

For Immediate Release

Swire Properties Delivers Solid Financial Results in 2021

Unveils Plans to Invest HK\$100 Billion to Drive Future Growth in Hong Kong, Chinese Mainland and South East Asia over the Next Ten Years

Summary of 2021 Final Results

- Modest increase in recurring underlying profit reflecting strong rental contribution in the Chinese Mainland, and reduced losses from hotel business.
- Strong fundamentals, delivering sustainable dividend growth of 4.4% year-on-year.
- Resilient business, with Hong Kong office portfolio achieving high occupancies.
- Robust Chinese Mainland retail portfolio with 29% year-on-year increase in attributable gross rental income.
- Recovery in Hotels and Hong Kong retail portfolio, with high occupancy and rebound in retail sales in our malls.
- Capital recycling strategy in recent years putting us in a strong position to deliver HK\$100 billion investment target over the next ten years.

	Note	2021 HK\$M	2020 HK\$M	Change
Results				
For the year				
Revenue		15,891	13,308	+19%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	9,541	12,679	-25%
Recurring underlying	(b)	7,152	7,089	+1%
Reported		7,121	4,096	+74%
		HK\$	HK\$	
Earnings per share				
Underlying	(c), (d)	1.63	2.17	-25%
Recurring underlying	(c), (d)	1.22	1.21	+1%
Reported	(c), (d)	1.22	0.70	+74%
Dividend per share				
First interim		0.31	0.30	+3%
Second interim		0.64	0.61	+5%
		HK\$	HK\$	
Financial Position				
At 31st December				
Equity attributable to the Company's shareholders per share	(a)	49.94	49.36	+1%
Gearing ratio	(a)	3.5%	2.3%	+1.2%pt.

Notes:

- Refer to the glossary on page 61 of the announcement of 2021 Final Results of Swire Properties Limited (the "Results Announcement"), dated 10 March 2022, for definition.
- A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 9 of the Results Announcement.
- Refer to note 9 in the financial statements of the Results Announcement for the weighted average number of shares.
- The percentage change is the same as the corresponding percentage change in profit attributable to the Company's shareholders.

10 March 2022, Hong Kong – Swire Properties Limited today announced its final results for 2021. The Company’s recurring underlying profit for the year was HK\$7,152 million, compared with HK\$7,089 million in 2020, reflecting our strong retail performance in the Chinese Mainland, and reduced losses from our hotel business. Underlying profit attributable to shareholders reduced to HK\$9,541 million in 2021 from HK\$12,679 million in 2020, due primarily to the reduction in profit from the sale of non-core assets in Hong Kong.

In Hong Kong, Swire Properties’ office portfolio delivered solid returns in 2021, maintaining high occupancy rates, despite new supply and increasing competition.

Hong Kong’s retail market recovered partially in 2021, but not to pre-COVID-19 levels. It benefited from the HKSAR Government’s consumption voucher scheme, whilst COVID-19 was generally contained in the second half of 2021. However, the amortisation of rental concessions granted in 2020 adversely affected rental income.

Rental income at our malls in the Chinese Mainland increased significantly in 2021 with high footfall and strong growth in retail sales, particularly of luxury goods. The Company recorded an impressive 29% year-on-year increase in attributable gross rental income generated by its Chinese Mainland malls in 2021.

In Hong Kong, we have been building up a strong pipeline of residential projects. In Hong Kong, 28 out of 37 units were pre-sold in the EIGHT STAR STREET development. All 20 apartments at EDEN in Singapore have been sold, as have all the remaining units at Reach and Rise in Miami. Results from the Company’s hotel business also improved in 2021, due to better performances in the Chinese Mainland and the U.S.A. In the U.S.A, retail sales and rental income grew strongly, driven by strong domestic demand.

The board declared a second interim dividend for 2021 of HK\$0.64 per share. This, together with the first interim dividend of HK\$0.31 per share paid in October 2021, amounts to full year dividends of HK\$0.95 per share, representing a 4.4% increase over the dividends for 2020.

“2021 was a year during which we have strengthened our commercial and residential portfolios, reinforced our core assets and paved the way for new growth opportunities,” said Mr Guy Bradley, Chairman of Swire Properties. “As Swire Properties celebrates its 50th anniversary this year, we look forward to the next exciting chapter.”

HK\$100 Billion Investment to Drive Future Growth

Swire Properties is pleased to unveil a HK\$100 billion investment plan over the next ten years to build an exciting development pipeline in Hong Kong, the Chinese Mainland and South East Asia.

The Company is keen to play its part in reinforcing Hong Kong’s status as a global financial hub, and its important role in the development of the Greater Bay Area. To that end, it is intended that one third of the investment will be here in Hong Kong, with a focus on expanding and reinforcing the Company’s core Taikoo Place and Pacific Place investment portfolios.

To capitalise on the success of “Taikoo Li” and “Taikoo Hui” brands, approximately half of the planned investment will be in the Chinese Mainland, with a focus on retail-led mixed-use developments in Tier 1 cities and emerging Tier 1 cities. The Company’s attributable gross floor area in the Chinese Mainland is expected to double over the next decade.

Swire Properties is also actively exploring residential trading opportunities across core markets in Hong Kong, the Chinese Mainland and South East Asia, leveraging its premium residential brand. Capital will also be reserved for strategic investment in new trading development opportunities.

With the benefit of the planned investments, the Company aims to deliver mid-single digit annual growth in dividends.

“Our capital recycling strategy over the past few years has put us in a strong financial position to support our future growth and to continue with our successful placemaking strategy in our core markets of Hong Kong and the Chinese Mainland. We will continue to develop our commercial and residential businesses, realise our development pipeline, lead in sustainable development, and accelerate our digital transformation strategy,” said Mr Bradley.

Business Prospects

In Hong Kong, our office portfolio demonstrated resilience in a weak market. Increasing competition from Central and Kowloon East is putting downward pressure on rents. However, the prospect of the reopening of the border with the Chinese Mainland and strength in the financial markets should increase the take-up of Grade-A space, particularly by banks and financial services companies. Swire Properties’ office portfolio remains well placed, with high occupancy and stable demand from a wide range of tenants.

Two Taikoo Place, the Company’s new Grade-A office tower, will be launched in 2022, and the pre-leasing is progressing well. The Swiss private bank Julius Baer has been secured as an anchor tenant, which highlights market confidence in Taikoo Place. In Admiralty, the Company is making good headway on our new Grade-A office building opposite Three Pacific Place.

The fifth wave of the pandemic in Hong Kong continues to deal a heavy blow to the retail sector. Hong Kong’s retail market is also vulnerable to restrictions imposed in response to COVID-19. Despite these challenges, the Company will continue to strengthen its efforts to drive footfall and spending at its malls, to prepare for the market’s eventual recovery upon the reopening of the border with the Chinese Mainland.

The Company’s investments in the Chinese Mainland have yielded solid returns, with its five malls in full operation delivering strong results in 2021. Notwithstanding the prospect of the reopening of the border with Hong Kong, the Company expects to continue seeing strong demand for retail space in the cities in which it operates in the Chinese Mainland, and anticipates a steady growth in tenants’ sales for the year ahead.

On 4 March 2022, we announced our collaboration with Xi’an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi’an, a retail-led mixed-use development, located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi’an. This will be the Company’s seventh development in the Chinese Mainland.

In Shanghai, Swire Properties is currently regenerating the Zhangyuan shikumen compound, located between Taikoo Hui and Nanjing West Road, to create a new hub of cultural innovation. Phase one is expected to launch in the summer.

In Beijing, the Company has entered into a framework agreement in relation to the transformation of a public transport maintenance facility in Sanlitun into a commercial centre. The Company is also working hard on INDIGO Phase Two, an extension of its successful INDIGO mixed-use development. The Company is also exploring several opportunities in the Greater Bay Area, including a potential retail development in the Julong Wan of Guangzhou.

In Hong Kong, the Company has been building up a strong pipeline of residential projects, and expects demand to remain resilient in the medium to long term. Its joint venture project in Wong Chuk Hang is progressing well. The Company has also accepted the land exchange offer for its residential development in Chai Wan. In Jakarta, Indonesia and Ho Chi Minh City, Vietnam, urbanisation, a growing middle class and a limited supply of luxury

residential properties are expected to support stable residential property markets. Savyavasa, the Company's luxury residential project in Jakarta, and its minority investments in Empire City and The River in Vietnam are progressing well.

The outlook for the Company's hotels in Hong Kong remains challenging because of COVID-19 and the associated travel restrictions. The Company's Chinese Mainland hotels are expected to continue to recover, thanks to strong domestic travel demand. Its hotel business in Miami is recovering well.

COVID-19 Response

To help the Hong Kong community as well as its tenants to ride out the fifth wave of COVID-19, Swire Properties announced in February 2022 that it will provide a full rental waiver up till 20 April 2022 for tenants under scheduled premises who have had to close due to the HKSAR Government's pandemic measures. The Company is also offering rental relief to food and beverages and retail tenants on a case-by-case basis.

Novotel Citygate Hotel is participating in the Community Isolation Facility Hotel Scheme, and began operating as an isolation facility for people who test positive for COVID-19 but have no or mild symptoms, starting from 1st March this year. EAST Hong Kong has been operating as a quarantine hotel since 1st February this year. The Company is also in discussions with the HKSAR Government regarding the provision of spaces to be used as vaccination and/or testing centres.

In addition, Swire Properties is also offering a total of 27,000 free rapid test kits to children who are in special residential childcare services, as well as the elderly and people with physical disabilities, which will be distributed by its non-governmental organisation partners.

In 2021, Swire Properties launched HK\$8 million in shopping incentives to help boost the vaccination take-up rate in Hong Kong.

"The ongoing threat of the COVID-19 pandemic means that we will continue to face uncertainties; it is in times like these that we need to remain steadfast in our commitment to our home city of Hong Kong. I am proud that we have become stronger in the face of adversity, and that our business is well-positioned for medium and long-term growth, supported by our active asset management and transformative placemaking strategy in our markets." said Mr Bradley. "I would like to thank our shareholders, partners, staff and the wider community for their support over the past five decades. I speak for all of us at Swire Properties when I say that we are excited about the future and we look forward to seeing what the next 50 years will bring."

(End)

About Swire Properties

Swire Properties develops and manages commercial, retail, hotel and residential properties, with a particular focus on mixed-use developments in prime locations at major mass transportation intersections. Swire Properties is listed on the Main Board of the Stock Exchange of Hong Kong and its investment portfolio in Hong Kong comprises Taikoo Place, Cityplaza, Pacific Place and Citygate. The Company's completed portfolio in Hong Kong comprises approximately 15.8 million sq ft (approximately 1.5 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 Phase Two in Beijing and Taikoo Li Xi'an are currently under development. The Company's completed portfolio in the Chinese Mainland comprises approximately 14 million sq ft (approximately 1.3 million sqm) of space.

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

Visit Swire Properties' website at www.swireproperties.com

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