainland are expected to do better in 2023, following the reopening of the border in the Chinese Mainland and the removal of COVID-19 measures. The hotels in the U.S.A. are expected to perform strongly.

We are expanding our hotel management business, with a focus on extending our hotel brands outside Hong Kong through hotel management agreements.

Capital Commitments

Capital Expenditure and Commitments

Capital expenditure in 2022 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK\$3,246 million (2021: HK\$3,281 million). Outstanding capital commitments at 31st December 2022 were HK\$11,878 million (2021: HK\$14,500 million), including the Group's share of the capital commitments of joint venture companies of HK\$67 million (2021: HK\$73 million).

Capital expenditure in 2022 on Chinese Mainland investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK\$4,879 million (2021: HK\$1,010 million). Outstanding capital commitments at 31st December 2022 were HK\$16,076 million (2021: HK\$6,184 million), including the Group's share of the capital commitments of joint venture companies of HK\$7,370 million (2021: HK\$4,777 million). The Group is committed to funding HK\$331 million (2021: HK\$1,146 million) of the capital commitments of joint venture companies. In addition to this, the Group was committed to make a capital injection into a joint venture company of HK\$421 million (2021: nil).

Capital expenditure in 2022 on investment properties and hotels in the U.S.A. amounted to HK\$19 million (2021: HK\$49 million). There were no outstanding capital commitments at 31st December 2022 and 2021.

Profile of Capital Commitments for Investment Properties and Hotels

	<u>Expenditure</u>		<u>Forecast expenditure</u>			<u>Total</u>	<u>Commitments</u>
	<u>2022</u>	2023	2024	2025	2026 and later	<u>At 31st December</u>	<u>relating to</u>
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	At 31st December	<u>companies</u>
Hong Kong	3,246	2,654	953	1,563	6,708	11,878	67
Chinese Mainland	4,879	3,731	4,186	3,796	4,363	16,076	7,370
U.S.A.	19	-	-	-	-	-	-
Total	8,144	6,385	5,139	5,359	11,071	27,954	7,437

(1) The capital commitments represent the Group's capital commitments of HK\$20,517 million plus the Group's share of the capital commitments of joint venture companies of HK\$7,437 million.

(2) The Group is committed to funding HK\$331 million of the capital commitments of joint venture companies.

FINANCING

Sources of Finance

Audited Financial Information

At 31st December 2022, committed loan facilities and debt securities amounted to HK\$32,870 million, of which HK\$9,890 million (30%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK\$400 million. Sources of funds at 31st December 2022 comprised:

	Available HK\$M	Drawn HK\$M	Undrawn Expiring Within One Year HK\$M	Undrawn Expiring After One Year HK\$M
Facilities from third parties				
Term loans	5,069	3,479	-	1,590
Revolving loans	12,740	4,440	-	8,300
Bonds	15,061	15,061	-	-
Total committed facilities	32,870	22,980	-	9,890
Uncommitted facilities				
Bank loans and overdrafts	400	-	400	-
Total	33,270	22,980	400	9,890

Note: The figures above are stated before unamortised loan fees of HK\$145 million.

At 31st December 2022, 66% of the Group's gross borrowings were on fixed rate basis and 34% were on floating rate basis (2021: 83% and 17% respectively).

The Group had bank balances and short-term deposits of HK\$4,502 million at 31st December 2022, compared to HK\$14,833 million at 31st December 2021.

Maturity Profile and Refinancing

Bank loans and other borrowings are repayable on various dates up to 2030 (2021: up to 2030). The weighted average term and cost of the Group's debt are:

	2022	2021
Weighted average term of debt	3.9 years	3.0 years
Weighted average cost of debt	3.2%	3.0%

Note: The weighted average cost of debt above is stated on gross debt basis.

The maturity profile of the Group's available committed facilities is set out below:

(HK\$M)	Maturity Profile								
	Total	2023	2024	2025	2026	2027	2028	2029	2030
Facilities from third parties									
Term and revolving loans	17,809	500	1,170	2,800	1,000	12,339	-	-	-
Bonds	15,061	200	1,100	1,940	4,599	2,140	4,278	-	804
Total	32,870	700	2,270	4,740	5,599	14,479	4,278	-	804

Audited Financial Information

The table below sets forth the maturity profile of the Group's borrowings:

	2022		2021	
	HK\$M		HK\$M	
Bank borrowings and bonds from third parties due				
Within 1 year	700	3%	9,000	37%
1 - 2 years	1,875	8%	199	1%
2 - 5 years	15,195	67%	8,207	33%
After 5 years	5,065	22%	7,195	29%
Total	22,835	100%	24,601	100%
Less: Amount due within one year included under current liabilities	700		9,000	
Amount due after one year included under non-current liabilities	22,135		15,601	

Currency Profile

Audited Financial Information

An analysis of the carrying amounts of gross borrowings by currency (after cross-currency swaps) is shown below:

Currency	2022		2021	
	HK\$M		HK\$M	
Hong Kong dollars	19,740	86%	20,747	84%
United States dollars	3,095	14%	3,854	16%
Total	22,835	100%	24,601	100%

Gearing Ratio and Interest Cover

	2022	2021
		Restated
Gearing ratio ⁽¹⁾	6.5%	3.5%
Interest cover – times ⁽¹⁾		
Per financial statements	48.3	20.8
Underlying	74.7	33.0
Cash interest cover – times ⁽¹⁾		
Per financial statements	12.1	10.9
Underlying	13.4	15.8

(1) Refer to Glossary on page 70 for definitions.

Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of the Group reported in the consolidated statement of financial position does not include the net debt of its joint venture and associated companies. These companies had the following net debt positions at the end of 2022 and 2021:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by the Group	
	2022	2021	2022	2021	2022	2021
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Hong Kong Entities	10,402	10,033	3,472	3,406	2,408	2,265
Chinese Mainland Entities	15,171	16,629	7,532	7,936	1,203	904
U.S.A. and other Entities	542	317	461	396	570	474
Total	26,115	26,979	11,465	11,738	4,181	3,643

If the attributable portion of the net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 10.4%.

CONSOLIDATED FINANCIAL STATEMENTS
**Consolidated Statement of Profit or Loss
For the year ended 31st December 2022**

	Note	2022 HK\$M	2021 HK\$M Restated
Revenue	2	13,826	16,318
Cost of sales	3	(4,303)	(5,801)
Gross profit		9,523	10,517
Administrative and selling expenses		(1,713)	(1,888)
Other operating expenses		(186)	(200)
Other net gains	4	79	1,231
Gains on disposal of subsidiary companies		520	121
Change in fair value of investment properties		801	(1,947)
Operating profit		9,024	7,834
Finance charges		(359)	(607)
Finance income		172	230
Net finance charges	6	(187)	(377)
Share of profit less losses of joint venture companies		1,443	1,868
Share of profit less losses of associated companies		12	(82)
Profit before taxation		10,292	9,243
Taxation	7	(2,065)	(1,964)
Profit for the year		8,227	7,279
Profit for the year attributable to:			
The Company's shareholders		7,980	7,112
Non-controlling interests		247	167
		8,227	7,279
		HK\$	HK\$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	9	1.36	1.22

**Consolidated Statement of Other Comprehensive Income
For the year ended 31st December 2022**

	2022 HK\$M	2021 HK\$M Restated
Profit for the year	8,227	7,279
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of properties previously occupied by the Group		
- gains recognised during the year	-	94
- deferred tax	-	(4)
Defined benefit plans		
- remeasurement gains/(losses) recognised during the year	245	(26)
- deferred tax	(40)	4
	205	68
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
- losses recognised during the year	(16)	(38)
- transferred to net finance charges	(13)	14
- transferred to operating profit	(1)	-
- deferred tax	5	4
Share of other comprehensive income of joint venture and associated companies	(1,744)	561
Net translation differences on foreign operations recognised during the year	(3,323)	1,093
	(5,092)	1,634
Other comprehensive income for the year, net of tax	(4,887)	1,702
Total comprehensive income for the year	3,340	8,981
Total comprehensive income attributable to:		
The Company's shareholders	3,203	8,791
Non-controlling interests	137	190
	3,340	8,981

**Consolidated Statement of Financial Position
At 31st December 2022**

	Note	31st December 2022 HK\$M	31st December 2021 HK\$M Restated	1st January 2021 HK\$M Restated
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		3,165	3,381	4,322
Investment properties	10	271,368	267,959	267,003
Intangible assets		208	203	198
Right-of-use assets	11	2,482	2,442	3,301
Properties held for development	12	1,208	1,207	1,200
Joint venture companies		24,589	21,935	15,744
Loans due from joint venture companies		15,273	15,619	15,357
Associated companies		473	461	543
Loans due from associated companies		52	-	-
Derivative financial instruments		96	133	145
Deferred tax assets		64	78	73
Financial assets at fair value through profit or loss		460	439	985
Other financial assets at amortised cost		-	522	508
Retirement benefit assets		14	-	-
		319,452	314,379	309,379
Current assets				
Properties for sale	14	8,264	6,411	3,538
Stocks		72	71	72
Trade and other receivables	15	2,834	2,220	2,127
Amounts due from immediate holding company - Swire Pacific Limited		-	1	16
Derivative financial instruments		-	19	-
Short-term deposits maturing after three months		-	-	30
Cash and cash equivalents		4,502	14,833	21,202
		15,672	23,555	26,985
Assets classified as held for sale	13	2,038	1,740	384
		17,710	25,295	27,369
Current liabilities				
Trade and other payables	16	10,008	9,339	8,001
Contract liabilities		14	120	22
Taxation payable		185	348	576
Derivative financial instruments		-	7	-
Short-term loans		-	-	94
Long-term loans and bonds due within one year		700	9,000	1,820
Lease liabilities due within one year	17	79	49	70
		10,986	18,863	10,583
Net current assets		6,724	6,432	16,786
Total assets less current liabilities		326,176	320,811	326,165
Non-current liabilities				
Long-term loans and bonds		22,135	15,601	25,343
Long-term lease liabilities	17	535	517	510
Derivative financial instruments		-	-	42
Other payables	16	-	150	-
Deferred tax liabilities		11,248	10,746	9,991
Retirement benefit liabilities		-	187	135
		33,918	27,201	36,021
NET ASSETS		292,258	293,610	290,144

Consolidated Statement of Financial Position (continued)
At 31st December 2022

	Note	31st December 2022 HK\$M	31st December 2021 HK\$M Restated	1st January 2021 HK\$M Restated
EQUITY				
Share capital	18	10,449	10,449	10,449
Reserves	19	278,762	281,175	277,767
Equity attributable to the Company's shareholders		289,211	291,624	288,216
Non-controlling interests		3,047	1,986	1,928
TOTAL EQUITY		292,258	293,610	290,144

Consolidated Statement of Cash Flows
For the year ended 31st December 2022

	2022 HK\$M	2021 HK\$M
Operating activities		
Cash generated from operations	6,332	7,028
Interest paid	(742)	(768)
Interest received	117	203
Tax paid	(1,127)	(1,635)
	4,580	4,828
Dividends received from joint venture and associated companies and financial assets at fair value through other comprehensive income	176	217
Net cash from operating activities	4,756	5,045
Investing activities		
Purchase of property, plant and equipment	(133)	(180)
Additions of investment properties	(7,096)	(3,860)
Purchase of intangible assets	(58)	(52)
Proceeds from disposal of property, plant and equipment	-	889
Proceeds from disposal of investment properties	609	2,869
Proceeds from disposal of subsidiary companies, net of cash disposed of	1,060	212
Proceeds from disposal of financial assets at fair value through profit or loss	-	973
Purchase of shares in joint venture companies	(1,720)	-
Purchase of financial assets at fair value through profit or loss	(20)	(390)
Equity to joint venture companies	(1,123)	(3,986)
Loans to joint venture companies	(108)	(787)
Repayment of loans by joint venture companies	917	613
Advances from joint venture companies	-	479
Repayment of advances from joint venture companies	(200)	-
Loans to associated companies	(52)	-
Decrease in deposits maturing after three months	-	30
Initial leasing costs incurred	(75)	(6)
Net cash used in investing activities	(7,999)	(3,196)
Net cash (outflow)/inflow before financing activities	(3,243)	1,849
Financing activities		
Loans drawn and refinanced	7,237	1,400
Repayment of loans and bonds	(9,009)	(4,184)
Principal elements of lease payments	(66)	(72)
	(1,838)	(2,856)
Capital contribution from a non-controlling interest	1,003	-
Dividends paid to the Company's shareholders	(5,616)	(5,383)
Dividends paid to non-controlling interests	(96)	(132)
Net cash used in financing activities	(6,547)	(8,371)
Decrease in cash and cash equivalents	(9,790)	(6,522)
Cash and cash equivalents at 1st January	14,833	21,202
Effect of exchange differences	(541)	153
Cash and cash equivalents at 31st December	4,502	14,833
Represented by:		
Bank balances and short-term deposits maturing within three months	4,502	14,833

1. Segment Information

The Group is organised on a divisional basis: Property investment, Property trading and Hotels. The reportable segments within each of the three divisions are classified according to the nature of the business.

(a) Information about reportable segments
Analysis of Consolidated Statement of Profit or Loss

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(losses) after depreciation and amortisation HK\$M	Finance charges HK\$M	Finance income HK\$M	Share of profit less losses of joint venture companies HK\$M	Share of profit less losses of associated companies HK\$M	Profit/(Losses) before taxation HK\$M	Taxation HK\$M	Profit/(Losses) for the year HK\$M	Profit/(Losses) attributable to the Company's shareholders HK\$M	Depreciation and amortisation charged to operating profit HK\$M
Year ended 31st December 2022												
Property investment	12,340	3	8,273	(359)	171	1,018	-	9,103	(974)	8,129	8,025	(247)
Property trading	921	-	209	-	1	(18)	66	258	(87)	171	171	-
Hotels	565	4	(259)	-	-	(67)	(54)	(380)	38	(342)	(341)	(181)
Change in fair value of investment properties	-	-	801	-	-	510	-	1,311	(1,042)	269	125	-
Inter-segment elimination	-	(7)	-	-	-	-	-	-	-	-	-	-
	13,826	-	9,024	(359)	172	1,443	12	10,292	(2,065)	8,227	7,980	(428)
Year ended 31st December 2021 (Restated)												
Property investment	12,981	3	9,463	(582)	229	1,004	-	10,114	(1,353)	8,761	8,654	(208)
Property trading	2,443	-	492	(11)	1	120	-	602	2	604	601	-
Hotels	894	4	(174)	(14)	-	(70)	(82)	(340)	31	(309)	(307)	(212)
Change in fair value of investment properties	-	-	(1,947)	-	-	814	-	(1,133)	(644)	(1,777)	(1,836)	-
Inter-segment elimination	-	(7)	-	-	-	-	-	-	-	-	-	-
	16,318	-	7,834	(607)	230	1,868	(82)	9,243	(1,964)	7,279	7,112	(420)

Note: Sales between business segments are accounted for at competitive prices charged to unaffiliated customers for similar goods and services.

1. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group

	Segment assets HK\$M	Joint venture companies* HK\$M	Associated Companies* HK\$M	Bank deposits and cash HK\$M	Total assets HK\$M	Additions to non-current assets (Note) HK\$M
At 31st December 2022						
Property investment	278,255	35,439	-	4,252	317,946	7,689
Property trading	9,911	2,762	285	164	13,122	-
Hotels	4,107	1,661	240	86	6,094	34
	292,273	39,862	525	4,502	337,162	7,723

 At 31st December 2021
(Restated)

Property investment	274,194	33,428	-	14,161	321,783	4,374
Property trading	8,058	2,717	219	548	11,542	-
Hotels	4,574	1,409	242	124	6,349	122
	286,826	37,554	461	14,833	339,674	4,496

* The assets relating to joint venture and associated companies include the loans due from these companies.

Note: In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, financial assets at fair value through profit or loss and other comprehensive income, financial instruments, deferred tax assets, retirement benefit assets and other financial assets at amortised cost.

Analysis of total liabilities and non-controlling interests of the Group

	Segment liabilities HK\$M	Current and deferred tax liabilities HK\$M	External borrowings HK\$M	Lease liabilities HK\$M	Total liabilities HK\$M	Non-controlling interests HK\$M
At 31st December 2022						
Property investment	8,529	11,413	14,685	614	35,241	3,017
Property trading	1,326	20	7,782	-	9,128	2
Hotels	167	-	368	-	535	28
	10,022	11,433	22,835	614	44,904	3,047

 At 31st December 2021
(Restated)

Property investment	8,303	11,073	18,839	566	38,781	1,952
Property trading	1,336	21	5,412	-	6,769	2
Hotels	164	-	350	-	514	32
	9,803	11,094	24,601	566	46,064	1,986

1. Segment Information (continued)

(a) Information about reportable segments (continued)

Analysis of external revenue of the Group - Timing of revenue recognition

	At a point in time HK\$M	Over time HK\$M	Rental income on leases HK\$M	Total HK\$M
Year ended 31st December 2022				
Property investment	-	114	12,226	12,340
Property trading	921	-	-	921
Hotels	331	234	-	565
	1,252	348	12,226	13,826
Year ended 31st December 2021 (Restated)				
Property investment	-	102	12,879	12,981
Property trading	2,443	-	-	2,443
Hotels	478	416	-	894
	2,921	518	12,879	16,318

1. Segment Information (continued)

(b) Information about geographical areas

The activities of the Group are principally based in Hong Kong, the Chinese Mainland and the U.S.A.

An analysis of revenue and non-current assets of the Group by principal markets is outlined below:

	Revenue		Non-current assets (Note)	
	2022 HK\$M	2021 HK\$M Restated	2022 HK\$M	2021 HK\$M
Hong Kong	9,319	9,108	229,330	228,318
Chinese Mainland	3,648	3,913	42,612	40,766
U.S.A. and elsewhere	859	3,297	6,489	6,108
	13,826	16,318	278,431	275,192

Note: In this analysis, the total of non-current assets exclude joint venture and associated companies, financial assets at fair value through profit or loss and other comprehensive income, financial instruments, deferred tax assets, retirement benefit assets and other financial assets at amortised cost.

Of the joint venture and associated companies balances, HK\$7,668 million (2021 (Restated): HK\$7,100 million) is based in Hong Kong, HK\$16,797 million (2021 (Restated): HK\$14,933 million) is based in the Chinese Mainland and HK\$597 million (2021: HK\$363 million) is based in U.S.A. and elsewhere.

2. Revenue

Revenue represents sales by the Company and its subsidiary companies to external customers and comprises:

	2022 HK\$M	2021 HK\$M Restated
Gross rental income from investment properties	12,226	12,879
Property trading	921	2,443
Hotels	565	894
Rendering of other services	114	102
	13,826	16,318

3. Cost of Sales

	2022 HK\$M	2021 HK\$M Restated
Direct rental outgoings in respect of investment properties that		
- generated rental income	2,798	2,885
- did not generate rental income	199	177
	2,997	3,062
Property trading	621	1,856
Hotels	685	883
	4,303	5,801

4. Other Net Gains

	2022 HK\$M	2021 HK\$M
Gains on disposal of investment properties	31	1,028
Gains on disposal of property, plant and equipment	-	9
Gains on disposal of assets classified as held for sale	20	36
Change in fair value of assets classified as held for sale	48	42
Change in fair value of financial assets at fair value through profit or loss	-	(12)
Net foreign exchange (losses)/gains	(107)	60
Government subsidies	31	15
Others	56	53
	79	1,231

5. Expenses by Nature

Expenses included in cost of sales, administrative and selling expenses, and other operating expenses are analysed as follows:

	2022 HK\$M	2021 HK\$M Restated
Impairment charged on trade receivables*	341	466
Depreciation of property, plant and equipment	232	273
Depreciation of right-of-use assets		
- leasehold land held for own use	25	27
- property	39	38
Amortisation of		
- intangible assets	53	47
- initial leasing costs in respect of investment properties	79	35
Staff costs	1,899	1,965
Other lease expenses**	32	32
Auditors' remuneration		
- audit services	11	11
- tax services	3	5
- other services	3	2

* These impairments include the expected credit loss on the operating lease receivables in relation to the forgiveness of lease payments, i.e. rent concessions granted to tenants during the year, under HKFRS 9 of HK\$319 million (2021 (Restated): HK\$432 million).

** These expenses relate to short-term leases and leases of low-value assets, net of rent concessions received (2022: nil; 2021: HK\$1 million). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

6. Net Finance Charges

	2022 HK\$M	2021 HK\$M
Interest charged on:		
Bank loans and overdrafts	158	61
Bonds	559	651
Interest-bearing advances from joint venture companies	16	9
Lease liabilities	19	18
Net fair value (gains)/losses on derivative instruments		
Cash flow hedges – transferred from other comprehensive income	(13)	14
Cross-currency swaps not qualifying as hedges	1	1
Other financing costs	109	131
	849	885
Losses on the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	66	64
Capitalised on:		
Investment properties	(370)	(293)
Properties for sale	(186)	(49)
	359	607
Interest income on:		
Short-term deposits and bank balances	(105)	(135)
Loans to joint venture and associated companies	(51)	(79)
Others	(16)	(16)
	(172)	(230)
Net finance charges	187	377

7. Taxation

	2022		2021	
	HK\$M	HK\$M	HK\$M Restated	HK\$M Restated
Current taxation				
Hong Kong profits tax	401		780	
Overseas tax	590		627	
(Over)/Under-provisions in prior years	(5)		4	
		986		1,411
Deferred taxation				
Change in fair value of investment properties	472		437	
Origination and reversal of temporary differences	598		116	
Effect of change in tax rate in the U.S.A.	9		-	
		1,079		553
		2,065		1,964

Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

8. Dividends

	2022	2021
	HK\$M	HK\$M
First interim dividend paid on 6th October 2022 of HK\$0.32 per share (2021: HK\$0.31)	1,872	1,814
Second interim dividend declared on 9th March 2023 of HK\$0.68 per share (2021: HK\$0.64)	3,978	3,744
	5,850	5,558

The second interim dividend is not accounted for in 2022 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2022 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2023 when declared.

The Directors have declared a second interim dividend of HK\$0.68 per share which, together with the first interim dividend of HK\$0.32 per share paid in October 2022, amount to full year dividend of HK\$1.00 (2021: HK\$0.95) per share. The second interim dividend will be paid on Thursday, 4th May 2023 to shareholders registered at the close of business on the record date, being Thursday, 6th April 2023. Shares of the Company will be traded ex-dividend as from Monday, 3rd April 2023.

The register of members will be closed on Thursday, 6th April 2023, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 4th April 2023.

To facilitate the processing of proxy voting for the annual general meeting to be held on 9th May 2023, the register of members will be closed from 4th May 2023 to 9th May 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3rd May 2023.

9. Earnings Per Share (Basic and Diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK\$7,980 million (2021 (Restated): HK\$7,112 million) by the daily weighted average number of 5,850,000,000 ordinary shares in issue during 2022 (2021: 5,850,000,000 ordinary shares).

10. Investment Properties

	Completed HK\$M	Under Development HK\$M	Total HK\$M
At 1st January 2022	236,703	31,112	267,815
Translation differences	(3,279)	(170)	(3,449)
Additions	935	6,806	7,741
Cost written back	(367)	(53)	(420)
Disposals	(269)	-	(269)
Transfer between categories	15,629	(15,629)	-
Net transfers from right-of-use assets	-	2	2
Transfer to assets classified as held for sale	(474)	-	(474)
Disposal of subsidiary companies	-	(556)	(556)
Net fair value (losses)/gains	(764)	1,565	801
	248,114	23,077	271,191
Add: Initial leasing costs	177	-	177
At 31st December 2022	248,291	23,077	271,368
At 1st January 2021	239,493	27,338	266,831
Translation differences	1,142	13	1,155
Additions	1,191	3,056	4,247
Cost written back	(6)	-	(6)
Disposals	(1,603)	-	(1,603)
Transfer between categories	1,131	(1,131)	-
Net transfer from property, plant and equipment	41	-	41
Net transfers from right-of-use assets	242	633	875
Transfer to assets classified as held for sale	(1,646)	-	(1,646)
Disposal of subsidiary companies	-	(132)	(132)
Net fair value (losses)/gains	(3,282)	1,335	(1,947)
	236,703	31,112	267,815
Add: Initial leasing costs	144	-	144
At 31st December 2021	236,847	31,112	267,959

Geographical Analysis of Investment Properties

	2022 HK\$M	2021 HK\$M
Held in Hong Kong		
On medium-term leases (10 to 50 years)	30,688	31,586
On long-term leases (over 50 years)	194,283	192,378
	224,971	223,964
Held in the Chinese Mainland		
On short-term leases (less than 10 years)	49	-
On medium-term leases (10 to 50 years)	41,122	39,207
	41,171	39,207
Held in the U.S.A.		
Freehold	5,049	4,644
	271,191	267,815

11. Right-of-use Assets

The recognised right-of-use assets relate to the following types of assets:

	2022 HK\$M	2021 HK\$M
Leasehold land held for own use	2,340	2,367
Property	142	75
	2,482	2,442

Additions to right-of-use assets during the year ended 31st December 2022 were HK\$107 million (2021: HK\$5 million).

During the year ended 31st December 2022, cash outflows for leases were included in the consolidated statement of cash flows as (a) interest paid of HK\$19 million (2021: HK\$18 million) under “operating activities”, (b) payment for short-term and low-value assets leases of HK\$32 million (2021: HK\$32 million) under “operating activities” and (c) principal elements of lease payments of HK\$66 million (2021: HK\$72 million) under “financing activities”.

12. Properties Held for Development

	2022 HK\$M	2021 HK\$M
Freehold land	987	986
Development cost	221	221
	1,208	1,207

13. Assets Classified as Held for Sale

Assets classified as held for sale represent the Group’s 100% interest in investment properties comprising 1,078 car parking spaces at stages I to IX of the Taikoo Shing residential development in Hong Kong. The spaces in stage VI were offered to registered owners at Taikoo Shing in the fourth quarter of 2020, and the Group offered further car parking spaces in stages II to IV and VII to IX in batches during 2021. The Group also offered car parking spaces in stages I and V during the year. The car parking spaces were offered to non-registered owners at Taikoo Shing since September 2022.

14. Properties for Sale

	2022 HK\$M	2021 HK\$M
Properties under development		
- development costs	619	494
- leasehold land	7,389	5,759
Completed properties		
- development costs	138	8
- freehold land	-	149
- leasehold land	118	1
	8,264	6,411

15. Trade and Other Receivables

	2022 HK\$M	2021 HK\$M Restated
Trade debtors	385	396
Prepayments and accrued income	85	81
Amounts due from intermediate holding company	5	-
Other financial assets at amortised cost	520	-
Other receivables	1,839	1,743
	2,834	2,220

The analysis of the age of trade debtors at the year end (based on their invoice dates) is as follows:

	2022 HK\$M	2021 HK\$M
Up to 3 months	354	338
Between 3 and 6 months	15	24
Over 6 months	16	34
	385	396

The Group does not grant any credit terms to its customers, except to corporate customers in the hotel division where commercial trade credit terms are given. The Group also holds non-interest-bearing rental deposits as security against trade debtors.

16. Trade and Other Payables

	2022 HK\$M	2021 HK\$M
Trade creditors	812	721
Rental deposits from tenants	2,715	2,782
Deposits received on sale of investment properties	1	10
Put option in respect of a non-controlling interest	590	551
Other payables		
Accrued capital expenditure	1,283	1,363
Amounts due to intermediate holding company	83	100
Amounts due to a joint venture company	113	-
Amounts due to an associated company	-	5
Interest-bearing advances from joint venture companies at 4.65% (2021: 1.42% to 4.65%)	256	479
Advances from a non-controlling interest	1,173	1,130
Others	2,982	2,348
	5,890	5,425
	10,008	9,489
Amounts due after one year included under non-current liabilities	-	(150)
	10,008	9,339

The analysis of the age of trade creditors at the year end is as follows:

	2022 HK\$M	2021 HK\$M
Up to 3 months	812	721

17. Lease Liabilities

	2022 HK\$M	2021 HK\$M
Maturity profile at the year end is as follows:		
Within 1 year	79	49
Between 1 and 2 years	73	53
Between 2 and 5 years	192	126
Over 5 years	270	338
	614	566
Amount due within one year included under current liabilities	(79)	(49)
	535	517

At 31st December 2022, the weighted average incremental borrowing rate applied in measuring the lease liabilities was 3.3% (2021: 3.3%).

18. Share Capital

	Ordinary shares	HK\$M
<i>Issued and fully paid with no par value:</i>		
At 1st January 2022 and 31st December 2022	5,850,000,000	10,449
At 1st January 2021 and 31st December 2021	5,850,000,000	10,449

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the years ended 31st December 2022 and 31st December 2021.

19. Reserves

	Revenue reserve HK\$M	Merger reserve HK\$M	Property revaluation reserve HK\$M	Cash flow hedge reserve HK\$M	Translation Reserve HK\$M	Total HK\$M
At 1st January 2022						
- as originally stated	277,961	(1,108)	2,005	28	2,820	281,706
- impact of adjustments in note 20(b)	(522)	-	-	-	(9)	(531)
- as restated	277,439	(1,108)	2,005	28	2,811	281,175
Profit for the year	7,980	-	-	-	-	7,980
Other comprehensive income						
Defined benefit plans						
- remeasurement gains recognised during the year	245	-	-	-	-	245
- deferred tax	(40)	-	-	-	-	(40)
Cash flow hedges						
- losses recognised during the year	-	-	-	(16)	-	(16)
- transferred to net finance charges	-	-	-	(13)	-	(13)
- transferred to operating profit	-	-	-	(1)	-	(1)
- deferred tax	-	-	-	5	-	5
Share of other comprehensive income of joint venture and associated companies	-	-	2	6	(1,752)	(1,744)
Net translation differences on foreign operations recognised during the year	-	-	-	-	(3,213)	(3,213)
Total comprehensive income for the year	8,185	-	2	(19)	(4,965)	3,203
2021 second interim dividend (note 8)	(3,744)	-	-	-	-	(3,744)
2022 first interim dividend (note 8)	(1,872)	-	-	-	-	(1,872)
At 31st December 2022	280,008	(1,108)	2,007	9	(2,154)	278,762

19. Reserves (continued)

	Revenue reserve HK\$M	Merger reserve HK\$M	Property Revaluation Reserve HK\$M	Cash flow Hedge Reserve HK\$M	Translation reserve HK\$M	Total HK\$M
At 1st January 2021						
- as originally stated	276,245	(1,108)	1,915	41	1,194	278,287
- impact of adjustments in note 20(b)	(513)	-	-	-	(7)	(520)
- as restated	275,732	(1,108)	1,915	41	1,187	277,767
Profit for the year (restated)	7,112	-	-	-	-	7,112
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
- gains recognised during the year	-	-	94	-	-	94
- deferred tax	-	-	(4)	-	-	(4)
Defined benefit plans						
- remeasurement losses recognised during the year	(26)	-	-	-	-	(26)
- deferred tax	4	-	-	-	-	4
Cash flow hedges						
- losses recognised during the year	-	-	-	(38)	-	(38)
- transferred to net finance charges	-	-	-	14	-	14
- deferred tax	-	-	-	4	-	4
Share of other comprehensive income of joint venture and associated companies	-	-	-	7	554	561
Net translation differences on foreign operations recognised during the year (restated)	-	-	-	-	1,070	1,070
Total comprehensive income for the year (restated)	7,090	-	90	(13)	1,624	8,791
2020 second interim dividend	(3,569)	-	-	-	-	(3,569)
2021 first interim dividend (note 8)	(1,814)	-	-	-	-	(1,814)
At 31st December 2021 (restated)	277,439	(1,108)	2,005	28	2,811	281,175

20. Changes in Accounting Policies and Disclosures

(a) The following revised standards were required to be adopted by the Group effective from 1st January 2022:

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual improvements project	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments

None of the revised standards had a significant effect on the Group's consolidated financial statements or accounting policies.

(b) Change in accounting policy on lessor forgiveness of lease payments

In October 2022, the IASB finalised the agenda decision approved by the IFRS Interpretation Committee ('IFRS IC') on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)". The agenda decision addresses the accounting from the perspective of the lessor, and in particular:

- how the expected credit loss ('ECL') model in IFRS 9 should be applied to the operating lease receivable when the lessor expects to forgive payments due from the lessee under the lease contract before the rent concession is granted; and
- whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for the rent concession.

IFRS IC concluded that in reporting periods before the forgiveness of lease payments have been granted, the lessor should measure the ECL on operating lease receivables on a probability-weighted basis, by evaluating a range of possible outcomes, including its expectation of forgiving lease payments that have been recognised as an operating lease receivable. This is on the assumption that there is reasonable and supportable information, that is available without undue cost or effort, and that the expectation of forgiving the lease payments reflects a potential cash shortfall which should be taken into account in the ECL measurement.

In previous years, all the rent concession granted to tenants were treated as lease modifications under HKFRS 16 and were amortised over the remaining periods of the leases.

The Group has changed its accounting policy having regard to the IASB agenda decision. In applying the requirements in HKFRS 9, the Group remeasures the ECL on its operating lease receivables immediately prior to the date the lease payments are forgiven, with any changes being recognised as rental outgoings in the consolidated statement of profit or loss. Once the lease payments are forgiven, the Group derecognises the operating lease receivable, including any associated ECL allowance. Lease payment forgiven that are not associated with operating lease receivables are recognised as lease modifications under HKFRS 16.

20. Changes in Accounting Policies and Disclosures (continued)
(b) Change in accounting policy on lessor forgiveness of lease payments (continued)

The change in accounting policy has been applied retrospectively by restating the balances at 31st December 2021 and 1st January 2021, and the results for the year ended 31st December 2021:

	As previously reported HK\$M	Effect of change HK\$M	As restated HK\$M
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2021			
Revenue	15,891	427	16,318
Cost of sales	(5,369)	(432)	(5,801)
Share of profit less losses of joint venture companies	1,870	(2)	1,868
Taxation	(1,961)	(3)	(1,964)
Profit for the year attributable to:			
- The Company's shareholders	7,121	(9)	7,112
- Non-controlling interests	168	(1)	167
Net translation differences on foreign operations recognised during the year	1,095	(2)	1,093
Total comprehensive income attributable to:			
- The Company's shareholders	8,802	(11)	8,791
- Non-controlling interests	191	(1)	190
Consolidated Statement of Financial Position at 31st December 2021			
Assets			
Joint venture companies	21,999	(64)	21,935
Trade and other receivables	2,805	(585)	2,220
		(649)	
Liabilities			
Deferred tax liabilities	10,847	(101)	10,746
		(101)	
Equity			
Reserves	281,706	(531)	281,175
Non-controlling interests	2,003	(17)	1,986
		(548)	
Consolidated Statement of Financial Position at 1st January 2021			
Assets			
Joint venture companies	15,806	(62)	15,744
Trade and other receivables	2,704	(577)	2,127
		(639)	
Liabilities			
Deferred tax liabilities	10,094	(103)	9,991
		(103)	
Equity			
Reserves	278,287	(520)	277,767
Non-controlling interests	1,944	(16)	1,928
		(536)	

20. Changes in Accounting Policies and Disclosures (continued)
(b) Change in accounting policy on lessor forgiveness of lease payments (continued)

The change in accounting policy affected the following items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31st December 2022 and the consolidated statement of financial position at 31st December 2022:

	Under previous accounting policy HK\$M	Effect of change HK\$M	As reported HK\$M
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2022			
Revenue	13,421	405	13,826
Cost of sales	(3,984)	(319)	(4,303)
Share of profit less losses of joint venture companies	1,429	14	1,443
Taxation	(2,046)	(19)	(2,065)
Profit for the year attributable to:			
- The Company's shareholders	7,902	78	7,980
- Non-controlling interests	244	3	247
Net translation differences on foreign operations recognised during the year	(3,322)	(1)	(3,323)
Total comprehensive income attributable to:			
- The Company's shareholders	3,126	77	3,203
- Non-controlling interests	134	3	137
Consolidated Statement of Financial Position at 31st December 2022			
Assets			
Joint venture companies	24,639	(50)	24,589
Trade and other receivables	3,334	(500)	2,834
		(550)	
Liabilities			
Taxation payable	245	(60)	185
Deferred tax liabilities	11,270	(22)	11,248
		(82)	
Equity			
Reserves	279,216	(454)	278,762
Non-controlling interests	3,061	(14)	3,047
		(468)	

21. Requirement in Connection with Publication of “Non-statutory Accounts” under Section 436 of the Hong Kong Companies Ordinance Cap. 622

The financial information relating to the years ended 31st December 2021 and 2022 that is included in this document does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the “Ordinance”)) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2021 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The specified financial statements for the year ended 31st December 2022 have not been but will be delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. Auditor’s reports have been prepared on the specified financial statements for the years ended 31st December 2021 and 2022. Those reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain statements under section 406(2) or 407(2) or (3) of the Ordinance.

ADDITIONAL INFORMATION

Corporate Governance

The Company complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year covered by the annual report.

The Company has adopted a code of conduct (the “Securities Code”) regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. These rules are available on the Company’s website.

On specific enquiries made, all the Directors of the Company have confirmed that, in respect of the accounting period covered by the annual report, they have complied with the required standard set out in the Model Code and the Securities Code.

Details of the Company’s corporate governance principles and processes will be available in the 2022 annual report.

The annual results have been reviewed by the Audit Committee of the Company.

Annual Report

The 2022 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company website www.swireproperties.com. Printed copies will be available to shareholders on 4th April 2023.

List of Directors

At the date of this announcement, the Directors of the Company are:

Executive Directors: G.M.C. Bradley (Chairman), T.J. Blackburn, F.N.Y. Lung and M.S.C. Ma;

Non-Executive Directors: N.A.H. Fenwick, R.S.K. Lim, M.J. Murray and M.B. Swire; and

Independent Non-Executive Directors: L.K.L. Cheng, T.T.K. Choi, S.T. Fung, J.L. Wang and M.Y. Wu.

By Order of the Board
Swire Properties Limited
Guy Bradley
Chairman
Hong Kong, 9th March 2023

GLOSSARY

References in this document to Hong Kong are to Hong Kong SAR.

Attributable gross rental income Gross rental income less amount shared by non-controlling interests plus the Group's share of gross rental income of joint venture and associated companies, and adjusted with related rental concession recognised in the consolidated statement of profit or loss.

Equity attributable to the Company's shareholders Equity before non-controlling interests.

Gross borrowings Total of loans, bonds and overdrafts.

Net assets employed Total equity plus net debt.

Net debt Total borrowings and lease liabilities less short-term deposits and bank balances.

Underlying profit Reported profit adjusted principally for the impact of (i) changes in the fair value of investment properties, (ii) deferred tax on investment properties and (iii) amortisation of right-of-use assets reported under investment properties.

Recurring underlying profit Underlying profit adjusted for significant credits and charges of a non-recurring nature, including gains on the sale of interests in investment properties.

Ratios

$$\text{Earnings per share} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Interest cover} = \frac{\text{Operating profit}}{\text{Net finance charges}}$$

$$\text{Return on average equity attributable to the Company's shareholders} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Average equity during the year attributable to the Company's shareholders}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Equity attributable to the Company's shareholders per share} = \frac{\text{Equity before non-controlling interests}}{\text{Number of shares in issue at the end of year}}$$

$$\text{Dividend payout ratio} = \frac{\text{Dividends paid and declared}}{\text{Profit attributable to the Company's shareholders}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

**FINANCIAL CALENDAR AND INFORMATION
FOR INVESTORS****Financial Calendar 2023**

Shares traded ex-dividend	3rd April
Annual Report available to shareholders	4th April
Share register closed for 2022 second interim dividend entitlement	6th April
Payment of 2022 second interim dividend	4th May
Share register closed for attending and voting at Annual General Meeting	4th - 9th May
Annual General Meeting	9th May
Interim results announcement	August
2023 first interim dividend payable	October

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Stock Code

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Request for Feedback

In order that we may improve our reporting, we would be grateful to receive your comments on our public announcements and disclosures via e-mail to ir@swireproperties.com.

Disclaimer

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