

For Immediate Release

Swire Properties Delivers Solid Results in First Half of 2021

Strong fundamentals, combined with a balanced portfolio and strategic capital management fuelling Company's future growth

Summary of 2021 Interim Results

- Increase in attributable underlying profit to HK\$4,513 million, driven by the sale of car parking spaces at Taikoo Shing in Hong Kong.
- Strong fundamentals delivering sustainable dividend growth of 3% year-on-year.
- Resilient Hong Kong office portfolio with high occupancies and stable rents.
- Robust Chinese Mainland retail portfolio with 38% year-on-year increase in attributable gross rental income.
- Gradual recovery in Hong Kong retail portfolio with high occupancy and an increase in retail sales.
- Strong balance sheet to scale up our investments in Hong Kong and the Chinese Mainland.

	Note	Six months ended 30th June		Change
		2021 HK\$M	2020 HK\$M	
Results				
Revenue		9,068	6,551	+38%
Profit attributable to the Company's shareholders				
Underlying	(a), (b)	4,513	3,753	+20%
Recurring underlying	(b)	3,716	3,702	0%
Reported		1,984	1,029	+93%
		HK\$	HK\$	
Earnings per share				
Underlying	(c), (d)	0.77	0.64	+20%
Recurring underlying	(c), (d)	0.64	0.63	0%
Reported	(c), (d)	0.34	0.18	+93%
Dividend per share				
First interim		0.31	0.30	+3%
		30th June	31st December	
		2021	2020	
		HK\$	HK\$	Change
Financial Position				
Equity attributable to the Company's shareholders per share	(a)	49.21	49.36	0%
Gearing ratio	(a)	3.1%	2.3%	+0.8%pt.

Notes:

- Refer to the glossary on page 66 of the announcement of 2021 Interim Results of Swire Properties Limited (the "Results Announcement"), dated 12 August 2021, 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 11 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.

12 August 2021, Hong Kong – Swire Properties Limited today announced its interim results for 2021. The Company recorded an increase in attributable underlying profit from HK\$3,753 million to HK\$4,513 million in the first half of 2021, which principally reflected the sale of car parking spaces in Hong Kong earlier in the year.

Recurring underlying profit was HK\$3,716 million in the first half of 2021, compared with HK\$3,702 million in the first half of 2020. This primarily reflected higher retail rental income resulting from strong retail sales in the Chinese Mainland and reduced losses in the Company's hotel business, largely offset by lower retail rental income in Hong Kong and the loss of rental income from the Cityplaza One office tower.

In Hong Kong, Swire Properties' office portfolio remained resilient, despite the weak market, with high occupancies and stable rents. The Company saw some recovery in retail sales in Hong Kong, reflecting greater local consumption. However, the overall market remains challenging.

Swire Properties' Chinese Mainland malls delivered excellent results, with a strong growth in retail sales, robust occupancy and high footfall, reflecting strong local demand. The Company recorded an impressive 38% year-on-year increase in attributable gross rental income generated by its Chinese Mainland malls in the first half of the year.

Despite COVID-19, Swire Properties achieved strong residential sales in the first half of the year. In Hong Kong, 26 out of 37 units were sold in the EIGHT STAR STREET development. All units in the EDEN development in Singapore have been sold, as have most of the remaining units at Reach and Rise in Miami. Results from the Company's Swire Hotels arm also improved in the first half of 2021, due to better performances in the Chinese Mainland and the U.S.A. In the U.S.A., retail sales are recovering strongly from the adverse effects of COVID-19.

The Board declared a first interim dividend of HK\$0.31 per share, representing a 3% increase from the first interim dividend paid in 2020.

"Our fundamentals remain strong and our business continues on a sound financial footing. Our successful placemaking strategy continues to underpin everything we do. We are sharply focused on growing our portfolio, and the initiatives taken over the past few years have paved the way for future growth. We remain deeply committed to the Hong Kong and Chinese Mainland markets while looking for new opportunities that fit with our business strategy," said Mr Merlin Swire, Chairman of Swire Properties.

Strategic Capital Management Driving Future Growth

Swire Properties continued its strategy of disposing of non-core assets to put itself in a strong position to take advantage of future opportunities. Over the past four years the Company has, in total, disposed of non-core assets amounting to HK\$38 billion, which has been or will be recycled into investments and continue to drive the Company's ongoing growth in Hong Kong and the Chinese Mainland.

In Hong Kong, the Company is exploring opportunities for continued expansion within its two core portfolios, Taikoo Place and Pacific Place. A strong residential pipeline has also been built up in Hong Kong, including the ongoing pre-sale of units at EIGHT STAR STREET, and new developments in Chai Wan and Wong Chuk Hang. The Company is also moving into new markets in South East Asia, with interests in developments in Indonesia and Vietnam.

In the Chinese Mainland, Swire Properties has built up a pipeline of new investments, including a joint venture partnership to transform the historic Zhangyuan *shikumen* compound, located close to its HKRI Taikoo Hui development in Jing'an district, into a cultural and commercial landmark. The Company also announced a co-operation agreement with the Beijing Chaoyang District Government and the Beijing Public Transport Corporation to transform a maintenance site, which sits to the north of Taikoo Li Sanlitun, into a cultural and commercial destination.

The Company is also set to open the Taikoo Li Qiantan retail development in Shanghai later this year. Located in the city's growing Qiantan business district, the development will have a focus on wellness and sustainability. In Beijing, the Taikoo Li Sanlitun West extension is expected to open later this year, and the Company has begun work on INDIGO Phase Two.

"As we look ahead, we are in a strong position to invest in more retail-led mixed-use projects in the Chinese Mainland over the coming years, and to continue building on the success of our Taikoo Li and Taikoo Hui brands," added Mr Swire.

Business Prospects

In the office sector, office leasing momentum in Hong Kong is expected to pick up gradually. Swire Properties' investment in creating a global business district at Taikoo Place is drawing increasing interest from major corporations as a vibrant and sustainable office community. Two Taikoo Place, set to complete next year, has confirmed a leading financial corporation as its anchor tenant.

Swire Properties remains optimistic about the retail market in the Chinese Mainland and expects the rebound from COVID-19 to continue in the second half of 2021. The Company expects strong demand from retailers of luxury brands in Guangzhou and Chengdu, and steady growth in demand for retail space in Shanghai. In Beijing, retail sales and demand for retail space are expected to recover steadily in the second half of 2021.

The outlook for the retail market in Hong Kong is mixed. However, further relaxation of COVID-19 restrictions should help to boost the gradual recovery of retail sales. To help the Hong Kong community move forward, Swire Properties has given its full support to the Hong Kong government's vaccination efforts, announcing HK\$8 million in incentives to help boost the vaccination take-up rate, as well as offering up to HK\$4.7 million in rewards to consumers who use their government's consumption vouchers in Swire Properties' malls.

Sentiment in the Hong Kong residential market is improving. The Company expects demand to remain resilient in the medium to long term, and will continue to explore new opportunities in the luxury residential markets in South East Asia.

The outlook for Swire Properties' hotels in Hong Kong is still challenging, and recovery depends on the reopening of borders and the pace of COVID-19 vaccinations. Strong demand for domestic travel will help the Company's hotel businesses in the Chinese Mainland and the U.S.A.

"This is my last results announcement as Chairman. Swire Properties has been a key part of the Swire Group, which is celebrating 150 years in Hong Kong. The Company will continue to play an important role in the group and the Hong Kong community. From a personal perspective, I thank our shareholders, employees, tenants, business partners and the broader community for your support as I pass on the chairmanship to Guy Bradley. Guy has been with the Swire group for more than three decades and has served the Company for the past 15 years. He will undoubtedly be able to lead the team and the business of Swire Properties to new heights," said Mr Swire.

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

In the Chinese Mainland, Swire Properties has completed six retail-led, mixed-use developments in Beijing, Guangzhou, Chengdu and Shanghai, including Taikoo Li Qiantan, the retail project in Shanghai which is due to open in September 2021. The Company's completed portfolio in the Chinese Mainland amounts to approximately 1.3 million sqm.

Visit Swire Properties' website at www.swireproperties.com.

For media enquiries, please contact:

Swire Properties Limited

Diamond Cheng
Public Affairs Manager
Tel: (852) 2844 3948 / (852) 9302 7867
Email: DiamondCheng@wireproperties.com

Matthew Chick
Senior Public Affairs Officer
Tel: (852) 2844 3036 / (852) 9385 3814
Email: MatthewChick@swireproperties.com

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