

PROPERTY DIVISION

Through continuous upgrading and expansion, Taikoo Place has been recognised as one of Hong Kong's best-planned business hubs.

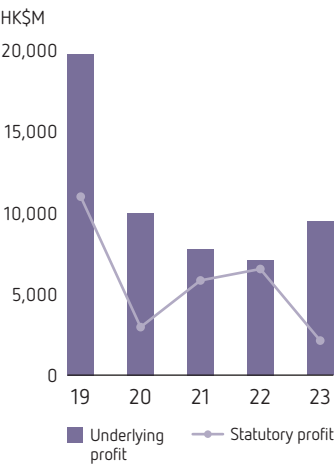




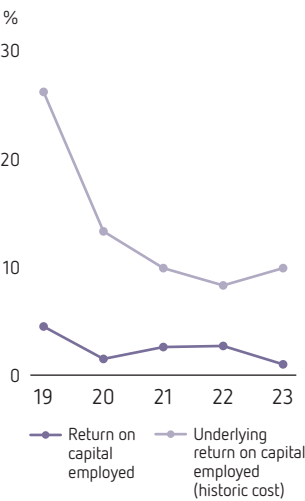
PROPERTY DIVISION

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

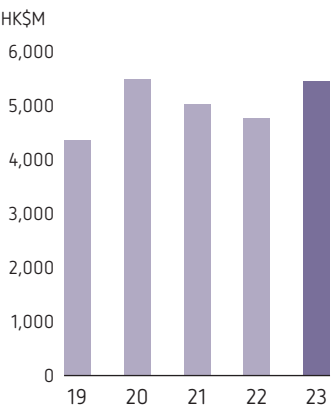
Statutory and Underlying Profit Attributable to the Company's Shareholders



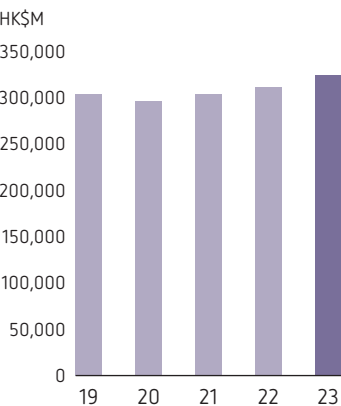
Return on Capital Employed



Net Cash Generated from Operating Activities



Capital Employed



Swire Properties' business comprises three main areas:

Property Investment

Of the aggregate gross floor area attributable to Swire Properties, approximately 34.4 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 24.4 million square feet and investment properties under development or held for future development of approximately 10.0 million square feet. In Hong Kong, the investment property and hotel portfolio comprise approximately 14.2 million square feet attributable to Swire Properties of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In the Chinese Mainland, Swire Properties has interests in ten major commercial developments in prime locations in Beijing, Guangzhou, Chengdu, Shanghai, Xi'an and Sanya. These developments are expected to comprise approximately 18.1 million square feet of attributable gross floor area when they are all completed. Of this, 10.6 million square feet has already been completed. Outside of Hong Kong and the Chinese Mainland, the investment property portfolio comprises the Brickell City Centre development in Miami, USA.

Hotel Investment and Management

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 a 26.67% interest in the Novotel Citygate and The Silveri Hong Kong – MGallery in Tung Chung. In the Chinese Mainland, Swire Hotels manages four hotels. The Opposite House at Taikoo Li Sanlitun in Beijing and The Temple House at Taikoo Li Chengdu are wholly-owned by Swire Properties. 50% interests are owned in EAST Beijing at INDIGO, and in The Middle House at HKRI Taikoo Hui in Shanghai. Swire Properties owns 97% and 50% interests in the Mandarin Oriental at Taikoo Hui in Guangzhou and The Sukhothai Shanghai at HKRI Taikoo Hui respectively. In the USA, Swire Properties manages, through Swire Hotels, EAST Miami and owns a 75% interest in the Mandarin Oriental in Miami. Swire Hotels has confirmed its expansion plan to Tokyo, Japan.

Property Trading

Swire Properties' trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are nine residential projects under development, four in Hong Kong, two in the Chinese Mainland, one in Indonesia, one in Vietnam and one in Thailand. There is also a plan to develop a residential project on part of Swire Properties' land banks in Miami, USA.

Particulars of the Group's key properties are set out on pages 228 to 239.

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

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 the Chinese Mainland. The strategies employed in order to achieve this objective are these:

- 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 and by reinforcing its assets through enhancement, redevelopment and new additions.
- Developing luxury and high quality residential properties.
- Focusing principally on Hong Kong and the Chinese Mainland.
- Conservative management of its capital base.

Investment Property and Hotel Portfolio

(Gross floor area (or expected gross floor area) attributable to the Swire Properties group in million square feet)

Location	At 31st December 2023						At 31st December 2022
	Office	Retail	Hotels	Residential/ Serviced Apartments	Under Planning	Total	Total
Completed							
Pacific Place	2.2	0.7	0.5	0.4	–	3.8	3.8
Taikoo Place	6.3	–	–	0.1	–	6.4	6.7
Cityplaza	–	1.1	0.2	–	–	1.3	1.3
Others	0.7	0.8	0.1	0.1	–	1.7	1.7
– Hong Kong	9.2	2.6	0.8	0.6	–	13.2	13.5
Taikoo Li Sanlitun	–	1.6	0.2	–	–	1.8	1.8
Taikoo Li Chengdu	–	1.4	0.2	0.1	–	1.7	1.1
Taikoo Hui	1.6	1.5	0.5	–	–	3.6	3.6
INDIGO	0.3	0.5	0.2	–	–	1.0	1.0
HKRI Taikoo Hui	1.0	0.5	0.2	0.1	–	1.8	1.8
Taikoo Li Qiantan	–	0.6	–	–	–	0.6	0.6
Others	–	0.1	–	–	–	0.1	0.1
– Chinese Mainland	2.9	6.2	1.3	0.2	–	10.6	10.0
– USA	–	0.3	0.3	–	–	0.6	0.6
Total completed	12.1	9.1	2.4	0.8	–	24.4	24.1
Under and pending development							
– Hong Kong ⁽ⁱ⁾	0.2	–	–	–	0.8	1.0	0.2
– Chinese Mainland ⁽ⁱⁱ⁾	1.6	2.1	0.1	–	3.7	7.5	4.1
– USA	–	–	–	–	1.5	1.5	1.5
Total	13.9	11.2	2.5	0.8	6.0	34.4	29.9

Notes:

(i) The properties principally comprise Six Pacific Place, Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road.

(ii) The properties principally comprise INDIGO Phase Two, Taikoo Li Xi'an, a retail-led project in Sanya and two mixed-use projects in Shanghai.

2023 PERFORMANCE

Financial Highlights

	2023 HK\$M	2022 HK\$M
Revenue		
Gross rental income derived from		
Office	5,835	6,003
Retail	7,143	5,849
Residential	430	374
Other revenue*	117	114
Property investment	13,525	12,340
Property trading	166	921
Hotels	979	565
Total revenue	14,670	13,826
Operating profit/(loss) derived from		
Property investment		
From operations	8,253	7,695
Sale of interests in investment properties	(60)	571
Fair value (losses)/gains in respect of investment properties	(2,860)	810
Property trading	(89)	209
Hotels	(103)	(259)
Total operating profit	5,141	9,026
Share of post-tax (loss)/profit from joint venture and associated companies	(292)	1,455
Attributable profit	2,599	7,983
Swire Pacific share of attributable profit	2,131	6,546

* Other revenue is mainly estate management fees.

Underlying Profit/(Loss) by Segment

	2023 HK\$M	2022 HK\$M
Property investment	7,486	7,360
Property trading	(140)	108
Hotels	(100)	(341)
Recurring underlying attributable profit	7,246	7,127
Divestment	4,285	1,530
Underlying attributable profit	11,531	8,657

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 the fair value movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit. There is a further adjustment to remove the effect of remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition.

	Note	2023 HK\$M	2022 HK\$M
Attributable profit		2,599	7,983
Adjustments in respect of investment properties:			
Fair value losses/(gains) in respect of investment properties	(i)	4,423	(1,735)
Deferred tax on investment properties	(ii)	461	1,402
Fair value gains realised on sale of interests in investment properties	(iii)	4,398	915
Depreciation of investment properties occupied by the Group	(iv)	29	28
Amortisation of right-of-use assets reported under investment properties	(v)	(81)	(80)
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(vi)	(306)	–
Non-controlling interests' share of fair value movements less deferred tax		8	144
Underlying attributable profit		11,531	8,657
Profit from divestment		(4,285)	(1,530)
Recurring underlying attributable profit		7,246	7,127
Swire Pacific share of underlying attributable profit		9,455	7,099
Swire Pacific share of recurring underlying attributable profit		5,942	5,844

Notes:

- (i) This represents the fair value movements as shown in the Group's consolidated statement of profit or loss and the Group's share of fair value movements of joint venture and associated companies.
- (ii) 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 and associated companies. These comprise deferred tax on fair value movements on investment properties in the Chinese Mainland 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. It also includes certain tax adjustments arising from transfers of investment properties within the Group.
- (iii) 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 fair value gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.
- (iv) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
- (v) 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.
- (vi) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.

2023 PROPERTY INDUSTRY REVIEW

Office and Retail

Hong Kong

OFFICE | The office market remained weak, with subdued demand and increased supply. Economic uncertainty and the high interest rate environment had an impact on leasing demand.

RETAIL | Following the lifting of all pandemic-related restrictions in Hong Kong, retail business rebounded strongly.

Chinese Mainland

RETAIL | Retail sales in the Chinese Mainland recovered strongly following the lifting of all pandemic-related restrictions and the full reopening of the borders, particularly at the start of the year.

OFFICE | In Beijing, Shanghai and Guangzhou, demand for office space was weak. Uncertainty on the economic outlook caused tenants to remain cautious, with multinational companies more inclined to renew in existing location and downsize. With an abundance of new supply in Guangzhou and Shanghai, landlords offered increasingly competitive commercial terms.

USA

RETAIL | Consumer spending remained strong in the USA, driven by growth in disposable income and stable labour market conditions.

Property Sales Markets

In Hong Kong, residential market sentiment remained soft in the light of the high interest rate environment and economic uncertainty.

2023 RESULTS SUMMARY

Attributable profit from the Property Division for the year was HK\$2,131 million, compared to HK\$6,546 million in 2022. These figures include fair value losses, before deferred tax and after non-controlling interests, of HK\$4,432 million in 2023, compared to fair value gains of HK\$1,582 million in 2022, principally due to the decrease in the fair value gain on Swire Properties' retail investment properties in the Chinese Mainland and the fair value loss on Swire Properties' investment properties under development (as opposed to a fair value gain for 2022). Attributable underlying profit, which principally adjusts for changes in fair value of investment properties, increased to HK\$9,455 million in 2023 from HK\$7,099 million in 2022. The increase principally reflected the profit on disposal of certain office floors in Hong Kong.

Attributable recurring underlying profit, which excludes the profit from divestment aggregating HK\$3,513 million (HK\$1,255 million in 2022), was HK\$5,942 million in 2023, compared with HK\$5,844 million in 2022.

Recurring underlying profit from property investment increased in 2023. This mainly reflected higher retail rental income from Hong Kong and the Chinese Mainland, partly offset by lower office rental income from Hong Kong.

In Hong Kong, the retail portfolio has significantly recovered, following the lifting of all travel restrictions and pandemic related control measures, together with the investment in marketing, digital and loyalty initiatives. Despite a weak office market (reflecting subdued demand and increased supply), the office portfolio in Hong Kong has proved to be resilient with solid occupancy, as a result of the high sustainability standards of the office buildings.

In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for most of our malls, after the COVID-19 associated restrictions were lifted.

In the USA, retail sales and gross rental income were strong.

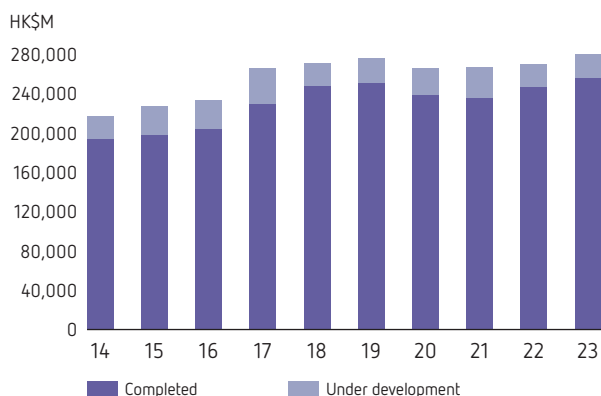
The small underlying loss from property trading in 2023 was primarily a result of sales and marketing expenses incurred for several residential trading projects.

The hotel businesses in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 measures and the full reopening of the border. There was solid performance in the USA hotels.

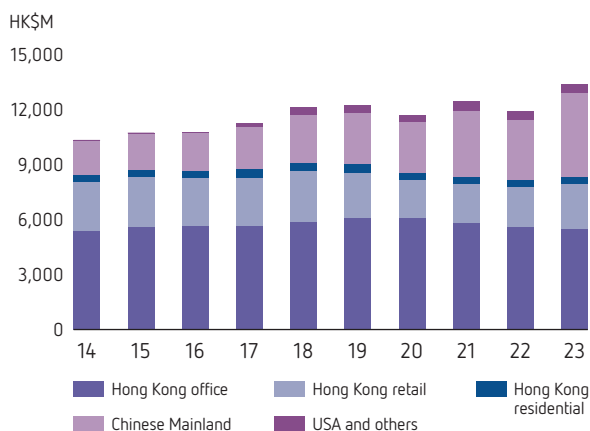
HK\$100 BILLION INVESTMENT PLAN

In March 2022, Swire Properties announced a plan to invest HK\$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland and in residential trading

Valuation of Investment Properties



Gross Rental Income (after deduction of rental concessions)



projects (including in South East Asia). The target allocation is HK\$30 billion to Hong Kong, HK\$50 billion to the Chinese Mainland and HK\$20 billion to residential trading projects (including in South East Asia). At 8th March 2024 approximately HK\$58 billion of the planned investments had been committed (HK\$11 billion to Hong Kong, HK\$37 billion to the Chinese Mainland and HK\$10 billion to residential trading projects). Major committed projects are residential developments at Chai Wan Inland Lot No. 178, at 269 Queen's Road East, at 983-987A King's Road and 16-94 Pan Hoi Street in Hong Kong, and at Wireless Road in Bangkok, a retail-led mixed-use development in Xi'an, a retail-led development in Sanya, mixed-use developments in the Yangjing and New Bund in Shanghai, office and other commercial use developments at 8 Shipyard Lane and at 1067 King's Road in Hong Kong. Uncommitted projects include further retail-led mixed-use projects in Tier-1 and emerging Tier-1 cities in the Chinese Mainland, including Guangzhou and Beijing, with a plan to double our gross floor area in the Chinese Mainland, further expansion at Pacific Place and Taikoo Place in Hong Kong as well as further residential trading projects in Hong Kong, the Chinese Mainland, Miami and South East Asia.

KEY DEVELOPMENTS

In December 2022, Swire Properties entered into three conditional agreements with the Sino-Ocean group to acquire further interests in Taikoo Li Chengdu (formerly known as Sino-Ocean Taikoo Li Chengdu). Under the first agreement (which was completed in December 2022), Swire Properties' interest in Taikoo Li Chengdu increased from 50% to 65%. Under the second agreement (which was completed in

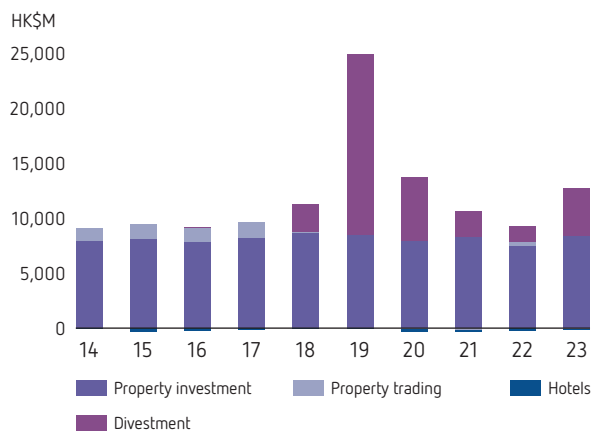
February 2023), Swire Properties' interest in the property management of Taikoo Li Chengdu increased to 100%. Under the third agreement (which was completed in February 2023), Swire Properties' interest in the investment properties of Taikoo Li Chengdu increased to 100%. The consideration was RMB1,000 million under the first agreement, RMB59 million under the second agreement and RMB4,491 million under the third agreement.

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

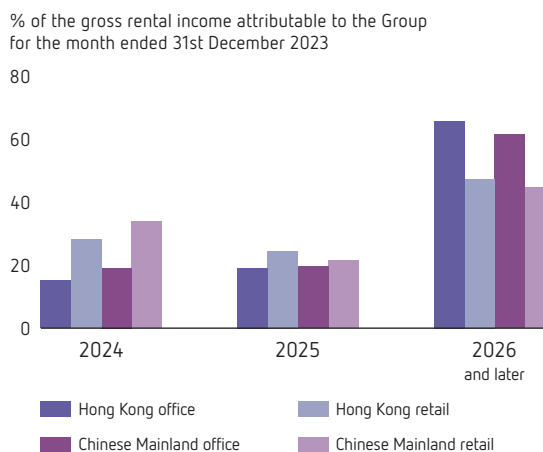
In June 2023, Swire Properties announced plans to develop a luxury residential and hospitality project in Miami, which will include the redevelopment of the existing Mandarin Oriental Miami hotel. The project, which has been branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers at the southernmost point of Brickell Key. The first tower will comprise luxury private residences managed by Mandarin Oriental. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales reservations were launched in December 2023.

In July 2023, Swire Properties obtained full ownership of Wah Ha Factory Building in Quarry Bay, Hong Kong. Together with the adjacent wholly-owned Zung Fu Industrial Building, the two sites are intended to be redeveloped for office and other commercial uses.

Underlying Operating Profit



Lease Expiry Profile – at 31st December 2023





Swire Properties has renamed its retail-led Chengdu development as Taikoo Li Chengdu, following the company's acquisition of the remaining interests in the project.

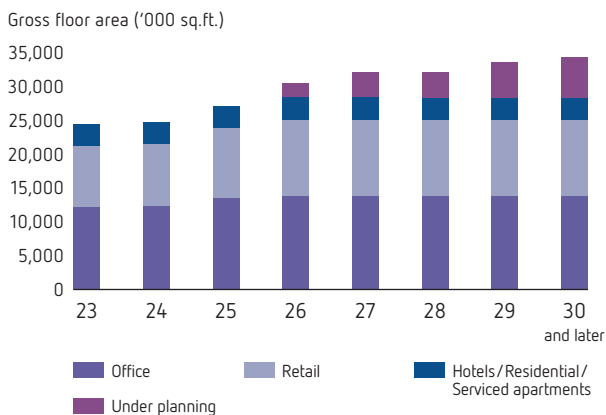
In July 2023, a joint venture company in which Swire Properties holds a 25% interest started the pre-sales of LA MONTAGNE, a residential development in Wong Chuk Hang, Hong Kong. Superstructure works of the development are in progress.

In September 2023, Swire Properties successfully bid and entered into equity transfer agreements to acquire a 40% equity interest in each of the Shanghai Yangjing Mixed-use Project and the Shanghai New Bund Mixed-use Project, from Shanghai Lujiazui Group Co., Ltd and Shanghai Qiantan International Commercial Area Investment Group Co., Ltd (Lujiazui Group), respectively. The consideration was RMB6,594 million for the Shanghai Yangjing

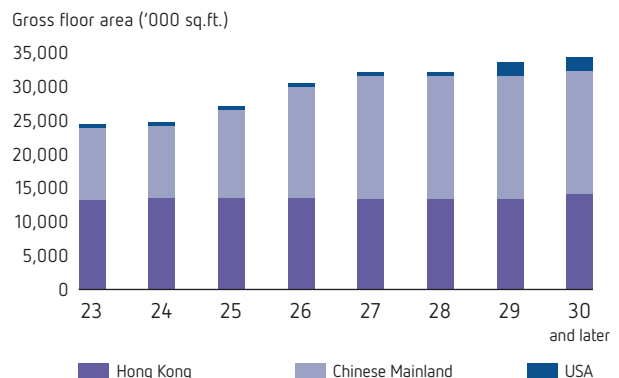
Mixed-use Project and RMB3,116 million for the Shanghai New Bund Mixed-use Project. The two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. The Yangjing and New Bund projects have an expected gross floor area of approximately 4.2 million and 4.1 million square feet respectively. The transactions were completed in November 2023.

In October 2023, a joint venture company in which Swire Properties holds a 50% interest obtained full ownership of the sites in 983-987A King's Road and 16-94 Pan Hoi Street in Quarry Bay. The sites are intended to be redeveloped for residential and retail uses.

Attributable Completed Investment Property and Hotel Portfolio by Type



Attributable Completed Investment Property and Hotel Portfolio by Location



In November 2023, Swire Properties entered into agreements for the sale of twelve office floors (42nd to 54th floors excluding the 49th floor) at One Island East in Quarry Bay, Hong Kong to the Securities and Futures Commission (SFC) for a total consideration of HK\$5.4 billion. The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December 2027 and not later than 31st December 2028. The total gross floor area of the twelve floors is approximately 300,000 square feet.

In February 2024, Swire Properties obtained the occupation permit for Six Pacific Place. Six Pacific Place, the newest addition to Pacific Place, is an office tower with an aggregate gross floor area of approximately 223,000 square feet.

INVESTMENT PROPERTIES

Hong Kong

OFFICE | Gross rental income from the Hong Kong office portfolio in 2023 was HK\$5,466 million, 2% lower than in 2022. Demand remained subdued reflecting continued economic uncertainty and the high interest rate environment. Office rental remained under pressure given increased availability (due to vacancy and new supply). However, our office portfolio was resilient. Leasing activity has picked up since the reopening of the border, with increased inspections. We continue to leverage on our placemaking attributes including health and wellness, amenity provision and our ESG credentials. At 31st December 2023, the office portfolio was 89% let. Excluding Two Taikoo Place (which was completed in September 2022), the office portfolio was 93% let.

The performance of the offices at One, Two and Three Pacific Place was resilient in 2023. These offices were 98% let at 31st December 2023. At Six Pacific Place, tenants have committed (including by way of letters of intent) to take approximately 40% of the space at 31st December 2023. Occupation permit has been obtained in February 2024.

The performance of the offices at Taikoo Place was resilient. Those at One Taikoo Place, One Island East (excluding the nine floors disposed of) and the other office towers at Taikoo Place were 98%, 89% and 90% let respectively at 31st December 2023. Two Taikoo Place, the newest addition to Taikoo Place, was 62% leased.

The offices at South Island Place were 88% let at 31st December 2023. Swire Properties has a 50% interest in the development.

RETAIL | Gross rental income from the retail portfolio in Hong Kong was HK\$2,453 million in 2023, a 13% increase from 2022. Disregarding rental concessions, gross rental income increased by 5%. Following the lifting of all travel restrictions and COVID-19 related measures, and with the investment in marketing, digital and loyalty initiatives, the Hong Kong retail portfolio has recovered significantly in 2023. Sales have returned to pre-pandemic levels in some of our malls. There are still factors such as a strong US currency, a rebound in outbound travel and a high interest rate environment which might affect local consumptions. However, we remain confident that the sales momentum in Hong Kong retail business will continue in 2024. Retail sales in 2023 increased by 44% at The Mall, Pacific Place, by 43% at Citygate Outlets, and by 6% at Cityplaza. Retail sales in Hong Kong as a whole increased by 16% in 2023.

The malls were almost fully let throughout the year.

RESIDENTIAL | The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, EAST Residences in Quarry Bay, STAR STUDIOS in Wan Chai and a number of luxury houses on Hong Kong Island and Lantau Island. The residential portfolio was 78% let at 31st December 2023.

INVESTMENT PROPERTIES UNDER DEVELOPMENT

In 2018, Swire Properties submitted compulsory sale applications in respect of two sites (Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road) in Quarry Bay. Swire Properties obtained full ownership of Zung Fu Industrial Building and Wah Ha Factory Building in March 2022 and July 2023, respectively. The two sites are intended to be redeveloped for office and other commercial uses with an aggregate gross floor area of approximately 779,000 square feet.

OTHERS | In June 2022, Swire Properties submitted a compulsory sale application in respect of a site at 9-39 Hoi Wan Street and 33-41 Tong Chong Street in Quarry Bay. The gross site area is approximately 20,060 square feet. Proceeding with the development (the planning of which is being reviewed) is subject to Swire Properties having successfully bid in the compulsory sale.

Since November 2020, Swire Properties has offered 2,530 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 2,521 of these car parking spaces had been sold at 8th March 2024. Sales of 2,146 car parking spaces had been recognised at 31st December 2023, 694 of them in 2023. Sales of 375 car parking spaces are expected to be recognised in 2024.

In November 2023, Swire Properties entered into agreements for the sale of twelve office floors (42nd to 54th floors, excluding the 49th floor) at One Island East in Quarry Bay to SFC. The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December 2027 and not later than 31st December 2028. The total gross floor area of the twelve floors is approximately 300,000 square feet.

Chinese Mainland

RETAIL | In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for most of our malls, following the lifting of COVID-19 related restrictions. Swire Properties' retail sales (excluding sales by vehicle retailers) in the Chinese Mainland increased on an attributable basis by 46% in 2023. Retail sales in Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu, Taikoo Hui in Guangzhou, INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai increased by 31%, 33%, 15%, 27%, 29% and 79%, respectively in 2023. Retail sales in the Chinese Mainland market as a whole increased by 7%.

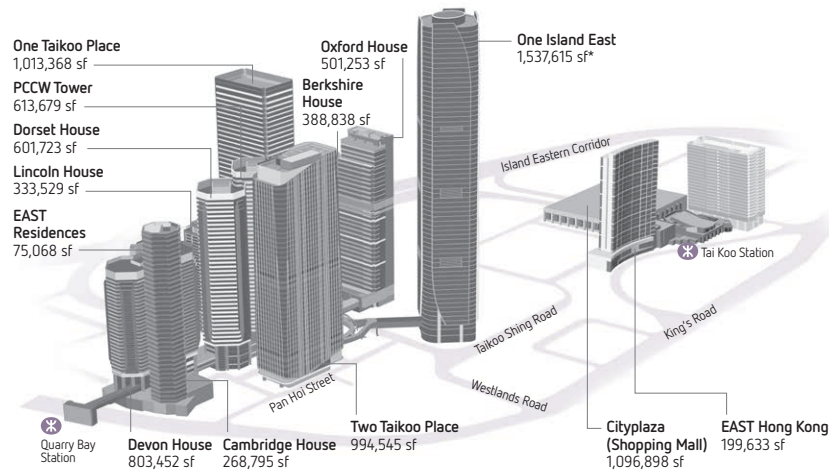
Swire Properties' gross rental income from retail properties in the Chinese Mainland increased by 42%, to HK\$4,191 million, in 2023. Disregarding rental concessions and changes in the value of the Renminbi, gross rental income increased by 45%.



Foot traffic improved significantly and retail sales exceeded pre-pandemic levels for most of Swire Properties' malls in the Chinese Mainland.

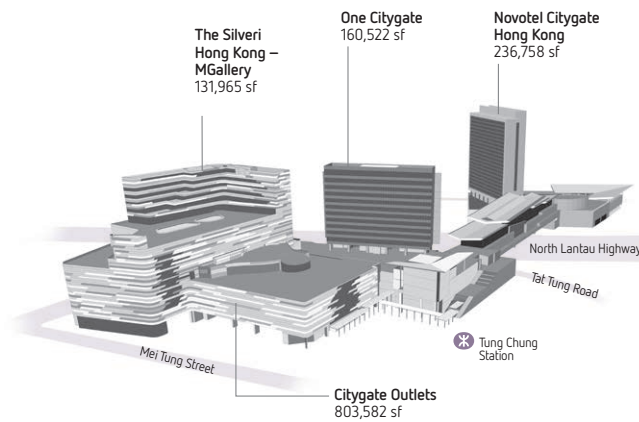
Hong Kong

Taikoo Place and Cityplaza

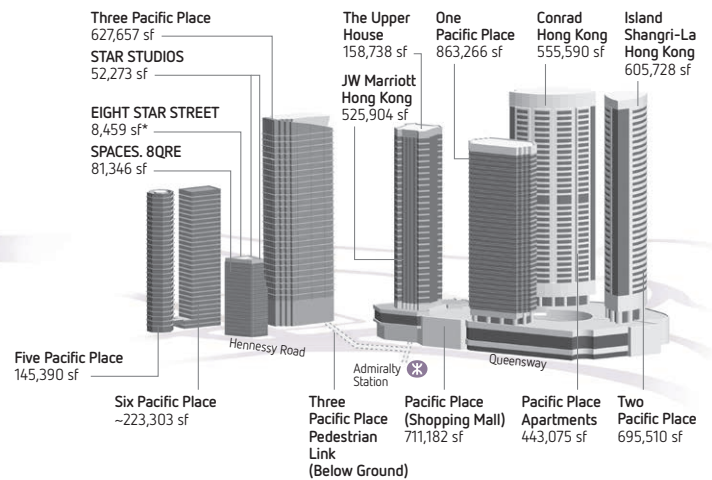


* Including the 45th to 54th floors (except for the 49th floor) disposed of.

Citygate



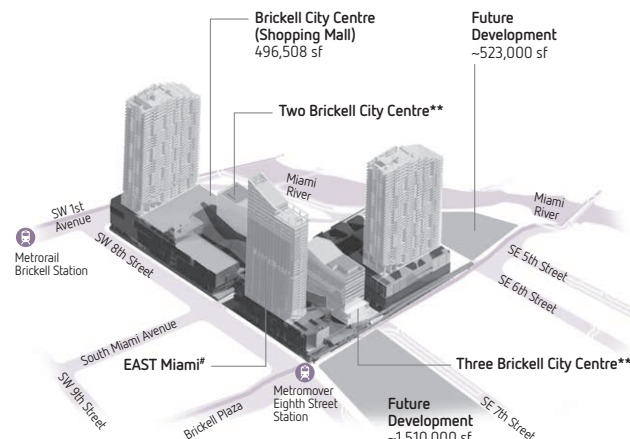
Pacific Place



* Floor area shown including the gross floor area of remaining residential units of 5,608 sf.

USA

Brickell City Centre Miami, Florida

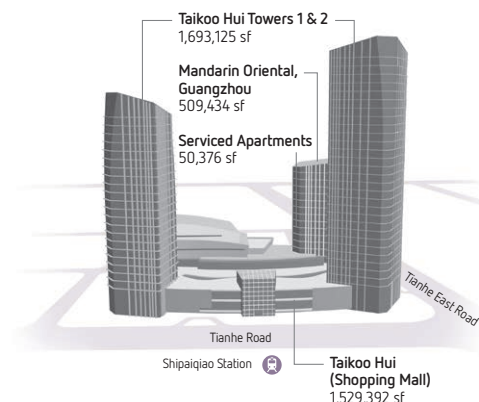


** Two Brickell City Centre and Three Brickell City Centre were sold in 2020. The office towers are now managed by Swire Properties.

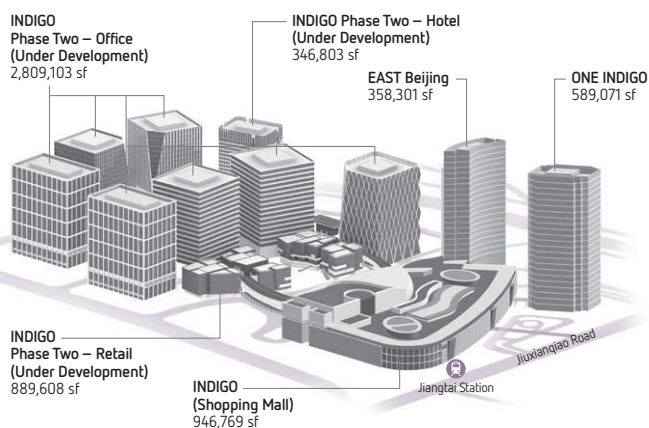
* EAST Miami was sold in 2021. The hotel and serviced apartments are still managed by Swire Hotels.

Chinese Mainland

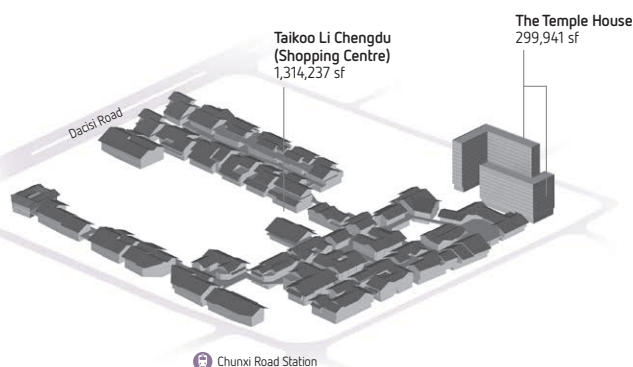
Taikoo Hui Guangzhou



INDIGO Beijing



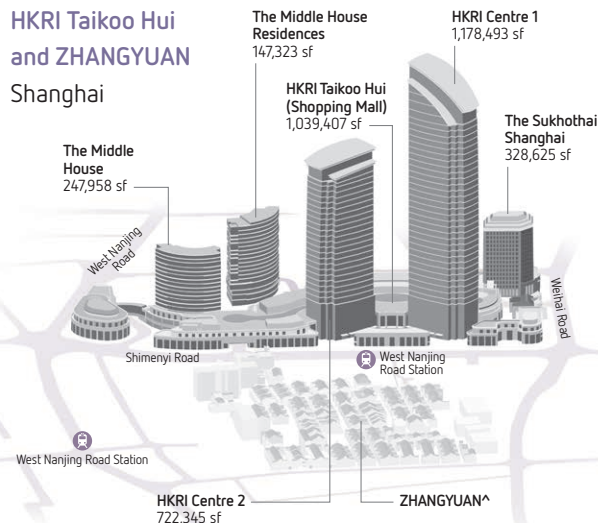
Taikoo Li Chengdu Chengdu



Notes:

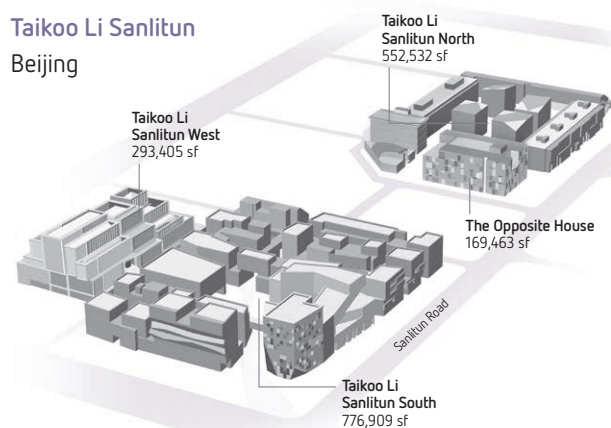
- Gross floor area figures are shown on a 100% basis.
 - These diagrams are not to scale and are for illustration purposes only.
 - These diagrams illustrate the major developments of Swire Properties.
- For details of other developments, please refer to the Schedule of Principal Group Properties on pages 228 to 239.

HKRI Taikoo Hui and ZHANGYUAN Shanghai

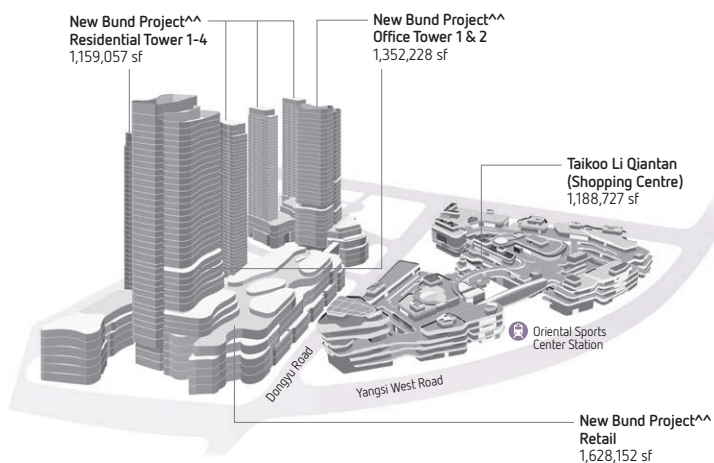


^ ZHANGYUAN, with gross floor area of 1,630,820 sf (including car parking spaces), is operated and managed by a joint venture which is 60% owned by Swire Properties. Swire Properties does not have an ownership interest in the compound.

Taikoo Li Sanlitun Beijing



Taikoo Li Qiantan and New Bund Project Shanghai



^^ New Bund Project is under development by a joint venture which is 40% owned by Swire Properties.

Profile of Capital Commitments for Investment Properties and Hotels

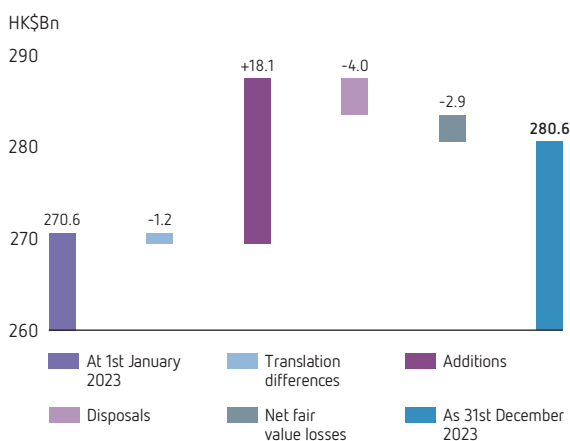
	Expenditure	Forecast expenditure				Total commitments ⁽ⁱ⁾	Commitments relating to joint venture companies ⁽ⁱⁱ⁾
	2023 HK\$M	2024 HK\$M	2025 HK\$M	2026 HK\$M	2027 and later HK\$M	At 31st December 2023 HK\$M	At 31st December 2023 HK\$M
Hong Kong	2,319	1,466	749	1,489	6,215	9,919	22
Chinese Mainland	935	4,158	4,423	3,480	3,210	15,271	7,106
USA	49	25	–	–	–	25	–
Total	3,303	5,649	5,172	4,969	9,425	25,215	7,128

Notes:

(i) The capital commitments represent Swire Properties' capital commitments of HK\$18,087 million plus Swire Properties' share of the capital commitments of joint venture companies of HK\$7,128 million.

(ii) Swire Properties is committed to funding HK\$797 million of the capital commitments of joint venture companies.

Movement in Investment Properties



Retail sales at Taikoo Li Sanlitun increased by 31% in 2023, following the reopening of Workers' Stadium and lifting of COVID-19 associated restrictions. Foot traffic recovered to 2021 levels. Gross rental income increased by 4%. Demand for retail space at Taikoo Li Sanlitun is solid as it reinforces its position as a fashionable retail destination. The development was 94% let at 31st December 2023 including spaces allocated to prospective tenants who have signed letters of intent.

Disregarding the impact arising from the incremental shareholding at Taikoo Li Chengdu, retail sales and gross rental income increased by 33% and 12% respectively. Swire Properties continues to reinforce the development as a premium shopping and leisure destination. The development was 97% let at 31st December 2023.

Retail sales and gross rental income at Taikoo Hui in Guangzhou increased by 15% and 5% respectively in 2023. There were improvements to the tenant mix. The mall was 100% let at 31st December 2023.

Retail sales and gross rental income at INDIGO in Beijing increased by 27% and 13% respectively in 2023. The mall was 99% let at 31st December 2023.



Swire Properties' fourth and largest "Taikoo Li" project in the Chinese Mainland, Taikoo Li Xi'an, broke ground in November 2023.

Retail sales at HKRI Taikoo Hui in Shanghai increased by 29% in 2023 while gross rental income decreased by 3% as a result of certain part of the mall undergoing renovation. The mall was 93% let at 31st December 2023.

With the economic recovery from the pandemic, footfall and retail sales at Taikoo Li Qiantan in Shanghai were strong in 2023. Retail sales and gross rental income increased by 79% and 22%, respectively in 2023. At 31st December 2023, tenants had committed to take 98% of the retail space and 95% of the lettable retail space was open.

OFFICE | Demand for office space in Beijing, Shanghai and Guangzhou remained weak amid a slower than anticipated economic recovery. Swire Properties' gross rental income from office properties in the Chinese Mainland increased slightly to HK\$366 million in 2023. Disregarding changes in the value of the Renminbi, the gross rental income increased by 6%.

The office towers at Taikoo Hui in Guangzhou, ONE INDIGO in Beijing and the office towers at HKRI Taikoo Hui in Shanghai were 92%, 85% and 98% let, respectively, at 31st December 2023.

INVESTMENT PROPERTIES UNDER DEVELOPMENT |

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

Taikoo Li Xi'an is located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an and is expected to be developed as a retail-led mixed-use development comprising retail and cultural facilities, a hotel and serviced residences. The estimated gross floor area is approximately 2.9 million square feet and is subject to the finalisation of development scheme. Excavation works are in progress. The project is expected to be completed in phases from 2026. The development is being done in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. Swire Properties has a 70% interest in Taikoo Li Xi'an.

Strategically located in the heart of Haitang Bay National Coastal Recreation Park in Sanya, the development is Swire Properties' first-ever resort-style premium retail development including underground parking and other ancillary facilities, with gross floor area of approximately 2.2 million square feet. In collaboration with China Tourism Group Duty Free Corporation Limited, the development will be Phase III of the Sanya International Duty-Free Complex. Basement works are in progress. The development is expected to be completed in phases from late 2025. Swire Properties has a 50% interest in this development.

The New Bund Mixed-use Project is situated within Shanghai's middle-ring road and spans a site area of approximately 686,000 square feet. Located at the intersection of three Shanghai metro lines, the site is directly opposite to Taikoo Li Qiantan, Swire Properties' first joint venture development with the Lujiazui Group. It is a mixed-use development comprising retail, office and residential components, with an approximate gross floor area of 4.1 million square feet (including retail floor area below ground). Office towers have been topped out. Basement and retail construction works are in progress. The development is expected to be completed from 2025. Swire Properties has a 40% interest in the development.

Jointly developed with the Lujiazui Group, the Yangjing Mixed-use Project, which is along the Huangpu River and within the inner-ring road in Pudong district of Shanghai, will be developed into a mixed-use landmark comprising premium residential properties, retail, office and cultural facilities, potentially a lifestyle hotel as well. The estimated gross floor area is approximately 4.2 million square feet (including retail floor area below ground and residential portion for trading), subject to relevant plan approval. Basement structure works are in progress. The development is expected to be completed in phases from 2027. Swire Properties has a 40% interest in the development.

OTHERS | In 2021, Swire Properties formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, in which Swire Properties has a 60% interest, is engaged in the revitalisation and management of the ZHANGYUAN shikumen compound in the Jing'an district of Shanghai. When the revitalisation is completed, the compound will have a gross floor area (including car parking spaces) of 673,871 square feet above ground and 956,949 square feet underground. There are over 40 shikumen blocks, with about 170 two or three-storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. The first phase (the West zone) was completed and opened in November 2022. Construction and renovation at the second phase (the East zone) are in progress. The second phase is planned to be completed and opened in late 2026. Swire Properties does not have an ownership interest in the compound.

USA

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

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

The shopping centre was 100% leased (including by way of letters of intent) at 31st December 2023. Retail sales in 2023 increased by 13% compared to the same period in 2022.

The second phase of the Brickell City Centre development is being planned.

VALUATION OF INVESTMENT PROPERTIES

The portfolio of investment properties was valued at 31st December 2023 on the basis of market value (96% 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\$280,591 million, compared to HK\$270,591 million at 31st December 2022.

The increase in the valuation of the investment property portfolio primarily reflected the acquisition of subsidiary companies in the Chinese Mainland and the additions for the year, partly offset by a decrease in the fair value of the office investment properties in Hong Kong, the disposal of certain office floors in Hong Kong and foreign exchange translation losses in respect of the investment properties in the Chinese Mainland.

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

HOTELS

The managed and non-managed hotels in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 associated measures and the full reopening of the border. Operating performance of the managed hotel in the USA was stable. The managed hotels (including restaurants and hotel management office) recorded an operating profit before depreciation of HK\$88 million in 2023, compared with an operating loss before depreciation of HK\$118 million in 2022.

PROPERTY TRADING

Hong Kong

EIGHT STAR STREET at 8 Star Street, Wan Chai is a residential building (with retail outlets on the lowest two levels) of approximately 34,000 square feet. The occupation permit was obtained in May 2022. 34 out of 37 units had been sold at 8th March 2024. Sales of 33 units had been recognised at 31st December 2023, 6 of them in 2023. Sale of 1 unit is expected to be recognised in 2024.

A joint venture formed by Swire Properties, 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 (Phases 4A and 4B) with an aggregate gross floor area of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. Pre-sales of Phase 4A started in July 2023. 52 out of 432 units had been pre-sold at 8th March 2024, all of them in 2023. Sales of these units are expected to be recognised in 2025. The development is expected to be completed and handed over to the purchasers in 2024 and 2025 respectively. Swire Properties has a 25% interest in the joint venture.

In 2021, a project company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company, Limited completed a land exchange with the HKSAR Government in respect of a plot of land in Chai Wan. The plot of land is being redeveloped into a residential complex (with retail outlet) with an aggregate gross floor area of approximately 694,000 square feet. Superstructure works are in progress at the Phase 1 site, while substructure works are underway at the Phase 2 site. The development is expected to be completed from 2025.

In June 2022, Swire Properties acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai. The plot of land will be developed primarily for residential use with an aggregate gross floor area of approximately 116,000 square feet. Site formation works and foundation works have commenced since July 2023 and are in progress. The development is under design stage and expected to be completed in 2026.

In 2018, a joint venture company in which Swire Properties holds a 50% interest submitted a compulsory sale application in respect of the site at 983-987A King's Road and 16-94 Pan Hoi Street in Quarry Bay. In August 2023, the Lands Tribunal granted the compulsory sale order for the site. In October 2023, the joint venture company obtained full ownership of the sites. In accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a gross floor area of approximately 440,000 square feet.

Chinese Mainland

In November 2023, Swire Properties completed the acquisition of 40% equity interest in developments from the Lujiazui Group to develop two new landmarks (Shanghai New Bund Mixed-use Project and Shanghai Yangjing Mixed-use Project) in Shanghai's Pudong New Area. These two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. Structural works are in progress at the New Bund plot while basement structure works are underway at the Yangjing plot. Around 75% of the total saleable area in the New Bund plot residential project have been presold at 31st December 2023, with an expected completion date from 2025 onwards.

Indonesia

In 2019, a joint venture between Swire Properties and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed for residential purposes with an aggregate gross floor area of approximately 1,123,000 square feet. Towers have been topped out. The development is expected to comprise around 400 residential units and to be completed in 2024. Swire Properties has a 50% interest in the joint venture. Pre-sales are in progress. 80 units had been pre-sold at 8th March 2024.

Vietnam

In 2020, Swire Properties agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development, which was completed in August 2022, comprises 525 luxury apartments in three towers. Swire Properties has an effective 20% interest in the development. Approximately 93% of the units had been sold at 8th March 2024. Handover of the completed units to purchasers is in progress.

In 2021, Swire Properties made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases up to 2028. Swire Properties invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 53% of the residential units had been pre-sold or sold at 8th March 2024.

Thailand

In February 2023, Swire Properties acquired a 40% interest in a site located on Wireless Road in Lumpini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site, which is under design stage, is expected to be developed for residential purposes with a site area of approximately 136,000 square feet. The development is expected to comprise over 400 residential units in two towers and to be completed in 2029.

USA

In June 2023, Swire Properties announced plans to develop a luxury residential and hospitality project in Miami. The project, branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers on Brickell Key. The first tower will comprise luxury private residences. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales reservations were launched in December 2023.

OUTLOOK

The office market in Hong Kong is expected to remain subdued in 2024, on the back of weak demand and increased availability. Increasing competition from Central and Kowloon East will continue to exert downward pressure on rents across the portfolio. The 'flight-to-quality' trend is expected to benefit Swire Properties, as prospective tenants upgrade their offices and place a higher value on sustainability as well as the health and wellness of their workforce. Assuming improvements in the financial markets, stabilisation of interest rate and an increase in economic activity, the demand for Grade-A office space, particularly from financial institutions and professional services companies, should recover.

In Guangzhou, new supply in decentralised areas is expected to put downward pressure on office rents. In Beijing, limited new supply is expected in core areas meaning the market is well-placed once demand returns. In Shanghai, new supply and existing vacant stock is expected to put downward pressure on office rents, however core central business districts are expected to be more stable. Overall, all cities continue to experience negative sentiment due to economic uncertainties which are causing tenants to remain cautious. Office rents are expected to decline and have yet to bottom out.

It is expected that footfall and tenants' sales in Hong Kong will continue to improve despite uncertainty over economic environment, outbound travel and volatile stock market. With Swire Properties' strong marketing campaigns and loyalty programme initiatives, it is anticipated that the sales momentum will carry on.

After benefitting from years of double-digit growth in retail sales in the Chinese Mainland, 2024 is expected to be a year of stabilisation, where retailers will take a more prudent approach but maintaining positive outlook in medium to long term. Inbound and outbound travel are anticipated to increase and a recalibration between onshore and offshore spending behaviour from customers (as compared to pre-COVID-19 pattern) is expected. The overall demand for retail space is expected to be stable. It is expected that the demand for retail space from retailers of luxury brands will remain strong in Guangzhou and Chengdu. In Shanghai and Beijing, demand for retail space from fashion, cosmetics, lifestyle brands and food and beverage operators is expected to be steady with retailers of luxury brands taking a relatively more prudent expansion approach.

In Hong Kong, residential market sentiment remains soft in light of economic uncertainties and high interest rate environment, despite the cancellation of stamp duty measures issued by the HKSAR Government. It is anticipated that the market confidence and sentiment might take some time to be rebuilt after the end of interest rate hikes. Demand remains resilient in the medium to long term, supported by local demand and limited supply. With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Shanghai, the Chinese Mainland, Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable. The outlook for the luxury residential market in Miami remains positive.

The hotels in Hong Kong are expected to further improve with more international visitors, while the hotel business in the Chinese Mainland is anticipated to grow in 2024. The hotels in the USA are expected to have a stable performance in 2024. Swire Properties is expanding its hotel management business, with a focus on extending its hotel brands outside Hong Kong through hotel management agreements.

Tim Blackburn