



Shopping mall at
Brickell City Centre,
Miami.

PROPERTY DIVISION

TRANSFORMING URBAN AREAS



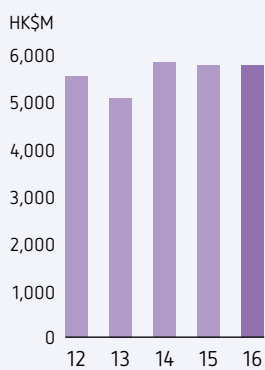
Swire Properties' growing portfolio of offices, retail space and hotels is continuing to transform urban areas.

OVERVIEW OF THE BUSINESS

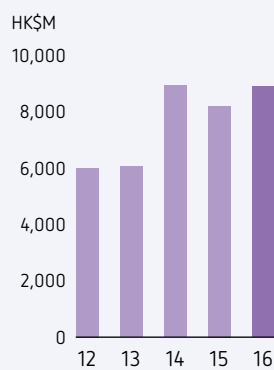
PROPERTY
DIVISION

Swire Properties is a leading developer, owner and operator of mixed-use, principally commercial, properties in Hong Kong and Mainland China, with a record of creating long-term value by transforming urban areas.

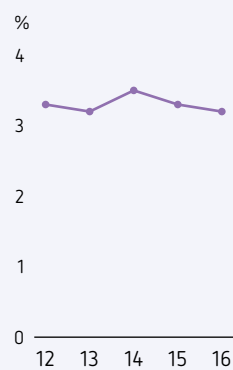
Underlying Profit
Attributable to the
Company's Shareholders



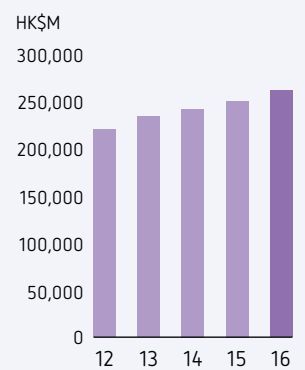
Net Cash Generated
from Operating
Activities



Underlying Return
on Equity



Net Assets
Employed



Swire Properties' business comprises three main areas:

Property Investment

Swire Properties' property investment portfolio in Hong Kong comprises office and retail premises, serviced apartments and other luxury residential accommodation in prime locations. The completed portfolio in Hong Kong totals 12.3 million square feet of gross floor area, with an additional 2.3 million square feet under development. In Mainland China, Swire Properties owns and operates major commercial mixed-use developments in Beijing, Shanghai, Guangzhou and Chengdu, in joint venture in certain cases, which will total 8.9 million square feet on completion. Of this, 8.3 million square feet has already been completed. In the USA, Swire Properties is the primary developer of a 1.1 million square feet mixed-use commercial development at Brickell City Centre in Miami, with an adjoining 1.4 million square feet development under planning.

Hotel Investment

Swire Properties wholly-owns and manages, through Swire Hotels, two hotels in Hong Kong, The Upper House at Pacific Place and EAST, Hong Kong at Taikoo Shing. Swire Properties has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and in the Novotel Citygate in Tung Chung. In Mainland China, Swire Hotels manages three hotels. The Opposite House at Taikoo Li Sanlitun in Beijing is wholly-owned by Swire Properties. 50% interests are owned in EAST at INDIGO in Beijing and in The Temple House at Sino-Ocean Taikoo Li Chengdu. At TaiKoo Hui in Guangzhou, Swire Properties owns a 97% interest in the Mandarin Oriental. In the USA, Swire Properties wholly-owns and manages, through Swire Hotels, EAST, Miami and owns a 75% interest in the Mandarin Oriental in Miami.

Property Trading

Swire Properties' trading portfolio comprises a luxury residential development fully pre-sold on Hong Kong Island (ALASSIO) and completed developments available for sale in Hong Kong, Mainland China and Miami, USA. The principal completed developments available for sale are the WHITESANDS

development in Hong Kong, the remaining portion of the office property at Sino-Ocean Taikoo Li Chengdu (Pinnacle One) in Mainland China and the Reach and Rise residential developments at Brickell City Centre in Miami, USA. There are also land banks in Miami and Fort Lauderdale in Florida in the USA.

Swire Properties is listed on The Stock Exchange of Hong Kong Limited.

Particulars of the Group's key properties are set out on pages 209 to 219.

STRATEGY

The strategic objective of Swire Properties (as a listed company in its own right) is sustainable growth in shareholder value over the long-term as a leading developer, owner and operator of principally mixed-use commercial properties in Hong Kong and Mainland China. The strategies employed in order to achieve this objective are these:

- The creation of long-term value through conceiving, designing, developing, owning and managing transformational mixed-use and other projects in urban areas.
- Maximisation of the earnings and value of its completed properties through active asset management, including reinforcing its assets through enhancement, redevelopment and new additions.
- Continuing its luxury residential property activities.
- Remaining focused principally on Hong Kong and Mainland China.
- Conservative management of its capital base.

Principal Property Investment Portfolio – Gross Floor Area
(’000 Square Feet)

| Location | At 31st December 2016 | | | | | | At 31st |
|--|-----------------------|--------------|--------------|-------------|----------------|---------------|---------------|
| | Office | Retail | Hotels | Residential | Under Planning | Total | December 2015 |
| Completed | | | | | | | |
| Pacific Place | 2,186 | 711 | 496 | 443 | – | 3,836 | 3,836 |
| Taikoo Place* | 4,557 | 12 | – | 63 | – | 4,632 | 5,526 |
| Cityplaza | 1,398 | 1,105 | 200 | – | – | 2,703 | 2,938 |
| Others | 410 | 608 | 47 | 88 | – | 1,153 | 1,106 |
| – Hong Kong | 8,551 | 2,436 | 743 | 594 | – | 12,324 | 13,406 |
| Taikoo Li Sanlitun | – | 1,296 | 169 | – | – | 1,465 | 1,465 |
| TaiKoo Hui | 1,732 | 1,473 | 584 | 52 | – | 3,841 | 3,841 |
| INDIGO | 298 | 470 | 179 | – | – | 947 | 947 |
| Sino-Ocean Taikoo Li Chengdu | – | 624 | 114 | 64 | – | 802 | 802 |
| HKRI Taikoo Hui | 565 | 551 | – | – | – | 1,116 | – |
| Others | – | 91 | – | – | – | 91 | 91 |
| – Mainland China | 2,595 | 4,505 | 1,046 | 116 | – | 8,262 | 7,146 |
| – USA | 260 | 497 | 477 | 109 | – | 1,343 | 259 |
| Total completed | 11,406 | 7,438 | 2,266 | 819 | – | 21,929 | 20,811 |
| Under and pending development | | | | | | | |
| – Hong Kong^ | 2,211 | 70 | 25 | – | – | 2,306 | 1,862 |
| – Mainland China | 349 | – | 195 | 74 | – | 618 | 1,734 |
| – USA | – | – | – | – | 1,444 | 1,444 | 2,521 |
| Total | 13,966 | 7,508 | 2,486 | 893 | 1,444 | 26,297 | 26,928 |

Gross floor area represents 100% of space owned by Group companies and the division's attributable share of space owned by joint venture and associated companies.

* Excludes the two techno-centres (Warwick House and Cornwall House), which are being or will be demolished as part of the Taikoo Place redevelopment.

^ Excludes an office building under development in Kowloon Bay (the subsidiary owning which was conditionally agreed to be sold in October 2016) and includes the new buildings which will comprise the Taikoo Place redevelopment (One Taikoo Place and Two Taikoo Place).

2016 PERFORMANCE

Financial Highlights

| | 2016 HK\$M | 2015 HK\$M |
|--|---------------|---------------|
| Revenue | | |
| Gross rental income derived from | | |
| Office | 6,053 | 5,972 |
| Retail | 4,304 | 4,366 |
| Residential | 416 | 378 |
| Other revenue* | 129 | 141 |
| Property investment | 10,902 | 10,857 |
| Property trading | 4,760 | 4,463 |
| Hotels | 1,130 | 1,127 |
| Total revenue | 16,792 | 16,447 |
| Operating profit/(loss) derived from | | |
| Property investment | 7,743 | 8,090 |
| Valuation gains on investment properties | 8,445 | 7,067 |
| Property trading | 1,332 | 1,328 |
| Hotels | (182) | (334) |
| Total operating profit | 17,338 | 16,151 |
| Share of post-tax profits from joint venture and associated companies | 1,419 | 1,241 |
| Attributable profit | 15,069 | 14,017 |
| Swire Pacific share of attributable profit | 12,357 | 11,494 |

* Other revenue is mainly estate management fees.

Underlying Profit/(Loss) by Segment

| | 2016 HK\$M | 2015 HK\$M |
|---|---------------|---------------|
| Property Investment | 5,960 | 6,258 |
| Property Trading | 1,200 | 1,107 |
| Hotels | (117) | (303) |
| Total underlying attributable profit | 7,043 | 7,062 |

2016 PERFORMANCE (continued)

Reconciliation of Attributable to Underlying Profit

Additional information is provided below to reconcile reported and underlying profit attributable to shareholders. These reconciling items principally adjust for net revaluation movements on investment properties and the associated deferred tax in Mainland China and the USA, and for other deferred tax provisions in relation to investment properties.

| | Note | 2016 HK\$M | 2015 HK\$M |
|---|------|---------------|---------------|
| Reported attributable profit | | 15,069 | 14,017 |
| Adjustments in respect of investment properties: | | | |
| Revaluation of investment properties | (a) | (9,637) | (8,137) |
| Deferred tax on investment properties | (b) | 1,459 | 1,090 |
| Realised profit on sale of investment properties | (c) | 3 | 28 |
| Depreciation of investment properties occupied by the Group | (d) | 28 | 23 |
| Non-controlling interests' share of revaluation movements less deferred tax | | 121 | 41 |
| Underlying attributable profit | | 7,043 | 7,062 |
| Swire Pacific share of underlying attributable profit | | 5,776 | 5,791 |

Notes:

(a) This represents the Group's net revaluation movements and the Group's share of net revaluation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties and the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on revaluation movements on investment properties in Mainland China and the USA, 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.

(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 statement of profit or loss. On sale, the revaluation gains were transferred from the revaluation reserve to the statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

PROPERTY INDUSTRY BACKGROUND

Office and Retail

Hong Kong

OFFICE | Demand for office space was strong in 2016 and occupancy levels were high.

RETAIL | Demand for retail space from retailers dependent on tourism was weak in 2016. Demand for space from other retailers was stable.

Mainland China

RETAIL | Demand for retail space from retailers of luxury goods was weak. Demand for retail space from retailers of non-luxury goods was firm.

OFFICE | In Guangzhou, office rents were stable in 2016, despite a substantial supply of new office space. Office rents in Beijing were weak, with reduced demand and increased supply. In Shanghai, domestic demand for office space was strong. Foreign demand was weak.

USA

OFFICE | In Miami, there was limited new supply of Grade-A office space.

RETAIL | Retail sales have declined since 2015. This made some retailers more cautious about expansion.

Property Sales Markets

In Hong Kong, notwithstanding the expectation of a gradual increase in interest rates and the increase in property stamp duty in November 2016 demand overall remained resilient.

In Miami, the strength of the US dollar against other major currencies adversely affected demand and the availability of financing for condominiums by non-US buyers. Condominium development has slowed down in Miami.

2016 RESULTS SUMMARY

Attributable profit from the Property Division for the year was HK\$12,357 million compared to HK\$11,494 million in 2015. These figures include net property valuation gains, before deferred tax and non-controlling interests, of HK\$9,637 million and HK\$8,137 million in 2016 and 2015 respectively. Attributable underlying

profit in 2016 (HK\$5,776 million), which principally adjusts for changes in the valuation of investment properties, was little changed from that in 2015 (HK\$5,791 million). The 2015 profit included an attributable loss of HK\$188 million on disposal of four hotels in the UK. In 2016, there was a small decrease in underlying profit from property investment and a small increase in underlying profit from property trading. Disregarding the loss on disposal in 2015, the underlying loss from hotels was little changed in 2016.

Gross rental income fell in Hong Kong and increased in Mainland China and the USA. The reduction in Hong Kong largely reflected lower retail rental income consequent on lower retail sales. Office rental income in Hong Kong increased despite the loss of rental income resulting from the Taikoo Place redevelopment. In Mainland China, gross rental income increased by 2% despite a 6% depreciation of the Renminbi against the Hong Kong dollar.

Profit from property trading in 2016 included that recognised on the sales of residential units in the USA. Fewer residential properties were sold in Hong Kong. No sales of office property took place in Mainland China.

The performance of the hotels in Mainland China improved, while at the same time hotels in Hong Kong were adversely affected by a reduction in the number of visitors to Hong Kong. EAST, Miami opened in June 2016.

KEY CHANGES TO THE PROPERTY PORTFOLIO

In March 2016, Swire Properties opened the first of two office towers (Three Brickell City Centre) in the Brickell City Centre development in Miami, USA.

In April 2016, Swire Properties started to pre-sell units in ALASSIO, a residential development in Mid-Levels West, Hong Kong. The development consists of a 50-storey tower of 197 residential units. All units have been pre-sold.

In June 2016, EAST, Miami opened at the Brickell City Centre development in Miami, USA. It has 352 rooms, including 89 serviced apartments.

In July 2016, Swire Properties announced the HK\$15 billion redevelopment of Taikoo Place. Two new Grade-A office buildings, each with an aggregate gross floor area of around one million square feet, are expected to be completed, the first (One Taikoo Place) in 2018 and the second (Two Taikoo Place) in 2021 or 2022.

In August 2016, the shopping mall and one of the two premium Grade-A office towers (HKRI Centre One) at the HKRI Taikoo Hui development in Puxi, Shanghai were completed. Handover to tenants is in progress.

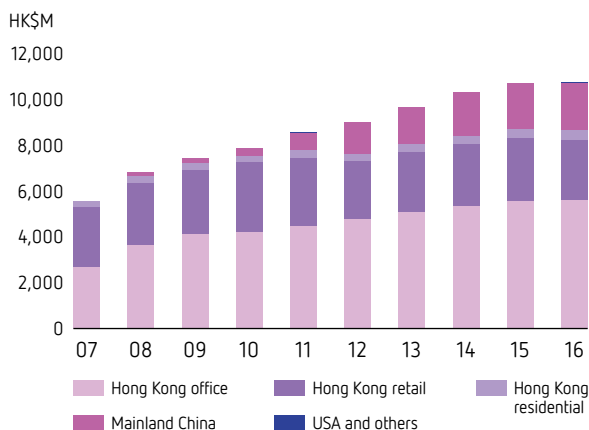
In October 2016, Swire Properties conditionally agreed to sell its 100% interest in the company which owns an uncompleted investment property development in Kowloon Bay, Hong Kong for a cash consideration of HK\$6,528 million, subject to adjustments. Completion of the sale is conditional upon the relevant occupation permit and certificate of compliance being obtained on or before 31st December 2018. Completion is expected in 2018.

In November 2016, Swire Properties opened its 60.9% owned 500,000 square feet shopping centre in the Brickell City Centre development in Miami, USA.

Valuation of Investment Properties



Gross Rental Income



INVESTMENT PROPERTIES

Hong Kong

OFFICE | Gross rental income from the Hong Kong office portfolio in 2016 was HK\$5,629 million, a slight increase from 2015. This reflected positive rental reversions and improved occupancy. At 31st December 2016, the office portfolio was 99% let. Demand for the Group's office space in Hong Kong was strong in all districts. However, gross rental income decreased at Warwick House and Cornwall House, as space was vacated ahead of the Taikoo Place redevelopment, and at Cityplaza, as 10 floors in Cityplaza Three were handed over to the Hong Kong Government.

Pacific Place

The offices at One, Two and Three Pacific Place performed well in 2016. Demand from Mainland China entities was strong. The occupancy rate was almost 100% at 31st December 2016.

Cityplaza

The three office towers (Cityplaza One, Three and Four) were almost fully let at 31st December 2016.

Taikoo Place

The occupancy rate of Taikoo Place was 98% at 31st December 2016.

RETAIL | The Hong Kong retail portfolio's gross rental income decreased from HK\$2,725 million in 2015 to HK\$2,609 million in 2016. This reflected weak retail sales in Hong Kong. The Group's malls were almost fully let throughout the year.

Retail sales decreased by 13% at The Mall, Pacific Place, by 4% at Cityplaza and by 8% at Citygate. This reflected reduced spending by tourists and more space being allocated to food and beverage outlets.

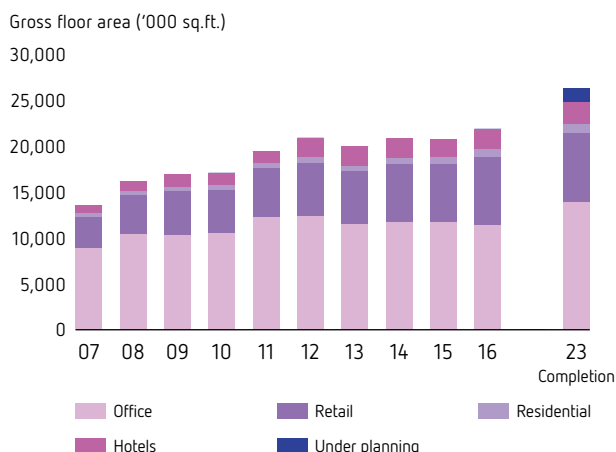
RESIDENTIAL | The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, Taikoo Place Apartments at Taikoo Place, STAR STUDIOS in Wanchai and a small number of luxury houses and apartments on Hong Kong Island. Occupancy in the residential portfolio (excluding STAR STUDIOS) was approximately 85% at 31st December 2016.

Leasing of the refurbished STAR STUDIOS development began in October 2016. 50% of the 120 units in the development had been leased at 31st December 2016.

Underlying Operating Profit



Completed Investment Property Portfolio by Type



INVESTMENT PROPERTIES UNDER DEVELOPMENT |

The commercial site (Tung Chung Town Lot No. 11) next to Citygate Outlets is being developed into a commercial building with an aggregate retail and hotel gross floor area of approximately 475,000 square feet. Excavation, substructure and superstructure works are in progress. The development is expected to be completed in 2018. Swire Properties has a 20% interest in the development.

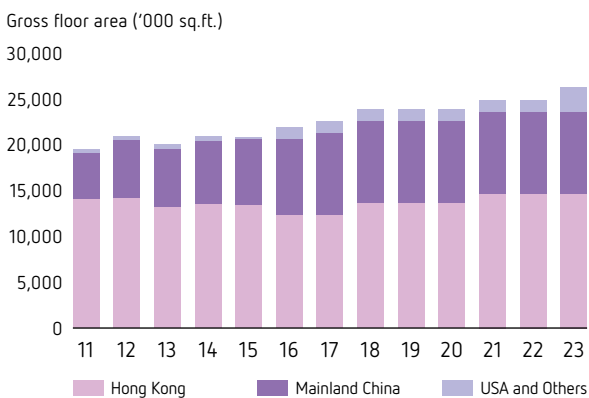
The first phase of the Taikoo Place redevelopment (the redevelopment of Somerset House) is the construction of a 48-storey office building with an aggregate gross floor area of approximately 1,020,000 square feet, to be called One Taikoo Place. Substructure and superstructure works are in progress. The redevelopment is expected to be completed in 2018.

The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House) is the construction of an office building with an aggregate gross floor area of approximately 1,000,000 square feet, to be called Two Taikoo Place. The acquisition of the Hong Kong Government’s interest in Cornwall House was completed at the end of 2016. Demolition of Warwick House has started. Demolition of Cornwall House will start in the second quarter of 2017. Completion of the redevelopment is expected in 2021 or 2022.

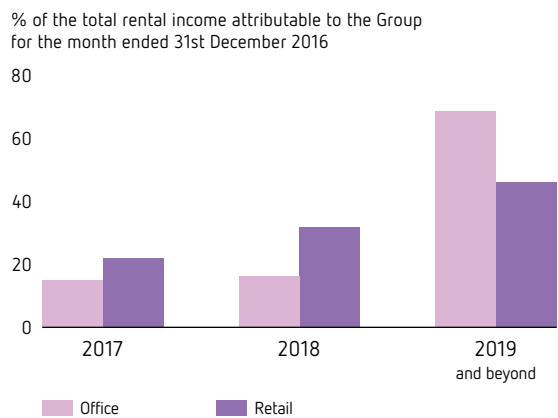
The commercial site at 8-10 Wong Chuk Hang Road is being developed into an office building with an aggregate gross floor area of approximately 382,500 square feet. Substructure and superstructure works are in progress. The development is expected to be completed in 2018. Swire Properties has a 50% interest in the development.

The commercial site (New Kowloon Inland Lot No. 6312) at the junction of Wang Chiu Road and Lam Lee Street in Kowloon Bay is being developed into an office building with an aggregate gross floor area of approximately 555,000 square feet. In October 2016, Swire Properties conditionally agreed to sell its 100% interest in the company which owns this uncompleted investment property development. The property was transferred to other non-current assets at fair value in the financial statements at the same time. Completion of the sale is conditional upon the relevant occupation permit and certificate of compliance being obtained on or before 31st December 2018.

Completed Property Investment Portfolio by Location



Hong Kong Lease Expiry Profile – at 31st December 2016



Mainland China

RETAIL | The Mainland China retail portfolio's gross rental income for 2016 increased by 3% compared with 2015, to HK\$1,688 million.

Gross rental income at Taikoo Li Sanlitun recorded satisfactory growth in 2016, reflecting positive growth in reversionary rents. Retail sales grew by 6% in 2016. The occupancy rate was 94% at 31st December 2016. Demand for retail space in Taikoo Li Sanlitun remains solid as it reinforces its position as a fashionable retail destination in Beijing. This is expected to continue to have a positive impact on occupancy and rents.

Gross rental income at TaiKoo Hui grew satisfactorily in 2016, reflecting in part improvements to the tenant mix. The occupancy rate at TaiKoo Hui was 99% at 31st December 2016. Retail sales at the mall increased by 10% in 2016.

The occupancy rate at the mall at INDIGO was 98% at 31st December 2016 and 97% of the shops were open. Retail sales increased by 20% in 2016.

Retail sales at Sino-Ocean Taikoo Li Chengdu increased by 78% in 2016. At 31st December 2016, tenants had committed (including by way of letters of intent) to take 92% of the retail space and 87% of the space was open for business.

OFFICE | The Mainland China office portfolio's gross rental income for 2016 increased by 0.3% compared with 2015, to HK\$361 million.

At 31st December 2016, the occupancy rates at the office towers at TaiKoo Hui and at ONE INDIGO were 99% and 90% respectively.

INVESTMENT PROPERTIES UNDER DEVELOPMENT |

The HKRI Taikoo Hui development in Shanghai comprises a retail mall, two office towers, two hotels and a serviced apartment tower. Construction of the shopping mall and one of the office towers was completed in August 2016. Fit-out of some of the space to be occupied by retail and office tenants is in progress. Interior decoration and mechanical and electrical installation works for the other office tower, two hotels and a serviced apartment tower are in progress. These works are expected to be completed in phases in 2017.



—
Sino-Ocean Taikoo Li Chengdu is an open-plan mall that provides a new interpretation of traditional Sichuan architecture.



—
Opened in June 2016, EAST, Miami is the first hotel in the USA managed by Swire Hotels.

USA

Brickell City Centre consists of a shopping centre, two office buildings (Two Brickell City Centre and Three Brickell City Centre), a hotel and serviced apartments (EAST, Miami) managed by Swire Hotels and two residential towers (Reach and Rise). The residential towers have been developed for sale.

The development was completed in 2016. Three Brickell City Centre opened in March, followed by EAST, Miami and serviced apartments in June and the shopping centre in November. Construction of Two Brickell City Centre was completed in September. It opened in February 2017. At 31st December 2016, occupancy rates at Two Brickell City Centre, Three Brickell City Centre and the shopping centre were 61%, 100% and 91% (in each case taking into account space which is the subject of letters of intent) respectively.

At 31st December 2016, Swire Properties owned 100% of the office, hotel and residential portions and 60.9% of the shopping centre at Brickell City Centre. The remaining interest in the shopping centre was held by Simon Property Group (25%) and Bal Harbour Shops (14.1%). Bal Harbour Shops has an option, exercisable from the second anniversary of the grand opening of the shopping centre, to sell its interest to Swire Properties.

One Brickell City Centre is planned to be a mixed-use development comprising retail, office, hotel and residential space in an 80-storey tower. It will incorporate the site at 700 Brickell Avenue acquired by Swire Properties in 2013. Development of this site will connect the Brickell City Centre development with Brickell Avenue. Swire Properties owns 100% of One Brickell City Centre.

VALUATION OF INVESTMENT PROPERTIES

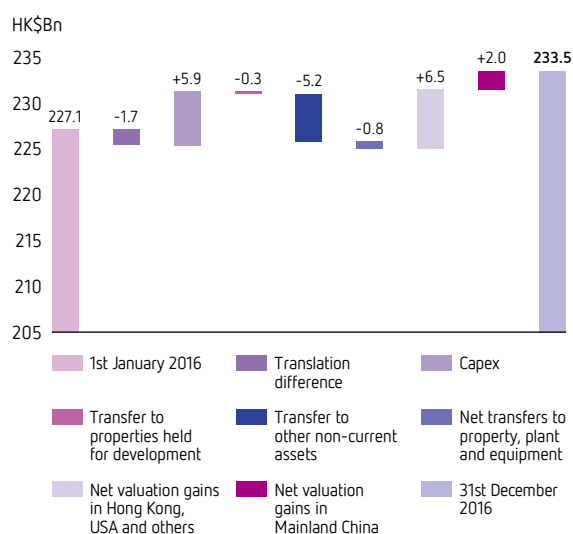
The portfolio of investment properties was valued at 31st December 2016 on the basis of open market value (93% by

value having been valued by DTZ Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK\$233,451 million, compared to HK\$227,109 million at 31st December 2015 and HK\$229,966 million at 30th June 2016.

The increase in the valuation of the investment property portfolio is mainly due to an increase in the valuation of the office properties in Hong Kong, partially offset by a decrease in the valuation of the retail properties in Hong Kong.

Under HKAS 40, hotel properties are not accounted for as investment properties but are included within property, plant and equipment at cost less accumulated depreciation and any provision for impairment.

Movement in Investment Properties



Profile of Capital Commitments for Investment Properties and Hotels

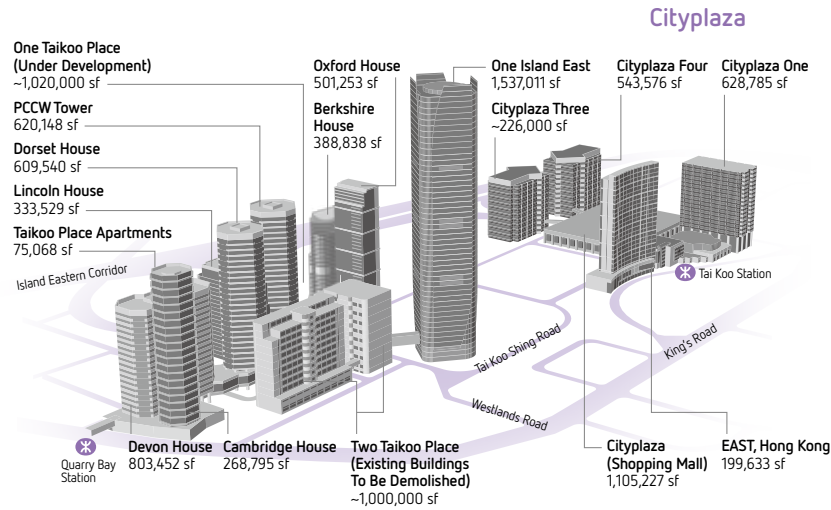
| | Expenditure | Forecast year of expenditure | | | | 2020 and later | Total Commitments At 31st December 2016 | Commitments relating to joint venture companies* At 31st December 2016 |
|----------------|--------------|------------------------------|--------------|--------------|--------------|----------------|---|--|
| | | 2016 | 2017 | 2018 | 2019 | | | |
| | | HK\$M | HK\$M | HK\$M | HK\$M | | | |
| Hong Kong | 5,549 | 5,673 | 2,747 | 1,750 | 5,541 | 15,711 | 1,214 | |
| Mainland China | 1,070 | 1,087 | 567 | 181 | 47 | 1,882 | 1,279 | |
| USA and others | 950 | 360 | 255 | 67 | 53 | 735 | — | |
| Total | 7,569 | 7,120 | 3,569 | 1,998 | 5,641 | 18,328 | 2,493 | |

Note: The capital commitments represent 100% of the capital commitments of subsidiaries and the Group's share of the capital commitments of joint venture companies.

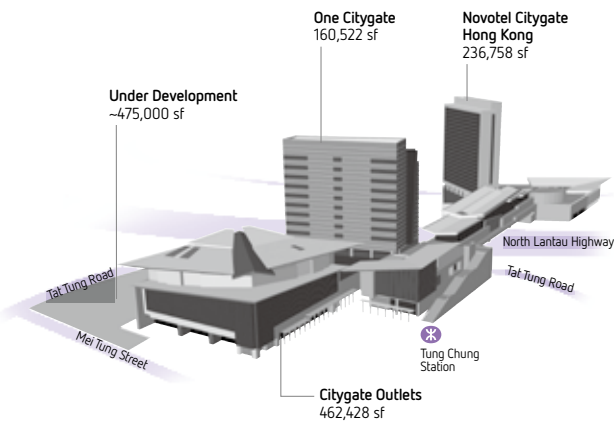
* The Group is committed to funding HK\$588 million and HK\$226 million of the capital commitments of joint venture companies in Hong Kong and Mainland China, respectively.

Hong Kong

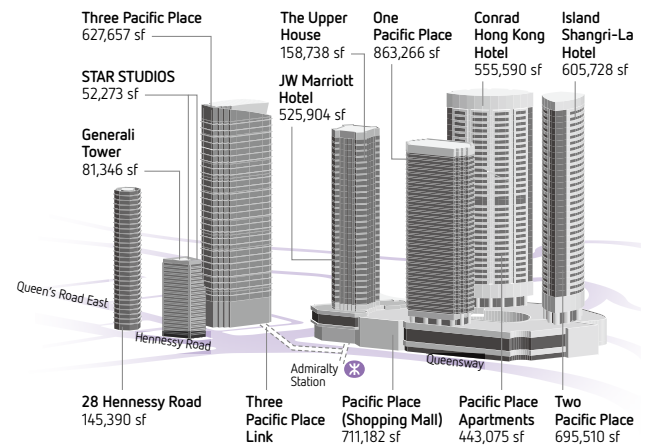
Taikoo Place



Citygate



Pacific Place



USA

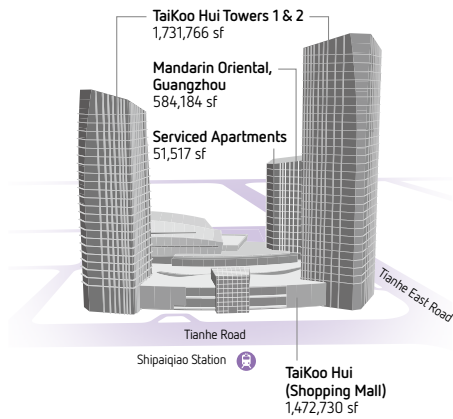
Brickell City Centre Miami, Florida



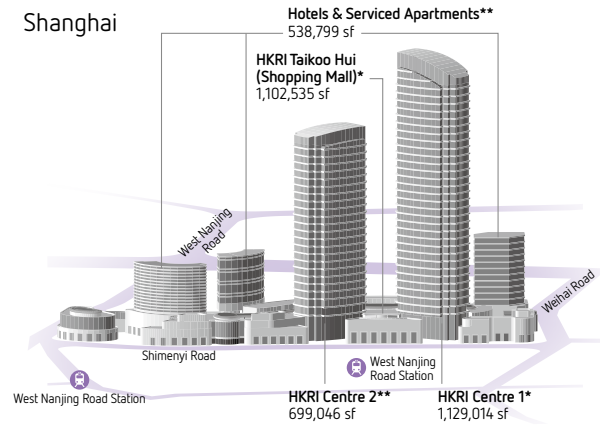
* Rise and Reach are developed for trading purpose. Floor area shown represents the unsold portion (including sold units but not yet handed over).

Mainland China

TaiKoo Hui
Guangzhou

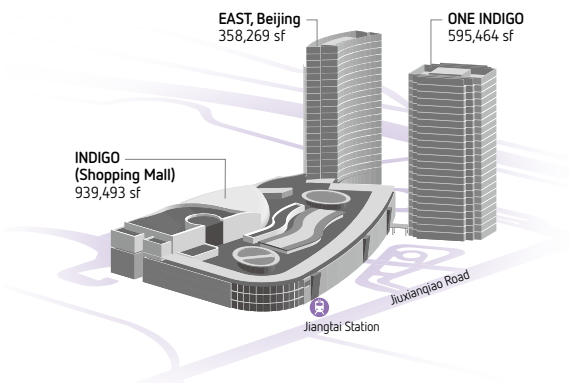


HKRI Taikoo Hui
Shanghai

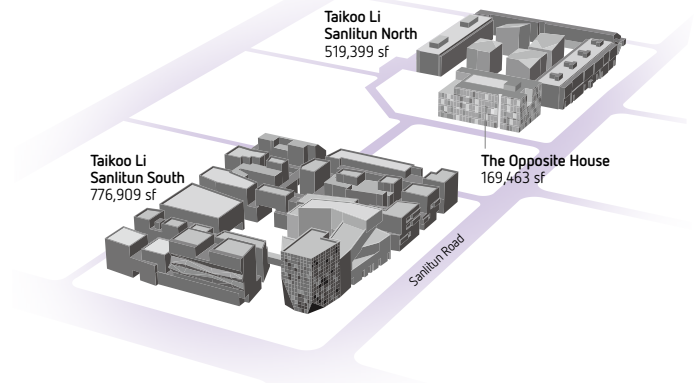


* Shopping mall and HKRI Centre 1 were completed in 2016.
** HKRI Centre 2 and Hotels & Serviced Apartments are expected to complete in 2017.

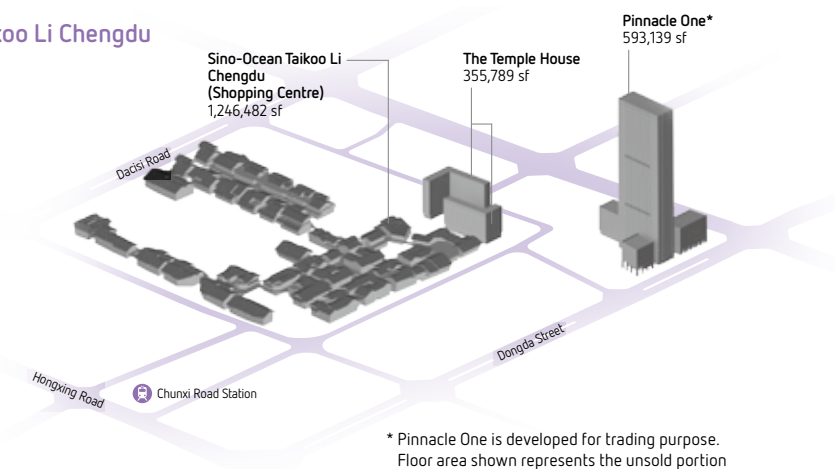
INDIGO
Beijing



Taikoo Li Sanlitun
Beijing



Sino-Ocean Taikoo Li
Chengdu



* Pinnacle One is developed for trading purpose. Floor area shown represents the unsold portion (including pre-sold portion but not yet handed over).

Note:
These diagrams are not to scale and are for illustration purpose only.

These diagrams illustrate the major developments of Swire Properties. For details of other developments, please refer to the Schedule of Principal Group Properties on pages 209 to 219.

HOTELS

Excluding the loss on disposal of four hotels in the UK in 2015, the underlying loss from hotels was little changed in 2016.

In 2016, trading conditions for the managed and non-managed hotels in Hong Kong were difficult because of a reduction in the number of visitors to Hong Kong. The performance of the managed and non-managed hotels in Mainland China improved. EAST, Miami opened in June 2016 and is building up its occupancy levels. The performance of the Mandarin Oriental, Miami in the USA improved in 2016.

Two hotels (one managed, the other non-managed) and a serviced apartment tower at the HKRI Taikoo Hui development in Shanghai are expected to open in the second half of 2017.

PROPERTY TRADING

Hong Kong

All 92 units at the MOUNT PARKER RESIDENCES development in Quarry Bay had been sold at 31st December 2016. The profit from the sales of one unit and 64 carparking spaces was recognised in 2016.

All 127 units at the AREZZO development at 33 Seymour Road had been sold at 31st December 2016. The profit from the sales of 15 units was recognised in 2016.

All 197 units at the ALASSIO development at 100 Caine Road had been pre-sold at 31st December 2016. The profit from the sales of pre-sold units is expected to be recognised in 2017.

The WHITESANDS development consists of 28 detached houses with an aggregate gross floor area of 64,410 square feet. Two houses had been sold at 14th March 2017. The profit from the sale of one house was recognised in 2016.

Mainland China

At Sino-Ocean Taikoo Li Chengdu, 89% of the office's total gross floor area (approximately 1.15 million square feet) and 350 carparking spaces were pre-sold in 2013. The profit from the sales of approximately 52% of the pre-sold gross floor area was recognised in 2015. Application has been made to the court to cancel the sale of the remaining pre-sold gross floor area and 350 carparking spaces, as part of the consideration was not received on time.

USA

The residential portion of the Brickell City Centre development was developed for trading purposes. There are 780 units in two towers (Reach and Rise).

The Reach and Rise developments were completed and started to be handed over to purchasers in April and September 2016 respectively. 355 units (out of 390 units) at Reach and 187 units (out of 390 units) at Rise had been sold at 14th March 2017. The profits from the sales of 347 units at Reach and 171 units at Rise were recognised in 2016.

OUTLOOK

Office and Retail

Hong Kong

OFFICE | In the Central district of Hong Kong, high occupancy and limited supply will continue to underpin office rents in 2017. High occupancy is expected to result in office rents in our Taikoo Place and Cityplaza developments being resilient despite increased supply in Kowloon East and other districts.

RETAIL | Demand for space from Hong Kong retailers dependent on tourism is likely to remain weak in 2017. Demand for space from other retailers is likely to be stable.



—
Scheduled for completion in 2017, ALASSIO is Swire Properties' latest luxury residential development in Mid-Levels West, Hong Kong.

Mainland China

RETAIL | Retail sales are expected to grow modestly in Guangzhou and Beijing and more briskly in Chengdu. In Shanghai, demand for retail space is expected to remain firm except for space for luxury goods.

OFFICE | In Guangzhou, office rents are expected to be stable in 2017 despite a substantial supply of new office space. In Beijing, office rents are expected to be weak in 2017, with reduced demand and increased supply. In Shanghai, there will be limited new supply of office space in the Puxi business district.

USA

RETAIL | Retail sales have declined since 2015. This has made some retailers more cautious about expansion.

OFFICE | There is limited new supply of Grade-A office space in Miami.

Hotels

Trading conditions for our hotels are expected to remain difficult in 2017.

Property Trading

In Hong Kong, notwithstanding the expectation of a gradual increase in interest rates, demand overall remains resilient. Trading profits are expected to be recognised in 2017 from the handover of pre-sold units at ALASSIO and sales of units at WHITESANDS. Profits are also expected to be recognised on the sales of units at the Reach and Rise developments in Miami.

—
Guy Bradley