SWIRE PROPERTIES

SWIRE PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01972)

2021 Final Results

CONTENTS

FINANCIAL HIGHLIGHTS

	Note	**2021** **HK$M**	2020 HK$M	Change
Results				
For the year				
Revenue		**15,891**	13,308	+19%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	**9,541**	12,679	-25%
Recurring underlying	(b)	**7,152**	7,089	+1%
Reported		**7,121**	4,096	+74%
Cash generated from operations		**7,028**	7,550	-7%
Net cash inflow before financing		**1,849**	13,885	-87%
		HK$	HK$	
Earnings per share				
Underlying	(c), (d)	**1.63**	2.17	-25%
Recurring underlying	(c), (d)	**1.22**	1.21	+1%
Reported	(c), (d)	**1.22**	0.70	+74%
Dividend per share				
First interim		**0.31**	0.30	+3%
Second interim		**0.64**	0.61	+5%
		HK$M	HK$M	
Financial Position				
At 31st December				
Total equity (including non-controlling interests)		**294,158**	290,680	+1%
Net debt		**10,334**	6,605	+56%
Gearing ratio	(a)	**3.5%**	2.3%	+1.2%pt.
		HK$	HK$	
Equity attributable to the Company's shareholders per share	(a)	**49.94**	49.36	+1%

Notes:
(a) Refer to glossary on page 61 for definition.
(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 9.
(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.

Underlying profit/(losses) by segment	**2021** **HK$M**	2020 HK$M
Property investment	**9,871**	13,290
Property trading	**(45)**	(87)
Hotels	**(285)**	(524)
	9,541	12,679

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to be writing my first message as Chairman of Swire Properties.

Whilst we are still being impacted by the COVID-19 pandemic, Swire Properties continues to ride through the challenges.

Our solid financial results have demonstrated the resilience of our business and the strength of our team. We continue to create value by transforming urban areas through our placemaking strategy. This was a year during which we have strengthened our commercial and residential portfolios, reinforced our core assets and paved the way for new opportunities in the future.

Disposing of non-core assets has put us in a strong financial position. We have been gradually building up a strong pipeline and are now well positioned to embark upon a compelling growth strategy for our business with an exciting line-up of new projects.

Looking ahead, we will continue to focus on opportunities in Hong Kong, the Chinese Mainland and South East Asia, based on an ambitious investment pipeline of over HK$100 billion in these markets over the next ten years, of which we have just announced our approximately RMB7 billion investment in a new project in Xi'an in the Chinese Mainland.

Profits and Dividends

Our reported profit attributable to shareholders for 2021 was HK$7,121 million, compared to HK$4,096 million in 2020. There was a reduction in the loss on the valuation of investment properties. Underlying profit attributable to shareholders decreased to HK$9,541 million in 2021 from HK$12,679 million in 2020, primarily due to the reduction in profit from the sale of investment properties in Hong Kong. Our recurring underlying profit for the year was HK$7,152 million, compared with HK$7,089 million in 2020. There was a strong rental contribution from the Chinese Mainland and reduced losses from our hotel business. Rental income in Hong Kong was lower. There was no rental income from the Cityplaza One office tower, which was disposed of in 2020.

We declared a second interim dividend for 2021 of HK$0.64 per share. This, together with the first interim dividend of HK$0.31 per share paid in October 2021, amounts to full year dividends of HK$0.95 per share, representing a 4.4% increase over the dividends for 2020. The second interim dividend will be paid on Thursday, 5th May 2022 to shareholders registered at the close of business on the record date, being Friday, 1st April 2022. Shares of the Company will be traded ex-dividend as from Wednesday, 30th March 2022. Our policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time.

Business Resilience

Even in such a challenging environment, our business remains resilient.

In Hong Kong, our office portfolio delivered solid returns in 2021, maintaining high occupancy rates. Our redevelopment of Taikoo Place is an example of placemaking at its very best and our efforts to establish the area into a global business district are set to continue as Two Taikoo Place comes onstream in 2022.

Hong Kong's retail market recovered partially in 2021, but not to pre-COVID levels. It benefited from the gradual relaxation of social distancing, the release of pent-up domestic demand and the HKSAR Government's consumption voucher scheme. However, the pace of recovery has been impacted by the fifth wave of the pandemic and various tightened social distancing measures, which began in January 2022. Despite the difficult trading environment, we remain confident in Hong Kong's long-term prospects and will continue to invest in our retail malls and explore new digital technologies and customer-centric initiatives to prepare for the rebound when conditions eventually improve.

The results of our Chinese Mainland property portfolio were strong in 2021. Our Taikoo Li and Taikoo Hui branded properties are premium destinations on a national scale, and we opened our sixth Chinese Mainland development, Taikoo Li Qiantan, in Shanghai in September 2021. Our newest retail complex had an amazing start, with record high opening rate, footfall and retail sales across all of the openings of our Chinese Mainland malls.

It has been very rewarding to see this project through from inception to its successful launch. Taikoo Li Qiantan is arguably the most digitally advanced project in the area and is set to play a pivotal role in the development of Qiantan as an international business district.

In December 2021, we opened Taikoo Li Sanlitun West, a retail complex to the west of our existing Taikoo Li Sanlitun development in Beijing. The new complex is contributing to the revitalisation of Chaoyang district in Beijing, and reinforces the position of Taikoo Li Sanlitun as a world-class commercial development.

HK$100 Billion Investment to Drive Future Growth

Our capital recycling strategy over the past few years has put us in a strong financial position to support our future growth and to continue with our successful placemaking strategy in our core markets of Hong Kong and the Chinese Mainland.

We intend to invest over HK$100 billion over the next ten years to build an exciting development pipeline in Hong Kong, the Chinese Mainland and South East Asia.

We are keen to play our part in reinforcing Hong Kong's status as a global financial hub. To that end, it is intended that one-third of the amount will be invested in Hong Kong by continuing to expand and reinforce Taikoo Place and Pacific Place.

Leveraging our "Taikoo Li" and "Taikoo Hui" brands, more than half of the funding is intended to be invested in the Chinese Mainland, with a focus on retail-led mixed-use developments in Tier-1 and emerging Tier-1 cities. We are in discussions with several potential partners. Gross floor area attributable to the Group is expected to double in the Chinese Mainland over the next decade.

In March 2022, we announced our collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an, a retail-led mixed-use development, located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. This will be our seventh development in the Chinese Mainland.

We are also actively exploring residential trading opportunities across core markets in Hong Kong, the Chinese Mainland and South East Asia, leveraging our premium residential brand. Funds will be reserved for strategic investment in new trading development opportunities.

With the benefit of our planned investments, we aim to deliver mid-single-digit annual growth in dividends.

Sustainable Development

2021 was a milestone year for our work in sustainable development. Back in 2016, we launched the Sustainable Development 2030 Strategy - which set out a clear goal and roadmap for Swire Properties to be the leader in sustainable development in our industry globally by 2030.

In only six years, we are now officially recognised as a global industry leader, having attained the no. 1 ranking in Asia and no. 7 ranking worldwide in the Dow Jones Sustainability Index.

We were also the first real estate developer in Hong Kong and the Chinese Mainland to have our ambitious 1.5°C-aligned science-based targets approved by the Science Based Targets Initiative.

As our baseline increases, our road ahead becomes even more challenging. We need to keep pushing the envelope, adopting new technology in our operations and positively influencing the industry to work towards the transition to carbon neutrality.

COVID-19

In February 2022, Swire Properties announced a number of measures to support the HKSAR Government to help the Hong Kong community, as well as our tenants to ride out the fifth wave of COVID-19. These include providing a full rental waiver up to 20th April this year to tenants under scheduled premises who have had to close due to the HKSAR Government's pandemic measures, and offering rental relief to food and beverages and retail tenants on a case-by-case basis. The Company is also discussing with the HKSAR Government opportunities to provide spaces to be used as vaccination and/or testing centres.

Novotel Citygate Hotel has participated in the Community Isolation Facility Hotel Scheme, to operate as an isolation facility for people who test positive for COVID-19 but have no or mild symptoms starting from 1st March this year. The hotel had previously been accepted by the HKSAR Government as a designated quarantine hotel in the seventh cycle. EAST Hong Kong, has been operating as a quarantine hotel since 1st February this year.

The Company is also offering a total of 27,000 free rapid test kits to children who are in special residential childcare services, as well as the elderly and people with physical disabilities. The kits will be distributed by our non-governmental organisation partners.

Vaccination is crucial to Hong Kong's business recovery, and we have offered our full support to the HKSAR Government's city-wide vaccination drive. In 2021, we launched HK$8 million in shopping incentives to help boost the vaccination take-up rate. We also announced a partnership with Tap & Go, an operator of the HKSAR Government's consumption voucher scheme, where we offered HK$4.7 million in rewards and promotions at our shopping malls in Hong Kong.

50 Years and Beyond

The ongoing threat of the COVID-19 pandemic means that we will continue to face uncertainties. However, I am proud that we have become stronger in the face of adversity, and that our business is well-positioned for medium and long-term growth, supported by our long-term vision, active asset management and transformative placemaking strategy.

Everything we have achieved in 2021 is due to our dedicated team at Swire Properties, who have demonstrated incredible resilience and team spirit. They are truly an invaluable asset to the Company, and I extend my deepest thanks to them.

In 2022 we will celebrate our 50th anniversary. I would like to thank our shareholders, our partners and the wider community for their wonderful support over the past five decades. I speak for all of us at Swire Properties when I say that we are excited about the future and we look forward to seeing what the next 50 years will bring.

Guy Bradley
Chairman
Hong Kong, 10th March 2022

CHIEF EXECUTIVE'S STATEMENT

Dear shareholders,

Faced with continued challenges in 2021 our business was resilient. Retail sales at our malls in the Chinese Mainland grew strongly as the country recovered from COVID-19. In Hong Kong our office portfolio was stable and our retail portfolio is recovering.

We continue to plan for business recovery and we are fully focused on our growth strategy, supported by our placemaking commitments and active asset management. We have a balanced portfolio and a strong balance sheet. We remain confident about the medium and long-term outlook for our core markets in Hong Kong and the Chinese Mainland.

As our Chairman has stated we plan to invest over HK$100 billion over the next ten years. We will continue to develop our commercial and residential businesses, realise our development pipeline, lead in sustainable development, and accelerate our digital transformation strategy.

2021 Financial Results at a Glance

Underlying profit attributable to shareholders decreased from HK$12,679 million in 2020 to HK$9,541 million in 2021. This principally reflected the reduction in profit from the sale of non-core assets in Hong Kong. Recurring underlying profit was HK$7,152 million, compared with HK$7,089 million in 2020.

In Hong Kong, occupancy was high in our office portfolio despite new supply and increasing competition. The new supply is exerting downward pressure on rents. Retail sales in Hong Kong benefited from the HKSAR Government's consumption voucher scheme whilst COVID-19 was generally contained in the second half of 2021. However, the amortisation of rental concessions granted in 2020 adversely affected rental income.

Rental income at our malls in the Chinese Mainland increased significantly in 2021 with high footfall and strong growth in retail sales, particularly of luxury goods.

Domestic demand grew strongly in the U.S.A. which positively impacted our retail sales and rental income.

There was a small underlying loss from property trading in 2021. This reflected the sales of EDEN in Singapore and of the remaining units at Reach and Rise in Miami, and adjustments to provisions.

Losses at our hotel business reduced in 2021. The hotels in Hong Kong were adversely affected by ongoing travel restrictions. The hotels in the Chinese Mainland and the U.S.A. performed better.

Sustainable Development

In 2021, we accelerated the adoption of renewable energy across our portfolios. Taikoo Hui Guangzhou became our second large-scale development to be powered by renewable electricity, following Sino-Ocean Taikoo Li Chengdu in 2020. These achievements increase the use of renewable energy across our Chinese Mainland portfolio to approximately 40%.

We understand that when it comes to achieving our sustainable development goals, we cannot succeed on our own. The second phase of our "Sustainability We All Count" campaign extended our sustainability message to the wider community in Hong Kong and the Chinese Mainland. We also partnered with the Hong Kong Green Building Council to launch the Advancing Net Zero Ideas Competition, where industry experts were given data from our buildings in order to facilitate the design of net-zero buildings.

Our partnership with Tsinghua University is now in its 10th year, and together we are exploring the adoption of artificial intelligence and other innovative ways to improve energy efficiency in our developments. We have also established New Ventures, a business unit which focuses on the adoption of innovative technology that aligns with Swire Properties' business objectives.

Our Future Prospects

In Hong Kong, our office portfolio demonstrated resilience in a weak market. Increasing competition from Central and Kowloon East is putting downward pressure on rents. However, the prospect of the reopening of the border with the Chinese Mainland and strength in the financial markets should increase the take-up of Grade-A space, particularly by banks and financial services companies. Our office portfolio remains well placed, with high occupancy and stable demand from a wide range of tenants.

Two Taikoo Place, our new Grade-A office tower, will be launched in 2022 and the pre-leasing is progressing well. We have secured Swiss private bank Julius Baer as our anchor tenant which highlights market confidence in Taikoo Place. In Admiralty, we are making good headway on our new Grade-A office building opposite Three Pacific Place.

The fifth wave of the pandemic in Hong Kong continues to deal a heavy blow to the retail sector. Hong Kong's retail market is also vulnerable to restrictions imposed in response to COVID-19. Despite these challenges, we will continue to strengthen our efforts to drive footfall and spending at our malls, to prepare for the market's eventual recovery upon the reopening of the border with the Chinese Mainland.

Our investments in the Chinese Mainland have yielded solid returns, with our five malls in full operation delivering strong results in 2021. Notwithstanding the prospect of the reopening of the border with Hong Kong, we expect to continue seeing strong demand for retail space in the cities in which we operate in the Chinese Mainland, and we anticipate steady growth in tenants' sales for the year ahead.

In Guangzhou, continued new supply is expected to put downward pressure on office rents. In Beijing, improved office take-up is expected to continue with rentals recovering due to limited new supply in core areas. In Shanghai, demand is expected to be robust. Despite new supply in decentralised locations, office rents in core central business districts, where supply is limited, are expected to be stable.

In Shanghai, we are currently regenerating the Zhangyuan shikumen compound located between HKRI Taikoo Hui and Nanjing West Road. We are very proud to have been entrusted with this important project, which will create a new hub for cultural innovation in the city. Phase one is expected to open in the summer.

In Beijing, we have entered into a framework agreement in relation to the transformation of a public transport maintenance facility in Sanlitun into a commercial centre. Also in Beijing, we are working hard on INDIGO Phase Two, an extension of our successful INDIGO mixed-use development.

We recently announced our collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an, adjacent to the Small Wild Goose Pagoda park in the Beilin district of Xi'an. Spanning a site area of approximately 1.3 million square feet, Taikoo Li Xi'an will be a retail-led mixed-use development comprising retail and cultural facilities in addition to a hotel, serviced residences and business apartments.

We are exploring several opportunities in the Greater Bay Area, including a potential retail development in the Julong Bay Area of Guangzhou.

In Miami, retail sales continue to recover strongly from the adverse effects of COVID-19.

In Hong Kong, we have been building up a strong pipeline of residential projects. We expect demand to remain resilient in the medium to long term. 28 out of 37 units at our

EIGHT STAR STREET project have been pre-sold as of 8th March 2022, and our joint venture project in Wong Chuk Hang is progressing well. We have also accepted the land exchange offer for our residential development in Chai Wan.

We continue to invest in the development of high-quality residential projects for our trading portfolio. In March 2021, we sold all 20 apartments at EDEN in Singapore. In Jakarta, Indonesia and Ho Chi Minh City, Vietnam, urbanisation, a growing middle class and a limited supply of luxury residential properties are expected to support stable residential property markets. Savyavasa, our luxury residential project in Jakarta, and our minority investments in Empire City and The River in Vietnam are progressing well.

The outlook for our hotels in Hong Kong remains challenging because of COVID-19 and the associated travel restrictions. The Silveri Hong Kong - MGallery is expected to open in phases this year. Our Chinese Mainland hotels are expected to continue to recover, thanks to strong domestic travel demand. Our hotel business in Miami is recovering well.

Communities

2021 was an important year for the Swire Properties Community Ambassador programme, our volunteer initiative which is celebrating its 20th anniversary. Our network of volunteers has continued to expand to many of our operating cities, creating a spirit of volunteering which has become part of our company culture. We celebrated their efforts with various activities throughout the year, including a roving exhibition across our Hong Kong portfolios.

We also continue to invest in our youth empowerment scheme, the Swire Properties Placemaking Academy. Our graduates underwent six months of training to plan and successfully launch the first ever zero-waste White Christmas Street Fair in December 2021, our annual celebration for the community.

As the Chairman has highlighted, we are continuing to do our part to help Hong Kong as the world continues to battle the effects of COVID-19. It is more important than ever that we come together as a community to support the healthy recovery of our home city. Swire Properties turns 50 in 2022, and we look forward to celebrating with colleagues and the people who have played a key role in shaping our success over the past half century.

We are optimistic about the future and I would like to express my gratitude to our shareholders, our valued partners and most of all to our talented and hardworking colleagues at Swire Properties for their unwavering and continued support.

Tim Blackburn
Chief Executive
Hong Kong, 10th March 2022

REVIEW OF OPERATIONS

	2021 HK$M	2020 HK$M
Revenue		
Gross Rental Income derived from		
Offices	**6,193**	6,555
Retail	**5,785**	5,245
Residential	**474**	454
Other Revenue (1)	**102**	101
Property Investment	**12,554**	12,355
Property Trading	**2,443**	312
Hotels	**894**	641
Total Revenue	**15,891**	13,308
Operating Profit/(Losses) derived from		
Property investment		
From operations	**8,283**	8,504
Sale of interests in investment properties	**1,185**	1,826
Valuation losses on investment properties	**(1,947)**	(4,465)
Property trading	**492**	(49)
Hotels	**(174)**	(310)
Total Operating Profit	**7,839**	5,506
Share of Post-tax Profit from Joint Venture and Associated Companies	**1,788**	732
Profit Attributable to the Company's Shareholders	**7,121**	4,096

(1) Other revenue is mainly estate management fees.

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$2,788 million and HK$230 million respectively in 2021. In Hong Kong, investment properties recorded net property valuation losses of HK$3,726 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	**2021 HK$M**	2020 HK$M
Profit Attributable to the Company's Shareholders per Financial Statements		**7,121**	4,096
Adjustments in respect of investment properties:			
Valuation losses in respect of investment properties	(a)	**708**	4,307
Deferred tax on investment properties	(b)	**1,027**	446
Valuation gains realised on sale of interests in investment properties	(c)	**585**	3,990
Depreciation of investment properties occupied by the Group	(d)	**23**	23
Non-controlling interests' share of valuation movements less deferred tax		**59**	(108)
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**	(26)
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)	**(53)**	(49)
Underlying Profit Attributable to the Company's Shareholders		**9,541**	12,679
Profit on sale of interests in investment properties and a hotel		**(2,389)**	(5,590)
Recurring Underlying Profit Attributable to the Company's Shareholders		**7,152**	7,089

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 2020	12,679
Decrease in profit from the sale of interests in investment properties and a hotel	(3,201)
Decrease in profit from property investment	(209)
Decrease in losses from property trading	42
Decrease in losses from hotels	230
Underlying Profit in 2021	**9,541**

Our reported profit attributable to shareholders in 2021 was HK$7,121 million, compared to a profit of HK$4,096 million in 2020.

Underlying profit attributable to shareholders (which principally adjusts for changes in valuation of investment properties) decreased by HK$3,138 million from HK$12,679 million in 2020 to HK$9,541 million in 2021. The decrease mainly reflected the reduction in profit from the sale of interests in investment properties in Hong Kong.

Recurring underlying profit (which excludes the profit on the sale of interests in investment properties) was HK$7,152 million in 2021, compared with HK$7,089 million in 2020. This mainly reflected higher rental income from the Chinese Mainland and reduced losses in the hotel business, largely offset by lower rental income from Hong Kong.

Recurring underlying profit from property investment decreased in 2021. This mainly reflected lower retail rental income (the reduction reflecting in part the amortisation of rental concessions given in 2020) from Hong Kong and the loss of rental income from the Cityplaza One office tower (which was disposed of in the second half of 2020), partly offset by strong retail rental income from the Chinese Mainland.

In Hong Kong, the office portfolio was resilient and occupancy was high despite a weak market. The retail portfolio in Hong Kong was adversely affected by the effect of COVID-19 on inbound tourism. However, local consumption improved and COVID-19 was generally contained in the second half of 2021. The HKSAR Government introduced a consumption voucher scheme, which increased retail sales.

In the Chinese Mainland, our retail performance was strong. Retail sales and gross rental income increased significantly. Local demand was strong. COVID-19 was generally contained.

In the U.S.A., retail sales and gross rental income increased strongly.

There was a small underlying loss from property trading in 2021. This reflected the sales of EDEN in Singapore and of the remaining units at Reach and Rise in the U.S.A., and adjustments to provisions.

The hotel business in Hong Kong was adversely affected by travel restrictions. Hotels in the Chinese Mainland and the U.S.A. performed better. Losses were lower.

Key Developments

In January 2021, the Group started to sell units at EIGHT STAR STREET in the Starstreet Precinct in Hong Kong. 28 out of 37 units had been pre-sold at 8th March 2022.

In March 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 2027.

In March 2021, the Group sold all 20 apartments at EDEN in Singapore.

In May 2021, the Group sold almost all remaining units at Reach and Rise, the residential portion of the first phase of the Brickell City Centre development in Miami, U.S.A., to an institutional purchaser. All units available for sale were sold during the year.

In July 2021, the Group formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd., for the purpose of revitalising the historic Zhangyuan shikumen compound in the Jing'an district of Shanghai.

In August 2021, the Group entered into a cooperation agreement with the Chaoyang district government in Beijing and the Beijing Public Transport Corporation. The cooperation relates to the transformation (into a cultural and commercial destination) of a public transport maintenance facility in Sanlitun owned by the Beijing Public Transport Corporation and adjacent to our Taikoo Li Sanlitun development.

In September 2021, Taikoo Li Qiantan, a retail development in Qiantan international business district jointly developed by the Group and Shanghai Lujiazui Group, officially opened. This is our second development in Shanghai and the third Taikoo Li project in the Chinese Mainland.

In September 2021, a project company held as to 80% by the Group and as to 20% by China Motor Bus Company, Limited accepted the HKSAR Government's land exchange offer in relation to a plot of land in Chai Wan, Hong Kong for a premium of approximately HK$4,540 million. The land exchange was executed in December 2021. The plot of land is expected to be redeveloped into a residential complex with an aggregate gross floor area of approximately 694,000 square feet.

In October 2021, the Group sold EAST Miami to an institutional investor. Swire Hotels remains the hotel operator.

In December 2021, Taikoo Li Sanlitun West, an extension to Taikoo Li Sanlitun in Beijing, opened for business.

In March 2022, a consortium in which the Group has a 70% interest successfully acquired (via a government land tender) the land use rights of a land located at 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 in addition to a hotel, serviced residences and business apartments.

Portfolio Overview

The aggregate gross floor area ("GFA") attributable to the Group at 31st December 2021 was approximately 30.7 million square feet.

Of the aggregate GFA attributable to the Group, approximately 27.0 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 22.9 million square feet and investment properties under development or held for future development of approximately 4.1 million square feet. In Hong Kong, the investment property and hotel portfolio comprises approximately 13.8 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 Company has interests in six major commercial developments in prime locations in Beijing, Guangzhou, Chengdu and Shanghai. These developments are expected to comprise approximately 11.1 million square feet of attributable GFA when they are all completed. Of this, 9.7 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 2021.

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	8.7	2.5	0.8	0.6	-	**12.6**
Chinese Mainland	2.9	5.4	1.2	0.2	-	**9.7**
U.S.A.	-	0.3	0.3	-	-	**0.6**
Total	**11.6**	**8.2**	**2.3**	**0.8**	**-**	**22.9**

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	1.2	-	-	-	-	**1.2**
Chinese Mainland	-	-	-	-	1.4	**1.4**
U.S.A.	-	-	-	-	1.5 (2)	**1.5**
Total	**1.2**	**-**	**-**	**-**	**2.9**	**4.1**

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	**12.8**	**8.2**	**2.3**	**0.8**	**2.9**	**27.0**

(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 six residential projects under development, three in Hong Kong, one in Indonesia and two in Vietnam. 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 2021.

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

	Under Development or Held for Development	**Total**
Hong Kong	0.7	**0.7**
U.S.A. and elsewhere	3.0	**3.0**
Total	**3.7**	**3.7**

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**	
	2021	2020	**2021**	2020	**2021**	2020
Hong Kong	**57%**	58%	**60%**	67%	**80%**	81%
Chinese Mainland	**41%**	40%	**37%**	30%	**18%**	16%
U.S.A. and elsewhere	**2%**	2%	**3%**	3%	**2%**	3%
Total	**100%**	100%	**100%**	100%	**100%**	100%

Investment Properties – Hong Kong

Offices

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 9.0 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK$6,124 million in 2021. At 31st December 2021, our office properties, completed and under development, in Hong Kong were valued at HK$181,468 million. Of this amount, the Company's attributable interest was HK$171,586 million.

Hong Kong Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2021)	Attributable Interest
Pacific Place	2,186,433	98%	100%
Taikoo Place - One Island East and One Taikoo Place	2,550,379	99%	100%
Taikoo Place - Other Office Towers (1)	3,136,717	96%	50%/100%
Others (2)	1,158,595	90%	20%/50%/100%
Total	**9,032,124**		

(1) Including PCCW Tower, of which the Company owns 50%.
(2) Others comprise One Citygate (20% owned), Berkshire House (50% owned), 8 Queen's Road East (wholly-owned), 28 Hennessy Road (wholly-owned) and South Island Place (50% owned).

Gross rental income from the Hong Kong office portfolio in 2021 was HK$5,794 million, 5% lower than 2020. The decrease was mainly due to the loss of rental income from the Cityplaza One office tower, which was disposed of in the second half of 2020. The office market was weak, with consecutive quarters of negative net absorption, reflecting subdued demand and increasing supply. However, leasing started to pick up in the second half of 2021. Our office portfolio was resilient. Occupancy was high. There were positive rental reversions at our Taikoo Place properties. Disregarding the effect of the disposal of Cityplaza One, gross rental income was approximately the same. At 31st December 2021, the office portfolio was 97% 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 2021.

Office Area by Tenants' Businesses
(At 31st December 2021)

Banking/Finance/Securities/Investment	29.0%
Trading	17.2%
Professional services (Accounting/Legal/Management consulting/Corporate secretarial)	14.8%
Insurance	10.2%
Technology/Media/Telecoms	10.0%
Real estate/Construction/Property development/Architecture	8.2%
Advertising and public relations	1.4%
Others	9.2%

At 31st December 2021, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) 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 relatively solid in 2021. The occupancy rate improved to 98% at 31st December 2021. APG, Allianz, Bank of Montreal, MSCI Hong Kong, Sculptor Capital, Diginex, Mishcon de Reya, Charles Russell Speechlys, Innovation Securities, Orient Wealth, YongHe Asset Management, Walton International, Cabral Investment, Ruima Hong Kong, Arctos Capital, Banclogix System and Tetrion Capital became tenants. PAG, Shenwan Hongyuan, Sequoia Capital and TPP (HK) leased more space. Société Générale, Crédit Agricole Corporate & Investment Bank, Hong Kong Monetary Authority, Moody's, China Overseas, Sino-Ocean, Bank of Japan, Interactive Brokers, Visa, Sanitorium Healthcare, Neo Derm, British American Tobacco, Goodman, China Great Bay Area Fund, Take Good Investment, Tianfu, Woori Bank, Centurium Capital, Site Centres Capital, Vision Credit, NH Investment, Old Peak, Comgest and Rifa Securities renewed their leases.

Taikoo Place

The performance of One Taikoo Place and One Island East at Taikoo Place was strong with occupancy rates of 100% and 99% respectively at 31st December 2021. In One Taikoo Place, DFS Group became a tenant. In One Island East, Capgemini became a tenant. AllianceBernstein, Amgen, SK hynix and Tiffany & Co. renewed their leases.

There are six other office towers at Taikoo Place (including PCCW Tower, in which we have a 50% interest). The performance of these offices was resilient. The occupancy rate was 96% at 31st December 2021. AlphaSights, Huize Hong Kong and NOVA Global ICT (HK) became tenants. Currenxie, Ernst & Young and RDM Asia leased more space. ADMIS Hong Kong, Balenciaga, Baroque HK, Bluebell, BMC Software, BSI, CTBAT International, Football Marketing Asia, FWD, Gartner, GODIVA, IPC Information Systems, Lenovo, Liberty Insurance, Oreana Financial Services, Nikoyo (HK), RELX (Greater China), Suntory Trading Hong Kong, Triton Limited and Vodafone renewed their leases.

South Island Place

The occupancy rate was 88% at 31st December 2021. 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

Office demand in Hong Kong will be adversely affected by increased vacancy rates and excess supply. Increasing competition from Central and Kowloon East is exerting downward pressure on rents. However, the prospect of gradual reopening of the border with the Chinese Mainland and strength in the financial markets should increase the take-up of Grade-A office space, particularly by banks and financial services companies. Julius Baer, a Swiss private bank, will be moving from Central to Two Taikoo Place, where it will take 92,000 square feet of office space. With high occupancy, and stable demand from a range of tenants, our office portfolio is well placed.

The following table shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 31st December 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 8.4% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 17.7% of such rental income due to expire in 2023.

Office Lease Expiry Profile (At 31st December 2021)	
2022	8.4%
2023	17.7%
2024 and later	73.9%

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$2,296 million in 2021. At 31st December 2021, our retail properties in Hong Kong were valued at HK$55,077 million. Of this amount, the Company's attributable interest was HK$45,429 million.

The portfolio principally consists of The Mall at Pacific Place, Cityplaza at Taikoo Shing and Citygate Outlets at Tung Chung. The malls are wholly-owned by the Company (except for Citygate Outlets, in which the Company has a 20% interest) and are managed by the Company.

Hong Kong Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2021)	Attributable Interest
The Mall, Pacific Place	711,182	96%	100%
Cityplaza	1,096,898	100%	100%
Citygate Outlets	803,582	100%	20%
Others (1)	546,707	100%	20%/60%/100%
Total	**3,158,369**		

(1) 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 (20% owned).

COVID-19 stopped most inbound tourism. Social distancing reduced local consumption. The retail market was severely disrupted, but has stabilised. Local demand started to recover in the second half of 2021. The Hong Kong retail portfolio's gross rental income was HK$2,191 million in 2021, a 10% decrease from 2020. The decrease reflected in part the amortisation of rental concessions given in 2020.

Retail sales in 2021 increased by 27% at The Mall, Pacific Place, by 9% at Cityplaza and by 22% at Citygate Outlets. These increases compare with an 8% increase in retail sales in Hong Kong as a whole. COVID-19 was generally contained in Hong Kong in the second half of 2021. The HKSAR Government introduced a consumption voucher scheme, which increased retail sales. People ate out more. This helped food and beverages businesses. General fashion and accessories businesses struggled. The performance of luxury retail businesses varied.

Rental concessions were given for specific periods on a case by case basis to support tenants. Rental concessions granted in 2020 and 2021 were amortised over the remaining lease terms. Rental concessions (on a cash basis) reduced considerably in 2021. On a cash concession basis, gross rental income was 5% higher in 2021 than 2020.

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 2021.

Retail Area by Tenants' Businesses (At 31st December 2021)	
Fashion and accessories	29.8%
Food and beverages	19.3%
Department stores	15.2%
Cinemas	4.2%
Supermarkets	3.8%
Jewellery and watches	1.9%
Ice rink	0.9%
Others	24.9%

At 31st December 2021, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) together occupied approximately 26% 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 difficult market conditions, planned tenancy changes took place. New and experiential retail brands were introduced. Acqua Di Parma, André Fu Living, Brooks Brothers, Cô Thành, Ermenegildo Zegna, FENDI MEN, Green Ginkgo Tea, La Vache!, L'Occitane, Marimekko, O.N.S, Sweaty Betty, The Holiday Project, Uoharu and WellWellWell became tenants. Hermès, Moncler, Shiro, Van Cleef & Arpels and Jaeger-LeCoultre took more space. Balmain Paris, Chloé, and Thai Basil were relocated within The Mall. The premises occupied by Masterpiece by King Fook, Puyi Optical and The Continental 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. Improvements to the tenant mix, promotions and activities in the mall make it an attractive place to shop, eat and be entertained.

Cityplaza was fully let in 2021, except for void periods during tenancy changes and reconfiguration works. CHARLES & KEITH, China Construction Bank (Asia) - Premier Banking Center, Dumpling Station, Marella, Mr Simms Olde Sweet Shoppe, Mushroom, OGAWA, Pedder Red, Pret A Manger and SmarTone became tenants. Marks & Spencer, Oliver's Super Sandwiches and The Spaghetti House took more space. ASHWORTH, CSL, Häagen-Dazs, Museum Context, Nail Bar, Optical 88 Family Eyecare and ORiental TRaffic were relocated within Cityplaza. The premises occupied by eGG Optical Boutique, Brooks Brothers, City Chain, Godiva Chocolatier, Greyhound Café and Tommy Hilfiger were refitted.

Citygate Outlets

Citygate Outlets is the largest premium outlet mall in Hong Kong with approximately 200 shops and restaurants. 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 2021. adidas, Burberry, Calvin Klein, cdf Beauty, Coach, Fortress, I.T/i.t, MCL Citygate, Nike, Polo Ralph Lauren, TaSTe and Uniqlo are major tenants. Bose, Bricks House, Descente, Duty Zero, Kenzo, L.D.K Ufufu Café, Maryling, Rue Madame and Venchi became tenants.

Hong Kong Retail Market Outlook

There was a rebound in Hong Kong's retail market in 2021, but the pace of recovery has been impacted by the fifth wave of the pandemic which began in January 2022. The market is also vulnerable to restrictions imposed in response to COVID-19. Despite these challenges, we continue to invest in our malls (including in innovative technology), to enhance the mix of tenants and to hold customer-centric marketing events to support the market's eventual recovery upon 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 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 14.4% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 30.4% of such rental income due to expire in 2023.

Retail Lease Expiry Profile (At 31st December 2021)	
2022	14.4%
2023	30.4%
2024 and later	55.2%

Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, EAST Residences in Quarry Bay, STAR STUDIOS in Wanchai 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 occupancy rate at the residential portfolio was approximately 68% at 31st December 2021. Demand for our residential investment properties was primarily local, because of COVID-19.

Investment Properties Under Development

Two Taikoo Place

The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House) is the construction of an office tower with an aggregate GFA of approximately one million square feet, to be named Two Taikoo Place. Curtain wall installation and interior fit out works are in progress. Completion of the redevelopment is expected later this year.

46-56 Queen's Road East

Planning permission to develop this site for office use was obtained in 2018. The site area is approximately 14,400 square feet. The proposed development has an aggregate GFA of approximately 218,000 square feet. Superstructure works are in progress. Completion is expected in 2023.

Others

Wah Ha Factory Building, No. 8 Shipyard Lane and Zung Fu Industrial Building, No. 1067 King's Road

In 2018, the Group submitted compulsory sale applications in respect of these two sites in Hong Kong. In February 2022, the Lands Tribunal granted the compulsory sale order for Zung Fu Industrial Building. Subject to the Group having successfully bid in the compulsory sale of the sites, the 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, Quarry Bay

In 2018, a joint venture company in which the Group holds a 50% interest submitted a compulsory sale application in respect of this site. 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 400,000 square feet.

Taikoo Shing Car Parking Spaces

Since November 2020, the Group has offered 2,123 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 1,235 of these car parking spaces had been sold at 8th March 2022. Sales of 1,202 car parking spaces were recognised in 2021.

Investment Properties – Chinese Mainland

Overview

The property portfolio in the Chinese Mainland comprises an aggregate of 18.0 million square feet of space, 11.1 million square feet of which is attributable to the Group. Completed properties amount to 14.0 million square feet, with 4.0 million square feet under development. Total attributable gross rental income from investment properties in the Chinese Mainland was HK$5,357 million in 2021. At 31st December 2021, the investment properties in the Chinese Mainland were valued at HK$108,624 million. Of this amount, the Group's attributable interest was HK$71,125 million.

Chinese Mainland Property Portfolio [1]

	GFA (sq. ft.) (100% Basis)				
	Total	Investment Properties	Hotels and Others	Under Planning	Attributable Interest
Completed					
Taikoo Li Sanlitun, Beijing	1,778,923	1,609,460	169,463	-	100%
Taikoo Hui, Guangzhou	3,840,197	3,256,013	584,184	-	97%
INDIGO, Beijing	1,886,865	1,528,564	358,301	-	50%
Sino-Ocean Taikoo Li Chengdu	1,661,725	1,465,217	196,508	-	50%
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	1,458	1,459	-	100%
Sub-Total	**13,986,820**	**12,289,078**	**1,697,742**	-	
Under Development					
INDIGO Phase Two, Beijing [2]	4,045,964	-	-	4,045,964	35%
Total	**18,032,784**	**12,289,078**	**1,697,742**	**4,045,964**	

(1) Including hotels and properties leased for investment.
(2) 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 mid-2025 and 2026.

Gross rental income from the Group's investment property portfolio in the Chinese Mainland increased by 24%, to HK$3,561 million, in 2021. This mainly reflected higher retail sales and Renminbi appreciation.

Retail

The completed retail portfolio in the Chinese Mainland comprises an aggregate of 7.8 million square feet of space, 5.4 million square feet of which is attributable to the Group. Total attributable gross rental income from our retail properties in the Chinese Mainland grew by 29%, to HK$4,399 million, in 2021. Disregarding amortised rental concessions and Renminbi appreciation, total attributable gross rental income increased by 17%. At 31st December 2021, our completed retail properties in the Chinese Mainland were valued at HK$69,374 million. Of this amount, the Company's attributable interest was HK$50,700 million.

The portfolio consists of Taikoo Li Sanlitun in Beijing and Hui Fang in Guangzhou, which are wholly-owned by the Company, Taikoo Hui in Guangzhou, which is 97% owned, and INDIGO in Beijing, Sino-Ocean Taikoo Li Chengdu, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai, each of which is 50% owned.

Chinese Mainland Completed Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31sth December 2021)	Attributable Interest
Taikoo Li Sanlitun, Beijing [1]	1,609,460	97%	100%
Taikoo Hui, Guangzhou	1,472,730	99%	97%
INDIGO, Beijing	939,493	100%	50%
Sino-Ocean Taikoo Li Chengdu	1,355,360	96%	50%
HKRI Taikoo Hui, Shanghai	1,173,459	97%	50%
Taikoo Li Qiantan, Shanghai [2]	1,188,727	90%	50%
Hui Fang, Guangzhou	90,847	98%	100%
Total	**7,830,076**		

(1) Including Taikoo Li Sanlitun West, which officially opened in December 2021.
(2) Including space allocated to prospective tenants who have signed letters of intent.

Retail sales in the Chinese Mainland increased strongly in 2021 despite sporadic COVID-19 resurgences in some cities. Local demand was strong, particularly for watches, jewellery and other luxury items. This reflected continued restrictions on travel outside the Chinese Mainland and generally effective COVID-19 controls by local authorities. Sellers of luxury and international brands did well and sought more space. Our retail sales on an attributable basis in the Chinese Mainland in 2021 increased by 30%. 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 increased by 27%, 11%, 33%, 22% and 29% respectively in 2021. National retail sales increased by 13%. Taikoo Li Qiantan opened on 30th September 2021.

The Group's gross rental income from retail properties in the Chinese Mainland increased by 27%, to HK$3,168 million, in 2021 (after taking into account a 7% appreciation of the Renminbi against the Hong Kong dollar). Disregarding amortised rental concessions and Renminbi appreciation, gross rental income increased by 16%.

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 2021.

Retail Area by Tenants' Businesses (At 31st December 2021)	
Fashion and accessories	41.0%
Food and beverages	25.4%
Cinemas	5.4%
Supermarkets	4.6%
Jewellery and watches	2.8%
Others	20.8%

At 31st December 2021, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) together occupied approximately 16% 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 287 retail outlets.

Taikoo Li Sanlitun South concentrates on contemporary fashion and lifestyle brands. adidas, Apple, H&M, Starbucks, and a 1,597-seat Megabox cinema are tenants. In 2021, World of Ralph Lauren and ARKET opened their first Chinese Mainland stores and Sephora opened its Beijing flagship store at the development. & Other Stories, Atelier Cologne, Carven, Dior Beauty, Goldwin, Herschel Supply, ON, Volcom, CASA BACARDI and COMMUNE became tenants. Tenants in Taikoo Li Sanlitun North are principally retailers of luxury, designer fashion and lifestyle brands. Dover Street Market Beijing, Balenciaga, LOEWE and Moncler are tenants. Alexander McQueen, CHAUMET, Gucci, Maison Kitsune, Marni and Moynat became tenants in 2021.

Taikoo Li Sanlitun West with a GFA of 293,405 square feet officially opened in December 2021. Tenants have committed to take all the space in the development. They include Uniqlo Global Sanlitun Flagship Store, Nike Beijing, DESCENTE Kinetic Lab Global Experience Center and the first Tao Tao Ju and Tokyo Milk Cheese Factory in Beijing.

Gross rental income at Taikoo Li Sanlitun was satisfactory in 2021. Retail sales increased by 27%. The occupancy rate was 97% at 31st December 2021. The percentage stabilised yield on the cost of Taikoo Li Sanlitun West is expected to be in the high single digits. Demand for retail space at Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination.

Taikoo Hui, Guangzhou

Taikoo Hui is in the Tianhe district of Guangzhou. Its mall is a popular shopping centre in Guangzhou. It celebrated its 10th Anniversary in 2021. 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. ABC Cooking Studio, adidas, BLANCPAIN, CLARINS, COS, CPB, DESCENTE, ELLE Salon by Kraemer, Essentials, FILLMED LABORATOIRES, FRED, gaga CENTRAL, GEGINA, Golden Goose, JUICE, KNOT KNOT DESSERT MUSE, La Maison VALMONT, little MO&Co., machi machi, NIKE, Pomellato, SNIDEL, SONG Café, Suka, SUPER MONKEY, Sushi Hanzo Pro, Tabio, TAIER restaurant, THE BOWL, Tokyo Milk Cheese Factory, Wanshi restaurant and XIJIADE became tenants in 2021.

Gross rental income at Taikoo Hui grew strongly in 2021. Retail sales increased by 33%, reflecting strong demand for luxury brands from local shoppers, improvements to the tenant mix and strong marketing and promotion. At 31st December 2021, the occupancy rate at the shopping mall was 99%.

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. Club Monaco, i.t, Massimo Dutti, Muji, Tesla, SISYPHE bookstore, BHG Market Place and a seven-house, 1,000-seat CGV cinema are tenants. ASICS & Haglofs, Diane Von Furstenberg, FNJI, IRO, LESS, MANITO, MLB, SOLESTAGE, ZUCZUG, YMM ART ACADEMY, LADY M and KEAMMI became tenants in 2021. The mall is becoming a significant fashion and lifestyle shopping centre in north-east Beijing.

Occupancy at the shopping mall was 100% at 31st December 2021. Retail sales increased by 11% in 2021. Improvements were made to the tenant mix.

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, Cartier, Gucci, Hermès, I.T, Muji, Fangsuo bookstore, Olé Supermarket and a 1,720-seat Palace-j'aime cinema are tenants. Carhatt WIP, Delicates, DJI, Giorgio Armani Beauty, G-SHOCK, MAIA ACTIVE, OURBakery, Pierre Marcolini, Randomevent, RAPL, Solestage and Steiff became tenants in 2021. Arc'teryx, Byredo, Denham, diptyque, Moncler, Thom Browne and ZARA opened or upgraded to their flagship stores at the development in 2021.

Retail sales increased by 22% in 2021, reflecting an improved tenant mix and strong marketing and communication. The development is reinforcing its position as a premium shopping and leisure destination in Chengdu and the western part of the Chinese Mainland. At 31st December 2021, the occupancy rate was 96%.

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, CHA LING, COS, diptyque, The Disney Store, Guerlain, i.t, Kenzo, Lululemon, Nike Kicks Lounge, Nio, Puma, SPACE, Tesla, ZWILLING HOME, Shanghai Club, Ho Hung Kee and a city'super supermarket are tenants. Abercrombie & Fitch, BAO BAO ISSEY MIYAKE, Bremont, Carven, dunhill, Diane von Furstenberg, Ermenegildo Zegna, Golden Goose, IWC, MARNI MARKET, MaxMara, Salvatore Ferragamo, Shanghai Tang and SOLO X became tenants in 2021.

Retail sales increased by 29% in 2021. At 31st December 2021, the occupancy rate was 97%.

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. 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. Qiantan International Business Zone is envisaged as a new international business district of Shanghai and as a commercial, residential and cultural centre. The development is connected to a three-line metro interchange station.

Taikoo Li Qiantan is designed with lanes and is low density. With focus on wellness and sustainability, it has an 86,000 square feet central green area at ground level, spanned by an 80-metre bridge with a view of Qiantan Park and the Huangpu River. There is a running track, greenery and leisure spaces on the roof, connected to shops and restaurants.

The development officially opened in September 2021 and started to contribute rental income. Tenants include Audemars Piguet, Balenciaga, Bulgari, Cartier, Dior, Fendi, Giorgio Armani, Gucci, Hermès, LOEWE, Louis Vuitton, Moncler, Prada, Saint Laurent, Tiffany & Co., Zegna, the first MOViE MOViE cinema in the Chinese Mainland and the largest TSUTAYA BOOKS outlet in Shanghai.

Retail sales and footfall have been strong since the opening. At 31st December 2021, tenants had committed (including by way of letter of intent) to take 90% of the retail space. 59% of the lettable retail space was open. The percentage stabilised yield on the cost of the development is expected to be in the high single digits.

Chinese Mainland Retail Market Outlook

General retail sentiment is expected to remain positive. Notwithstanding the prospect of the reopening of the border with Hong Kong, demand for retail space in the cities in which we operate in the Chinese Mainland is expected to be generally strong in 2022. International brand owners are looking for space in which they can showcase their brands in the Chinese Mainland. In Guangzhou, Chengdu and Shanghai, demand for retail space from the owners of luxury international brands is expected to be strong. In Shanghai, demand for retail space from the owners of fashion, cosmetics and lifestyle brands and from food and beverages outlets is expected to be steady. In Beijing, demand for retail space from the owners of fashion, lifestyle and apparel brands is expected to be solid.

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 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 24.9% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 24.7% of such rental income due to expire in 2023.

Retail Lease Expiry Profile (At 31st December 2021)	
2022	24.9%
2023	24.7%
2024 and later	50.4%

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 increased by 11% to HK$880 million in 2021. At 31st December 2021, our completed office properties in the Chinese Mainland were valued at HK$23,059 million. Of this amount, the Company's attributable interest was HK$14,467 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 2021)	Attributable Interest
Taikoo Hui, Guangzhou	1,731,766	95%	97%
INDIGO, Beijing	589,071	93%	50%
HKRI Taikoo Hui, Shanghai	1,828,060	100%	50%
Total	**4,148,897**		

Demand for office space in Beijing and Shanghai improved in 2021. Take-up increased generally, but was weak in Guangzhou. New supply put pressure on office rents in Guangzhou. Office rents in Shanghai and Beijing recovered, reflecting lower vacancy rates.

The Group's gross rental income from office properties in the Chinese Mainland increased by 6% to HK$380 million in 2021 (after taking into account a 7% appreciation of the Renminbi against the Hong Kong dollar). In Renminbi terms, the gross rental income was approximately the same. This was despite weak demand for office space as well as new supply in Guangzhou.

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 2021.

Office Area by Tenants' Businesses
(At 31st December 2021)

Banking/Finance/Securities/Investment	30.4%
Trading	23.3%
Technology/Media/Telecoms	16.1%
Professional services	13.7%
Pharmaceutical manufacturing	7.8%
Real estate/Construction/Property development/Architecture	6.0%
Others	2.7%

At 31st December 2021, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2021) 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. Demand for office space in 2021 was weak and rents were under pressure. Occupancy at 31st December 2021 was 95%. Canon, HSBC, Microsoft and Toyota are tenants. Chanel and Eyugame leased more space in 2021. Roche, UBS and Swarovski became tenants in 2021.

INDIGO, Beijing

Occupancy at ONE INDIGO was 93% at 31st December 2021. Demand for office space started to improve from the third quarter of 2021. The main tenants are technology, media and telecoms and financial companies. Disney, Kidsland, Rolls Royce and Western Cloud are tenants. Coupang leased more office space in 2021. Amazon, Cider, Commvault, DSV and Schlumberger became tenants in 2021.

HKRI Taikoo Hui, Shanghai

There are two office towers at HKRI Taikoo Hui in Shanghai. The occupancy rate was 100% at 31st December 2021. Demand improved in 2021. The main tenants are financial services companies, pharmaceutical companies, law firms, gaming companies and retailers. Abbvie, Advent Capital, Alibaba, Alliance Bernstein, Amore Pacific, Audemars Piguet, Bank of China, Blackstone, Clifford Chance, China Media Capital, CVC Capital Partners, EA, Eli Lilly, Fangda Partners, Fidelity, FountainVest Partners, Grosvenor, H&M, Harry Winston, Heinz, Han Kun Law Offices, KKR, JLL, Rothschild, Towers Research Capital and Warner Brothers are tenants. Bally, Beautiful Tree, Chanel, Citic Capital, Genesis, Jimmy Choo, Jun He Law Offices, Supercell and Versace leased more space in 2021. AffaMed, BionTech, Investindustrial and Manner became tenants in 2021.

Chinese Mainland Office Market Outlook

In Guangzhou, continued new supply is expected to put downward pressure on rents. In Beijing, improved office take-up is expected to continue with rentals recovering due to limited new supply in core areas. In Shanghai, demand is expected to be robust. Despite new supply in decentralised locations, 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 2021, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 21.1% of the attributable gross rental income in the month of December 2021 are due to expire in 2022, with tenancies accounting for a further 36.8% of such rental income due to expire in 2023.

Office Lease Expiry Profile (At 31st December 2021)	
2022	21.1%
2023	36.8%
2024 and later	42.1%

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 2021 recovered. Occupancy at the Mandarin Oriental in Guangzhou, The Temple House in Chengdu and The Middle House Residences in Shanghai was 88%, 56% and 92% respectively at 31st December 2021.

Chinese Mainland Serviced Apartments Market Outlook

The performance of the serviced apartments is expected to be stable in 2022.

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 mid-2025 and 2026. Excavation works were completed. Piling works are in progress. The Group has a 35% interest in INDIGO Phase Two.

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.)	2022 to 2024	2025	2026 and later
Taikoo Li Sanlitun, Beijing	1,778,923	1,778,923	1,778,923
Taikoo Hui, Guangzhou	3,724,990	3,724,990	3,724,990
INDIGO, Beijing	943,434	943,434	943,434
Sino-Ocean Taikoo Li Chengdu	830,864	830,864	830,864
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	-	854,013	1,416,087
Hui Fang, Guangzhou	90,847	90,847	90,847
Others	2,917	2,917	2,917
Total	**9,734,650**	**10,588,663**	**11,150,737**

Others

Zhangyuan, Shanghai

In July 2021, the Group formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, which the Group has a 60% interest, will be engaged in the revitalisation and management of the Zhangyuan shikumen compound in the Jing'an district in Shanghai. When the revitalisation is completed, the compound will have a GFA of 645,840 square feet above ground and 753,480 square feet underground. There are 43 shikumen blocks with about 170 two or three storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. Construction and renovation were in progress at 31st December 2021. The revitalisation is planned to be completed and opened in two phases, in 2022 and 2025. The Group does not have an ownership interest in the compound.

Taikoo Li, Xi'an

In March 2022, a consortium in which the Group has a 70% interest successfully acquired (via a government land tender) the land use rights of a land located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an. Spanning 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 in addition to a hotel, serviced residences and business apartments. The estimated GFA is approximately 2.9 million square feet (above ground and underground), subject to further planning. The consortium is in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd.

Investment Properties – U.S.A.

Overview

Brickell City Centre, Miami

Brickell City Centre, Miami		
	GFA (sq. ft.) [1] (100% Basis)	Attributable Interest
Completed		
Shopping centre	496,508	62.9%
Future Development		
Residential	523,000	100%
One Brickell City Centre	1,444,000	100%
Total	**2,463,508**	

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

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

In October 2021, the Group completed the sale of EAST Miami hotel and serviced apartments at the development. Swire Hotels remains the hotel operator.

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, exercisable from February 2020, to sell its interest to the Group.

The shopping centre was 98% leased (including by way of letters of intent) at 31st December 2021. Retail sales in 2021 increased by 112%.

The second phase of the Brickell City Centre development, to be known as One Brickell City Centre, is being planned. It will be a mixed-use development.

Miami Market Outlook

In Miami, retail sales continue to recover strongly from the adverse effects of COVID-19.

Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2021 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$267,815 million, compared to HK$266,831 million at 31st December 2020. There was a decrease in the valuation of the retail and office investment properties in Hong Kong and an increase in the valuation 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. 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 six residential projects under development, three in Hong Kong, one in Indonesia and two in Vietnam. There are also land banks in Miami, U.S.A.

Property Trading Portfolio (At 31st December 2021)

	GFA (sq. ft.) (100% Basis)	Expected Construction Completion Date	Attributable Interest
Under Development			
Hong Kong			
- EIGHT STAR STREET, Wanchai	30,855	2022	100%
- Wong Chuk Hang Station Package Four Property Development	638,305	2024	25%
- Chai Wan Inland Lot No. 178	694,278	2025	80%
Indonesia			
- Savyavasa, South Jakarta	1,122,728	2024	50%
Vietnam			
- The River	846,201	2022	20%
- Empire City	7,131,624	2027	15.73%
Held for Development or sale			
U.S.A.			
- Fort Lauderdale, Florida [1]	N/A	N/A	75%
- South Brickell Key, Miami, Florida	550,000	N/A	100%
- Brickell City Centre, Miami, Florida – North Squared site	523,000	N/A	100%

(1) The sale of this property was completed in January 2022.

Hong Kong

EIGHT STAR STREET, Wanchai

A site at 8 Star Street, Wanchai is being redeveloped into an approximately 34,000 square feet residential building with retail outlets on the lowest two levels. Interior fitting out works are in progress. The development is expected to be completed later this year. 28 out of 37 units had been pre-sold at 8th March 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. 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 September 2021, a project company held as to 80% by the Group and as to 20% by China Motor Bus Company, Limited accepted the HKSAR Government's land exchange offer in relation to a plot of land in Chai Wan, Hong Kong for a premium of approximately HK$4,540 million. The land exchange was executed in December 2021. The plot of land is expected to be redeveloped into a residential complex with an aggregate GFA of approximately 694,000 square feet. Site formation works are in progress. 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 resilient in the medium and long term.

U.S.A.

The residential portion of the first phase of the Brickell City Centre development (comprising 390 units at Reach and 390 units at Rise) was developed for trading purposes. In May 2021, almost all remaining units at Reach and Rise were sold to an institutional purchaser. All the units available for sale were sold during the year. Sales of 25 units at Reach and 89 units at Rise were recognised in 2021.

Singapore

EDEN, at 2 Draycott Park in District 10, comprises 20 residential units with an aggregate GFA of approximately 77,000 square feet. In March 2021, all the units were sold. These sales were recognised in 2021.

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 into a residential development with an aggregate GFA of approximately 1,123,000 square feet. Superstructure works are scheduled to start in the first half of this year. 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.

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 90% of the units had been pre-sold at 8th March 2022.

In March 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 until 2027. The Group invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 45% of the residential units had been pre-sold at 8th March 2022.

Indonesia and Vietnam Residential Market Outlook

In Jakarta, Indonesia and Ho Chi Minh City, Vietnam, urbanisation, a growing middle class and limited supply of luxury residential properties are expected to support stable residential property markets.

Estate Management

The Group manages 19 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. EAST hotels are lifestyle hotels in Hong Kong, Beijing and Miami. In October 2021, EAST Miami ceased to be owned by the Company. It continues to be managed by Swire Hotels.

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

The operating profit before depreciation of our managed hotels (including restaurants and taking account of central costs) in 2021 was HK$22 million.

Hotel Portfolio (Managed by Swire Hotels)

	No. of Rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
- The Upper House	117	100%
- EAST Hong Kong	345	100%
- Headland Hotel (1)	501	0%
Chinese Mainland		
- The Opposite House	99	100%
- EAST Beijing	369	50%
- The Temple House (2)	142	50%
- The Middle House (2)	213	50%
U.S.A.		
- EAST Miami (3)	352	0%
Total	**2,138**	

(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.
(3) EAST Miami (including the serviced apartments in the hotel tower) has been owned by a third party since October 2021.

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place in Hong Kong, revenue per available room and occupancy were adversely affected by COVID-19 associated travel restrictions. In 2021, the hotel was ranked number three in the Condé Nast Traveller awards for Top 10 Hotels in Hong Kong category. It was voted number four in the Top 5 Hotels in China category in Travel + Leisure’s 2021 World’s Best Awards.

EAST Hong Kong

At EAST Hong Kong, a 345-room hotel in Taikoo Shing, revenue per available room and occupancy were severely affected by COVID-19 associated travel restrictions. The hotel was recognised awards in the Klook Best Romantic Hotel Awards.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. Its occupancy and revenue per available room recovered in 2021. In 2021, the hotel was ranked number one in the Top 5 Hotels in China in Travel + Leisure's 2021 World's Best Award, number one in the Top 15 Asia City Hotels and number three in the Top 100 Hotels in the World category. Jing Yaa Tang restaurant was named Chinese Hotel Dining of the Year in the Time Out Food Awards. UNION bar was named Hotel Bar of the Year in the DRiNK Awards 2021.

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 recovered in 2021. The hotel was recognised as best Outdoor Space of the Year and Hotel Brunch of the Year by Time Out Beijing. It was nominated as Best Business Hotel in the LIFE ELEMENT's 2021 Best Hotel Annual Awards.

The Temple House

The Temple House (in which the Company has a 50% interest) has 100 hotel rooms and 42 serviced apartments at Sino-Ocean Taikoo Li Chengdu. Revenue per available room and occupancy benefited from strong domestic demand but fluctuated because of COVID-19 associated travel restrictions. The hotel received awards from Condé Nast Traveler, Travel + Leisure and TripAdvisor. Destination Deluxe named the hotel number three Urban Hotel of the Year. The Mi Xun Spa was named Most Classic Spa Treatment of the Year in the SpaChina Wellness & Spa Awards 2021. The TIVANO restaurant and the Jing bar received awards in the Midwest Regional DRiNK Awards 2021.

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 recovered strongly in 2021. There was strong domestic demand. The food and beverages business recovered. The hotel received awards from Condé Nast Traveler, Travel + Leisure and TripAdvisor. The Frasca and Sui Tang Li restaurants were designated diamond in the 2021 Black Pearl Restaurant Guide. Mi Xun Spa's restorative facial treatment was named The Most Novel Facial Treatment of the Year award in the SpaChina Wellness & Spa Awards 2021.

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 occupancy and revenue per available room recovered strongly as COVID-19 stabilised in Miami. The hotel's Quinto la Huella restaurant was named Best 21 Restaurant in Miami by Condé Nast Traveller. Sugar was the only bar in Florida that to receive a Best Rooftop Bars in the U.S.A. award from Big 7 Travel.

Swire 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, at Taikoo Place. PUBLIC café is a standalone restaurant at Taikoo Place.

Non-managed Hotels

Overview

The Group has ownership interests in (but does not manage) hotels with 3,142 rooms in aggregate.

Hotel Portfolio (not managed by the Group)

	No. of Rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
- Island Shangri-La Hong Kong	561	20%
- JW Marriott Hotel Hong Kong	608	20%
- Conrad Hong Kong	513	20%
- Novotel Citygate Hong Kong	440	20%
- The Silveri Hong Kong - MGallery	206	20%
Chinese Mainland		
- Mandarin Oriental, Guangzhou (1)	287	97%
- The Sukhothai Shanghai	201	50%
U.S.A.		
- Mandarin Oriental, Miami	326	75%
Total	**3,142**	

(1) Including serviced apartments in the hotel tower.

The non-managed hotels in Hong Kong were adversely affected by COVID-19. The non-managed hotels in the Chinese Mainland and 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.

Hotels Market Outlook

The outlook for our hotels in Hong Kong is difficult because of COVID-19 and associated travel restrictions. The Silveri Hong Kong - MGallery in Hong Kong is expected to open in phases, subject to COVID-19 conditions, this year. Our Chinese Mainland hotels are expected to continue to recover, with strong domestic travel demand. The hotel business in Miami is recovering.

The Group is committed to developing the “House” and “EAST” brands as they are integral to our mixed-use developments; and also expanding our reach through third-party management contracts.

Capital Commitments

Capital Expenditure and Commitments

Capital expenditure in 2021 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$3,281 million (2020: HK$1,452 million). Outstanding capital commitments at 31st December 2021 were HK$14,500 million (2020: HK$13,327 million), including the Group's share of the capital commitments of joint venture companies of HK$73 million (2020: HK$76 million).

Capital expenditure in 2021 on Chinese Mainland investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, was HK$1,010 million (2020: HK$5,770 million). Outstanding capital commitments at 31st December 2021 were HK$6,184 million (2020: HK$5,337 million), including the Group's share of the capital commitments of joint venture companies of HK$4,777 million (2020: HK$4,300 million). The Group was committed to funding HK$1,146 million (2020: HK$1,330 million) of the capital commitments of joint venture companies.

Capital expenditure in 2021 on investment properties and hotels in the U.S.A. amounted to HK$49 million (2020: HK$65 million). There were no outstanding capital commitments at 31st December 2021 (2020: HK$6 million).

Profile of Capital Commitments at 31st December 2021 for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Total Commitments (1)	Commitments relating to joint venture companies (2)
					2025	At 31st December	At 31st December
	2021	2022	2023	2024	and later	**2021**	**2021**
	HK$M	HK$M	HK$M	HK$M	HK$M	**HK$M**	**HK$M**
Hong Kong	**3,281**	5,783	1,448	872	6,397	**14,500**	**73**
Chinese Mainland	**1,010**	1,475	1,172	999	2,538	**6,184**	**4,777**
U.S.A.	**49**	-	-	-	-	**-**	**-**
Total	**4,340**	7,258	2,620	1,871	8,935	**20,684**	**4,850**

(1) The capital commitments represent the Group's capital commitments of HK$15,834 million plus the Group's share of the capital commitments of joint venture companies of HK$4,850 million.

(2) The Group was committed to funding HK$1,146 million of the capital commitments of joint venture companies in the Chinese Mainland.

FINANCING

Sources of Finance

Audited Financial Information

At 31st December 2021, committed loan facilities and debt securities amounted to HK$29,318 million, of which HK$4,650 million (16%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$400 million. Sources of funds at 31st December 2021 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	**4,309**	**4,309**	**-**	**-**
Revolving loans	**6,050**	**1,400**	**2,750**	**1,900**
Bonds	**18,959**	**18,959**	**-**	**-**
Total committed facilities	**29,318**	**24,668**	**2,750**	**1,900**
Uncommitted facilities				
Bank loans and overdrafts	**400**	**-**	**400**	**-**
Total	**29,718**	**24,668**	**3,150**	**1,900**

Note: The figures above are stated before unamortised loan fees of HK$67 million.

At 31st December 2021, 83% of the Group's gross borrowings were on fixed rate basis and 17% were on floating rate basis (2020: 76% and 24% respectively).

The Group had bank balances and short-term deposits of HK$14,833 million at 31st December 2021, compared to HK$21,232 million at 31st December 2020.

Maturity Profile and Refinancing

Bank loans and other borrowings are repayable on various dates up to 2030 (2020: up to 2030). The weighted average term and cost of the Group's debt are:

	2021	2020
Weighted average term of debt	**3.0 years**	3.2 years
Weighted average cost of debt	**3.0%**	3.1%

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:

		Maturity Profile								
(HK$M)	**Total**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Facilities from third parties										
Term and revolving loans	10,359	7,859	500	-	2,000	-	-	-	-	-
Bonds	18,959	3,899	200	1,100	1,940	4,598	2,140	4,278	-	804
Total	**29,318**	**11,758**	**700**	**1,100**	**3,940**	**4,598**	**2,140**	**4,278**	**-**	**804**

Audited Financial Information

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

	2021		2020	
	HK$M		HK$M	
Bank borrowings and bonds from third parties due				
Within 1 year	**9,000**	**37%**	1,914	7%
1 - 2 years	**199**	**1%**	9,385	34%
2 - 5 years	**8,207**	**33%**	4,224	16%
After 5 years	**7,195**	**29%**	11,734	43%
Total	**24,601**	**100%**	27,257	100%
Less: Amount due within one year included under current liabilities	**9,000**		1,914	
Amount due after one year included under non-current liabilities	**15,601**		25,343	

Currency Profile

Audited Financial Information

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

	2021		2020	
	HK$M		HK$M	
Currency				
Hong Kong dollars	**20,747**	**84%**	21,077	77%
United States dollars	**3,854**	**16%**	5,371	20%
Singapore dollars	**-**	**-**	809	3%
Total	**24,601**	**100%**	27,257	100%

Gearing Ratio and Interest Cover

	2021	2020
Gearing ratio (1)	**3.5%**	2.3%
Interest cover – times (1)		
Per financial statements	**20.8**	14.4
Underlying	**33.0**	33.5
Cash interest cover – times (1)		
Per financial statements	**10.9**	8.3
Underlying	**15.8**	20.1

(1) Refer to Glossary on page 61 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 2021 and 2020:

	Net Debt of Joint Venture and Associated Companies		**Portion of Net Debt Attributable to the Group**		**Debt Guaranteed by the Group**	
	2021	2020	**2021**	2020	**2021**	2020
	HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$M
Hong Kong Entities	**10,033**	9,434	**3,406**	3,162	**2,265**	2,265
Chinese Mainland Entities	**16,629**	20,042	**7,936**	8,958	**904**	-
U.S.A. and other Entities	**317**	614	**396**	473	**474**	471
Total	**26,979**	30,090	**11,738**	12,593	**3,643**	2,736

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 7.5%.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss
For the year ended 31st December 2021

	Note	**2021 HK$M**	2020 HK$M
Revenue	2	**15,891**	13,308
Cost of sales	3	**(5,369)**	(3,396)
Gross profit		**10,522**	9,912
Administrative and selling expenses		**(1,888)**	(1,694)
Other operating expenses		**(200)**	(201)
Other net gains/(losses)	4	**1,231**	(19)
Gains on disposal of subsidiary companies		**121**	1,973
Change in fair value of investment properties		**(1,947)**	(4,465)
Operating profit		**7,839**	5,506
Finance charges		**(607)**	(646)
Finance income		**230**	264
Net finance charges	6	**(377)**	(382)
Share of profit less losses of joint venture companies		**1,870**	818
Share of profit less losses of associated companies		**(82)**	(86)
Profit before taxation		**9,250**	5,856
Taxation	7	**(1,961)**	(1,787)
Profit for the year		**7,289**	4,069
Profit for the year attributable to:			
The Company's shareholders		**7,121**	4,096
Non-controlling interests		**168**	(27)
		7,289	4,069
		HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	9	**1.22**	0.70

Consolidated Statement of Other Comprehensive Income
For the year ended 31st December 2021

	2021 **HK$M**	2020 HK$M
Profit for the year	**7,289**	4,069
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**	100
- deferred tax	**(4)**	-
Defined benefit plans		
- remeasurement (losses)/gains recognised during the year	**(26)**	50
- deferred tax	**4**	(8)
	68	142
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
- losses recognised during the year	**(38)**	(70)
- transferred to net finance charges	**14**	24
- transferred to operating profit	**-**	3
- deferred tax	**4**	7
Share of other comprehensive income of joint venture and associated companies	**561**	861
Net translation differences on foreign operations recognised during the year	**1,095**	1,979
	1,636	2,804
Other comprehensive income for the year, net of tax	**1,704**	2,946
Total comprehensive income for the year	**8,993**	7,015
Total comprehensive income attributable to:		
The Company's shareholders	**8,802**	7,015
Non-controlling interests	**191**	-
	8,993	7,015

Consolidated Statement of Financial Position
At 31st December 2021

	Note	**2021 HK$M**	2020 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,381**	4,322
Investment properties	10	**267,959**	267,003
Intangible assets		**203**	198
Right-of-use assets	11	**2,442**	3,301
Properties held for development	12	**1,207**	1,200
Joint venture companies		**21,999**	15,806
Loans due from joint venture companies		**15,619**	15,357
Associated companies		**461**	543
Derivative financial instruments		**133**	145
Deferred tax assets		**78**	73
Financial assets at fair value through profit or loss		**439**	985
Other financial assets at amortised cost		**522**	508
		314,443	309,441
Current assets			
Properties for sale	14	**6,411**	3,538
Stocks		**71**	72
Trade and other receivables	15	**2,805**	2,704
Amount 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		**14,833**	21,202
		24,140	27,562
Assets classified as held for sale	13	**1,740**	384
		25,880	27,946
Current liabilities			
Trade and other payables	16	**9,339**	8,001
Contract liabilities		**120**	22
Taxation payable		**348**	576
Derivative financial instruments		**7**	-
Short-term loans		**-**	94
Long-term loans and bonds due within one year		**9,000**	1,820
Lease liabilities due within one year	17	**49**	70
		18,863	10,583
Net current assets		**7,017**	17,363
Total assets less current liabilities		**321,460**	326,804
Non-current liabilities			
Long-term loans and bonds		**15,601**	25,343
Long-term lease liabilities	17	**517**	510
Derivative financial instruments		**-**	42
Other payables		**150**	-
Deferred tax liabilities		**10,847**	10,094
Retirement benefit liabilities		**187**	135
		27,302	36,124
NET ASSETS		**294,158**	290,680
EQUITY			
Share capital	18	**10,449**	10,449
Reserves	19	**281,706**	278,287
Equity attributable to the Company's shareholders		**292,155**	288,736
Non-controlling interests		**2,003**	1,944
TOTAL EQUITY		**294,158**	290,680

Consolidated Statement of Cash Flows
For the year ended 31st December 2021

	2021 HK$M	2020 HK$M
Operating activities		
Cash generated from operations	**7,028**	7,550
Interest paid	**(768)**	(845)
Interest received	**203**	273
Tax paid	**(1,635)**	(1,589)
	4,828	5,389
Dividends received from joint venture and associated companies and financial assets at fair value through other comprehensive income	**217**	80
Net cash from operating activities	**5,045**	5,469
Investing activities		
Purchase of property, plant and equipment	**(180)**	(121)
Additions of investment properties	**(3,860)**	(1,383)
Purchase of intangible assets	**(52)**	(39)
Proceeds from disposal of property, plant and equipment	**889**	92
Proceeds from disposal of investment properties	**2,869**	1,302
Proceeds from disposal of subsidiary companies, net of cash disposed of	**212**	8,219
Proceeds from disposal of financial assets at fair value through profit or loss	**973**	-
Purchase of shares in associated companies	**-**	(219)
Purchase of financial assets at fair value through profit or loss	**(390)**	(61)
Equity to joint venture companies	**(3,986)**	(1)
Loans to joint venture companies	**(787)**	(298)
Repayment of loans by joint venture companies	**613**	936
Advances from joint venture companies	**479**	-
Decrease/(Increase) in deposits maturing after three months	**30**	(8)
Initial leasing costs incurred	**(6)**	(3)
Net cash (used in)/from investing activities	**(3,196)**	8,416
Net cash inflow before financing activities	**1,849**	13,885
Financing activities		
Loans drawn and refinanced	**1,400**	1,847
Bonds issued	**-**	1,920
Repayment of loans and bonds	**(4,184)**	(6,201)
Principal elements of lease payments	**(72)**	(54)
	(2,856)	(2,488)
Dividends paid to the Company's shareholders	**(5,383)**	(5,206)
Dividends paid to non-controlling interests	**(132)**	(119)
Net cash used in financing activities	**(8,371)**	(7,813)
(Decrease)/Increase in cash and cash equivalents	**(6,522)**	6,072
Cash and cash equivalents at 1st January	**21,202**	14,963
Effect of exchange differences	**153**	167
Cash and cash equivalents at 31st December	**14,833**	21,202
Represented by:		
Bank balances and short-term deposits maturing within three months	**14,833**	21,202

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 2021												
Property investment	**12,554**	**3**	**9,468**	**(582)**	**229**	**1,006**	**-**	**10,121**	**(1,350)**	**8,771**	**8,663**	**(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)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	15,891	**-**	**7,839**	**(607)**	**230**	**1,870**	**(82)**	**9,250**	**(1,961)**	**7,289**	**7,121**	**(420)**
Year ended 31st December 2020												
Property investment	12,355	20	10,330	(600)	263	1,024	-	11,017	(1,584)	9,433	9,352	(192)
Property trading	312	-	(49)	(29)	1	1	-	(76)	(11)	(87)	(87)	-
Hotels	641	2	(310)	(17)	-	(154)	(86)	(567)	43	(524)	(524)	(221)
Change in fair value of investment properties	-	-	(4,465)	-	-	(53)	-	(4,518)	(235)	(4,753)	(4,645)	-
Inter-segment elimination	-	(22)	-	-	-	-	-	-	-	-	-	-
	13,308	-	5,506	(646)	264	818	(86)	5,856	(1,787)	4,069	4,096	(413)

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 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 2021				
Property investment	**-**	**102**	**12,452**	**12,554**
Property trading	**2,443**	**-**	**-**	**2,443**
Hotels	**478**	**416**	**-**	**894**
	2,921	**518**	**12,452**	**15,891**
Year ended 31st December 2020				
Property investment	-	101	12,254	12,355
Property trading	312	-	-	312
Hotels	380	261	-	641
	692	362	12,254	13,308

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 2021						
Property investment	**274,779**	**33,492**	**-**	**14,161**	**322,432**	**4,374**
Property trading	**8,058**	**2,717**	**219**	**548**	**11,542**	**-**
Hotels	**4,574**	**1,409**	**242**	**124**	**6,349**	**122**
	287,411	**37,618**	**461**	**14,833**	**340,323**	**4,496**
At 31st December 2020						
Property investment	273,863	27,328	-	20,996	322,187	1,893
Property trading	4,885	2,451	219	96	7,651	(6)
Hotels	5,701	1,384	324	140	7,549	110
	284,449	31,163	543	21,232	337,387	1,997

* The assets relating to joint venture 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 2021						
Property investment	**8,303**	**11,174**	**18,839**	**566**	**38,882**	**1,969**
Property trading	**1,336**	**21**	**5,412**	**-**	**6,769**	**2**
Hotels	**164**	**-**	**350**	**-**	**514**	**32**
	9,803	**11,195**	**24,601**	**566**	**46,165**	**2,003**
At 31st December 2020						
Property investment	7,729	10,669	22,955	580	41,933	1,881
Property trading	305	1	3,043	-	3,349	33
Hotels	166	-	1,259	-	1,425	30
	8,200	10,670	27,257	580	46,707	1,944

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)	
	2021	2020	**2021**	2020
	HK$M	HK$M	**HK$M**	HK$M
Hong Kong	**8,776**	9,309	**228,318**	231,522
Chinese Mainland	**3,850**	3,082	**40,766**	37,280
U.S.A. and elsewhere	**3,265**	917	**6,108**	7,222
	15,891	13,308	**275,192**	276,024

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$7,126 million (2020: HK$7,111 million) is based in Hong Kong, HK$14,971 million (2020: HK$8,912 million) is based in the Chinese Mainland and HK$363 million (2020: HK$326 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:

	2021	2020
	HK$M	HK$M
Gross rental income from investment properties	**12,452**	12,254
Property trading	**2,443**	312
Hotels	**894**	641
Rendering of other services	**102**	101
	15,891	13,308

3. Cost of Sales

	2021	2020
	HK$M	HK$M
Direct rental outgoings in respect of investment properties that		
- generated rental income	**2,453**	2,173
- did not generate rental income	**177**	177
	2,630	2,350
Property trading	**1,856**	245
Hotels	**883**	801
	5,369	3,396

4. Other Net Gains/(Losses)

	2021 **HK$M**	2020 HK$M
Gains/(Losses) on disposal of investment properties	**1,028**	(147)
Gains/(Losses) on disposal of property, plant and equipment	**9**	(3)
Gains on disposal of assets classified as held for sale	**36**	-
Change in fair value of assets classified as held for sale	**42**	-
Change in fair value of financial assets at fair value through profit or loss	**(12)**	-
Net foreign exchange gains	**60**	23
Government subsidies	**15**	61
Others	**53**	47
	1,231	(19)

5. Expenses by Nature

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

	2021 **HK$M**	2020 HK$M
Depreciation of property, plant and equipment	**273**	279
Depreciation of right-of-use assets		
- leasehold land held for own use	**27**	27
- property	**38**	34
Amortisation of		
- intangible assets	**47**	40
- initial leasing costs in respect of investment properties	**35**	33
Staff costs	**1,965**	1,965
Other lease expenses*	**32**	31
Auditors' remuneration		
- audit services	**11**	12
- tax services	**5**	3
- other services	**2**	4

* These expenses include expenses relating to short-term leases and leases of low-value assets, net of rent concessions received of HK$1 million (2020: 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

	2021 HK$M	2020 HK$M
Interest charged on:		
Bank loans and overdrafts	**61**	121
Bonds	**651**	654
Interest-bearing advances from joint venture companies	**9**	-
Lease liabilities	**18**	18
Net fair value losses/(gains) on derivative instruments		
Cash flow hedges – transferred from other comprehensive income	**14**	24
Cross-currency swaps not qualifying as hedges	**1**	(1)
Other financing costs	**131**	144
	885	960
Losses/(Gains) 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	**64**	(35)
Capitalised on:		
Investment properties	**(293)**	(240)
Properties for sale	**(49)**	(39)
	607	646
Interest income on:		
Short-term deposits and bank balances	**(135)**	(194)
Loans to joint venture companies	**(79)**	(68)
Others	**(16)**	(2)
	(230)	(264)
Net finance charges	**377**	382

7. Taxation

	2021		2020	
	HK$M	HK$M	HK$M	HK$M
Current taxation				
Hong Kong profits tax	**780**		836	
Overseas tax	**627**		477	
Under-provisions in prior years	**4**		8	
		1,411		1,321
Deferred taxation				
Change in fair value of investment properties	**437**		215	
Origination and reversal of temporary differences	**113**		251	
		550		466
		1,961		1,787

Hong Kong profits tax is calculated at 16.5% (2020: 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

	2021 HK$M	2020 HK$M
First interim dividend paid on 5th October 2021 of HK$0.31 per share (2020: HK$0.30)	**1,814**	1,755
Second interim dividend declared on 10th March 2022 of HK$0.64 per share (2020: HK$0.61)	**3,744**	3,569
	5,558	5,324

The second interim dividend is not accounted for in 2021 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2021 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2022 when declared.

The Directors have declared a second interim dividend of HK$0.64 (2020: HK$0.61) per share which, together with the first interim dividend of HK$0.31 per share paid in October 2021, amounts to full year dividends of HK$0.95 (2020: HK$0.91) per share. The second interim dividend, which totals HK$3,744 million (2020: HK$3,569 million), will be paid on Thursday, 5th May 2022 to shareholders registered at the close of business on the record date, being Friday, 1st April 2022. Shares of the Company will be traded ex-dividend from Wednesday, 30th March 2022.

The register of members will be closed on Friday, 1st April 2022, 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 Thursday, 31st March 2022.

To facilitate the processing of proxy voting for the annual general meeting to be held on 10th May 2022, the register of members will be closed from 4th May 2022 to 10th May 2022, 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 Tuesday, 3rd May 2022.

9. Earnings Per Share (Basic and Diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$7,121 million (2020: HK$4,096 million) by the weighted average number of 5,850,000,000 ordinary shares in issue during 2021 (2020: 5,850,000,000 ordinary shares).

10. Investment Properties

	Completed HK$M	Under Development HK$M	Total HK$M
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 transfers from property, plant and equipment and right-of-use assets	**283**	**633**	**916**
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**
At 1st January 2020	252,260	24,531	276,791
Translation differences	1,946	44	1,990
Additions	568	1,373	1,941
Cost written back	-	(206)	(206)
Disposals	(1,239)	-	(1,239)
Transfer between categories	(883)	883	-
Transfer to properties for sale	-	(2)	(2)
Net transfers from right-of-use assets	-	90	90
Transfer to assets classified as held for sale	(384)	-	(384)
Disposal of subsidiary companies	(7,685)	-	(7,685)
Net fair value (losses)/gains	(5,090)	625	(4,465)
	239,493	27,338	266,831
Add: Initial leasing costs	172	-	172
At 31st December 2020	239,665	27,338	267,003

Geographical Analysis of Investment Properties

	2021 HK$M	2020 HK$M
Held in Hong Kong		
On medium-term leases (10 to 50 years)	**31,586**	33,202
On long-term leases (over 50 years)	**192,378**	193,142
	223,964	226,344
Held in the Chinese Mainland		
On short-term leases (less than 10 years)	**-**	7
On medium-term leases (10 to 50 years)	**39,207**	35,681
	39,207	35,688
Held in U.S.A.		
Freehold	**4,644**	4,799
	267,815	266,831

11. Right-of-use Assets

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

	2021 HK$M	2020 HK$M
Leasehold land held for own use	**2,367**	3,191
Property	**75**	110
	2,442	3,301

Additions to right-of-use assets during the year ended 31st December 2021 were HK$5 million (2020: HK$54 million).

During the year ended 31st December 2021, cash outflows for leases were included in the consolidated statement of cash flows as (a) interest paid of HK$18 million (2020: HK$18 million) under "operating activities", (b) payment for short-term and low-value assets leases of HK$32 million (2020: HK$31 million) under "operating activities" and (c) principal elements of lease payments of HK$72 million (2020: HK$54 million) under "financing activities".

12. Properties Held for Development

	2021 HK$M	2020 HK$M
Freehold land	**986**	981
Development cost	**221**	219
	1,207	1,200

13. Assets Classified as Held for Sale

Assets classified as held for sale represent the Group's 100% interest in investment properties comprising 921 car parking spaces and 185 motorcycle parking spaces at stages II to IV and VI 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 the year.

14. Properties for Sale

	2021 HK$M	2020 HK$M
Properties for sale		
Properties under development		
- development costs	**494**	188
- leasehold land	**5,759**	1,255
Completed properties		
- development costs	**8**	1,344
- freehold land	**149**	750
- leasehold land	**1**	1
	6,411	3,538

15. Trade and Other Receivables

	2021 HK$M	2020 HK$M
Trade debtors	**396**	411
Prepayments and accrued income	**81**	93
Deposit paid for financial assets at fair value through profit or loss	**-**	46
Other receivables	**2,328**	2,154
	2,805	2,704

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

	2021 HK$M	2020 HK$M
Up to 3 months	**338**	357
Between 3 and 6 months	**24**	45
Over 6 months	**34**	9
	396	411

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

	2021 HK$M	2020 HK$M
Trade creditors	**721**	655
Rental deposits from tenants	**2,782**	2,745
Deposits received on sale of investment properties	**10**	59
Put option in respect of a non-controlling interest	**551**	513
Other payables		
Accrued capital expenditure	**1,363**	1,305
Amounts due to intermediate holding company	**100**	99
Amounts due to an associated company	**5**	20
Interest-bearing advances from joint venture companies at 1.42% to 4.65%	**479**	-
Advances from a non-controlling interest	**1,130**	188
Others	**2,348**	2,417
	5,425	4,029
	9,489	8,001
Amounts due after one year included under non-current liabilities	**(150)**	-
	9,339	8,001

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

	2021 HK$M	2020 HK$M
Up to 3 months	**721**	655

17. Lease Liabilities

	2021	2020
	HK$M	HK$M
Maturity profile at the year end is as follows:		
Within 1 year	**49**	70
Between 1 and 2 years	**53**	50
Between 2 and 5 years	**126**	117
Over 5 years	**338**	343
	566	580

At 31st December 2021, the weighted average incremental borrowing rate applied in measuring the lease liabilities is 3.3% (2020: 3.2%).

18. Share Capital

	Ordinary shares	**HK$M**
Issued and fully paid with no par value:		
At 1st January 2021 and 31st December 2021	**5,850,000,000**	**10,449**
At 1st January 2020 and 31st December 2020	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 2021 and 31st December 2020.

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 2021	276,245	(1,108)	1,915	41	1,194	278,287
Profit for the year	7,121	-	-	-	-	7,121
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	-	-	-	-	1,072	1,072
Total comprehensive income for the year	7,099	-	90	(13)	1,626	8,802
2020 second interim dividend (note 8)	(3,569)	-	-	-	-	(3,569)
2021 first interim dividend (note 8)	(1,814)	-	-	-	-	(1,814)
At 31st December 2021	277,961	(1,108)	2,005	28	2,820	281,706

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 2020	277,289	(1,108)	1,839	81	(1,623)	276,478
Profit for the year	4,096	-	-	-	-	4,096
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
- gains recognised during the year	-	-	100	-	-	100
Defined benefit plans						
- remeasurement gains recognised during the year	50	-	-	-	-	50
- deferred tax	(8)	-	-	-	-	(8)
Cash flow hedges						
- losses recognised during the year	-	-	-	(70)	-	(70)
- transferred to net finance charges	-	-	-	24	-	24
- transferred to operating profit	-	-	-	3	-	3
- deferred tax	-	-	-	7	-	7
Share of other comprehensive income of joint venture and associated companies	-	-	-	(4)	865	861
Net translation differences on foreign operations recognised during the year	-	-	-	-	1,952	1,952
Total comprehensive income for the year	4,138	-	100	(40)	2,817	7,015
Transfer	24	-	(24)	-	-	-
2019 second interim dividend	(3,451)	-	-	-	-	(3,451)
2020 first interim dividend (note 8)	(1,755)	-	-	-	-	(1,755)
At 31st December 2020	276,245	(1,108)	1,915	41	1,194	278,287

20. Changes in Accounting Policies and Disclosures

The following revised standards were required to be adopted by the Group effective from 1st January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7 HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

An amendment to HKFRS 16 "COVID-19-related rent concessions beyond 30 June 2021" was issued in April 2021 and is effective for annual reporting periods beginning on or after 1st April 2021. The Group has early adopted this amendment from 1st January 2021. This amendment extended the availability of the practical expedient (as referred to below) to rent concessions occurring as a direct consequence of COVID-19 for which any reduction in lease payments affects only payments originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient set out in the 2020 amendment to HKFRS 16 "COVID-19-related rent concessions", which was adopted by the Group from 1st January 2020, are met. The Group has applied the practical expedient to all rent concessions that meet the conditions.

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

21. Event After the Reporting Period

On 4th March 2022, Chance Ascent Limited ("Chance Ascent"), an indirect wholly-owned subsidiary of the Company, formed a project company (the "Project Company") with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. to acquire the land use rights of a land (the "Target Land") located in the Beilin district of Xi'an for a consideration of RMB2,575 million. The Project Company will acquire and hold such land use rights and will be principally engaged in the development of the Target Land. Chance Ascent has a 70% interest in the Project Company and is obliged to contribute approximately RMB2,558 million to its registered capital. Chance Ascent's total capital commitment to the acquisition and development of the Target Land is estimated to be RMB7,000 million.

22. 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 2020 and 2021 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 2020 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 2021 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 2020 and 2021. 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 Appendix 14 to the Listing Rules throughout the year covered by the annual report with the following exception which it believed did not benefit shareholders:

- Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Board considered the merits of establishing a nomination committee but concluded that it was in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allowed a more informed and balanced decision to be made by the Board as to suitability for the role.

During 2021, The Stock Exchange of Hong Kong Limited consulted on changes to the CG Code and related Listing Rules. One of the outcomes of the consultation is that nomination committees have become mandatory. The Board has resolved to form a nomination committee with effect from 10th March 2022.

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 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 2021 annual report.

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

Annual Report

The 2021 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 2022.

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, 10th March 2022

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.

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

Gross borrowings Total of loans, bonds and overdrafts.

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

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

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

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

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

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

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

FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

Financial Calendar 2022

Shares traded ex-dividend	30th March
Share register closed for 2021 second interim dividend entitlement	1st April
Annual Report available to shareholders	4th April
Payment of 2021 second interim dividend	5th May
Share register closed for attending and voting at Annual General Meeting	4th – 10th May
Annual General Meeting	10th May
Interim results announcement	August
2022 first interim dividend payable	October

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Swire Properties Limited
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88 Queensway
Hong Kong

Registrars

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Website: www.computershare.com

Stock Code

Hong Kong Stock Exchange 01972

Auditors

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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

This document may contain certain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future or future events. These forward-looking statements are based on a number of assumptions, current estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors beyond the Company's control. The actual results or outcomes of events may differ materially and/or adversely due to a number of factors, including the effects of COVID-19, changes in the economies and industries in which the Group operates (in particular in Hong Kong and the Chinese Mainland), macro-economic and geopolitical uncertainties, changes in the competitive environment, foreign exchange rates, interest rates and commodity prices, and the Group's ability to identify and manage risks to which it is subject. Nothing contained in these forward-looking statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these forward-looking statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.