SWIRE PROPERTIES

PRESS RELEASE

For Immediate Release

Swire Properties Announces 2020 Final Results

Strong fundamentals to drive future growth despite challenging conditions

Summary of 2020 Annual Results

- Strong fundamentals delivering dividend growth of 3% year-on-year despite a decrease in underlying profit.
- Resilient office performance in Hong Kong underpinned by Taikoo Place with positive rental reversions.
- High Hong Kong retail occupancy rate throughout difficult times reflecting the Company's strong relationships with tenants.
- Strong rebound of Chinese mainland portfolio with retail sales up 29% year-on-year in second half of 2020.
- Robust capital management to pursue further projects and continue scaling up the Company's investment in the region.

	Note	**2020 HK$M**	2019 HK$M	Change
Results				
For the year				
Revenue		**13,308**	14,222	-6%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	**12,679**	24,130	-47%
Recurring underlying	(b)	**7,089**	7,633	-7%
		HK$	HK$	
Earnings per share				
Underlying	(c)	**2.17**	4.12	-47%
Recurring underlying	(c)	**1.21**	1.30	-7%
Dividend per share				
First interim		**0.30**	0.29	+3%
Second interim		**0.61**	0.59	+3%
		HK$	HK$	
Financial Position				
At 31st December				
Equity attributable to the Company's shareholders per share	(a)	**49.36**	49.05	+1%
Gearing ratio	(a)	**2.3%**	5.3%	-3.0%pt.

Notes:

(a) Refer to the glossary on page 57 of the announcement of 2020 Final Results of Swire Properties Limited (the "Results Announcement"), dated 11 March 2021, for definition.

(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 7 of the Results Announcement.

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

11 March 2021, Hong Kong – Swire Properties Limited announced today its final results for 2020. The effects of the COVID-19 pandemic were felt across the Company's key markets, and overall, the Company recorded a decrease in underlying profit from HK$24,130 million in 2019 to HK$12,679 million in 2020, primarily due to a reduction in profit arising from the sale of interests in investment properties in Hong Kong. Recurring underlying profit was HK$7,089 million in 2020, compared with HK$7,633 million in 2019. This reflected higher losses from the Company's hotels due to COVID-19, as well as lower rental income from its residential and retail businesses in Hong Kong.

Swire Properties' office portfolio did however deliver solid returns, with a slight increase in rental income due to positive rental reversions and firm occupancy at Taikoo Place. Swire Properties also had a positive showing for its projects in the Chinese mainland, with a slight increase in gross rental income in its malls due to increased domestic spending.

In the U.S.A., the Company recorded a decrease in gross rental income, mainly due to the loss of office rental income following the disposal of Two and Three Brickell City Centre in July 2020.

Despite these setbacks, Swire Properties continues to maintain a strong balance sheet, anchored by its core investments in Hong Kong and the Chinese mainland, which the Company expects to contribute to its recovery and long-term growth efforts.

The Board declared a second interim dividend of HK$0.61 per share which, together with the first interim dividend of HK$0.30 per share paid in October 2020, amounts to full year dividends of HK$0.91 per share, representing a 3% increase over dividends for 2019.

"2020 was a challenging year, with the impact of COVID-19 felt across multiple fronts of our business – retail, office, residential and hotels. However, our business remains on a sound financial footing, reinforced by a long-term outlook, a focus on quality and innovation, and a robust approach to capital management," said Mr Merlin Swire, Chairman of Swire Properties.

"Placemaking is at the core of our business – our best-in-class developments have put us on the map, as we continue to bring long-term value to our local communities. Our commitment to our core markets in Hong Kong and the Chinese mainland remains as strong as ever and with our solid fundamentals, we remain confident in our future prospects," Mr Swire added.

Capital Recycling Fueling Future Growth

Swire Properties continued to dispose of non-core assets in 2020. The Company sold its entire interest in the office tower Cityplaza One; two office towers in Miami, the U.S.A.; and launched car parking spaces at its residential development Taikoo Shing for sale to owners.

The cash generated will go towards reinforcing Swire Properties' core investments. In Hong Kong, the ongoing redevelopment of Taikoo Place continues. The Company's latest Grade A office tower, Two Taikoo Place, is scheduled to be completed by 2022. The Company is also continuing with the eastward expansion of its flagship Pacific Place portfolio.

In the Chinese mainland, Swire Properties has an exciting pipeline of investment opportunities, and is keen to pursue further projects and to continue scaling up its investment in the region. The Company recently announced an extension of the INDIGO development in Beijing with its long-term partner Sino-Ocean Group, which will allow the Company to build on INDIGO as a major lifestyle destination. Opening soon is Swire Properties' third Taikoo Li project, Taikoo Li Qiantan in Shanghai, which will be the most digitally advanced mall the Company has ever designed, with a focus on wellness. Also in the pipeline is the launch of a new retail extension to Taikoo Li Sanlitun in Beijing, which will be named "Taikoo Li Sanlitun West".

Swire Properties is also currently building a robust residential pipeline in Hong Kong with several new developments, including EIGHT STAR STREET, a project in Chai Wan, and a development in Wong Chuk Hang.

Elsewhere, the Company is exploring new opportunities in emerging markets in Southeast Asia, with luxury residential projects in Singapore, Jakarta and Ho Chi Minh City.

Business Prospects

In the office sector, demand for office space in Hong Kong remains weak, reflecting the state of the economy and rising unemployment rates. Increasing vacancies in Central and new supply in East Kowloon are also exerting downward pressure on rents. The Company anticipates that the ongoing transformation of Taikoo Place into a global business hub will continue to fortify its portfolio, with the upcoming launch of Two Taikoo Place in 2022 expected to attract more multinationals across different sectors to the district.

In Guangzhou, Shanghai and Beijing, the Company expects the office market to recover modestly in 2021. But, with continued new supply and weak demand, office rents will likely remain under pressure.

The retail industry as a whole in Hong Kong continues to be hit hard by the pandemic. Swire Properties made the decision to continue offering rental concessions as a necessary step in supporting its tenant partners and aiding in the sustainable recovery of the business as a whole, despite this likely having an adverse impact on its 2021 financial results.

Swire Properties' shopping malls in the Chinese mainland continue their strong rebound from the pandemic. The Company expects strong demand for retail space from luxury brands in 2021 in Guangzhou and Chengdu, and stable demand across fashion, lifestyle and F&B sectors in Shanghai. The recovery in Beijing is expected to be more gradual but still stable in 2021.

In the retail industry, there is also the need to evolve in the face of digital disruptors. Swire Properties will continue to explore new technologies and customer-centric engagement, including innovative CRM programmes, to remain ahead of the curve.

On the residential market outlook, buyers remain cautious due to COVID-19, but the Company anticipates that demand will remain resilient in the medium to long term, particularly due to low interest rates and the limited housing supply. Prospects of Swire Properties' newer residential markets in Southeast Asia remain very positive.

Recovery of Swire Properties' hotel businesses depends on the reopening of borders and the pace of COVID-19 vaccinations. However, domestic travel is strong in the Chinese mainland, and it is expected that the Company's hotels in the Chinese mainland will do well if the pandemic stabilises in major cities.

Looking to the Future

With a balanced portfolio and strong balance sheet, Swire Properties is well placed to withstand the effects of this difficult time and to benefit from improved conditions in the future.

"These are uncertain times, but we have risen to the occasion and will continue to do so. Much of that has to do with our people – I would like to take this opportunity to thank our incredible team at Swire Properties. Our frontline and office colleagues across Hong Kong, the Chinese mainland, Miami and Southeast Asia have gone above and beyond to keep our places safe, and to support our tenants and local communities. I salute our staff's resilience and dedication amidst a difficult year. It has been truly inspiring to witness," said Mr Swire.

- End -

About Swire Properties

Swire Properties develops and manages commercial, retail, hotel and residential properties, with a particular focus on mixed-use developments in prime locations at major mass transportation intersections. Swire Properties is listed on the Main Board of the Stock Exchange of Hong Kong and its investment portfolio in Hong Kong comprises Taikoo Place, Cityplaza and Pacific Place. In addition to Hong Kong, the Company has investments in the Chinese mainland, the United States, Singapore, Indonesia and Vietnam.

Visit Swire Properties' website at www.swireproperties.com.

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SWIRE PROPERTIES

SWIRE PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1972)

2020 Final Results

CONTENTS

FINANCIAL HIGHLIGHTS

	Note	**2020 HK$M**	2019 HK$M	Change
Results				
For the year				
Revenue		**13,308**	14,222	-6%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	**12,679**	24,130	-47%
Recurring underlying	(b)	**7,089**	7,633	-7%
Reported		**4,096**	13,423	-69%
Cash generated from operations		**7,550**	5,499	+37%
Net cash inflow before financing		**13,885**	20,217	-31%
		HK$	HK$	
Earnings per share				
Underlying	(c)	**2.17**	4.12	-47%
Recurring underlying	(c)	**1.21**	1.30	-7%
Reported	(c)	**0.70**	2.29	-69%
Dividend per share				
First interim		**0.30**	0.29	+3%
Second interim		**0.61**	0.59	+3%
		HK$M	HK$M	
Financial Position				
At 31st December				
Total equity (including non-controlling interests)		**290,680**	288,911	+1%
Net debt		**6,605**	15,292	-57%
Gearing ratio	(a)	**2.3%**	5.3%	-3.0%pt.
		HK$	HK$	
Equity attributable to the Company's shareholders per share	(a)	**49.36**	49.05	+1%

Notes:
(a) Refer to glossary on page 57 for definition.
(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 7.
(c) Refer to note 9 in the financial statements for the weighted average number of shares.

Underlying profit/(losses) by segment	**2020 HK$M**	2019 HK$M
Property investment	**13,290**	24,218
Property trading	**(87)**	(18)
Hotels	**(524)**	(70)
	12,679	24,130

CHAIRMAN'S STATEMENT

Dear shareholders,

2020 was a challenging year, with the impact of COVID-19 felt across multiple fronts of our business – retail, office, residential and hotels. However, our business remains on a sound financial footing, reinforced by a long-term outlook, a focus on quality and innovation, and a robust approach to capital management.

Placemaking is at the core of our business - our best-in-class developments have put us on the map, as we continue to bring long-term value to our local communities. Our commitment to our core markets in Hong Kong and the Chinese mainland remains as strong as ever and, with our solid fundamentals, we remain confident in our future prospects.

Strong Fundamentals Delivering Increased Dividends

We recorded a decrease in underlying profit from HK$24,130 million in 2019 to HK$12,679 million in 2020, primarily due to a reduction in profit arising from the sale of interests in investment properties in Hong Kong, as well as losses from our hotel business and lower rental income from our Hong Kong retail portfolio, in the wake of travel bans and social distancing regulations. Our Hong Kong office portfolio continued to deliver a solid performance. The rental income drop at our Hong Kong malls was more than offset by the recovery in the Chinese mainland. Our five malls in the Chinese mainland continue to strengthen our retail portfolio, being well established as top lifestyle destinations in their cities, and proving the merits of our long-term placemaking strategy.

We had to make some tough decisions this year. We were one of the first major landlords in Hong Kong to offer rental subsidies to our retail tenants, as we recognised how important it was for their businesses to stay afloat. It is also owing to our tenant partnerships that we were able to maintain a very robust occupancy rate throughout these difficult times. When conditions eventually improve, this will contribute to a stronger recovery for our business.

We also made the decision that our core operations in Hong Kong would not apply for the HKSAR Government's Employment Support Scheme (ESS), as we believed that these resources should be left for companies with jobs most at risk. We did however apply for the scheme for our hotel business, which like others in the industry, has been severely impacted by COVID-19.

Despite the challenges, we ended the year on a stable financial footing. We continued our policy of not paying out special dividends despite our asset disposals this year, in order to recycle capital into new projects to drive long-term income growth. We declared a second interim dividend of HK$0.61 per share which, together with the first interim dividend of HK$0.30 per share paid in October 2020, amounts to full year dividends of HK$0.91 per share, representing a 3% increase over dividends for 2019.

Our policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time. Over the past five years ending with 2020, our dividends have represented 39% of our underlying profits.

Capital Recycling Fueling Future Growth

We continued to dispose of non-core assets in 2020. We sold our entire interest in the office tower Cityplaza One; two office towers in Miami, U.S.A.; and launched car parking spaces at our residential development Taikoo Shing for sale to owners.

The cash generated will go towards reinforcing our core investments. In Hong Kong, the ongoing redevelopment of Taikoo Place continues. Our latest Grade A office tower, Two Taikoo Place, is scheduled to be completed by

2022. We are also continuing with the eastward expansion of our flagship Pacific Place portfolio.

In the Chinese mainland, we have an exciting pipeline of investment opportunities, and we are keen to pursue further projects and to continue scaling up our investment in the region. We recently announced an exciting extension of our INDIGO development in Beijing with our long-term partner Sino-Ocean, which will allow us to build on INDIGO as a major lifestyle destination. Opening soon is our third Taikoo Li project, Taikoo Li Qiantan in Shanghai, which will be the most digitally advanced mall we have ever designed, with a focus on wellness. Also in the pipeline is the launch of a new retail extension to Taikoo Li Sanlitun in Beijing, which will be named "Taikoo Li Sanlitun West".

We are also currently building a robust residential pipeline in Hong Kong with several new developments, including EIGHT STAR STREET, a project in Chai Wan, and a development in Wong Chuk Hang.

Elsewhere, we are exploring new opportunities in emerging markets in Southeast Asia, with luxury residential projects in Singapore, Jakarta and Ho Chi Minh City.

Leadership in Sustainable Development – 2030 and Beyond

I am pleased to report that the Company has made great strides since we reset our long-term Sustainable Development 2030 vision in 2016 - to be the leading sustainable development performer in our industry globally by 2030. We retained our high rankings in sustainability indices and benchmarks in 2020, and stood out as the only Hong Kong company to be included in the Dow Jones Sustainability World Index. In December, we became the first company in our industry across Hong Kong and the Chinese mainland to commit to the Science Based Targets initiative's Business Ambition for 1.5°C campaign, with the goal of reaching net zero emissions by no later than 2050. On this front, I'm proud to say that in 2020, Sino-Ocean Taikoo Li Chengdu became our first development to be powered by 100% renewable electricity.

With an integrated approach to Sustainable Development, we have also made great progress in green financing, with approximately 30% of our current facilities coming from green bonds, sustainability-linked loans, and our first green loan. With new targets in place, we intend to become an industry leader in the transition to greener capital markets.

Meanwhile, our signature Community Ambassador programme continues to contribute thousands of hours of volunteer work to help those in need in Hong Kong, and across our operating cities in the Chinese mainland.

Looking to the Future

These are uncertain times, but we have risen to the occasion and will continue to do so. Much of that has to do with our people - I would like to take this opportunity to thank our incredible team at Swire Properties. Our frontline and office colleagues across Hong Kong, the Chinese mainland, Miami and Southeast Asia have gone above and beyond to keep our places safe, and to support our tenants and local communities. I salute our staff's resilience and dedication amidst a difficult year. It has been truly inspiring to witness.

Merlin Swire
Chairman
Hong Kong, 11th March 2021

CHIEF EXECUTIVE'S STATEMENT

The difficulties we faced in 2020 proved to be a crucial learning experience for our business. The onset of the global pandemic meant that we entered a period of significant change in our industry, which highlighted both challenges and opportunities.

First and foremost, 2020 showed us that our long-term investment and capital management strategy are putting us in a strong position for the future – we were able to raise capital from the sale of non-core assets in 2020, channel funds towards reinforcing our core investments in Hong Kong and the Chinese mainland, and open up new pathways for investment in various markets.

As we look forward, our focus remains on our prudent long-term investment strategy, maintaining and accelerating our sustainable leadership, and the digital transformation of our business – all factors which we believe will set out a strong path for our future growth in the face of the uncertainties ahead.

2020 Financial Results at a Glance

The effects of the pandemic were felt across our key markets, and overall, we recorded a decrease in underlying profit. This was due in large part to the reduction in profit arising from the sale of interests in investment properties in Hong Kong, as part of our ongoing strategy of recycling capital.

Our recurring underlying profit was HK$7,089 million in 2020, compared with HK$7,633 million in 2019, this reflected higher losses from our hotels due to COVID-19, as well as lower rental income from our residential and retail businesses in Hong Kong.

Our office portfolio did however deliver solid returns, with a slight increase in rental income due to positive rental reversions and firm occupancy at Taikoo Place. We also had a positive showing for our projects in the Chinese mainland, with a slight increase in gross rental income in our malls due to increased domestic spending.

In the U.S.A., we recorded a decrease in gross rental income, mainly due to the loss of office rental income following the disposal of Two and Three Brickell City Centre in July 2020.

As expected, our hotels continued to be heavily impacted by COVID-19, in the wake of travel bans and social distancing regulations, with higher losses recorded.

Despite these setbacks, we continue to maintain a strong balance sheet, anchored by our core investments in Hong Kong and the Chinese mainland, which we expect to contribute to our recovery and long-term growth efforts.

Our Future Prospects

Despite the gravity of the challenges the world continues to face with COVID-19, we are optimistic about the future - the tide will eventually turn, and we are well placed to thrive and continue our growth strategy.

In the office sector, demand for office space in Hong Kong remains weak, reflecting the state of the economy and rising unemployment rates. Increasing vacancies in Central and new supply in East Kowloon are also exerting downward pressure on rents. However, we have a resilient office portfolio, with Taikoo Place in particular continuing to record high occupancy rates. We anticipate that our ongoing transformation of the district into a global business hub will continue to fortify our portfolio, with the upcoming launch of Two Taikoo Place in 2022 expected to attract more multinationals across different sectors to the district.

In Guangzhou, Shanghai and Beijing, we expect the office market to recover modestly in 2021. But, with continued new supply and weak demand, office rents will likely remain under pressure.

The retail industry as a whole in Hong Kong continues to be hit hard by the pandemic, and we are no exception. We made the decision to continue offering rental concessions to our tenant partners. This will likely have an adverse impact on our 2021 financial results, but we feel this is a necessary step to supporting our partners and aiding in the sustainable recovery of our business as a whole.

There is also the need to evolve in the face of digital disruptors in the retail industry. The shift towards online spending means that we must remain agile and responsive; the digital transformation of our business is a key priority for us, and we continue to explore new technologies and customer-centric engagement, including innovative CRM programmes, to remain ahead of the curve.

We are definitely seeing brighter days ahead for our shopping malls in the Chinese mainland, which continues its strong rebound from the pandemic. We expect strong demand for retail space from luxury brands in 2021 in Guangzhou and Chengdu, and stable demand across fashion, lifestyle and F&B sectors in Shanghai. The recovery in Beijing is expected to be more gradual but still stable in 2021.

On the residential front in Hong Kong, we are still seeing cautious sentiment from buyers due to COVID-19, but we anticipate that demand will remain resilient in the medium to long term, particularly due to low interest rates and the limited housing supply. We intend to ride on demand with the sale of our first batch of units at EIGHT STAR STREET, which launched early in 2021.

Whilst our newer residential markets in Southeast Asia continue to be adversely impacted by the pandemic, our prospects there remain very positive. In Singapore, low interest rates and the long-term prospects of the market are expected to underpin demand for residential accommodation. In Jakarta, urbanisation and a growing middle class are expected to support a stable residential property market. And in Vietnam, COVID-19 has been largely contained; there is limited supply of luxury residential properties, the economy is strong and there is rapid urbanisation. All this has led to strong demand for luxury residential properties, which we are well-placed to benefit from with our upcoming developments in Ho Chi Minh City.

The hospitality industry has been one of the worst hit sectors amidst the global travel ban, and the outlook for our hotels in Hong Kong is difficult. Recovery depends on the reopening of borders and the pace of COVID-19 vaccinations. However, domestic travel is strong in the Chinese mainland, and we expect that our hotels there will do well if the pandemic stabilises in major cities. Looking ahead, we will be preparing to launch a non-managed hotel, The Silveri Hong Kong – MGallery, within our Citygate extension later in 2021.

With our balanced portfolio and strong balance sheet, we are well placed to withstand the effects of this difficult time and to benefit from improved conditions in the future.

On behalf of my fellow Directors, I wish to express our appreciation to all our employees, whose commitment and hard work have been central to our continuing success. In particular, I would like to commend our staff for their tremendous professionalism and resilience in the face of operational challenges arising from the pandemic.

Guy Bradley
Chief Executive
Hong Kong, 11th March 2021

REVIEW OF OPERATIONS

	2020 HK$M	2019 HK$M
Revenue		
Gross Rental Income derived from		
Offices	**6,555**	6,598
Retail	**5,245**	5,107
Residential	**454**	566
Other Revenue (1)	**101**	139
Property Investment	**12,355**	12,410
Property Trading	**312**	516
Hotels	**641**	1,296
Total Revenue	**13,308**	14,222
Operating Profit/(Losses) derived from		
Property investment		
From operations	**8,504**	8,397
Sale of interests in investment properties	**1,826**	2,338
Valuation (losses)/gains on investment properties	**(4,465)**	3,720
Property trading	**(49)**	4
Hotels	**(310)**	(62)
Total Operating Profit	**5,506**	14,397
Share of Post-tax Profit from Joint Venture and Associated Companies	**732**	1,430
Profit Attributable to the Company's Shareholders	**4,096**	13,423

(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. 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	2020 HK$M	2019 HK$M
Profit Attributable to the Company's Shareholders per Financial Statements		**4,096**	13,423
Adjustments in respect of investment properties:			
Valuation losses/(gains) of investment properties	(a)	**4,307**	(4,563)
Deferred tax on investment properties	(b)	**446**	1,138
Valuation gains realised on sale of interests in investment properties	(c)	**3,990**	14,159
Depreciation of investment properties occupied by the Group	(d)	**23**	24
Non-controlling interests' share of valuation movements less deferred tax		**(108)**	(25)
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)	**(26)**	(13)
Less amortisation of right-of-use assets reported under investment properties	(f)	**(49)**	(13)
Underlying Profit Attributable to the Company's Shareholders		**12,679**	24,130
Profit on sale of interests in investment properties		**(5,590)**	(16,497)
Recurring Underlying Profit Attributable to the Company's Shareholders		**7,089**	7,633

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.

(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 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) 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 2019	24,130
Decrease in profit from the sale of interests in investment properties	(10,907)
Decrease in profit from property investment	(21)
Increase in losses from property trading	(69)
Increase in losses from hotels	(454)
Underlying Profit in 2020	**12,679**

The decrease in underlying profit (from HK$24,130 million in 2019 to HK$12,679 million in 2020) principally reflected the reduction in profit arising from the sale of interests in investment properties in Hong Kong. Recurring underlying profit (which excludes the profit on sale of interests in investment properties) was HK$7,089 million in 2020, compared with HK$7,633 million in 2019. The decrease principally reflected higher losses from hotels due to COVID-19.

Recurring underlying profit from property investment was approximately the same as in 2019, despite the adverse effects of COVID-19. This principally reflected lower rental income from Hong Kong, largely offset by lower finance charges. In Hong Kong, lower rental income was principally due to lower residential and retail income, both being adversely affected by COVID-19. Hong Kong office rental income increased slightly. This was principally due to positive rental reversions and firm occupancy at Taikoo Place, partly offset by a loss of rental income from the Cityplaza Three and Four office towers (the sale of which was completed in April 2019). In the Chinese mainland, gross rental income increased slightly because of higher retail sales, partly offset by rental concessions due to COVID-19 and by lower office rental income. In the U.S.A., gross rental income decreased, mainly due to the loss of office rental income following the disposal of two office towers in July 2020. The underlying loss from property trading in 2020 related to residential units in the U.S.A. and marketing expenses at the developments in Hong Kong and Southeast Asia. All hotels, managed and non-managed, were badly affected by COVID-19. Higher losses were recorded.

Portfolio Overview

The aggregate gross floor area ("GFA") attributable to the Group at 31st December 2020 was approximately 30.9 million square feet.

Of the aggregate GFA attributable to the Group, approximately 27.3 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 4.4 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, 9.4 million square feet has already been completed. Outside Hong Kong and the Chinese mainland, the investment property and hotel 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 2020.

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	5.1	1.2	0.2	-	**9.4**
U.S.A.	-	0.3	0.5	0.1	-	**0.9**
Total	**11.6**	**7.9**	**2.5**	**0.9**	**-**	**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	-	0.3	-	-	1.4	**1.7**
U.S.A.	-	-	-	-	1.5 [2]	**1.5**
Total	**1.2**	**0.3**	**-**	**-**	**2.9**	**4.4**

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**	**2.5**	**0.9**	**2.9**	**27.3**

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

The trading portfolio comprises completed developments available for sale at the Reach and Rise developments at Brickell City Centre in Miami, U.S.A. and EDEN in Singapore. There are six residential projects under development, three in Hong Kong, one in Indonesia and two new investments (made in September 2020 and March 2021 respectively) 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 2020.

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

	Completed	Under Development or Held for Development	**Total**
Hong Kong	-	0.7	**0.7**
U.S.A. and elsewhere	0.3	2.6	**2.9**
Total	**0.3**	**3.3**	**3.6**

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$6,468 million in 2020. At 31st December 2020, our office properties, completed and under development, in Hong Kong were valued at HK$182,967 million. Of this amount, the Company's attributable interest was HK$173,026 million.

Hong Kong Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2020)	Attributable Interest
Pacific Place	2,186,433	95%	100%
Taikoo Place Office Towers (1)	3,136,717	98%	50%/100%
One Island East and One Taikoo Place	2,550,379	100%	100%
Others (2)	1,158,595	83%	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).

Office leasing decisions have been put on hold, affected by COVID-19 related economic uncertainty.

Gross rental income from the Hong Kong office portfolio in 2020 was HK$6,131 million, a slight increase from 2019. There were positive rental reversions and occupancy was firm, particularly at Taikoo Place. This was partly offset by the loss of rental income from the Cityplaza Three and Four office towers. The sale of these towers was completed in April 2019. Disregarding this disposal, gross rental income increased by 3%. At 31st December 2020, the office portfolio was 96% let.

The table below shows the mix of tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 31st December 2020.

Office Area by Tenants' Businesses (At 31st December 2020)

Banking/Finance/Securities/Investment	28.8%
Trading	17.2%
Professional services (Accounting/Legal/Management consulting/Corporate secretarial)	14.9%
Insurance	10.1%
Technology/Media/Telecoms	10.0%
Real estate/Construction/Property development/Architecture	7.6%
Advertising and public relations	2.0%
Others	9.4%

At 31st December 2020, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2020) together occupied approximately 20% 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 mixed in 2020. The occupancy rate was 95% at 31st December 2020. Guosen Securities, Huarong Overseas, CBRE, Ninety One, Heidrick & Struggles, Weihong Investment, Fuin Properties, Ganglong Development, Volant Trading, FNZ, Richard Mille and Lighthouse Financial became tenants. PAG, British American Tobacco and China Great Bay Area Fund leased more space. Tencent, FIL, Sotheby's, Poly Auction, CTI Capital, CPE Advisors, Chiba Bank, Mackenzie, Temple Chambers, Parkside Chambers, Jason Pow SC's Chambers, Industrial Bank of Korea, CDB Aviation, Old Peak Group and Sylebra Capital renewed their leases.

Taikoo Place

There are six office towers at Taikoo Place (including PCCW Tower, in which we have a 50% interest). The occupancy rate was 98% at 31st December 2020. Amway Hong Kong, JobsDB, Kennedys, Mox, Priority Pass and Yahoo! Hong Kong became tenants. Berkshire Hathaway Specialty Insurance, China CITIC Bank and The Executive Centre leased more space. ANZ, Bio-Rad, Canali, China Airlines, Coty, Crestron, Dairy Farm, Dell, Dr. Steven Chung Dental Surgery, Extrawell Pharmaceutical, Galderma, Government Property Agency, Grifols, HKEX, IMG, JCDecaux Cityscape, Langtech / Hoermann (Hong Kong), MUFG Bank, NetApp, Orbotech, Prudential, Quality Healthcare, Sompo Insurance, Snow Breweries (Hong Kong), The Executive Centre, The Walt Disney Company and ZTE renewed their leases.

One Taikoo Place and One Island East had occupancy rates of 100% at 31st December 2020. In One Island East, Aon Hong Kong, Appleby, Cushman & Wakefield and the Securities and Futures Commission became tenants. Airwallex, Citrix Systems, Neo Derm, Pfizer Upjohn Hong Kong Limited, Taubman Asia and The Executive Centre renewed their leases.

South Island Place

The occupancy rate was 87% at 31st December 2020. Tenants include KPMG, Fleet Management, the Competition Commission and SCMP. The Company has a 50% interest in the development.

Hong Kong Office Market Outlook

Demand for office space in Hong Kong is weak, reflecting the state of the economy and rising unemployment. Increasing vacancies in Central are exerting downward pressure on rents. Occupancy is high at our Taikoo Place developments. Rents there are generally resilient compared with those at offices in other areas. But increasing vacancies and new supply in Kowloon East are exerting downward pressure on rents in our older curtain wall buildings.

The following table shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 31st December 2020, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 8.9% of the attributable gross rental income in the month of December 2020 are due to expire in 2021, with tenancies accounting for a further 18.4% of such rental income due to expire in 2022.

Office Lease Expiry Profile (At 31st December 2020)	
2021	8.9%
2022	18.4%
2023 and later	72.7%

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$2,569 million in 2020. At 31st December 2020, our retail properties in Hong Kong were valued at HK$56,585 million. Of this amount, the Company's attributable interest was HK$46,645 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 2020)	Attributable Interest
The Mall, Pacific Place	711,182	96%	100%
Cityplaza	1,096,898	100%	100%
Citygate Outlets	803,582	99%	20%
Others [(1)]	547,976	100%	20%/60%/100%
Total	**3,159,638**		

(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).

The Hong Kong retail portfolio's gross rental income was HK$2,441 million in 2020, approximately the same as in 2019.

Retail sales in 2020 decreased by 31% at The Mall, Pacific Place, by 18% at Cityplaza and by 16% at Citygate Outlets. These decreases compare with a 24% decrease in retail sales in Hong Kong as a whole. The decreases reflected increasingly difficult market conditions due to COVID-19, the related absence of tourists and changes in the spending patterns of local consumers. Rental concessions were given for specific periods on a case by case basis to support tenants and to maintain high occupancy. There was a slight improvement in retail sales in our Hong Kong malls starting from the last quarter of the year despite difficult market conditions, with fitness centres and cinemas being closed. The malls remained almost fully let throughout the year.

Rental concessions granted in 2020 were amortised over the remaining lease terms. Those granted in 2019 were fully accounted for in 2019. Disregarding rental concessions in both years, gross rental income was 5% less in 2020 than in 2019.

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 2020.

Retail Area by Tenants' Businesses (At 31st December 2020)	
Fashion and accessories	29.8%
Food and beverages	19.6%
Department stores	13.4%
Supermarkets	5.5%
Cinemas	4.2%
Jewellery and watches	1.7%
Ice rink	0.9%
Others	24.9%

At 31st December 2020, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2020) 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 an integral part of 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 were completed. Saint Laurent and Shiro became tenants. Celine and Dior took more space. I.T, Loro Piana, Loewe, Emporio Armani and Sportmax were relocated within The Mall. The premises occupied by Peking Garden and Emphasis Jewellery were refitted.

Cityplaza

Cityplaza is a popular regional shopping centre in Hong Kong and is the largest shopping centre on Hong Kong Island, with a total floor area of approximately 1.1 million square feet. It is directly accessible from Tai Koo MTR station. There are more than 170 shopping and dining options, a cinema, an indoor ice rink and more than 800 indoor parking spaces. Cityplaza principally serves customers who live or work in the eastern part of Hong Kong Island. Patronage is also derived from business and leisure travellers who stay at the EAST, Hong Kong hotel.

Cityplaza was fully let in 2020, except for void periods during tenancy changes and reconfiguration works. &btR, anagram, Apivita, Aveda, Banchan & Cook, Brooks Brothers, Calzedonia & Intimissimi, Chun Shui Tang, CK Performance & CK Underwear, Cocktail, COS, Cova Pasticceria & Confetteria, Florsheim, Global Timepieces, M Conzept Select, mì kaku dō, Tasty Congee & Noodle Wantun Shop and Theory became tenants.

Citygate Outlets

Citygate Outlets is the largest premium outlet mall in Hong Kong with approximately 200 shops and restaurants. Its second phase was opened in 2019. 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 almost fully let in 2020. adidas, Burberry, Calvin Klein, cdf Beauty, Coach, Fortress, I.T/i.t, Nike, Polo Ralph Lauren, TaSTe and Uniqlo are major tenants. American Eagle, American Vintage, Cinnabon, CR Care, Dickies, ellesse, FILA KIDS, FILA FUSION, Imperial Patisserie, Kinji, Kolon Sport, Marc Jacobs, MLB, Nautica and Palladium became tenants. Club CG, a membership programme, was introduced in 2020.

Hong Kong Retail Market Outlook

Retail rents in Hong Kong will continue to be under pressure so long as the adverse effects of COVID-19 persist. Rental concessions may continue to be offered to affected tenants. Amortised rental concessions (including those relating to concessions granted in 2020) are likely to have an adverse effect on our 2021 financial results.

The following table shows the percentage of attributable gross rental income from the retail properties in Hong Kong, for the month ended 31st December 2020, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 18.2% of the attributable gross rental income in the month of December 2020 are due to expire in 2021, with tenancies accounting for a further 23.7% of such rental income due to expire in 2022.

Retail Lease Expiry Profile (At 31st December 2020)	
2021	18.2%
2022	23.7%
2023 and later	58.1%

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 69% at 31st December 2020. Rental demand for our residential investment properties has been affected by COVID-19.

Investment Properties Under Development

Taikoo Place Redevelopment

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 1,000,000 square feet, to be called Two Taikoo Place. Superstructure works are in progress. Completion of the redevelopment is expected in 2022.

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. Foundation 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 Company submitted compulsory sale applications in respect of these two sites in Hong Kong. Subject to the Company 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 Company 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

In November 2020, the Company offered 227 car parking spaces in the Taikoo Shing residential estate in Hong Kong for sale. 164 of the car parking spaces had been sold at 9th March 2021. Profits are expected to be recognised later this year.

Investment Properties – Chinese mainland

Overview

The property portfolio in the Chinese mainland comprises an aggregate of 18.1 million square feet of space, 11.1 million square feet of which is attributable to the Group. Completed properties amount to 13.8 million square feet, with 4.3 million square feet under development.

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	1,465,771	1,296,308	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 [2]	1,238,037	1,238,037	-	-	50%
Hui Fang, Guangzhou	90,847	90,847	-	-	100%
Others	22,664	21,205	1,459	-	100%
Sub-Total	**13,742,725**	**12,044,983**	**1,697,742**	-	
Under Development/Refurbishment					
Taikoo Li Sanlitun, Beijing [3]	255,731	255,731	-	-	100%
Phase Two extension of INDIGO, Beijing [4]	4,083,732	-	-	4,083,732	35%
Sub-Total	**4,339,463**	**255,731**	**-**	**4,083,732**	
Total	**18,082,188**	**12,300,714**	**1,697,742**	**4,083,732**	

(1) Including hotels and properties leased for investment.
(2) Construction was completed in December 2020. A soft opening is scheduled for the second half of 2021. Pre-leasing is in progress.
(3) Refurbishment of Taikoo Li Sanlitun West is expected to be completed in 2021.
(4) This is an office-led mixed-use development. The development scheme is being planned. The total GFA is subject to change. The development is planned to be completed in two phases, in late 2025 and 2027.

Gross rental income from the Group's investment property portfolio in the Chinese mainland increased by 3%, to HK$2,862 million, in 2020. This reflected higher retail sales, partly offset by rental concessions due to COVID-19 and lower office rental income.

Retail

The completed retail portfolio in the Chinese mainland comprises an aggregate of 7.6 million square feet of space, 5.1 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 2%, to HK$3,420 million, in 2020. Disregarding amortised rental concessions and Renminbi depreciation, total attributable gross rental income increased by 8%. At 31st December 2020, our retail properties, completed and under development, in the Chinese mainland were valued at HK$62,367 million. Of this amount, the Company's attributable interest was HK$45,501 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 31st December 2020)	Attributable Interest
Taikoo Li Sanlitun, Beijing	1,296,308	99%	100%
Taikoo Hui, Guangzhou	1,472,730	100%	97%
INDIGO, Beijing	939,493	98%	50%
Sino-Ocean Taikoo Li Chengdu	1,355,360	95%	50%
HKRI Taikoo Hui, Shanghai	1,173,459	95%	50%
Taikoo Li Qiantan, Shanghai	1,238,037	N/A	50%
Hui Fang, Guangzhou	90,847	100%	100%
Total	**7,566,234**		

COVID-19 adversely affected our retail investment properties in the Chinese mainland in the early part of 2020. Rental concessions were provided to retail tenants on a case by case basis. From March 2020, there was a strong recovery of footfall and of retail sales, particularly of watches, jewellery and other luxury items. Our overall retail sales on an attributable basis in the Chinese mainland in 2020 increased by 10%, and by 29% in the second half. This reflected successful containment of COVID-19 and restrictions on overseas travel. Retail sales in Taikoo Hui in Guangzhou, Sino-Ocean Taikoo Li Chengdu and HKRI Taikoo Hui in Shanghai increased by 36%, 6% and 15% respectively in 2020. The increases in the second half were 65%, 26% and 25% respectively. Retail sales decreased by 18% at Taikoo Li Sanlitun and by 12% at INDIGO in Beijing in 2020. The decreases in the second half were 1% and 17% respectively. These decreases reflected COVID-19. National retail sales decreased by 4% in 2020.

The Group's gross rental income from retail properties in the Chinese mainland increased by 5%, to HK$2,491 million, in 2020 (despite a 1% depreciation of the Renminbi against the Hong Kong dollar). Disregarding amortised rental concessions and Renminbi depreciation, gross rental income increased by 10%.

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 2020.

Retail Area by Tenants' Businesses (At 31st December 2020)	
Fashion and accessories	40.0%
Food and beverages	26.5%
Supermarkets	5.6%
Cinemas	4.9%
Jewellery and watches	2.7%
Others	20.3%

At 31st December 2020, the top ten retail tenants (based on attributable gross rental income in the twelve months ended 31st December 2020) together occupied approximately 18% 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 two neighbouring retail sites, South and North. There are approximately 250 retail outlets.

Taikoo Li Sanlitun South concentrates on contemporary fashion and lifestyle brands. adidas, Apple, H&M, Starbucks, Uniqlo, and a 1,597-seat Megabox cinema are tenants. In 2020, Apple reopened its flagship store. BYREDO, Fusalp, IRO, New Balance, Phenix, Public Tokyo, Stance, Self Portrait, Shake Shack, Tom Dixon, United Tokyo, Gang Ji by Xin Rong Ji, LeTao and Taste of Dadong became tenants. Tenants in Taikoo Li Sanlitun North are principally retailers of luxury, designer fashion and lifestyle brands. Canada Goose, Dover Street Market Beijing, Moncler and Valentino are tenants. Bvlgari, and Stone Island became tenants in 2020.

Gross rental income at Taikoo Li Sanlitun was adversely affected by COVID-19 in 2020. Retail sales decreased by 18%. The occupancy rate was 99% at 31st December 2020. 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. Bottega Veneta, Cartier, Chanel, DIOR, Gucci, Hermes, I.T, Louis Vuitton, Saint Laurent, Van Cleef & Arpels, Uniqlo, Fangsuo bookstore, Victoria's Secret and Olé Supermarket are tenants. ARC'TERYX, Bonpoint, ba&sh, CHAUMET, Chopard, Chloe, DJI, Elephant Grounds, Fila Fusion, GENTSPACE, GIVENCHY Beauty, Gontran Cherrier, HUBLOT, Jimmy Choo, MAIA ACTIVE, PINKO, POLA, POP MART and Shiseido became tenants in 2020.

Gross rental income at Taikoo Hui grew strongly in 2020. Retail sales increased by 36%, reflecting strong demand for luxury brands from local shoppers, improvements to the tenant mix and strong marketing and promotion. At 31st December 2020, the occupancy rate at the shopping mall was 100%.

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. H&M, Massimo Dutti, Muji, Page One bookstore, BHG supermarket and a seven-house, 1,000-seat CGV cinema are tenants. Brooks Brothers, Chanel Beauty, Club Monaco, ICICLE, Juicy Couture, maje, Polo Ralph Lauren, Sandro, Chow Sang Sang, Polestar and UENO Eyewear became tenants in 2020. The mall is becoming a significant fashion and lifestyle shopping centre in north-east Beijing.

Occupancy at the shopping mall was 98% at 31st December 2020. Retail sales were adversely affected by COVID-19. They decreased by 12% in 2020.

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. adidas, Apple, Cartier, Gucci, Hermes, I.T/i.t, Muji, ZARA, Fangsuo bookstore, Olé Supermarket and a 1,720-seat Palace-j'aime cinema are tenants. Harry Winston, Chanel Shoes Boutique, Yohji Yamamoto and SHANG XIA opened their first stores in the south-west of the Chinese mainland at the development in 2020.

Retail sales increased by 6% in 2020, reflecting an improved mix of brands and more sales to young people. The development continues to gain popularity as a shopping destination in Chengdu. At 31st December 2020, the occupancy rate was 95%.

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 adjacent 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, Champion, COS, diptyque, The Disney Store, G Givenchy, Guerlain, i.t, Kenzo, Lululemon, McQ, Nike Kicks Lounge, Nio, Puma, SpaceCycle, Tesla, ZWILLING HOME, Shanghai Club, Ho Hung Kee and a city'super supermarket are tenants. Acqua di Parma, BURTON, DOLCE & GABBANA, Harrods, HOMME PLISSÉ ISSEY MIYAKE, Nike, Polo Ralph Lauren, POP MART, TAG Heuer and The Cheesecake Factory became tenants in 2020.

Retail sales increased by 15% in 2020. At 31st December 2020, the occupancy rate was 95%.

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 1,238,037 square feet and space for over 200 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 culture centre. The development will be connected to a three-line metro interchange station.

Construction was completed in December 2020. A soft opening is scheduled for the second half of 2021. Pre-leasing is in progress. The response from the market is encouraging.

Chinese mainland Retail Market Outlook

In Guangzhou and Chengdu, demand for retail space from retailers of luxury international brands is expected to be strong in 2021. In Shanghai, demand for retail space from fashion, cosmetics, lifestyle and food and beverages outlets is expected to be stable. In Beijing, retail sales and demand for retail space from the owners of lifestyle and apparel brands are expected to recover steadily in 2021.

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 2020, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 30.5% of the attributable gross rental income in the month of December 2020 are due to expire in 2021, with tenancies accounting for a further 28.9% of such rental income due to expire in 2022.

Retail Lease Expiry Profile (At 31st December 2020)	
2021	30.5%
2022	28.9%
2023 and later	40.6%

Offices

The completed office portfolio in the Chinese mainland comprises an aggregate of 4.2 million square feet of space, 2.9 million square feet of which is attributable to the Group. Total attributable gross rental income from our office properties in the Chinese mainland decreased by 4% to HK$794 million in 2020. At 31st December 2020, our completed office properties in the Chinese mainland were valued at HK$22,529 million. Of this amount, the Company's attributable interest was HK$14,193 million.

The portfolio principally 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 2020)	Attributable Interest
Taikoo Hui, Guangzhou	1,731,766	95%	97%
INDIGO, Beijing	589,071	70%	50%
HKRI Taikoo Hui, Shanghai	1,828,060	97%	50%
Others	19,747	93%	100%
Total	**4,168,644**		

The Group's gross rental income from office properties in the Chinese mainland decreased by 6% to HK$358 million in 2020 (after taking into account a 1% depreciation of the Renminbi against the Hong Kong dollar). The decrease reflected weak demand for office space because of COVID-19 and economic uncertainty as well as significant new supply in Guangzhou and Beijing.

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 2020.

Office Area by Tenants' Businesses (At 31st December 2020)	
Banking/Finance/Securities/Investment	32.1%
Trading	25.5%
Technology/Media/Telecoms	13.6%
Professional services	11.1%
Real estate/Construction/Property development/Architecture	5.0%
Pharmaceutical manufacturing	6.2%
Others	6.5%

At 31st December 2020, the top ten office tenants (based on attributable gross rental income in the twelve months ended 31st December 2020) together occupied approximately 48% 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 2020 was weak and rents were under pressure. Occupancy at 31st December 2020 was 95%. Canon, HSBC, Microsoft and Toyota are tenants. Everwin leased more space in 2020. Alpine Electronics, SIG, Fesco Adecco and Credit Agricole became tenants in 2020.

INDIGO, Beijing

Occupancy at ONE INDIGO was 70% at 31st December 2020. Demand for office space in 2020 was weak and office rents were under pressure because of COVID-19. The main tenants are technology, media and telecoms and logistics companies. Alcon, Eli Lilly, Kuehne & Nagel, Mitsubishi, Rolls Royce and 20th Century Fox are tenants. Coupand leased more office space in 2020. Goodman became a tenant in 2020.

HKRI Taikoo Hui, Shanghai

There are two office towers at HKRI Taikoo Hui in Shanghai. The occupancy rate was 97% at 31st December 2020. Demand was adversely affected by COVID-19, but there was an improvement from the third quarter. The main tenants are financial services companies, domestic pharmaceutical companies, law firms, gaming companies and retailers. Abbvie, Advent Capital, Alibaba, Alliance Bernstein, Amore Pacific, Audemars Piguet, Bally, Bank of China, Blackstone, Clifford Chance, China Media Capital, Citic Capital, CVC Capital Partners, EA, Eli Lilly, Fangda Partners, Fidelity, FountainVest Partners, Grosvenor, H&M, Harry Winston, Heinz, Han Kun Law Offices, KKR, Jimmy Choo, JLL, Jun He Law Offices, Rothschild, Towers Research Capital and Warner Brothers are tenants. Epic Games, Neuberger Berman, Supercell and Warburg Pincus leased more space in 2020. Auster Fund (Rothschild), Bio Track Capital, Canali, Cgnus Equity, Citibank, EQT Partners, M31 Capital, Newalue Capital, Vivo Capital and White & Case became tenants in 2020.

Chinese mainland Office Market Outlook

In Guangzhou, Shanghai and Beijing, the office market is expected to recover modestly in 2021. But, with continued new supply and weak demand, office rents are expected to be under pressure.

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 2020, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 24.1% of the attributable gross rental income in the month of December 2020 are due to expire in 2021, with tenancies accounting for a further 23.2% of such rental income due to expire in 2022.

Office Lease Expiry Profile (At 31st December 2020)	
2021	24.1%
2022	23.2%
2023 and later	52.7%

Serviced Apartments

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

The performance of the serviced apartments in 2020 was affected by COVID-19.

Chinese mainland Serviced Apartments

	GFA (sq. ft.) (100% Basis)	Occupancy (at 31st December 2020)	Attributable Interest
Mandarin Oriental, Guangzhou	51,517	88%	97%
The Temple House, Chengdu	109,857	40%	50%
The Middle House Residences, Shanghai	147,273	92%	50%
Others	1,458	100%	100%
Total	**310,105**		

Chinese mainland Serviced Apartments Market Outlook

The performance of the serviced apartments is expected to continue to be affected by COVID-19.

Investment Properties Under Development

Taikoo Li Sanlitun West, Beijing

Taikoo Li Sanlitun West, an extension to Taikoo Li Sanlitun, is next to Taikoo Li Sanlitun South. It has an aggregate GFA of approximately 256,000 square feet. Its refurbishment is expected to be completed later in the first half of 2021.

Phase Two extension of INDIGO, Beijing

In December 2020, in joint venture with the Sino-Ocean group, the Company agreed to develop two plots of land next to the existing INDIGO development in Beijing into an office-led mixed-use Phase Two extension of INDIGO with a GFA of 4,083,732 square feet. The Phase Two extension of INDIGO is planned to be completed in two phases, in late 2025 and 2027. The Company has a 35% interest in the Phase Two extension of INDIGO.

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.)	2020	2021 to 2024	2025 to 2026	2027 and later
Taikoo Li Sanlitun, Beijing	1,465,771	1,721,502	1,721,502	1,721,502
Taikoo Hui, Guangzhou	3,724,990	3,724,990	3,724,990	3,724,990
INDIGO, Beijing	943,434	943,434	943,434	943,434
Sino-Ocean Taikoo Li Chengdu	830,864	830,864	830,864	830,864
HKRI Taikoo Hui, Shanghai	1,768,311	1,768,311	1,768,311	1,768,311
Taikoo Li Qiantan, Shanghai	619,019	619,019	619,019	619,019
Phase Two extension of INDIGO, Beijing	-	-	638,650	1,429,306
Hui Fang, Guangzhou	90,847	90,847	90,847	90,847
Others	22,664	22,664	22,664	22,664
Total	**9,465,900**	**9,721,631**	**10,360,281**	**11,150,937**

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%
EAST, Miami [2]	218,000	100%
EAST Residences	109,000	100%
Reach and Rise [3]	170,806	100%
Sub-Total	**994,314**	
Future Development		
Residential	523,000	100%
One Brickell City Centre	1,444,000	100%
Total	**2,961,314**	

(1) Represents leasable/saleable area except for the car parking spaces, roof top and circulation areas.
(2) The hotel is accounted for under property, plant and equipment in the financial statements.
(3) Remaining unsold units at 31st December 2020.

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 have been sold), 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.

In July 2020, the Company completed the sale of two office towers (Two and Three Brickell City Centre) at the development.

At 31st December 2020, the Company owned 100% of the hotel and the unsold residential portions, and 62.93% of the shopping centre at the Brickell City Centre development. The remaining interest in the shopping centre was 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 Company.

The shopping centre was 95% leased (including by way of letters of intent) at 31st December 2020. Retail sales in 2020 decreased by 43%. The mall was closed from the second half of March to the end of May because of COVID-19.

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

Miami Market Outlook

In Miami, retail sales continue to be affected by COVID-19. But there is a gradual recovery.

Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2020 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$266,831 million, compared to HK$276,791 million at 31st December 2019.

The decrease in the valuation in the investment property portfolio was mainly due to removal from the valuation of the Cityplaza One office tower in Hong Kong and the two office towers in Miami, U.S.A. (because of their disposal in 2020) and a decrease in the valuation of the retail and office properties in Hong Kong (reflecting rental decreases). There were increases in the valuations of car parking spaces in Hong Kong and of the retail properties in the Chinese mainland. The latter increases reflected rental increases and a reduction of 25 basis points in the capitalisation rate applicable to some properties.

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

Property Trading

Overview

The trading portfolio comprises completed developments available for sale at the Reach and Rise developments at Brickell City Centre in Miami, U.S.A. and EDEN in Singapore. There are six residential projects under development, three in Hong Kong, one in Indonesia and two new investments (made in September 2020 and March 2021 respectively) in Vietnam. There are also land banks in Miami, U.S.A.

Property Trading Portfolio (At 31st December 2020)

	GFA (sq. ft.) (100% Basis)	Actual/Expected Construction Completion Date	Attributable Interest
Completed			
U.S.A.			
- Reach, Miami	50,005 [1]	2016	100%
- Rise, Miami	120,801 [1]	2016	100%
Singapore			
- EDEN, 2 Draycott Park	77,212	2019	100%
Under Development			
Hong Kong			
- EIGHT STAR STREET, Wanchai	30,856	2022	100%
- Wong Chuk Hang Station Package Four Property Development	638,305	2024	25%
- Chai Wan Inland Lot No. 88	694,000	-	80%
Indonesia			
- South Jakarta Project	1,122,728	2024	50%
Vietnam			
- The River	846,201	2022	20%
Held for Development / for sale			
U.S.A.			
- Fort Lauderdale, Florida	825,000	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) Remaining saleable area.

Hong Kong

EIGHT STAR STREET, Wanchai

The site at 8 Star Street, Wanchai is to be redeveloped into an approximately 34,000 square feet residential building with retail outlets on the lowest two levels. Superstructure works are in progress. The development is expected to be completed in 2022. Two of 37 units had been pre-sold at 9th March 2021.

Wong Chuk Hang Station Package Four Property Development

A joint venture formed by the Company, 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. Foundation works are in progress. The development is expected to be completed in 2024. The Company has a 25% interest in the joint venture.

Chai Wan Inland Lot No. 88

In 2019, a joint venture company held as to 80% by the Company and as to 20% by China Motor Bus Company, Limited completed the acquisition of a plot of land in Chai Wan, Hong Kong. Subject to agreement with the Hong Kong government, the plot of land is expected to be redeveloped into a residential complex with an aggregate GFA of approximately 694,000 square feet.

Hong Kong Residential Market Outlook

In Hong Kong, buyers of residential property are cautious because of COVID-19 and the contracting economy. Demand for residential accommodation is expected to be resilient in the medium and long term. It is supported by low interest rates and a limited supply of housing due to a shortage of land.

U.S.A.

The residential portion of the first phase of the Brickell City Centre development was developed for trading purposes. 367 of 390 units at Reach and 327 of 390 units at Rise had been sold at 9th March 2021. Sales of two units at Reach and 29 units at Rise were recognised in 2020.

Miami Residential Market Outlook

In Miami, sales of Reach and Rise units are expected to be slow. Despite new supply being low, the market is weak and COVID-19 is restricting travel to and from South America.

Singapore

EDEN, at 2 Draycott Park in District 10, comprises 20 residential units with an aggregate GFA of approximately 77,000 square feet. The development was completed in 2019 and is available for sale.

Indonesia

In 2019, a joint venture between the Company 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. Demolition works have been completed and foundation works have commenced. The development is expected to comprise over 400 residential units and to be completed in 2024. The Company has a 50% interest in the joint venture.

Vietnam

In September 2020, the Company 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 Company has an effective 20% interest in the development. 447 units had been pre-sold at 9th March 2021.

In March 2021, the Company made a minority investment in 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 over 2021 to 2026.

Singapore, Indonesia and Vietnam Residential Market Outlook

The markets for the sale of residential properties in Singapore and Jakarta, Indonesia have been adversely affected by COVID-19. However, in Singapore, low interest rates and the long-term prospects of the property market are expected to underpin demand for residential accommodation. In Jakarta, urbanisation and a growing middle class are expected to support a stable residential property market. In Vietnam, COVID-19 has been largely contained, there is limited supply of luxury residential properties, the economy is strong and there is rapid urbanisation. All this has led to strong demand for luxury residential properties.

Estate Management

The Company manages 19 residential estates which it has developed. It also manages OPUS HONG KONG, a residential property in Hong Kong which the Company 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 Company places great emphasis on maintaining good relationships with occupants.

Hotels

Managed Hotels and Restaurants

Overview

The Company 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 business hotels in Hong Kong, Beijing and Miami.

The performance of our managed hotels in 2020 was adversely affected by COVID-19 associated travel restrictions.

The operating loss before depreciation of our managed hotels in 2020 was HK$134 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	100%
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) Including serviced apartments in a hotel tower.

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place in Hong Kong, revenue per available room and occupancy declined significantly in 2020 because of COVID-19 related restrictions on international travel. TripAdvisor named the hotel number seven in its Top 25 Luxury Hotels in the World category and number one in its Top 25 Hotels in China and Top 25 Luxury Hotels in China categories. The hotel received an award from Condé Nast Traveler.

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 received awards from Condé Nast Traveler, Booking.com and Agoda.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. Its occupancy and revenue per available room decreased because of COVID-19 associated travel restrictions. The hotel received awards from Condé Nast Traveler, TripAdvisor's Travellers' Choice Awards and Time Out Food Awards. The hotel's Jing Yaa Tang restaurant was awarded a Michelin star in the Michelin Guide Beijing for the second consecutive year.

EAST, Beijing

EAST, Beijing is a 369-room business hotel at INDIGO in Beijing, in which the Company has a 50% interest. Occupancy and revenue per available room decreased in 2020 due to COVID-19. The hotel received awards from TripAdvisor and Ctrip. The hotel's FEAST restaurant received awards from Time Out Beijing and BANG Media.

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 decreased in 2020 because of COVID-19, but business recovered strongly in the second half of the year. The hotel received awards from Condé Nast Traveler, Travel + Leisure and Ctrip. TripAdvisor named the hotel number three in its Top 25 Luxury Hotels in China category. The property's Mi Xun Spa was named China's Best Wellness Retreat 2020 in the World Spa Awards and received an award from Harpers BAZAAR Spa Awards 2020. The hotel's TIVANO restaurant and Jing bar received awards from China's Wine List of the Year Awards 2020.

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 decreased in 2020 because of COVID-19, but business improved gradually in the second half of the year. The hotel received awards from Condé Nast Traveler and Travel + Leisure. TripAdvisor named the hotel number five in its Top 25 Luxury Hotels in China category. The hotel's restaurants Frasca and Sui Tang Li received 2020 Michelin Plate awards in the Michelin Guide. The hotel's Mi Xun Spa was named in SpaChina's Best Wellness/Spa Design of the Year.

EAST, Miami

EAST, Miami at the Brickell City Centre development in Miami has 263 hotel rooms and 89 serviced apartments. Its occupancy and revenue per available room decreased significantly because of COVID-19 associated travel restrictions. But there is a gradual recovery. The hotel received an award from AFAR's Travelers' Choice Awards and was named as one of Miami's Top 10 Most Popular wedding venues.

Swire Restaurants

Swire Hotels operates restaurants in Hong Kong. There is a PUBLIC café at One Island East. The Continental is a European restaurant at Pacific Place. Mr & Mrs Fox is a restaurant with an international menu in Quarry Bay.

Non-managed Hotels

Overview

The Company 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 performance of the non-managed hotels in Hong Kong and the Chinese mainland was adversely affected by COVID-19. 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. Recovery depends on opening the borders and COVID-19 vaccination. Business at our Miami hotels is gradually recovering. Domestic travel is strong in the Chinese mainland. If COVID-19 is stabilised in major cities, our Chinese mainland hotels should do well. A non-managed hotel (The Silveri Hong Kong - MGallery) which is part of the Citygate extension in Hong Kong is expected to open later this year.

Capital Commitments

Capital Expenditure and Commitments

Capital expenditure in 2020 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$1,452 million (2019: HK$2,460 million). Outstanding capital commitments at 31st December 2020 were HK$13,327 million (2019: HK$14,735 million), including the Group's share of the capital commitments of joint venture companies of HK$76 million (2019: HK$66 million). The Group was not committed to any funding (2019: HK$18 million) of the capital commitments of joint venture companies in Hong Kong.

Capital expenditure in 2020 on Chinese mainland investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, was HK$5,770 million (2019: HK$643 million). Outstanding capital commitments at 31st December 2020 were HK$5,337 million (2019: HK$1,865 million), including the Group's share of the capital commitments of joint venture companies of HK$4,300 million (2019: HK$821 million). The Group was committed to funding HK$1,330 million (2019: HK$465 million) of the capital commitments of joint venture companies. In addition to this, the Group was committed to make a capital injection into a joint venture company of HK$3,946 million (2019: Nil) in the Chinese mainland.

Capital expenditure in 2020 on investment properties and hotels in the U.S.A. amounted to HK$65 million (2019: HK$168 million). Outstanding capital commitments at 31st December 2020 were HK$6 million (2019: HK$3 million).

Profile of Capital Commitments at 31st December 2020 for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Commitments (1)
	2020	2021	2022	2023	2024 and later	**At 31st December 2020**
	HK$M	HK$M	HK$M	HK$M	HK$M	**HK$M**
Hong Kong	**1,452**	3,778	3,775	1,590	4,184	**13,327**
Chinese mainland	**5,770**	1,468	502	1,011	2,356	**5,337**
U.S.A.	**65**	6	-	-	-	**6**
Total	**7,287**	5,252	4,277	2,601	6,540	**18,670**

(1) The capital commitments represent the Group's capital commitments of HK$14,294 million plus the Group's share of the capital commitments of joint venture companies of HK$4,376 million. The Group was committed to funding HK$1,330 million of the capital commitments of joint venture companies.

FINANCING

Sources of Finance

Audited Financial Information

At 31st December 2020, committed loan facilities and debt securities amounted to HK$39,024 million, of which HK$11,751 million (30%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$758 million. Sources of funds at 31st December 2020 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	**8,763**	**7,649**	**-**	**1,114**
Revolving loans	**11,069**	**432**	**4,725**	**5,912**
Bonds	**19,192**	**19,192**	**-**	**-**
Total committed facilities	**39,024**	**27,273**	**4,725**	**7,026**
Uncommitted facilities				
Bank loans and overdrafts	**852**	**94**	**758**	**-**
Total	**39,876**	**27,367**	**5,483**	**7,026**

Note: The figures above are stated before unamortised loan fees of HK$110 million.

At 31st December 2020, 76% of the Group's gross borrowings were on fixed rate basis and 24% were on floating rate basis (2019: 79% and 21% respectively).

The Group had bank balances and short-term deposits of HK$21,232 million at 31st December 2020, compared to HK$14,985 million at 31st December 2019.

Maturity Profile and Refinancing

Bank loans and other borrowings are repayable on various dates up to 2030 (2019: up to 2028). The weighted average term and cost of the Group's debt are:

	2020	2019
Weighted average term of debt	**3.2 years**	3.3 years
Weighted average cost of debt	**3.1%**	3.4%

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**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Facilities from third parties											
Term and revolving loans	19,832	6,250	10,202	1,380	-	2,000	-	-	-	-	-
Bonds	19,192	300	3,876	200	1,100	1,940	4,576	2,140	4,256	-	804
Total	**39,024**	**6,550**	**14,078**	**1,580**	**1,100**	**3,940**	**4,576**	**2,140**	**4,256**	**-**	**804**

Audited Financial Information

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

	2020		2019	
	HK$M		HK$M	
Bank borrowings and bonds from third parties due				
Within 1 year	**1,914**	**7%**	6,308	21%
1 - 2 years	**9,385**	**34%**	1,807	6%
2 - 5 years	**4,224**	**16%**	9,846	33%
After 5 years	**11,734**	**43%**	11,768	40%
Total	**27,257**	**100%**	29,729	100%
Less: Amount due within one year included under current liabilities	**1,914**		6,308	
Amount due after one year included under non-current liabilities	**25,343**		23,421	

Currency Profile

Audited Financial Information

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

	2020		2019	
	HK$M		HK$M	
Currency				
Hong Kong dollars	**21,077**	**77%**	22,783	77%
United States dollars	**5,371**	**20%**	6,208	21%
Singapore dollars	**809**	**3%**	738	2%
Total	**27,257**	**100%**	29,729	100%

Gearing Ratio and Interest Cover

	2020	2019
Gearing ratio (1)	**2.3%**	5.3%
Interest cover – times (1)		
Per financial statements	**14.4**	28.9
Underlying	**33.5**	48.2
Cash interest cover – times (1)		
Per financial statements	**8.3**	18.6
Underlying	**20.1**	31.5

(1) Refer to Glossary on page 57 for definitions.

Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of Swire Properties 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 2020 and 2019:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by the Group	
	2020	2019	2020	2019	2020	2019
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Hong Kong Entities	**9,434**	5,342	**3,162**	2,184	**2,265**	1,405
Chinese mainland Entities	**20,042**	12,874	**8,958**	6,437	**-**	-
U.S.A. and other Entities	**614**	537	**473**	409	**471**	473
Total	**30,090**	18,753	**12,593**	9,030	**2,736**	1,878

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 6.6%.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss
For the year ended 31st December 2020

	Note	**2020** HK$M	2019 HK$M
Revenue	2	**13,308**	14,222
Cost of sales	3	**(3,396)**	(4,028)
Gross profit		**9,912**	10,194
Administrative and selling expenses		**(1,694)**	(1,674)
Other operating expenses		**(201)**	(203)
Other net (losses)/gains	4	**(19)**	5
Profit on sale of subsidiary companies		**1,973**	1,361
Profit on sale of a joint venture company		**-**	994
Change in fair value of investment properties		**(4,465)**	3,720
Operating profit		**5,506**	14,397
Finance charges		**(646)**	(837)
Finance income		**264**	338
Net finance charges	6	**(382)**	(499)
Share of profit less losses of joint venture companies		**818**	1,359
Share of profit less losses of associated companies		**(86)**	71
Profit before taxation		**5,856**	15,328
Taxation	7	**(1,787)**	(1,862)
Profit for the year		**4,069**	13,466
Profit for the year attributable to:			
The Company's shareholders		**4,096**	13,423
Non-controlling interests		**(27)**	43
		4,069	13,466
		HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	9	**0.70**	2.29

Consolidated Statement of Other Comprehensive Income
For the year ended 31st December 2020

	2020 HK$M	2019 HK$M
Profit for the year	**4,069**	13,466
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	**100**	16
Defined benefit plans		
- remeasurement gains recognised during the year	**50**	50
- deferred tax	**(8)**	(8)
	142	58
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
- (losses)/gains recognised during the year	**(70)**	358
- transferred to net finance charge	**24**	(20)
- transferred to operating profit	**3**	-
- deferred tax	**7**	(56)
Share of other comprehensive income of joint venture and associated companies	**861**	(253)
Net translation differences on foreign operations recognised during the year	**1,979**	(689)
	2,804	(660)
Other comprehensive income for the year, net of tax	**2,946**	(602)
Total comprehensive income for the year	**7,015**	12,864
Total comprehensive income attributable to:		
The Company's shareholders	**7,015**	12,838
Non-controlling interests	**-**	26
	7,015	12,864

Consolidated Statement of Financial Position
At 31st December 2020

	Note	**2020 HK$M**	2019 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,322**	4,457
Investment properties	10	**267,003**	277,033
Intangible assets		**198**	199
Right-of-use assets	11	**3,301**	3,416
Properties held for development	12	**1,200**	1,212
Joint venture companies		**15,806**	13,575
Loans due from joint venture companies		**15,357**	16,591
Associated companies		**543**	409
Derivative financial instruments		**145**	222
Deferred tax assets		**73**	79
Financial assets at fair value through profit or loss		**985**	-
Other financial assets at amortised cost		**508**	36
		309,441	317,229
Current assets			
Properties for sale	14	**3,538**	3,604
Stocks		**72**	72
Trade and other receivables	15	**2,704**	1,926
Amount due from immediate holding company - Swire Pacific Limited		**16**	4
Derivative financial instruments		**-**	44
Short-term deposits maturing after three months		**30**	22
Cash and cash equivalents		**21,202**	14,963
		27,562	20,635
Assets classified as held for sale	13	**384**	-
		27,946	20,635
Current liabilities			
Trade and other payables	16	**8,001**	8,146
Contract liabilities	16	**22**	19
Taxation payable		**576**	938
Derivative financial instruments		**-**	10
Bank overdrafts and short-term loans		**94**	84
Long-term loans and bonds due within one year		**1,820**	6,224
Lease liabilities due within one year	17	**70**	52
		10,583	15,473
Net current assets		**17,363**	5,162
Total assets less current liabilities		**326,804**	322,391
Non-current liabilities			
Long-term loans and bonds		**25,343**	23,421
Long-term lease liabilities	17	**510**	496
Derivative financial instruments		**42**	17
Deferred tax liabilities		**10,094**	9,381
Retirement benefit liabilities		**135**	165
		36,124	33,480
NET ASSETS		**290,680**	288,911
EQUITY			
Share capital	18	**10,449**	10,449
Reserves	19	**278,287**	276,478
Equity attributable to the Company's shareholders		**288,736**	286,927
Non-controlling interests		**1,944**	1,984
TOTAL EQUITY		**290,680**	288,911

Consolidated Statement of Cash Flows
For the year ended 31st December 2020

	2020 HK$M	2019 HK$M
Operating activities		
Cash generated from operations	**7,550**	5,499
Interest paid	**(845)**	(990)
Interest received	**273**	276
Tax paid	**(1,589)**	(586)
	5,389	4,199
Dividends received from joint venture and associated companies	**80**	176
Net cash from operating activities	**5,469**	4,375
Investing activities		
Purchase of property, plant and equipment	**(121)**	(120)
Additions of investment properties	**(1,383)**	(1,962)
Purchase of intangible assets	**(39)**	(23)
Proceeds from sale of property, plant and equipment	**92**	1
Proceeds from sale of investment properties	**1,302**	295
Proceeds from sale of subsidiary companies, net of cash disposed of	**8,219**	16,985
Proceeds from sale of a joint venture company	**-**	2,352
Purchase of shares in associated companies	**(219)**	-
Purchase of financial assets at fair value through profit or loss	**(61)**	-
Equity to joint venture companies	**(1)**	(214)
Loans to joint venture companies	**(298)**	(2,452)
Repayment of loans by joint venture companies	**936**	1,020
Increase in deposits maturing after three months	**(8)**	(21)
Initial leasing costs incurred	**(3)**	(19)
Net cash from investing activities	**8,416**	15,842
Net cash inflow before financing activities	**13,885**	20,217
Financing activities		
Loans drawn and refinanced	**1,847**	657
Bonds issued	**1,920**	-
Repayment of loans and bonds	**(6,201)**	(2,844)
Principal elements of lease payments	**(54)**	(48)
	(2,488)	(2,235)
Dividends paid to the Company's shareholders	**(5,206)**	(5,031)
Dividends paid to non-controlling interests	**(119)**	(58)
Net cash used in financing activities	**(7,813)**	(7,324)
Increase in cash and cash equivalents	**6,072**	12,893
Cash and cash equivalents at 1st January	**14,963**	2,093
Effect of exchange differences	**167**	(23)
Cash and cash equivalents at 31st December	**21,202**	14,963
Represented by:		
Bank balances and short-term deposits maturing within three months	**21,202**	14,963

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 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 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)**
Year ended 31st December 2019												
Property investment	12,410	35	10,735	(760)	335	942	-	11,252	(1,123)	10,129	10,061	(179)
Property trading	516	-	4	(41)	3	30	-	(4)	(14)	(18)	(18)	-
Hotels	1,296	3	(62)	(36)	-	(46)	71	(73)	3	(70)	(70)	(226)
Change in fair value of investment properties	-	-	3,720	-	-	433	-	4,153	(728)	3,425	3,450	-
Inter-segment elimination	-	(38)	-	-	-	-	-	-	-	-	-	-
	14,222	-	14,397	(837)	338	1,359	71	15,328	(1,862)	13,466	13,423	(405)

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 2020				
Property investment	**-**	**101**	**12,254**	**12,355**
Property trading	**312**	**-**	**-**	**312**
Hotels	**380**	**261**	**-**	**641**
	692	**362**	**12,254**	**13,308**
Year ended 31st December 2019				
Property investment	1	138	12,271	12,410
Property trading	516	-	-	516
Hotels	649	647	-	1,296
	1,166	785	12,271	14,222

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 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**
At 31st December 2019						
Property investment	281,646	25,609	-	14,703	321,958	2,282
Property trading	4,876	3,281	-	130	8,287	8
Hotels	5,782	1,276	409	152	7,619	80
	292,304	30,166	409	14,985	337,864	2,370

* 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 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**
At 31st December 2019						
Property investment	7,792	10,278	25,269	548	43,887	1,863
Property trading	327	41	3,194	-	3,562	92
Hotels	238	-	1,266	-	1,504	29
	8,357	10,319	29,729	548	48,953	1,984

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)	
	2020	2019	**2020**	2019
	HK$M	HK$M	**HK$M**	HK$M
Hong Kong	**9,309**	9,909	**231,522**	243,538
Chinese mainland	**3,082**	3,096	**37,280**	33,740
U.S.A.	**917**	1,217	**7,222**	9,039
	13,308	14,222	**276,024**	286,317

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.

2. Revenue

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

	2020	2019
	HK$M	HK$M
Gross rental income from investment properties	**12,254**	12,271
Property trading	**312**	516
Hotels	**641**	1,296
Rendering of other services	**101**	139
	13,308	14,222

3. Cost of Sales

	2020	2019
	HK$M	HK$M
Direct rental outgoings in respect of investment properties that		
- generated rental income	**2,173**	2,300
- did not generate rental income	**177**	158
	2,350	2,458
Property trading	**245**	392
Hotels	**801**	1,138
Rendering of other services	**-**	40
	3,396	4,028

4. Other Net (Losses)/Gains

	2020 HK$M	2019 HK$M
Losses on sale of investment properties	**(147)**	(17)
Losses on sale of property, plant and equipment	**(3)**	(6)
Net foreign exchange gains/(losses)	**23**	(27)
Receipt of government subsidies	**61**	9
Others	**47**	46
	(19)	5

5. Expenses by Nature

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

	2020 HK$M	2019 HK$M
Depreciation of property, plant and equipment	**279**	288
Depreciation of right-of-use assets		
- leasehold land held for own use	**27**	26
- property	**34**	20
Amortisation of		
- intangible assets	**40**	36
- initial leasing costs in respect of investment properties	**33**	35
Staff costs	**1,965**	1,975
Other lease expenses*	**31**	33
Auditors' remuneration		
- audit services	**12**	13
- tax services	**3**	4
- other services	**4**	1

* These expenses relate to short-term leases or leases of low-value assets, net of rent concessions received of 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

	2020 HK$M	2019 HK$M
Interest charged on:		
Bank loans and overdrafts	**121**	254
Bonds	**654**	722
Lease liabilities	**18**	10
Net fair value losses/(gains) on derivative instruments		
Cash flow hedges – transferred from other comprehensive income	**24**	(20)
Cross-currency swaps not qualifying as hedges	**(1)**	(1)
Other financing costs	**144**	163
	960	1,128
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	**(35)**	(17)
Capitalised on:		
Investment properties	**(240)**	(242)
Properties for sale	**(39)**	(32)
	646	837
Interest income on:		
Short-term deposits and bank balances	**(194)**	(268)
Loans to joint venture companies	**(68)**	(69)
Others	**(2)**	(1)
	(264)	(338)
Net finance charges	**382**	499

7. Taxation

	2020		2019	
	HK$M	HK$M	HK$M	HK$M
Current taxation				
Hong Kong profits tax	**836**		678	
Overseas tax	**477**		434	
Under/(Over)-provisions in prior years	**8**		(11)	
		1,321		1,101
Deferred taxation				
Changes in fair value of investment properties	**215**		366	
Origination and reversal of temporary differences	**251**		406	
Effect of change in tax rate in the U.S.A.	-		(11)	
		466		761
		1,787		1,862

Hong Kong profits tax is calculated at 16.5% (2019: 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

	2020	2019
	HK$M	HK$M
First interim dividend paid on 6th October 2020 of HK$0.30 per share (2019: HK$0.29)	**1,755**	1,697
Second interim dividend declared on 11th March 2021 of HK$0.61 per share (2019: HK$0.59)	**3,569**	3,451
	5,324	5,148

The second interim dividend is not accounted for in 2020 because it had not been declared or approved at the year-end date. The actual amount payable in respect of 2020 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2021 when declared.

The Directors have declared a second interim dividend of HK$0.61 (2019: HK$0.59) per share which, together with the first interim dividend of HK$0.30 per share paid in October 2020, amounts to full year dividends of HK$0.91 (2019: HK$0.88) per share. The second interim dividend, which totals HK$3,569 million (2019: HK$3,451 million), will be paid on Thursday, 6th May 2021 to shareholders registered at the close of business on the record date, being Thursday, 1st April 2021. Shares of the Company will be traded ex-dividend from Tuesday, 30th March 2021.

The register of members will be closed on Thursday, 1st April 2021, 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 Wednesday, 31st March 2021.

To facilitate the processing of proxy voting for the annual general meeting to be held on 11th May 2021, the register of members will be closed from 6th May 2021 to 11th May 2021, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 5th May 2021.

9. Earnings Per Share (Basic and Diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$4,096 million (2019: HK$13,423 million) by the weighted average number of 5,850,000,000 ordinary shares in issue during 2020 (2019: 5,850,000,000 ordinary shares).

10. Investment Properties

	Completed HK$M	Under Development HK$M	Total HK$M
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**
At 1st January 2019	249,670	23,593	273,263
Translation differences	(750)	(15)	(765)
Additions	663	1,492	2,155
Cost written back	(1)	(49)	(50)
Disposals	(312)	-	(312)
Transfer to properties for sale	-	(1,040)	(1,040)
Net transfers from/(to) property, plant and equipment and right-of-use assets	34	(214)	(180)
Net fair value gains	2,956	764	3,720
	252,260	24,531	276,791
Add: Initial leasing costs	242	-	242
At 31st December 2019	252,502	24,531	277,033

Geographical Analysis of Investment Properties

	2020 HK$M	2019 HK$M
Held in Hong Kong		
On medium-term leases (10 to 50 years)	**33,202**	34,777
On long-term leases (over 50 years)	**193,142**	203,421
	226,344	238,198
Held in the Chinese mainland		
On short-term leases (less than 10 years)	**7**	11
On medium-term leases (10 to 50 years)	**35,681**	32,165
	35,688	32,176
Held in U.S.A.		
Freehold	**4,799**	6,417
	266,831	276,791

11. Right-of-use Assets

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

	2020 **HK$M**	2019 HK$M
Leasehold land held for own use	**3,191**	3,327
Property	**110**	89
	3,301	3,416

Additions to right-of-use assets during the year ended 31st December 2020 were HK$54 million (2019: HK$69 million).

During the year ended 31st December 2020, total cash outflow for leases was included in the consolidated statement of cash flows as (a) interest paid of HK$18 million (2019: HK$9 million) under “operating activities”, (b) payment for short-term and low-value assets leases of HK$31 million (2019: HK$33 million) under “operating activities” and (c) principal elements of lease payments of HK$54 million (2019: HK$48 million) under “financing activities”.

12. Properties Held for Development

	2020 **HK$M**	2019 HK$M
Freehold land	**981**	989
Development cost	**219**	223
	1,200	1,212

13. Assets Classified as Held for Sale

Assets classified as held for sale represent the Group’s 100% interest in 227 car parking spaces and 62 motorcycle parking spaces at Stage VI, Taikoo Shing in Hong Kong. The Group started to sell the car parking spaces to registered owners of Taikoo Shing in the fourth quarter of 2020.

14. Properties for Sale

	2020 **HK$M**	2019 HK$M
Properties for sale		
Properties under development		
- development costs	**188**	77
- leasehold land	**1,255**	1,260
Completed properties		
- development costs	**1,344**	1,507
- freehold land	**750**	759
- leasehold land	**1**	1
	3,538	3,604

15. Trade and Other Receivables

	2020 HK$M	2019 HK$M
Trade debtors	**411**	205
Prepayments and accrued income	**93**	72
Deposit paid for financial assets at fair value through profit or loss	**46**	-
Other receivables	**2,154**	1,649
	2,704	1,926

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

	2020 HK$M	2019 HK$M
Up to 3 months	**357**	201
Between 3 and 6 months	**45**	4
Over 6 months	**9**	-
	411	205

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 and Contract Liabilities

	2020 HK$M	2019 HK$M
Trade creditors	**655**	642
Rental deposits from tenants	**2,745**	2,905
Deposits received on sale of investment properties	**59**	-
Put option in respect of a non-controlling interest	**513**	564
Other current payables		
Accrued capital expenditure	**1,305**	1,138
Amounts due to intermediate holding company	**99**	100
Amounts due to an associated company	**20**	18
Advances from a non-controlling interest	**188**	187
Others	**2,417**	2,592
	4,029	4,035
	8,001	8,146
Contract Liabilities	**22**	19

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

	2020 HK$M	2019 HK$M
Up to 3 months	**655**	642

17. Lease Liabilities

	2020 HK$M	2019 HK$M
Maturity profile at the year end is as follows:		
Within 1 year	**70**	52
Between 1 and 2 years	**50**	54
Between 2 and 5 years	**117**	103
Over 5 years	**343**	339
	580	548

At 31st December 2020, the weighted average incremental borrowing rate applied in measuring the lease liabilities is 3.2% (2019:3.4%).

18. Share Capital

	Ordinary shares	**HK$M**
Issued and fully paid with no par value:		
At 1st January 2020 and 31st December 2020	**5,850,000,000**	**10,449**
At 1st January 2019 and 31st December 2019	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 2020 and 31st December 2019.

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 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	-	-	-	-	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 (note 8)	(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**

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 2019	268,855	(1,108)	1,823	(195)	(704)	268,671
Profit for the year	13,423	-	-	-	-	13,423
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
- gains recognised during the year	-	-	16	-	-	16
Defined benefit plans						
- remeasurement gains recognised during the year	50	-	-	-	-	50
- deferred tax	(8)	-	-	-	-	(8)
Cash flow hedges						
- gains recognised during the year	-	-	-	358	-	358
- transferred to net finance charges	-	-	-	(20)	-	(20)
- deferred tax	-	-	-	(56)	-	(56)
Share of other comprehensive income of joint venture and associated companies	-	-	-	(6)	(247)	(253)
Net translation differences on foreign operations	-	-	-	-	(672)	(672)
Total comprehensive income for the year	13,465	-	16	276	(919)	12,838
2018 second interim dividend	(3,334)	-	-	-	-	(3,334)
2019 first interim dividend (note 8)	(1,697)	-	-	-	-	(1,697)
At 31st December 2019	277,289	(1,108)	1,839	81	(1,623)	276,478

20. Changes in Accounting Policies and Disclosures

The following revised standards were required to be adopted by the Group effective from 1st January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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

Except for the early adoption of the amendment to HKFRS 16 "COVID-19-related rent concessions", the Group has not early adopted any other new standards and interpretations that are not yet effective for the current year.

21. Event After Reporting Period

In December 2020, the Group completed the sale of its interest in a wholly-owned subsidiary company which indirectly held a 100% interest in the Cityplaza One office tower in Hong Kong. In accordance with the sale and purchase agreement ("SPA"), part of the consideration was satisfied by the issue of the consideration shares which represent a 22% shareholding in the holding company of the purchaser. A call option was granted to the purchaser's guarantor to acquire some or all of these consideration shares during the period from the date of the SPA completion to the first anniversary of such date. In February 2021, the purchaser's guarantor exercised the call option to acquire the Group's consideration shares at an exercise price of HK$973 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 2019 and 2020 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 2019 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 2020 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 2019 and 2020. 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 is committed to maintaining a high standard of corporate governance. The Company complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year covered by the annual report with the following exceptions which it believes do 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 has considered the merits of establishing a nomination committee but has concluded that it is 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 allows a more informed and balanced decision to be made by the Board as to suitability for the role.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules.

On specific enquiries made, all Directors 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 Company's code of conduct regarding Directors' securities transactions.

Details of the Company's corporate governance principles and processes will be available in the 2020 annual report.

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

Annual Report

The 2020 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 12th April 2021.

List of Directors

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

Executive Directors: M.B. Swire (Chairman), G.M.C. Bradley and F.N.Y. Lung;
Non-Executive Directors: N.A.H. Fenwick, P. Healy, R.S.K. Lim and M.M.S. Low; 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
Merlin Swire
Chairman
Hong Kong, 11th March 2021

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

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

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

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

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

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

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

FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

Financial Calendar 2021

Shares traded ex-dividend	30th March
Share register closed for 2020 second interim dividend entitlement	1st April
Annual Report available to shareholders	12th April
Payment of 2020 second interim dividend	6th May
Share register closed for attending and voting at Annual General Meeting	6th – 11th May
Annual General Meeting	11th May
Interim results announcement	August
2021 first interim dividend payable	October

Registered Office

Swire Properties Limited
33rd Floor, One Pacific Place
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 1972

Auditors

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

Investor Relations

E-mail: ir@swireproperties.com

Public Affairs

E-mail: pad@swireproperties.com
Tel: (852) 2844-3888
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Website: www.swireproperties.com

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.