

Mainland China Property Leasing



Rental revenue edged higher in RMB terms despite a two-month business suspension owing to the COVID situation in Shanghai, demonstrating the resilience of the portfolio and bearing testament to the benefits of our geographical diversification strategy.

Market Landscape

The commercial leasing sector in mainland China's cities had a rough ride in 2022 as pandemic containment measures led to business restrictions across multiple cities, including a two-month business suspension in Shanghai, the home of our flagship malls. Supply chains were disrupted along with domestic and international travel, weighing on growth in the world's second-largest economy and prompting many companies to rethink expansion plans. For smaller firms, this sometimes meant handing back the keys to their premises as finances were stretched to the brink.

In addition, downturns in mainland China's property and stock markets took their toll on consumer sentiment and a Bain & Company–Altagamma report released in November 2022 indicated that the nation was a rare black spot for global spending on luxury goods last year. Such products are the core offering of our shopping malls portfolio and the study predicted Chinese sales would only claw their way back to 2021 levels once pandemic controls were lifted, something that began in earnest toward the end of the year. In the office sector, the economic slowdown took its toll on demand and competition for tenants pressured rents with many major cities experiencing an abundance of supply following the completion of new developments. Hotels and serviced apartments fared poorly across the country amid the slump in tourism and business travel.

Business Overview

Rental revenue increased 1% from 2021's historical high in RMB terms as growth at our properties in Dalian, Kunming, Wuhan and Wuxi largely offset the negative impact of COVID-19 and RMB depreciation, bearing testament to the success of the Company's geographical diversification strategy. Our shopping centers in Shanghai and Shenyang endured the longest closures in the portfolio last year as a result of pandemic curbs, though none were free from disruption with trading and footfall frequently impacted by restrictions on beauty salons, cinemas, dining outlets and gyms.

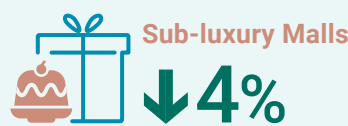
Occupying prime locations in their respective cities, our luxury malls and Grade A office towers were able to weather the storm better than most and they remained firm favorites for top global brands, leading multinationals and China's biggest enterprises. Management teams made the most of the tough trading environment and HOUSE 66, our customer relationship management (CRM) program, proved a great asset in spurring spending at tenants' outlets.

Rental income for the office portfolio posted close to double-digit growth in RMB terms, driven by rising occupancy levels at the Company's newer projects.

Heartland 66 made good progress in its first full year of trading, reinforcing its position as the undisputed leader for high-end retail in Wuhan, while Olympia 66 in Dalian also registered strong growth following its repositioning as a luxury mall. In Kunming, Spring City 66 is seen getting a boost from the planned opening this year of a Grand Hyatt hotel in the development.

Center 66 in Wuxi has a Curio Collection by Hilton hotel set to open in late 2024, which will complement the existing mall and office towers. Westlake 66 in Hangzhou will be the Company's 11th commercial complex in mainland China, comprising a world-class shopping mall, five office towers and a Mandarin Oriental hotel. The RMB 16 billion project is scheduled for completion in phases from 2024 and will further enhance the strength and diversity of our portfolio.

Year-on-Year Change in Rental Revenue on the Mainland (in RMB terms)



Gross Floor Area of Our Mainland China Properties (excluding car park area)



* For a detailed breakdown of gross floor area of our completed investment properties, please refer to table "C. Major Investment Properties" on page 69

For a detailed breakdown of gross floor area of our properties under development, please refer to table "A. Major Properties under Development" on page 66

Plaza 66, Shanghai

Shopping Mall

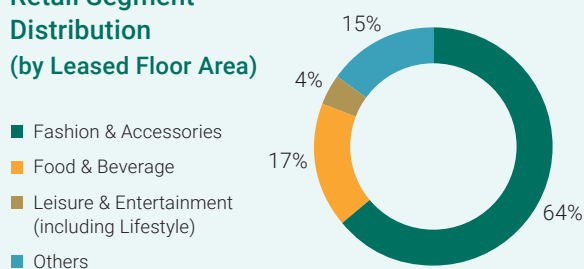
The jewel in the crown of our portfolio had a bit of a setback in 2022 as pandemic containment measures in Shanghai and across much of mainland China hampered spending by the Chinese elite, negatively impacting rental revenue and tenant sales. Nevertheless, Plaza 66 maintained full occupancy with more than 120 high-end retailers and dining outlets cementing its position as the “Home to Luxury”.

Among flagship stores, Gucci and Valentino took on more space, while Chanel and Louis Vuitton upgraded their offerings. New premises were opened by brands including De Beers, La Mer and BOGNER. The mall’s annual signature event “Home to Luxury” Party – was well supported by over 100 tenants curating a unique shopping experience for customers with exclusive luxury fashion offers, interactive installations and VIC-exclusive sessions.



“Home to Luxury” Party draws on great imagination each year to create delightful surprises and unique experiences for the enjoyment of guests

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



Number of shopping mall tenants (at year-end)

125

Looking into 2023, the mall will continue to enhance its uniqueness and attraction to the young affluent and elite customers by further refinement of tenant mix, particularly with the introduction of more new luxury brands and personal care and beauty brands.

Office Tower

The twin Grade A office towers remained a popular location for top-tier multinationals and domestic companies in the finance, professional services and fashion industries. Fendi, Moncler and Prada were among the existing tenants that took on additional space, helping to sustain an overall high occupancy rate of 96%.

A dearth of new office supply in Shanghai’s West Nanjing Road and the traditional core central business district supported rental resilience in the area. A butler service for key tenants was rolled out towards the end of 2022 and this service will be expanded to other tenants gradually.

Grand Gateway 66, Shanghai Shopping Mall

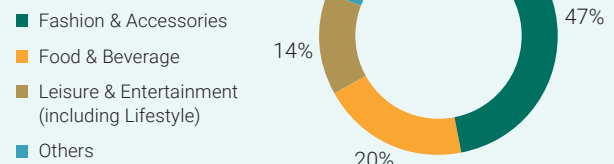
A strong start to 2022 gave way as Shanghai's COVID-19 situation heightened that led to business suspension in April-May and dealt a blow to retail spending in the city. While tenant sales and rental revenue both declined, figures for the other 10 months were ahead of the same period in 2021, supported by the mall's "From the Heart" revival event at the start of June as well as its "Gateway to Happiness" anniversary party in October.

The property sits above one of Shanghai's largest metro stations, Xujiahui Station, and is positioned as a lifestyle center that also offers rich luxury content, boasting a line-up of tenants that includes Buccellati, De Beers, Thom Browne, GANNI, On and Salomon. The range of outlets on offer was boosted last year by the addition of the first mainland China stores for Hart Marx, moody tiger and Zaren. More space was added to the fine watches and jewelry section of Grand Gateway 66 and its appeal to Shanghai's richest citizens will be further enhanced by the opening of a duplex Gucci store that is scheduled for the third quarter of 2023.



In a first for a high-end shopping mall, the "Gateway to Happiness" event at Grand Gateway 66 presents exclusive stand-up comedy performances for visitors to the mall

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Retail
99%

Office
97%

Residential &
Serviced
Apartments
90%

Number of shopping
mall tenants
(at year-end) 375

Looking ahead, competition for tenants is expected to be keen in the surrounding area and a softening economy makes brands hesitant to expand. Grand Gateway 66 will seek to enhance its attraction by drawing more high-end designer labels as well as strengthening the range of brands in the beauty and kids zones.

Office Tower

Rental revenue for the Grade A office tower has proven to be more resilient, with growth recorded for five consecutive years. Liquid Advertising, an existing tenant, expanded their presence in the building and took up additional space that had been surrendered by educational businesses. Lease renewals concluded with companies including BBDO and Westrock.

In 2023, efforts will be placed on tenant retention as competition heats up in the popular Xujiahui area. New prospects are being sought in the business services, consumer goods, and TMT sectors.

Residential and Serviced Apartments

Offering more than 600 furnished apartments and first-class leisure facilities, the property started the year on a strong note before Shanghai’s tightened pandemic containment measures stifled demand from within and outside of mainland China. Occupancy bounced back strongly from June as the measures relaxed and the units remain popular with expatriates, wealthy Chinese families and multinational companies. In 2023, the property will continue to tap on local demands, with flexible pricing options being offered to corporate clients to capture additional short-stay business and to increase rental revenue.

Palace 66, Shenyang

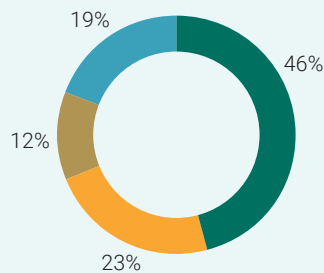
The shopping center had a challenging year as COVID-19 led to a 25-day closure in early spring, sapped consumer confidence and curbed travel. Nevertheless, the shopping center took the opportunity to solidify its tenant mix with % Arabica, Descente, chuu, K-Swiss, orchirly and OVV joining the likes of



The marketing event of Palace 66 in Shenyang during Chinese Valentine’s Day boosts tenant sales significantly

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate



Number of shopping mall tenants (at year-end)

195

adidas, Nike Kicks Lounge and Zara in a line-up of some 200 local and international brands. A marketing event around Chinese Valentine’s Day in August helped bring about the highest day’s sales since the mall opened its doors in 2010, attracting customers with a variety of fashion shows as well as jewelry and watch promotions.

An improved range of ladies fashion brands and a refreshed mix of dining options are set to give a lift to Palace 66, which will also benefit from enhanced customer service. Converse, Tissot and LEGO are among brands set to unveil new stores this year.

Forum 66, Shenyang Shopping Mall

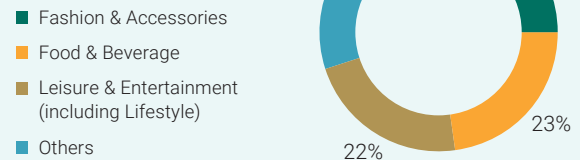
Depressed consumer sentiment, disruption caused by COVID-19 and fierce competition for tenants made for a testing year at the high-end mall, where rental revenue retreated in tandem with footfall and tenant sales. As was the case at Palace 66, Forum 66 had to shut for nearly a month from mid-March and subsequent pandemic-control measures restricted the operations of dining venues. On a brighter note, new brands like Swiss watchmaker Omega were added as tenants, joining the likes of Chanel and Burberry.

It is envisaged that 2023 will be a better year as an easing of pandemic containment measures help revive confidence and domestic travel. Joint initiatives with Palace 66 and Conrad Shenyang are being looked at to spur spending tenant sales amid a fine-tuning of the tenant mix to focus more heavily on luxury, vibrant lifestyle brands and kids retail. Changes to the food and beverage line-up are also being pursued to enhance the mall's attraction and the HOUSE 66 CRM program will be used to strengthen customer ties.

Office Tower

Northeast China's tallest building boasts a strong tenant mix from the worlds of banking, manufacturing, professional services, TMT and finance, providing a strong and solid base. Softening demand for office space and aggressive discounting by rivals weighed on

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



Number of shopping mall tenants
(at year-end) **137**

rental income and occupancy at Forum 66 last year, nonetheless, high-quality firms such as Ford Motor Company, HL Holdings, and appliance maker Midea were drawn to Forum 66 and added to the list of tenants, while Siemens and Ctrip expanded their offices.

The market is expected to remain challenging in 2023 owing to an abundance of supply and the efforts of the management will be focused on tenant retention and developing new prospects.

Hotel

Travel restrictions, quarantine requirements and social distancing rules severely impacted Conrad Shenyang last year, though the property maintained its position as market leader with Smith Travel Research ranking it top in the city for revenue per available room. In recognition of its quality product and outstanding service, the hotel also won a Connie Award, a mark of excellence for Hilton Worldwide brands. An expected revival of both domestic and international travel in 2023 is seen boosting demand for rooms and dining.



The art exhibition *Dreams without Mirror* at Forum 66 in Shenyang creates immersive experiences for customers in the innovative ways

Parc 66, Jinan

The contemporary lifestyle mall undergoing asset enhancement work had a tough year as COVID-19 disrupted the operations of shops and restaurants while also hampering travel to the city. The mall strived to draw footfall by introducing popular IP exhibitions, brand promotions, membership activities and online

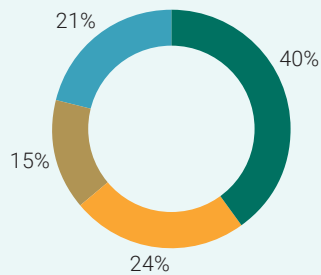
sales to enhance tenant sales and maintain its occupancy rate. Parc 66 was able to weather fierce competition from rivals against the negative backdrop and achieved stable rental revenue compared with the previous year. The property also remained the top choice for mid-to-upmarket brands in the area.

The completion of the first phase of a three-year Asset Enhancement Initiative saw the likes of CHANEL BEAUTÉ, Lancome, Tom Ford, Gucci Beauty, La Mer, Helena Rubinstein, Jo Malone, YSL Beauty, and Shu Uemura open their doors in the West Wing's new and expanding beauty zone on Level 1, where they will be joined by some affordable luxury stores relocated from the East Wing as the latter's revamp got under way. Giming, Lefame, chuu and Samsung were among the new joiners on the upper floors.

Projections are for spending to recover in 2023 as pandemic containment measures eased, though ongoing asset enhancement works will weigh on rental revenue at Parc 66. The major works being done to upgrade the East Wing's atrium and improve the flow of the mall will lead to the creation of additional shops for lease, increasing the future earnings potential of the property.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate

Retail 90%

Number of shopping mall tenants (at year-end)

332



While Parc 66 in Jinan is undergoing its AEI, a number of high-end beauty brands have established their presence at the mall during the year



The "Take Center Stage" campaign at Center 66 in Wuxi celebrates the mall's milestone ninth anniversary with its loyal customers

Center 66, Wuxi Shopping Mall

Wuxi's undisputed leader in luxury retail achieved increases in tenant sales, occupancy and rental revenue last year, overcoming pandemic containment measures that included a near-total closure for several days in April as well as almost two weeks of shortened trading hours in July. A basement level beauty zone continued to draw well-known brands with Diptyque, L'Artisan Parfumeur and Penhaligon's all opening their first stores in the city. Balenciaga, MIKIMOTO and Tiffany & Co. were among the other high-end marques to launch stores in Center 66 last year.

The annual "Take Center Stage" marketing event was held over three days in September and again proved a success, lifting sales to a record and strengthening relations with the most important customers. Further improvement in the mall's offerings is expected in 2023.

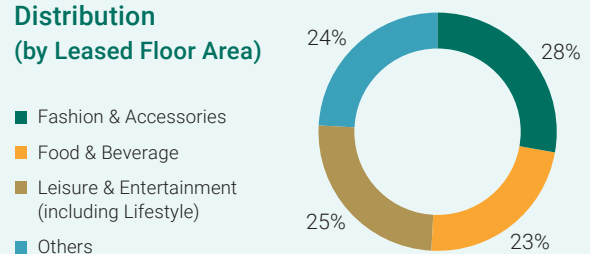
Office Towers

The two Grade A office towers remained popular with companies in the finance, insurance, TMT and professional services sectors, recording a slight increase in the overall occupancy as high vacancy rates at competing properties kept a lid on rents. Newcomers including China Merchants Securities, CITIC Securities

and Zheshang Securities joined the Center 66 office tenants list, while Huawei, KONE and Softtek further expanded their offices.

Our self-operated multifunctional workspace, HANGOUT, gained traction and, until the end of 2022, was operating at an average of more than 75% of capacity. Attracting quality small and medium enterprises to HANGOUT will be a key objective for 2023.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



Number of shopping mall tenants (at year-end)

218



Riverside 66 in Tianjin turns into a social media-worthy hotspot during the summer. Different activities are held on the weekends for customers to relax

Riverside 66, Tianjin

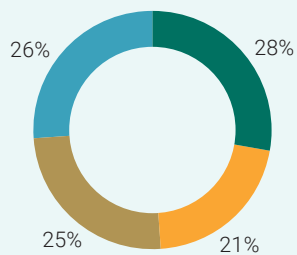
Tenant sales at Riverside 66 were severely impacted last year as measures to combat COVID-19 forced closures of the mall in May and September as well as

imposing lengthy suspensions on entertainment venues, kids activities, dine-in restaurants, beauty salons and sports facilities. Some tenants sought early termination of leases and others were reluctant to renew upon expiry. Despite the challenging operating environment, rental revenue and the occupancy rate held at levels comparable to 2021. Rent relief was offered to businesses hardest hit by the pandemic during the period.

Breitling, Peet's Coffee and a Sisyphus bookstore were among the newcomers to the mall, which organized a series of events targeted at different customer groups to help revive footfall. The performance of the business is seen improving in 2023 as new dining outlets, a growing cluster of cosmetics brands and the introduction of a trendy new outdoor area draw people to the property.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate

Retail 80%

Number of shopping mall tenants (at year-end)

219

Olympia 66, Dalian

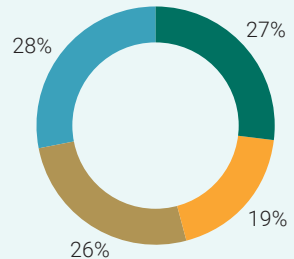
Despite a 6% drop in average daily footfall due to successive waves of the pandemic, rental revenue and associated tenant sales surged as the mall continued its transformation from a lifestyle shopping hub to a regional luxury landmark. Rental revenue was up 40% on the previous year, and tenant sales reached RMB2 billion, a year-on-year increment of over 67%.

Occupancy increased two points to 89% at year-end with the addition of new luxury brands including Gucci, Miu Miu, Tod's, Hogan, Longchamp, Marc Jacobs, Canali, Rolex, and KENZO; reputable international labels Kent & Curwen and RARE; famous audio brand Bang & Olufsen; the exclusive Air Jordan regional flagship; and popular coffee chain % Arabica. Upgrades at the basement floor linking the east atrium to the metro station has allowed for the setting up of a sports and trends zone featuring popular brands such as Lining, Kappa, adidas, Speedo, Columbia, MLB, Nintendo, Lee, Kailas, and Spyder.

Looking forward to an exciting 2023 with the debut of Chloé, Versace, Maison Margiela, Moschino, and Max Mara, among others, Olympia 66 will continue its luxury

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate

Retail
89%

Number of shopping mall tenants (at year-end)

354

transformation supported by HOUSE 66 activities and an extensive program of events and campaigns, including the Shining Olympia event slated for mid-year, to celebrate the mall's evolution into the region's luxury destination.



Customers enjoy ski dancing performances at Olympia 66 in Dalian during the 2022 Winter Olympic Games

Spring City 66, Kunming
Shopping Mall

Kunming’s hub of prime luxury had a bumpy ride last year as pandemic disrupted operations, weighed on consumer sentiment and kept tourists away. While rental revenue edged higher, reduced footfall impacted the mall’s tenant sales with occupancy rate declined. The introduction of first-in-town stores by Japanese jeweler MIKIMOTO and Swiss watchmaker Vacheron Constantin provided some support, as did the opening of a new flagship duplex outlet by Arc’teryx, an outdoor apparel brand from Canada.

Tenant sales were also given a boost by the “Spring into Life” two-day signature event held in November to celebrate Spring City 66’s third anniversary. The extravaganza saw Cirque du Soleil perform in Kunming for the first time and led to the best-ever day’s trading for tenants. The mall will strive to sign up more leading international brands in 2023, with particular focus on marques that have yet to gain a foothold in Kunming, and are confident the opening of the Grand Hyatt Kunming closely connected to the shopping center will spur activity and enhance the standing of the complex.



The “Spring into Life” extravaganza saw Cirque du Soleil perform in Kunming for the first time during the two-day signature event celebrating Spring City 66’s third anniversary

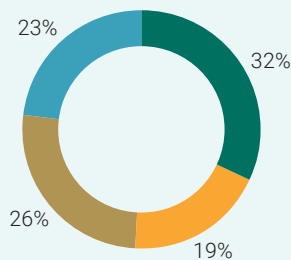
Office Tower

The building is situated in the heart of Kunming’s central business district and remained a firm favorite among financial businesses, insurance companies and professional services firms, which together accounted for more than half of the tenanted space. The occupancy rate ending the year at 88%. CITIC Securities, CICC Wealth Management and an online wine app Vivino are newly moved in while Taikang Life and Honor further expanded their offices. Multinationals have moved in such as Ernst & Young, ICBC AXA Life, Nokia and Siemens.

Occupancy is expected to continue improving in 2023. The opening of Grand Hyatt Kunming will also enhance the tower’s appeal to high-quality businesses.

Retail Segment Distribution
(by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Others



Occupancy Rate



Number of shopping mall tenants
(at year-end)

297

Heartland 66, Wuhan

Shopping Mall

The luxury mall had a challenging 2022 as the pandemic disrupted its first full year of trading and the launches of rival properties in the city heightened competition for Heartland 66 and its tenants. Footfall and tenant sales gained momentum as the occupancy rate climbed, with store openings by the likes of Cartier, Hermès and Tiffany & Co. more than compensating for closures by some smaller brands and standalone outlets. Pop-up shops by marques including Alexander McQueen, Marni, Christian Louboutin and Givenchy helped draw high-end shoppers, as did the successful rollout of the HOUSE 66 CRM program. The opening of Space on 5, a new area offering quality dining outlets and a venue for social events such as music performances, stand-up comedy and fashion shows, further enhanced the mall's offering.

First anniversary celebrations took place over three days in May, setting a new record for daily tenant sales, and included a lightshow on the Yangtze River. New initiatives planned for this year include the introduction of a lounge area for top-tier members of HOUSE 66 as well as a new themed zone in the basement encompassing more casual dining venues, young lifestyle stores and a hangout space for customers.

Office Tower

Abundant office supply in Wuhan and a softening Chinese economy impacted leasing progress in the first full year of operations. The occupancy rate stood at 73% at year-end, with the increment a result of MDPI, BSH, Ipsos and Nestle joining the list of tenants. Conditions are likely to remain challenging throughout this year as the glut persists and companies continue to look for cost saving options. Our self-operated multifunctional workspace, HANGOUT will open in the first quarter of 2023, offering more choices and further enhancing the customer experience.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



Number of shopping mall tenants (at year-end)

275



Space on 5, the stylishly designed cross-level space at Heartland 66 in Wuhan gives customers an open view of the city, and serves as an ideal place for leisure in addition to the mall's retail offering

New Projects Under Development

The Company has high-end malls, office towers, and hotels currently under development in prime locations across mainland China.



Grand Hyatt Kunming

With the prestigious Grand Hyatt as the operator, this luxury hotel is set to become an accommodation and social hub for the local community and international travelers. Situated at Spring City 66 in Kunming, the development will be the city's first fully-integrated mixed-use project that comprises a world-class shopping mall, a Grade A office tower, a luxury hotel, and branded premium serviced residences. Featuring 332 guestrooms and suites, state-of-the-art amenities, and extraordinary dining experiences, the hotel will cater to the most discerning local residents and international business and leisure travelers. The Grand Hyatt Kunming hotel is scheduled to open in late 2023.

Location

Dongfeng Dong Lu/Beijing Lu, Panlong District, Kunming

Total gross floor area

98,054 square meters

(including the total gross floor area of Grand Hyatt Residences Kunming)

Expected year of completion

2023



Curio Collection by Hilton, Wuxi

The distinctive and luxurious boutique hotel in Wuxi forms part of the Phase 2 development of Center 66, which currently features a shopping mall and two Grade A office towers. It will include a seven-story tower and three-story heritage building that will be developed into premium accommodation with 106 rooms. Creating a fusion of old and new, complementing and enriching the Center 66 experience, the hotel will operate under the Curio Collection by Hilton brand and is targeted to open in late 2024.

Location

Jiankang Lu, Liangxi District, Wuxi

Total gross floor area

7,165 square meters

Expected year of completion

2024



Westlake 66, Hangzhou

The Westlake 66 site is being developed into a high-end commercial complex, comprising of a world-class shopping mall, five Grade A office towers, and the prestigious hotel Mandarin Oriental Hangzhou. The project is scheduled for completion in phases from 2024 onwards. Featuring over 190 guestrooms and suites, the Mandarin Oriental Hangzhou is under the design development phase and is scheduled to open in 2025. The property is set to become the social hub in the city for both residents and visitors alike.

Location

Bai Jing Fang, Xiacheng District, Hangzhou

Total gross floor area

194,100 square meters (including above ground only)

Main usage

Retail, office, hotel

Expected year of completion

2024 onwards



Forum 66, Shenyang

The remaining phases of Forum 66 in Shenyang consist of a retail mall, offices and apartments, complementing the development's existing luxury shopping mall, Grade A office tower, and the Conrad Shenyang hotel. The project is scheduled for completion in stages from 2027 onwards.

Location

Qingnian Da Jie, Shenhe District, Shenyang

Total gross floor area

502,660 square meters

Main usage

Retail, office, apartments for sale

Expected year of completion

2027 onwards

Hong Kong Property Leasing

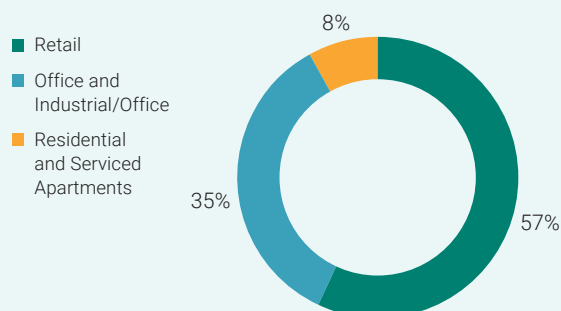


Thanks to our flexible and tactical leasing strategies, the refinement of our tenant mix to accommodate local consumption patterns, and the launch of various marketing campaigns via the “hello Hang Lung Malls Reward Program,” our Hong Kong property leasing portfolio maintained high occupancy rates with rental income returning to a growth trajectory in the second half of the year as pandemic controls eased.

Market Landscape

Rents in Hong Kong’s shopping malls remained under pressure last year as measures to control the spread of COVID-19 weighed on retail sales. Social distancing rules disrupted businesses such as restaurants, cinemas, education centers, gyms and beauty parlours, while quarantine requirements and a closed border with mainland China meant tourists were few and far between. Interest-rate increases along with downturns in the property and stock markets also took their toll on consumer sentiment, while pandemic fears and an increase in working from home fuelled a shift toward online shopping. A relaxation of quarantine rules in late September sparked a surge in outbound tourism, though did little to revive inbound activity; visitor arrivals numbered about 600,000 last year, a far cry from the record 65 million that came in 2018. Against this backdrop, government handouts of consumption vouchers to residents provided some support for the city’s stores, bars and restaurants as they waited for demand to recover. In the office sector, rents were also subdued as the weak economy prompted companies to seek cost cuts and damped expansion plans. Increased vacancy rates stoked competition among landlords, giving tenants a strong hand in negotiations.

Distribution of Revenue of Our Hong Kong Property Leasing Portfolio in 2022



Hong Kong Property Leasing Continued to Demonstrate Resilience

Tenant Sales



Retail



Offices and Industrial/Office



All occupancy rates stated therein were as of December 31, 2022

Business Overview

Shopping malls in our Hong Kong portfolio maintained high occupancy throughout the year as the teams implemented adaptive strategies that bore fruit in the latter part of 2022 when a pick-up in tenant sales led to a climb in rental revenue. The teams refined the tenant mixes, including but not limited to recruiting more food and beverage outlets targeting local consumers, as local consumption patterns had changed as a result of COVID-19.

Rent relief, offered on a case-by-case basis, tailed off significantly during the second half as outlets that had been subject to complete or partial closures were allowed to resume trading. The “hello Hang Lung Malls Rewards Program” helped prop up sales across the Hong Kong portfolio and was used by marketing departments to give added boosts to footfall and consumer sentiment around the time that consumption vouchers were handed out by the government.

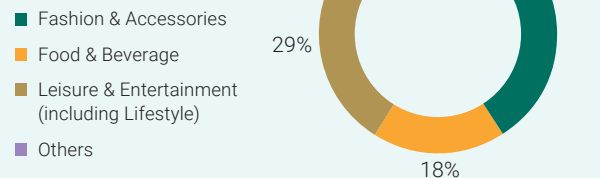
The office towers also had a challenging time last year as high vacancy rates in the city led to stiff competition for tenants, many of whom were under pressure to cut costs and downsize. Efforts to attract new business were focused on beauty salons and medical service providers as demand from travel agencies slumped. Our Grade A office tower redevelopment at 228 Electric Road in North Point is scheduled for completion in 2023.

Causeway Bay Portfolio

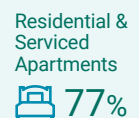
Rental revenue for the Causeway Bay portfolio declined slightly last year as tenants, faced with falling sales, pushed for reductions when renewing leases and this trend is seen continuing into 2023 unless tourist arrivals rebound.

Nevertheless, the properties’ line-up of fashionable outlets was bolstered by the addition of Matsumoto Kiyoshi’s biggest store in town as well as Byredo’s top flagship venue in Hong Kong and a Mizuno Sport Style

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



Number of shopping mall tenants (at year-end)

96



Spanning an area of over 14,500 sq. ft., the two-story flagship store of Matsumoto Kiyoshi, the popular beauty and cosmetic brand from Japan, at Fashion Walk is their largest store in Hong Kong

shop. The choice of dining options was enhanced as Spanish restaurant Calle Ocho and GYOJASANG, a Korean Izakaya, opened their doors. Fashion Walk was also chosen as the site for Hong Kong island's first branch of Hao Tang Hao Mian, a popular noodle restaurant that's included in the Michelin Bib Gourmand guide. Dining, beauty and trendy street wear will remain the focus as tenant mix is refined this year.

Office rents at the nearby Hang Lung Centre, a building that's popular among leading operators in the medical, beauty and wellness sectors, held fairly stable in 2022 as occupancy improved. Keen competition for tenants is likely to pressure market rates this year and flexible packages will be offered to attract and retain businesses. The property will also be improved by the addition of electric-vehicle chargers and investment in a more energy-efficient air-conditioning system.

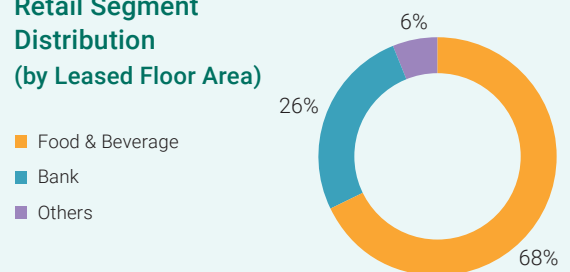


The Central Portfolio is a hub of fine-dining establishments

Central Portfolio

The Central portfolio comprises four buildings – Standard Chartered Bank Building, 1 Duddell Street, Printing House, and Baskerville House – and their buildings are firm favorites of the finance and professional services sectors. Occupancy rates in the office space held up as subdividing of premises helped draw small and medium-sized companies looking to develop at the heart of the main business district.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate



Number of shopping mall tenants (at year-end)

11



Peak Galleria organizes a lot of pet-friendly activities for customers to enjoy shopping and leisure time with their beloved pets

Competition for tenants is seen remaining keen this year with vacancy rates high in nearby properties following the completion of new developments. Renovations to the lift lobby and office washrooms will be conducted at Standard Chartered Bank Building to enhance the overall feel of the property.

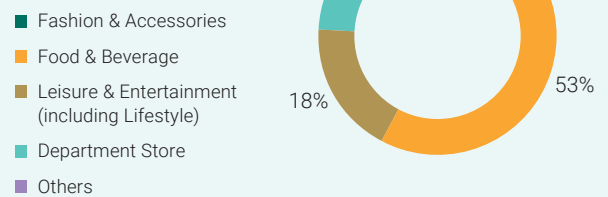
On the retail side, home to high-end dining establishments such as Duddell's, Mott 32 and Estro, rental income fell in 2022 as working from home and the tourism slump curbed footfall and tenant sales. This year will likely see improved performance if recoveries in inbound travel and the local economy materialize.

Peak Galleria

Rental revenue and tenant sales were hit by the tourism slump and a 14-month closure of the Peak Tram, a popular means of traveling to the mall, which is located in one of the most iconic and famous tourist spots in Hong Kong. Occupancy was maintained through the offer of short-term flexible leases and footfall spiked when the tram service resumed with increased capacity in August.

With overseas visitors still in short supply, Peak Galleria will keep seeking to draw in local consumers by strengthening its food and drink offering as well as adding more lifestyle and experiential brands. By refining the tenant mix, the mall will solidify its reputation for unique offerings and the Hang Lung Malls app will be actively utilized to encourage spending. Newcomers last year included Hong Kong's sole Yucca de Lac restaurant and L'Azur Gourmet, a luxury grocer. Pet owners remain a target market and a Furry Fun event was held in October to appeal to this group.

Retail Segment Distribution (by Leased Floor Area)



Occupancy Rate

Retail **96%**

Number of shopping mall tenants (at year-end)

47

Kornhill Plaza and Kornhill Apartments

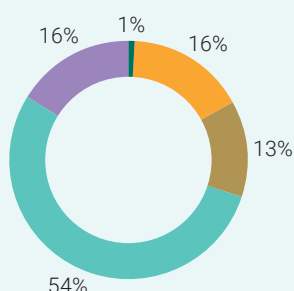
Kornhill Plaza, which serves nearby residents and office workers, demonstrated resilience with stable rental revenue and high occupancy despite social distancing rules dealt a blow to footfall and tenant sales. The largest Japanese department store in Hong Kong, AEON STYLE, and a new supermarket concept FRESH performed well as home cooking became more popular amid the pandemic. The mall also enhanced its attraction to nearby residents with a stronger focus on home living and wellness trades. The office space was severely impacted as the education centers that are the mainstay of its business were forced to suspend classes, prompting some to downsize or hand back the keys at a time of heightened competition amid rising vacancy rates.



Kornhill Plaza enhanced its attraction to nearby residents with a stronger focus on the home living and wellness sectors

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Department Store
- Others



Occupancy Rate

Retail **100%**

Office **94%**

Residential & Serviced Apartments **72%**

Number of shopping mall tenants (at year-end)

120

The mall and office tower are likely to deliver an improved performance this year following the easing of measures to control the pandemic. The mall will further improve its tenant mix while the office tower will introduce more one-of-a-kind leisure interest centers to solidify its position as an education hub.

The serviced apartments managed to grow revenue last year with occupancy holding up as the leasing team focused their efforts on tenant retention and developing the local market. Demand should get a boost in 2023 as an easing of travel restrictions helps stimulate interest among expatriates and mainland Chinese.

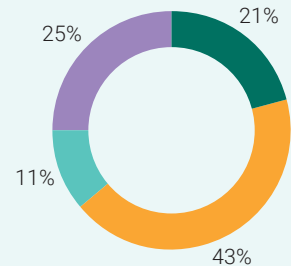
Mongkok Portfolio

Trendy lifestyle malls Gala Place and Grand Plaza in Mongkok had another challenging year amid the collapse in tourism and as government measures to contain the spread of COVID-19. Retail market was sluggish as social activities slow down due to the 5th wave of COVID-19 which also affected the manpower of tenant’s business operations. The volatile stock market also makes local customers keep conservative in spending. Full occupancy was nonetheless achieved with anchor tenants retained. Performance of food and beverage outlets improved slightly followed by the relaxed restrictions on dining.

Efforts to strengthen Grand Plaza’s credentials as a premium healthcare hub gained ground. The Specialists clinic took two floors of the retail podium in addition to the 20th floor of office tower. Other new tenants taking whole floors included Dyson service

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Department Store
- Others



Occupancy Rate



Number of shopping mall tenants (at year-end)

32



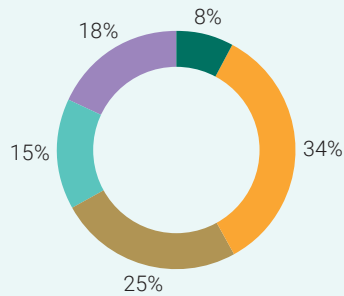
An iconic seven-meter-tall Japanese comic character and a pop-up store are set up at Gala Place to promote a movie

center while Deluxe Daikiya Japanese Restaurant and Matsumoto Kiyoshi were added to the mall in the first half of 2023. Enhancement of offerings at Gala Place further strengthen its role as a leading semi-retail hub in Mongkok.

Although competition for tenants remained fierce, there were signs of stability toward the end of last year as a reining in of COVID-19 controls gave a lift to business confidence in the city.

Retail Segment Distribution (by Leased Floor Area)

- Fashion & Accessories
- Food & Beverage
- Leisure & Entertainment (including Lifestyle)
- Department Store
- Others



Occupancy Rate

Retail
100%

Number of shopping mall tenants (at year-end)

251

Amoy Plaza

Amoy Plaza strives to look after the diversified interests and needs of the community in the burgeoning district of Kowloon East, a focus that meant its performance was largely stable last year with the tourism slump having little impact. Following the opening of DON DON DONKI in January 2022, renowned Japanese retailer's largest store in Kowloon, dining options were also further enriched with the introduction of Sukiya, Thai Cool, Chuan Club and RUD etc. Mall traffic is expected to surge with the expected opening of the nearby East Kowloon Cultural Centre in 2023.



DON DON DONKI, renowned Japanese retailer, opened its biggest store in Kowloon at Amoy Plaza

New Project Under Development

228 Electric Road Redevelopment in North Point

In collaboration with our subsidiary, Hang Lung Properties, 228 Electric Road* in North Point is being redeveloped into a Grade A office tower with a retail area on the podium floors. Superstructure works are in progress and the project is scheduled for completion in 2023.

Location

228 Electric Road, IL 1618, North Point

Total gross floor area

9,754 square meters

Main usage

Office, retail

Expected year of completion

2023

* This provisional number is subject to confirmation when the building is completed