

For Immediate Release

Swire Properties Announces 2023 Interim Results

Strong rebound in retail and hotel businesses after reopening of border

Summary of 2023 Interim Results

- Recurring underlying profit increased to HKD3,892 million, mainly reflecting the strong recovery of the Company's retail portfolio and hotels in Hong Kong and the Chinese Mainland.
- Delivered sustainable dividend growth of 3% year-on-year.
- Hong Kong retail portfolio has recovered significantly, with an improvement in consumer sentiment. In the Chinese Mainland, foot traffic has improved and retail sales in many of the malls have exceeded pre-pandemic levels.
- Office portfolio has remained resilient in a challenging market, demonstrating a high occupancy rate. The ongoing redevelopment of Taikoo Place into a Global Business District is nearing completion of the latest phase.
- Hotel business in Hong Kong and the Chinese Mainland recovered strongly after the reopening of the international borders.
- The Company is making good progress with the HKD100 billion investment plan, with approximately 40% committed.
- Two major commercial projects are well underway in Xi'an and Sanya, with continued investment in core portfolios in Hong Kong. The Company is building a strong residential pipeline in Hong Kong and South East Asia.

	Note	Six months ended 30th June		Change
		2023 HKD M	2022 ^(e) HKD M Restated	
Results				
Revenue		7,297	6,910	+6%
Profit attributable to the Company's shareholders				
Underlying	(a), (b)	3,901	4,169	-6%
Recurring underlying	(a), (b)	3,892	3,672	+6%
Reported		2,223	4,348	-49%
		HKD	HKD	
Earnings per share				
Underlying	(c), (d)	0.67	0.71	-6%
Recurring underlying	(c), (d)	0.67	0.63	+6%
Reported	(c), (d)	0.38	0.74	-49%
Dividend per share				
First interim		0.33	0.32	+3%
		30th June	31st December	
		2023	2022	
		HKD	HKD	Change
Financial Position				
Equity attributable to the Company's shareholders per share	(a)	48.79	49.44	-1%
Gearing ratio	(a)	10.2%	6.5%	+3.7%pt.

Notes:

- (a) Refer to glossary on page 74 of the announcement of 2023 Interim Result of Swire Properties Limited (the “Results Announcement”), dated 10 August 2023, 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 11 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.
- (e) Following a change in accounting policy resulting from the agenda decision approved by the IFRS Interpretation Committee on “Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)”, the comparative figures for the six months ended 30th June 2022 have been restated. Refer to note 2 (e) to the financial statements of the Results Announcement for further details.

10 August 2023, Hong Kong – Swire Properties Limited today announced its interim results for 2023. Recurring underlying profit increased by HKD220 million to HKD3,892 million in the first half of 2023, which mainly reflected the strong recovery of its retail portfolio and hotels in Hong Kong and the Chinese Mainland.

Underlying profit attributable to shareholders decreased by HKD268 million to HKD3,901 million in the first half of 2023, primarily due to the delay in sales of car parking spaces at Taikoo Shing residential development in Hong Kong.

The Company saw a strong rebound in its retail business in both Hong Kong and the Chinese Mainland. The Hong Kong retail portfolio has recovered very well, due to the lifting of all travel restrictions and COVID-19 related measures, and an improvement in consumer sentiment. Sales have improved and returned to pre-pandemic levels in some of the Company’s malls in Hong Kong. In the Chinese Mainland, foot traffic has improved significantly and retail sales have exceeded pre-pandemic levels for many of its malls.

In Hong Kong, the office market is soft given increased availability (due to vacancy and new supply) and demand for office space remains subdued, reflecting continued economic uncertainty. Nevertheless, the Company’s office portfolio remained resilient with solid occupancy rates. Leasing activity has picked up since the reopening of the border, with increased requests for viewings. Two Taikoo Place, the latest triple Grade-A tower in Taikoo Place, has been well-received by the market due to its industry leading ESG credentials, with 56% committed.

A small underlying loss from the Company’s property trading activities was recorded in the first half of 2023, as a result of sales and marketing expenses incurred for several residential trading projects.

The Company’s hotel business in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 restrictions and the reopening of the border.

The Board declared a first interim dividend for 2023 of HKD0.33 per share. This represents an increase of 3% from the first interim dividend paid in 2022.

“We are encouraged by the positive market sentiment, particularly with the rebound in our retail malls over the past six months. Whilst challenges still lie ahead, particularly in the Hong Kong office sector, we remain optimistic as our flagship developments in Hong Kong – Taikoo Place and Pacific Place – continue to undergo a remarkable transformation. In the Chinese Mainland, we are moving forward with our expansion plans in tier-one and emerging tier-one cities. Two large-scale investments are now well underway in Xi’an and Sanya, and we remain focused on expanding our presence in the Greater Bay Area,” said Guy Bradley, Chairman of Swire Properties.

Pushing Ahead on HKD100 Billion Investment Plan

Swire Properties has made good progress with its HKD100 billion investment plan, which was first announced in March 2022. The Company is focused on building out its pipeline of new projects across its core markets of Hong Kong, the Chinese Mainland and South East Asia, with approximately 40% of the plan now committed to new investments.

The Company has allocated HKD30 billion of the plan to Hong Kong, to continue building out its flagship portfolios - Taikoo Place and Pacific Place. Taikoo Place has evolved into a Global Business District, and is nearing the latest phase of its redevelopment. Taikoo Garden is open, and new features will be launched in the near future, including the remaining 70,000 square feet of green open space, as well as connecting walkways and new outdoor dining amenities, all activated by a range of community engagement initiatives.

The Company's ownership of the Zung Fu Industrial Building and the Wah Ha Factory Building, as well as a site on Tong Chong Street, will form part of the overall masterplan for the district.

Six Pacific Place is targeted to be completed by the end of this year. Five Pacific Place sits adjacent to the new tower, and has been upgraded to create a shared visual identity with Six Pacific Place, alongside shared amenities, including a sky garden, carpark spaces and F&B offerings. Together, these buildings will strengthen the Pacific Place office brand and add diversity as the Company expands the portfolio further eastwards.

Swire Properties has allocated HKD50 billion to expanding its presence in the Chinese Mainland, with the goal of doubling its gross floor area in the region by 2032.

The Company is making good progress with its strategic investments in Xi'an and Sanya. Taikoo Li Xi'an is a large-scale, retail-led project situated between the ancient Chang'an district and modern Xi'an city centre, and enjoys a prime location within the Small Wild Goose Pagoda historical and cultural zone - a UNESCO World Heritage site. The upcoming retail project in Sanya, Hainan Province marks the Company's first-ever resort-style retail project. In February, the Company obtained 100% ownership of Sino-Ocean Taikoo Li Chengdu after it completed the acquisition of the remaining interest in the project.

Leveraging the success of Taikoo Hui in Guangzhou, Swire Properties is exploring further investments in the Greater Bay Area, including major potential investments in Julong Wan, Liwan District in Guangzhou and Futian District in Shenzhen, as well as Pudong District in Shanghai. The Company has also announced a new hotel under The House Collective brand in the Nanshan district of Shenzhen.

With HKD20 billion allocated to its trading portfolio (including in South East Asia), the Company is making headway with an ambitious pipeline of six projects under development in Hong Kong and South East Asia. Sales at EIGHT STAR STREET in Hong Kong continued to perform well, complementing the Company's wider Pacific Place portfolio. The joint venture project in Wong Chuk Hang - "LA MONTAGNE" - has been launched for sale. There is more in the pipeline for Hong Kong, including a joint venture project in Chai Wan which is under construction, and a new residential development at 269 Queen's Road East.

In South East Asia, Swire Properties will continue to focus on four key markets - Ho Chi Minh City, Jakarta, Singapore and Bangkok. Earlier this year, the Company announced its first investment in Bangkok, with a new luxury residential development in the city's central business district.

Business Prospects

On the retail side, Swire Properties anticipates that footfall and sales will continue to improve for the rest of 2023. The Company will continue to strengthen its tenant mix, upgrade amenities and improve its loyalty programmes, as well as curate experiences which reflect new trends, with a keen focus on wellness, sustainability, the arts and experiential retail.

The office sector in Hong Kong is expected to remain weak for the balance of 2023, with increased vacancy rates, new supply, and an uncertain macro-economic outlook. Swire Properties will continue to focus its efforts on Taikoo Place and Pacific Place where the fundamentals remain strong, thanks to the Company's investment in

digital transformation, solid ESG credentials and excellent amenity provisions which appeal to a diverse tenant base.

The Chinese Mainland remains a core market for Swire Properties' future growth, and the Company is optimistic about the future, especially given the strong demand from major international brands to expand their presence in the region. The Company's Taikoo Li and Taikoo Hui brands remain best-in-class, and it will continue to focus on collaborating with partners to curate innovative retail experiences in its malls.

"Looking ahead to the next six months, we expect to see continued recovery trends. The reopening of Hong Kong and the border with the Chinese Mainland has marked a significant turning point in the region's post-pandemic recovery, and we are determined to play our part in helping to raise Hong Kong's profile and competitiveness as a global financial centre and travel and tourism destination," said Mr Bradley.

###

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, Citygate Outlets. The Company's completed portfolio in Hong Kong comprises approximately 16.6 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 Sino-Ocean Taikoo Li Chengdu. INDIGO II in Beijing, Taikoo Li Xi'an and a new retail-led 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

For media enquiries, please contact:

Swire Properties Limited

Janice Lam

Senior Manager, Public Affairs

Tel: (852) 2844 3060 / (852) 6389 1229

Email: JaniceLam@swireproperties.com

Gary Chau

Assistant Public Affairs Manager

Tel: (852) 2844 3921 / (852) 6537 1216

Email: GaryChau@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.