

For Immediate Release

Swire Properties' Underlying Profit Increased by 33%

*Robust recovery of retail portfolio and hotel business in Hong Kong and the Chinese Mainland
Recognised as a global sustainability leader, ranked second globally amongst industry peers on
the Dow Jones Sustainability World Index in 2023*

Summary of 2023 Annual Results

- Underlying profit attributable to shareholders increased by HKD2,864 million from HKD8,706 million in 2022 to HKD11,570 million in 2023, primarily reflecting the gain on disposal of nine floors of One Island East in Hong Kong, after its announcement to sell a total of 12 floors to the Securities and Futures Commission.
- Recurring underlying profit increased by HKD109 million from HKD7,176 million in 2022 to HKD7,285 million in 2023, which principally reflected the strong recovery of the Company's retail portfolio and hotels in Hong Kong and the Chinese Mainland.
- Delivered sustainable dividend growth of 5% year-on-year, consistent with the Company's target to deliver mid-single-digit annual dividend growth.
- Excellent progress on HKD100 billion investment plan with almost 60% now committed to drive future profitability growth. Strong balance sheet with a gearing ratio of 12.7%.
- Significant growth in Hong Kong retail business, with a return to pre-pandemic sales levels in some of the malls.
- In the Chinese Mainland, foot traffic has improved significantly and retail sales have exceeded pre-pandemic levels for most of its malls since pandemic-related restrictions were lifted.
- Office portfolio has remained resilient with a high occupancy rate, amidst challenging market conditions affected by economic uncertainty and increased availability in the market.

	Note	2023 HK\$M	2022 HK\$M	Change
Results				
For the year				
Revenue		14,670	13,826	+6%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	11,570	8,706	+33%
Recurring underlying	(a),(b)	7,285	7,176	+2%
Reported		2,637	7,980	-67%
		HK\$	HK\$	
Earnings per share				
Underlying	(c), (d)	1.98	1.49	+33%
Recurring underlying	(c), (d)	1.25	1.23	+2%
Reported	(c), (d)	0.45	1.36	-67%
Dividend per share				
First interim		0.33	0.32	+3%
Second interim		0.72	0.68	+6%
		HK\$	HK\$	
Financial Position				
At 31st December				
Equity attributable to the Company's shareholders per share	(a)	48.73	49.44	-1%
Gearing ratio	(a)	12.7%	6.5%	+6.2%pt.

Notes:

- (a) Refer to glossary on page 65 of the announcement of 2023 Annual Results of Swire Properties Limited (the “Results Announcement”), dated 14 March 2024, for definition.
- (b) A reconciliation between reported profit and underlying profit attributable to the Company’s shareholders is provided on page 11 of the Results Announcement.
- (c) Refer to note 9 to the financial statements of the Results Announcement for the weighted average number of shares.
- (d) The percentage change is the same as the corresponding percentage change in profit attributable to the Company’s shareholders.

14 March 2024, Hong Kong – Swire Properties Limited today announced its annual results for 2023. Underlying profit attributable to shareholders increased by HKD2,864 million from HKD8,706 million in 2022 to HKD11,570 million in 2023, primarily reflecting the gain on disposal of nine floors of One Island East in Hong Kong.

Recurring underlying profit increased by HKD109 million from HKD7,176 million in 2022 to HKD7,285 million in 2023, which principally reflected the strong recovery of the Company’s retail portfolio and hotels in Hong Kong and the Chinese Mainland.

Swire Properties’ retail portfolio in Hong Kong saw a strong rebound, due to an improvement in consumer sentiment and the lifting of all travel restrictions and pandemic-related control measures. The Company’s investment in marketing and loyalty initiatives, together with digitally-advanced campaigns to interact with customers, all contributed to a significant business recovery in 2023. Sales have improved and returned to pre-pandemic levels in most of the malls.

The office sector in Hong Kong remains weak, given increased availability (due to vacancy and new supply), and demand for office space remains subdued, reflecting continued economic uncertainty and the high interest rate environment. However, the Company’s office portfolio has remained resilient with solid occupancy, and leasing activity has picked up since the reopening of the borders, with increased requests for viewings.

In the Chinese Mainland, foot traffic has improved significantly and retail sales have exceeded pre-pandemic levels for most of Swire Properties’ malls since pandemic-related restrictions were lifted. The office portfolio has proven to be resilient despite a weak office market.

A small underlying loss from the Company’s property trading activities in 2023 was recorded as a result of sales and marketing expenses incurred for several residential trading projects. Swire Properties’ hotel business in Hong Kong and the Chinese Mainland recovered strongly following the lifting of travel restrictions and the reopening of the borders.

“We are very pleased with the encouraging results after the challenges of the pandemic, and we are optimistic for the year ahead. We believe the HKSAR Government’s initiatives to promote Hong Kong’s tourism and to boost local consumption, in particular by staging world-class events, will continue to have a positive impact on footfall and sales in our malls in the long run,” said Guy Bradley, Chairman of Swire Properties.

“The Chinese Mainland remains an important engine of global economic growth. We currently operate six world-class developments in four key cities, and five new large-scale projects are now under construction. We intend to double our gross floor area in the Chinese Mainland by 2032.”

Pushing ahead on new projects under HKD100 billion investment plan

Swire Properties has made significant progress with its HKD100 billion investment plan, with almost 60% now committed to new and ongoing projects.

Under the investment plan, HKD30 billion has been allocated to expand and reinforce Taikoo Place and Pacific Place, Swire Properties’ core commercial portfolios in Hong Kong.

The latest phase of Taikoo Place's redevelopment will be completed in the first half of 2024, and will feature an expansive, green open space to promote biodiversity, in addition to climate-controlled elevated walkways, al fresco dining concepts and year-round arts and cultural events. The recently completed triple Grade A office tower, Two Taikoo Place, is now 62% committed. The Company continues to expand Taikoo Place, with its strategic acquisition of the Zung Fu Industrial Building and Wah Ha Factory Building.

In Admiralty, the Company obtained the occupation permit for Six Pacific Place in February 2024 and the tower now has a commitment rate of approximately 40%. To further enhance the excellent connectivity of Pacific Place, the Company is constructing a new footbridge between Pacific Place and Harcourt Garden, which will be completed in early 2025.

Under the HKD50 billion investment plan which was earmarked for the Chinese Mainland, Swire Properties is establishing a presence in two important cities - Xi'an and Sanya. The Company has also significantly expanded its footprint in Shanghai with two new large-scale, mixed-use developments in the city's Pudong New Area, where the Company will be launching its premium residential brand.

Swire Properties is actively exploring new opportunities in the Greater Bay Area, with plans for a new, ultra-luxury hotel in Shenzhen under The House Collective brand. The Company has also signed a Strategic Framework Cooperation Agreement with the Futian District Government to explore new prospects.

In South East Asia, Swire Properties is focused on four key markets, including Jakarta in Indonesia, Ho Chi Minh City in Vietnam, Bangkok in Thailand and Singapore. The Company announced its first investment in the residential market in Bangkok in early 2023, to develop a prime site at one of the city's most prestigious addresses, and recently held a topping out ceremony at Savyavasa, its luxury residential project in Jakarta. In addition to two projects currently under development in Ho Chi Minh City, Vietnam, the Company is exploring new residential opportunities in Singapore.

Leadership in sustainability

Swire Properties is also making great strides on the sustainability front. The Company is recognised as an industry leader, ranking second globally on the Dow Jones Sustainability World Index in 2023. Last year, Swire Properties became the first Hong Kong corporate to issue a public "dim sum" green bond of RMB3.2 billion to fund eligible projects. The proceeds will enable the Company to develop projects with the highest green credentials, and in the long term, pave the way for Swire Properties to pioneer new ground in sustainability.

Over the past year, Swire Properties has piloted the adoption of an internal carbon pricing mechanism. This innovative approach will help to determine the potential impact of carbon emissions from its investments and quantify carbon risks to its operations, allowing the Company to prioritise the allocation of capital to low-carbon investments.

Business prospects

Swire Properties expects that footfall and tenants' sales will continue to improve across its retail portfolio in Hong Kong, despite economic uncertainties and a volatile stock market. The Company anticipates that the sales momentum will continue in 2024. In the wake of the robust recovery across its malls in the Chinese Mainland, Swire Properties expects 2024 to be a year of market stabilisation, and continues to hold a positive outlook in the medium to long term.

The office market in Hong Kong is expected to remain subdued in 2024, on the back of weak demand and increased availability. Increasing competition from Central and Kowloon East will continue to exert downward pressure on rents. Swire Properties' office spaces, which feature industry-leading ESG certifications and excellent

amenity provisions, will continue to benefit from the ‘flight-to-quality’ trend. Assuming improvements in the financial markets, and an increase in economic activity, it is expected that the demand for Grade-A office space, particularly from financial institutions and professional services companies, will recover.

The Hong Kong residential market remains soft amidst economic uncertainties. However, Swire Properties anticipates demand to remain resilient in the medium to long term, due to local demand and limited supply. The Company expects the performance of its hotels in Hong Kong and the Chinese Mainland to continue to improve with more international visitors in 2024.

“We have been pleased to see the gradual return in business and leisure travel, which supports Hong Kong’s status as a major international financial centre and tourism hub. This was a pivotal year for the city’s recovery, and we will continue to partner with the HKSAR Government and all our stakeholders to contribute to Hong Kong’s long-term prosperity,” said Bradley.

“We are focused on realising our HKD100 billion investment plan and on delivering our pipeline of mixed-use and residential projects across our core markets in Hong Kong, the Chinese Mainland and South East Asia. We see long-term potential for these markets, and we plan to explore more new investment opportunities in the future.”

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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, Pacific Place, Cityplaza and Citygate Outlets. The Company’s completed portfolio in Hong Kong comprises approximately 16.5 million sq ft (approximately 1.54 million sqm) of space.

In the Chinese Mainland, Swire Properties has six completed mixed-use developments in Beijing, Shanghai, Guangzhou and Chengdu. They include Taikoo Li Sanlitun and INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai, Taikoo Hui Guangzhou and Taikoo Li Chengdu. INDIGO Phase Two in Beijing, Taikoo Li Xi’an, two new, mixed-use projects in Shanghai and a new retail project in Sanya are currently under development. The Company’s completed portfolio in the Chinese Mainland comprises approximately 14.1 million sq ft (approximately 1.31 million sqm) of space.

In addition to Hong Kong and the Chinese Mainland, the Company has investments in the United States, Indonesia, Vietnam and Thailand.

Visit Swire Properties’ website at www.swireproperties.com

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