



Record-high rental revenue was achieved as a result of strong retail market sentiment and robust performance across our portfolio of luxury malls, along with continued investment into the customer relationship management (CRM) program HOUSE 66.

With COVID-19 well controlled within mainland China, the retail leasing sector experienced strong growth during 2021 as retail sales recovered following a sharp market contraction in 2020. The recovery was most pronounced in the luxury end of the market despite occasional update of COVID-19 cases that affected retail sentiment. The mid-market also experienced growth and spending recoveries as the Mainland recovered from the dip caused by the pandemic.

Over the past decade, China, particularly the Chinese consumers has taken the lead within the global luxury retail market. The strategic importance of the country has attracted the world's top ten most valuable luxury brands such as Louis Vuitton, Chanel, Hermès and Gucci all operating their stores here. Decades of fast-paced economic development have fueled a significant increase in incomes in China, contributing to the growth of young, affluent and rising middle class which supports the strong growth momentum in the luxury retail market in recent years. The quest for design, creativity and heritage among Chinese young consumers in their 20s and early to mid-30s through the purchase of high-end luxury goods is more evidenced, as compared to their counterparts in other markets. Other factors, such as the continued repatriation of luxury consumption due to international travel restrictions, and a more comprehensive line-up of products as global brands entered or sped up opening stores in the mainland China, also contributed to the luxury retail growth in the market.

The office leasing sector remained competitive throughout the year, with continuous new supply of office spaces in general that heightened competition for tenants. Market demand in first-tier cities is solid while the demand in second-tier cities is on the road to recovery. Professional services, technology, media and telecommunications (TMT), pharmaceuticals, and multinational corporations were among the more resilient during this period.

Business Overview

Our Mainland shopping malls continued to capture the robust growth in the luxury retail market. This is largely due to our ongoing investment in the HOUSE 66 CRM program; our demand-led tenant mix and collaborations with top-tiered luxury brands in offering comprehensive product range and world-class experiences to our customers. A record high in rental revenue and tenant sales was achieved during the reporting year, driven by the double-digit revenue growth across our luxury malls in Shanghai, Shenyang, Wuxi, Dalian, and Kunming where our top five luxury brand partners in terms of rental revenue contribution including LVMH, Kering, Richemont, Hermès and Chanel have established a presence.

Olympia 66 in Dalian achieved significant growth in both rental revenue and tenant sales due to its successful transformation to a luxury-led regional mall during the reporting year and rich line-up of top luxury brands commencing business in the second half of the year. Grand Gateway 66 in Shanghai enjoyed the

impact of its first full year following the completion of the three-year Asset Enhancement Initiative (AEI) that offers an enriched brand mix and unique customer experiences, further solidifying its position as the “Gateway to Inspiration” within the market. Adding to our impressive portfolio of luxury malls is Heartland 66 in Wuhan, which got off to a flying start since opening in March 2021.

Moderate growth was recorded at our sub-luxury malls, including Palace 66 in Shenyang, Parc 66 in Jinan, and Riverside 66 in Tianjin.

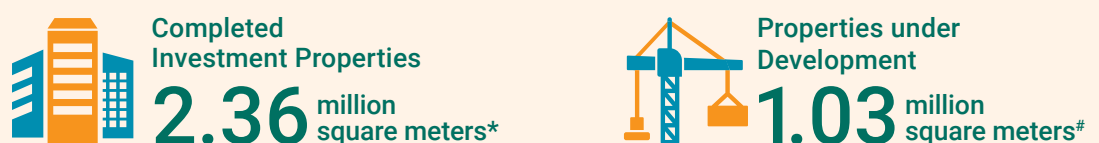
Looking ahead, we remain positive about the performance of our mall portfolio and expect that consumers will remain spending majority of their luxury goods purchases on the Mainland even after the international borders reopen, as the world-class experiences offered by the luxury brands along with the support of our HOUSE 66 CRM program have successfully solidified customer loyalty and stickiness with our luxury malls.

Our office portfolio remained stable and continued to demonstrate resilience amid varied market situations. Positive growth in revenue was recorded during the reporting year, with many existing tenants opting to either renew their leases or expand. The success of our portfolio can be attributed to the landmark locations, mixed-use development, quality property management services and our tireless drive on sustainability that keep us top of mind among international companies, premium local corporations, and state-owned enterprises. Our three new office towers that opened in Wuxi, Kunming and Wuhan in 2019 and 2020, will continue to support growth in the office segment.

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 61

For a detailed breakdown of gross floor area of our properties under development, please refer to table “A. Major Properties under Development” on page 58



Plaza 66's annual "Home to Luxury" Party boosted tenant sales and customer loyalty with exclusive luxury fashion offers, celebrity performances, and interactive touchpoints

Plaza 66, Shanghai

Shopping Mall

Plaza 66 achieved another year of outstanding performance with solid growth in rental revenue and tenant sales as travel restrictions caused by the COVID-19 pandemic encouraged the return of luxury spending to Shanghai.

Home to over 100 global luxury and dining brands, the high-quality tenant mix was further enhanced by the newly opened Burberry flagship store, while existing flagship stores Hermès, Saint Laurent, CELINE, Goyard, Balmain, and Fendi completed their expansions. In the last quarter, Gucci began its expansion across four levels.

With a focus on the mainland China market, the HOUSE 66 CRM program was well-received by tenants and customers, while the member-exclusive events such as the annual "Home to Luxury" party and the mall's 20th anniversary campaign boosted tenant sales, strengthened customer loyalty, and further confirmed the position of Plaza 66 as the "Home to Luxury".

The steady growth of Plaza 66's tenant sales is expected to continue into 2022 due to reduced international travel, along with the expansion plans and marketing campaigns of luxury brands within the mall.

Steps are being taken to further refine the tenant mix across floors L3, L4, and B1 while introducing new exclusive brands to solidify Plaza 66's position as a premium shopping destination.

Office Towers

The excellent service quality and prime location of two Grade A office towers continue to attract top-tier multinational corporations and domestic firms in fashion and accessories, financial, and professional services, resulting in a well-balanced blend of high-quality tenants.

The ongoing high demand and low supply on Nanjing West Road, coupled with the 14th Five-Year macro-economic policy, resulted in a steadily rising occupancy trend with an occupancy rate of 97% by the end of 2021. As a result, the occupancy and rental rates in Plaza 66 Office Towers are expected to remain stable moving into 2022 despite the competition for tenants and aggressive push by landlords to fill office spaces in the more peripheral districts.

During 2022, there will be a focus on tenants' wellness with an upgrade of building facilities, daily operations and service standards within the towers to provide an enhanced working environment and an improved synergy with Plaza 66 mall, including exclusive benefits and privileges offered to office tower tenants.

Grand Gateway 66, Shanghai

Shopping Mall

The mall experienced remarkable growth in rental revenue and tenant sales during 2021 due to the well-managed COVID-19 pandemic, the repatriation of high-end spending due to travel restrictions, and the completion of the three-year AEI. The “Gateway to Inspiration” annual party cemented the mall’s position as a regional landmark lifestyle center offering rich luxury content and became the talk of the town with the first X-show performance by Cirque du Soleil.

The launch of HOUSE 66 saw significant growth in both member base and spending, while marketing initiatives in collaboration with tenants helped build customer loyalty. Luxury anchor Louis Vuitton expanded into a duplex flagship store carrying both the men’s and women’s complete collections and was joined by first-in-China stores Diesel Hub, Charlotte Tilbury, and Royal Copenhagen.

The positioning upgrade for the North Building began in the fourth quarter of 2021, and luxury tenants will include watches and jewelry brands Rolex, IWC, Hublot, Panerai, and Messika, followed by high-end designer labels in 2022 to further enhance the fashion offerings for customers. Stores planning expansions and upgrades include luxury brand Burberry, prominent

local designers Dazzle and MO&Co., and the lifestyle sports brands Descente, adidas Original, and The North Face.

Moving into 2022, there is a positive outlook as domestic consumption is expected to grow, coupled with the enhanced positioning of the mall and the continued upgrades in brand mix within the luxury and non-luxury sectors. Additional dining options, luxury kids’ and lifestyle brands, and collaborations with luxury tenants through the HOUSE 66 CRM program will grow a quality membership base and customer loyalty.

Office Tower

Performance of the Grand Gateway 66 Office Tower remained strong, and rental revenue reached a historical peak which can be attributed to the optimized tenant mix within the building. Existing tenants of primary target industries such as high-end manufacturing, professional services, and fast-moving consumer goods (FMCG) experienced growth, and multiple high-quality tenants such as Beiersdorf and Timken were retained. New tenants included Dr. Martens and New Hope Group.



The world-renowned Cirque du Soleil brought an eye-opening circus performance to the Grand Gateway 66’s “Gateway to Inspiration” Party in October

There continued to be strong demand for quality office spaces within Xujiahui, and despite another competitor entering the market, it is expected that the occupancy rate within the tower will remain high during 2022 as existing tenants expand and major lease renewals are achieved.

Residential and Serviced Apartments

The serviced apartments have continued to attract families, executives, and entrepreneurs, with the local client base nearly doubling, compensating for the weakened demand from expatriates in 2021 due to travel restrictions from the pandemic. Rental revenue increased mildly in 2021, with occupancy returned to pre-COVID-19 level and achieving a healthy 91% by the end of 2021.

The strengthening of digital programs has enabled customers to view the compound online, facilitating easier booking decisions in a time of travel restrictions.

The anticipated gradual opening of domestic and international travel, coupled with stable economic momentum and the completion of additional Grade A offices in Xujiahui in 2022, will create ongoing serviced apartment demand at the local and expatriate level. The serviced apartments will focus on upgrading amenities and services to enhance the overall experience of customers in the year ahead while looking to further develop sustainability initiatives.

Palace 66, Shenyang

Palace 66 achieved respectable revenue growth and tenant sales in 2021 amidst a sluggish retail environment affected by the resurgence of COVID-19 in Northern China and tightened social distancing measures. The poor retail sentiment was especially apparent in the second half of 2021.

Despite the challenges, tenants such as Starbucks, Converse and Häagen-Dazs upgraded their store during the year. The mall also welcomed new tenants – Sephora, Lululemon, King Baby, Lanxingzi, and Tony Studio, further enhancing the tenant mix popular with young families.

The data collected during the year from HOUSE 66 gave us an analytical understanding of shoppers' tastes and preferences, allowing for targeted marketing campaigns. "Boom! Summer Pop!", a trendy and social media engaging marketing event produced increase tenants' sales and higher footfall as compared to the same period in 2020. Multiple collaborations were conducted with tenants assisting them in their brand building efforts to improve customer loyalty and traffic. These also benefited the mall with higher exposure across multiple online and offline social mediums.



Interactive events like the colorful pop-up flower market stimulated an increase in footfall at Palace 66



Installations of the trendy icon FARMER BOB brought an energetic vibe to Forum 66

Moving into 2022, the mall will focus on enhancing food and beverage offerings by introducing more varied and in-trend dining options, while working on attracting more premier fashion and accessories brands into the mix.

Forum 66, Shenyang *Shopping Mall*

During 2021, Forum 66 achieved the highest tenant sales since inception with an increase in rental revenue and the year-end occupancy rate despite several COVID-19 resurgences. The growth is attributed to continued international travel restrictions, which led to increased local spending on luxury goods, and the positioning of Forum 66 with luxury marques.

New tenants included Tasaki, Fred, Moncler, Tod's, Burberry, and Balenciaga, most of which were first-time stores in Shenyang and Northern China. There was also an increase in designer labels tenants and a greater mix of well-known fashion brands on level two.

Sensational experiences offered by Forum 66 included the ninth anniversary celebration and Conrad Shenyang's second anniversary party, aptly named "Above the Cloud". A first within mainland China, this large-scale celebration brought together the shopping

mall and hotel, creating a new model of business cooperation that maximized their synergy. Combined with the successful HOUSE 66 CRM program, these efforts deepened customer engagement and loyalty during 2021.

With continued refinement of the mall's trade mix and further enrichment of its luxury content, the 2022 outlook is optimistic with steady growth.

Office Tower

The Forum 66 Office Tower is recognized as a well-established, high-quality landmark office complex within the Grade A office market in Northeast China. During 2021, the office tower retained key tenants and acquired new high-quality tenants to achieve record-high rental revenue and a year-end occupancy rate of 92%, despite the fierce competition and an uncertain economic climate.

There was a mix of international and domestic tenants throughout the year, reinforcing the office tower's leading position with the market. Moving into 2022, there will be a focus on enhancing services in order to attract more multinational corporations and high-quality domestic companies amid the heavy market competition.



A collaborative event with Disney at Parc 66 created online and real-world interactive experiences

Hotel

Despite the market not reaching its potential during the year due to the COVID-19 pandemic, the five-star Conrad Shenyang hotel continued to solidify its position as the leading hotel in the city, achieving the number one ranking revenue per available room according to Smith Travel Research data. There was a healthy split demonstrated between hotel room sales and food and beverage.

It is anticipated that during 2022 the hotel will experience residual travel hesitancy through the first quarter and potentially into the second quarter, while a gradual opening of both domestic and international travel is expected thereafter. As travel returns, there is underlying optimism toward the third and fourth quarters revenues based on pent-up demand.

Parc 66, Jinan

Located in the heart of Jinan's Central Business District with proximity to tourist attractions, Parc 66 is top of mind for mid-to-upmarket brands. Despite being in a recovery stage after the COVID-19 outbreak and footfall impacted by extreme weather, the mall's effective marketing campaigns in 2021 helped stimulate consumer demand with the year-end occupancy rate maintained at a similar level compared to 2020 and tenant sales rising by 20%.

New tenants included first-in-town stores Lululemon, Redline, Venchi, Aquascutum, HEFANG, Trek & Travel, and UDX, while food and beverage anchor M Sky opened on floor L6 with an impressive 4,000-sq.m outdoor seating area, creating a unique alfresco wine and dine experience. The opening of world-class dining outlets such as Japanese restaurant, Hua Sheng and Chinese restaurant, Yue Xiu in 2022 will further enhance the dining experience offered.

The improved tenant mix saw sports flagship stores opening with more contemporary casual wear elements, an enhancement in children's fashion flagships, and food and beverage tenants.

From June 2021, the three-year AEI commenced in phases, which will uplift the mall's positioning and luxury content to achieve long-term competitiveness and profitability. A high-end beauty hub will be introduced in 2022 to capture the market's strong demand for luxury items. HOUSE 66 will continue to strengthen relationships with consumers, and marketing campaigns will draw visitors from nearby cities.

Center 66, Wuxi *Shopping Mall*

An undisputed leader in luxury retail within Wuxi, Center 66's performance was strong, with many shoppers opting to drive to the mall, including from nearby cities during holidays and festive seasons. Tenant sales increased, and rental revenue rose in response to the tenant sales and healthy rental reversions.

The year-end occupancy rate benefitted from the enrichment of tenant mix and retail ambience. 2021 was the first full year with the current key luxury brands on floor L1, while continued efforts were made to improve the tenant mix on other spaces. Tenants included first-in-town stores Breguet, Redline, The Beast Florist, Burberry Beauty, Putien Restaurant, T9 Premium Tea House, and an outdoor Rolls-Royce pop-up store. HOUSE 66, launched in 2019, continued to help Center 66 foster customer loyalty, tenant collaborations, and ultimately greater customer satisfaction.

There is a positive outlook for 2022 with expected growth in tenant sales. In conjunction with organic growth, efforts will be made to continue the fine-tuning of the tenant mix and improving customer experience by promoting entry of strategic brands and improvement of existing tenants.



Center 66 held workshops exclusive for HOUSE 66 members to strengthen relationships with our loyal customers

Office Towers

With a strong mix of tenants in financial and professional services, and TMT, the two office towers at Center 66 are considered a landmark location within Wuxi. Multinational corporations and leading domestic companies accounted for almost 60% of the leased areas. Despite the uncertain economic environment, both office towers reported solid occupancy rates, with Office Tower 1 and Office Tower 2 achieving an occupancy rate of 90% and 85%, respectively, by the end of 2021.

Our first branded and self-operated multifunctional workspace, HANGOUT, continued to receive positive feedback from quality tenants.

Looking ahead, efforts will continue to be made on optimizing the tenant mix and improving the renewal process with key tenants. Collaborations with local government-related bureau and the Chamber of Commerce will be enhanced to attract more companies to Wuxi and bolster the market.

Riverside 66, Tianjin

Recovering from the impacts of the pandemic in 2020, Riverside 66 experienced a pleasant increase in tenant sales, with the year-end occupancy rate rising from 76% in 2020 to 86% in 2021.

The mall continued to uplift its positioning by attracting new brands, with 60 brands signing leases during 2021. These included: Aquascutum, UDX, Daniel Hechter, Trek & Travel, Wei Park, 52TOYS, and Pizza Bianca – some of which are first-in-town brands to Tianjin.

HOUSE 66 memberships grew considerably, and deepening engagement with customers and tenants allowed for targeted marketing campaigns and more differentiated experiences.

During 2022, there will be a focus on improving the tenant mix within the mall to enhance its offerings, especially in premium ladies' fashion and jewelry.



Riverside 66 spread festive joy with live performances during its "Mystical Christmas Forest, Everlasting Winter Warmth" campaign



Olympia 66 hosted a fun fifth-anniversary party with interactive events, special discounts, and a lucky draw involving more than 150 tenants

Olympia 66, Dalian

Despite the challenging landscape, Olympia 66 performed impressively, with tenant sales, occupancy, and rental revenue rising significantly. Daily footfall grew 54% compared with last year, and HOUSE 66 expanded its membership base with high-spending customers.

The Datong Street Underground Passenger Tunnel opened in April 2021, connecting the mall and Metro station on Line 2. The opening of the underground passenger tunnel has boosted access to the mall by linking the Metro with floor B1 of the mall and seamlessly connecting citizens of Dalian with the wealth of shopping and entertainment experiences awaiting them within Olympia 66.

Notable luxury brands joined the tenant mix, with the wave of luxury openings beginning with Italian premium jewelry and accessory brand BVLGARI, which is exclusive to Olympia 66, and continuing with Brunello Cucinelli, another prestigious Italian fashion

brand that opened in May. In June, Armani Group's Emporio Armani migrated from a competing mall, and together with Moncler, opened stores in the luxury zone on floor L1. In December, Louis Vuitton's ladies and men's stores opened. Other top luxury brands that opened stores include CELINE, Tiffany & Co., Chaumet, Fred, Loro Piana, Montblanc, TimeVallée, Burberry, Dior, Fendi, Balenciaga, and Qeelin, all of which achieved strong sales results.

It is expected that 2022 will be a strong year, with a rich line-up of top-tier luxury tenants opening stores. Subsequent to the opening of Gucci's duplex store in January, other brands including Tory Burch, Marc Jacobs, Philipp Plein, Tod's, HOGAN and Rolex will follow suit. There will be a concentrated effort around digital and non-digital marketing and a focus on enhancing customer service to offer a premium shopping experience.



Spring City 66 arranged flash mob shows at its anniversary celebration, bringing an immersive shopping experience to customers

Spring City 66, Kunming

Shopping Mall

Spring City 66's position as Kunming's hub of prime luxury was fortified with international brands establishing their flagship or pop-up stores in the mall, including some first-in-Kunming luxury labels. In 2021, Spring City 66 achieved an increase in rental revenue and tenant sales and was almost fully let by the end of the year.

The second anniversary celebration "Spring into Life" was a success, drawing shoppers and boosting tenant sales to record highs across the two-day event. HOUSE 66 played an important part with strong collaboration between the mall and tenants to attract and retain members.

With the mall already offering comprehensive trade-mix and tenant-mix, the outlook for 2022 is positive. There will be some further tenant-mix refinement within the food and beverage brands and efforts to attract more first-in-town retail stores, so the mall can continue to provide an unrivaled experience.

Office Tower

The Grade A Spring City 66 Office Tower successfully attracted multiple Fortune 500 companies and quality domestic tenants from industries such as insurance, professional services, trading, and TMT, strengthening its position as a landmark location in Kunming. The occupancy rate was 71% as at the end of the year.

Moving into 2022, there will be a focus on attracting tenants from different traditional industries to further improve the tenant mix, while an emphasis will be placed on securing the renewal intentions of existing tenants as early as possible.

Heartland 66, Wuhan

Shopping Mall

Heartland 66 in Wuhan is the tenth mall within our Mainland portfolio and our first large-scale commercial complex in Central China. The mall has performed impressively since opening its doors in March 2021 and continues to offer world-class retail, leisure, and entertainment elements under its “Start Anew” concept.

Flagship and first-in-town stores CELINE and Balenciaga achieved strong sales, while popular restaurants Dong.Fa.Tao and Nashi Xinjiang opened their doors and attracted high footfall. Luxury international fashion and jewelry stores Hermès, Cartier, and Tiffany & Co. will be joining the mall in 2022, joining an impressive assortment of luxury brands already opened in 2021, including Louis Vuitton, Dior, Gucci, among many others.

The mall’s occupancy rate met expectations, while tenant sales and rental revenues exceeded expectations. Footfall had been improving since its opening, as at the end of the reporting period, two million visitors had entered the mall.

HOUSE 66 proved to be a strong tool with customers attracted to the shopping benefits and value-added privileges. Within six months, members’ sales penetration at Heartland 66 had comprised nearly 55% of the total retail sales and highlighted the program’s strategic value within the portfolio.

Looking ahead, the tenant mix within the mall will continue to be refined, with an emphasis on replacing underperforming stores and improving the tenant mix to tailor it more to local consumers’ needs.

Office Tower

The office tower at Heartland 66 opened for occupancy in November 2020 and is a prestigious location in Wuhan. It successfully leads the highly competitive market, achieving high occupancy and premium tenants. Rental revenue is increasing steadily as occupancy rates rise, and most major transactions resulted from letting spaces to new, high-quality multinational and domestic companies.

Major tenants include Fortune 500 and international companies TotalEnergies, Ernst & Young, DHL, Johnson & Johnson, Rider Levett Bucknall, Pernod Ricard, and Ping An Life Insurance, CITI – Prudential Life Insurance, China Railway Trust, China CITIC Bank, Taikang Life Insurance, and Everbright Securities. The tenant mix will be further enhanced as the occupancy rate increases.

During 2022, the market is expected to be more challenging as market supply increases, causing high vacancies and lower rental rates. To strengthen the office tower’s leading position in the market, efforts will be made to improve tenant mix and capturing further opportunities to create greater synergy between the mall and office tower.



Superior in design, tenant mix, service, and experiences, Heartland 66 is a world-class landmark in Wuhan that reflects the city’s pulse and dynamism

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



Wuxi – Hotel

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 office towers. It will include a seven-story tower and three-story heritage building that will be developed into premium accommodation with 106 hotel rooms. Creating a fusion of old and new, complementing and enriching the Center 66 experience, the hotel 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 by phases from 2024 onwards. Featuring over 190 guestrooms and suites, the Mandarin Oriental Hangzhou is currently in its early design phase with an intended opening date in 2025 and is anticipated 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 and offices 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
