

For Immediate Release

Swire Properties Announces 2022 Final Results

Resilient performance despite challenging market conditions

Close to 40% of HKD100 billion investment plan committed to fuel future growth

Summary of 2022 Final Results

- Modest decrease in recurring underlying profit from property investment, due primarily to lower office rental income from Hong Kong and lower retail rental income from the Chinese Mainland.
- Delivered sustainable dividend growth of 5% year-on-year.
- Office portfolio in Hong Kong remains resilient in a weak market, due to a well-managed profile and solid occupancy rates.
- Despite a challenging start in 2022, footfall and tenants' sales in Hong Kong's retail business picked up from the second quarter of 2022 onwards, following the gradual relaxation of restrictions and the introduction of the HKSAR Government's consumption voucher scheme.
- Retail sales in the Chinese Mainland started strongly in 2022 but were later affected by the pandemic and related control measures.
- Embarked on new projects in Hong Kong, the Chinese Mainland and South East Asia, with 39% of the HKD100 billion investment plan committed. Swire Properties announced two significant new projects in Xi'an and Sanya in the Chinese Mainland.

	Note	2022 HK\$M	2021 (e) HK\$M Restated	Change
Results				
For the year				
Revenue		13,826	16,318	-15%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	8,706	9,532	-9%
Recurring underlying	(b)	7,176	7,143	0%
Reported		7,980	7,112	+12%
		HK\$	HK\$	
Earnings per share				
Underlying	(c), (d)	1.49	1.63	-9%
Recurring underlying	(c), (d)	1.23	1.22	0%
Reported	(c), (d)	1.36	1.22	+12%
Dividend per share				
First interim		0.32	0.31	+3%
Second interim		0.68	0.64	+6%
		HK\$	HK\$	
Financial Position				
At 31st December				
Equity attributable to the Company's shareholders per share	(a)	49.44	49.85	-1%
Gearing ratio	(a)	6.5%	3.5%	+3%pt.

Notes:

- (a) Refer to glossary on page 70 of the announcement of 2022 Final Result of Swire Properties Limited (the “Results Announcement”), dated 9 March 2023, for definition.
- (b) A reconciliation between reported profit and underlying profit attributable to the Company’s shareholders is provided on page 12 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.
- (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 2021 comparative figures have been restated. Refer to note 20(b) to the financial statements of the Results Announcement for further details.

9 March 2023, Hong Kong – Swire Properties Limited today announced its final results for 2022. The Company’s reported profit attributable to shareholders in 2022 was HKD7,980 million, compared with HKD7,112 million in 2021. Underlying profit attributable to shareholders decreased by HKD826 million from HKD9,532 million in 2021 to HKD8,706 million in 2022, primarily due to the reduction in profit from the sale of car parking spaces at our Taikoo Shing residential development in Hong Kong. The Company’s recurring underlying profit for the year was HKD7,176 million, compared with HKD7,143 million in 2021.

Our recurring underlying profit from property investment decreased in 2022, due primarily to lower office rental income from Hong Kong and lower retail rental income from the Chinese Mainland.

In Hong Kong, the office market was weak due to new supply and economic uncertainty. However, Swire Properties’ office portfolio remained resilient with solid occupancy rates.

The retail market in Hong Kong experienced severe disruption in the early part of the year, due to the fifth COVID-19 wave, related social distancing measures and mandatory closures. Despite this challenging start, Swire Properties saw a gradual recovery in footfall and tenants’ sales from the second quarter of 2022 onwards, following the gradual relaxation of restrictions and the introduction of the HKSAR Government’s consumption voucher scheme. Rental concessions were given to tenants for specific periods on a case-by-case basis. The Company’s malls remained almost fully let throughout the year.

Retail sales in the Chinese Mainland started strongly in 2022, with a full year contribution from the new Taikoo Li Sanlitun West and Taikoo Li Qiantan developments. From the second quarter, Swire Properties’ six shopping malls were affected to varying degrees by the pandemic and ensuing city-wide closures, particularly in Shanghai and Beijing. The Company’s office portfolio in the Chinese Mainland proved resilient, despite COVID-19 related controls in respective cities.

Underlying profit from property trading in 2022 reflected the completion of sales of 27 units at EIGHT STAR STREET in Hong Kong and the share of profits from sales at The River project in Ho Chi Minh City, Vietnam. The Company’s hotel business in Hong Kong and the Chinese Mainland was adversely affected by COVID-19 and its associated travel restrictions.

The board declared a second interim dividend for 2022 of HKD0.68 per share. This, together with the first interim dividend of HKD0.32 per share paid in October 2022, amounts to a full year dividend of HKD1.00 per share, representing a 5% increase over the dividends for 2021.

“In 2022, we continued to face operational challenges due to the pandemic, in particular during the first half of the year. However, our financial strength and our commitment to operational excellence ensured that we delivered a good performance across our business,” said Mr Guy Bradley, Chairman of Swire Properties.

“The full reopening of the border with the Chinese Mainland and the relaxation of pandemic control measures is a welcome development. Hong Kong is our home, and we are determined to contribute to Hong Kong’s

recovery, and to further reinforce the city's unique position as a global financial centre and a super-connector to the Greater Bay Area."

Close to 40% of HKD100 Billion Investment Plan Committed

Following the announcement of the HKD100 billion investment plan, Swire Properties has made tremendous progress implementing the plan, with 39% now committed to new and ongoing investments in Hong Kong and across its core markets in the Chinese Mainland and South East Asia.

Under the plan, HKD30 billion has been allocated to the portfolios in Hong Kong to further expand Taikoo Place and Pacific Place. The Company has earmarked HKD50 billion to double its gross floor area in the Chinese Mainland over the next decade, under its recognised Taikoo Li and Taikoo Hui brands.

Despite the challenges of the pandemic, Swire Properties announced several significant new projects in the Chinese Mainland in 2022, which testifies to its strong confidence in the Chinese market over the long term.

In March 2022, the Company announced a partnership with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd to develop Taikoo Li Xi'an. This mixed-use development is located at the Small Wild Goose Pagoda historical and cultural zone in Beilin district and will mark the Company's seventh development and its fourth Taikoo Li in the Chinese Mainland. In October 2022, another retail development project in Sanya was announced, which is the Company's first project situated in a tropical locale within the region.

Swire Properties remains focused on expanding its presence in the Greater Bay Area. This includes continuing to explore opportunities to develop a commercial landmark in the Julong Wan Area, set within a location on the riverfront in Liwan district, Guangzhou. The Company also signed a Strategic Framework Cooperation Agreement with the Futian district government in July 2022 to indicate its intention to develop a retail-led commercial project in Futian, which has highly attractive prospects as the core business area of Shenzhen.

In 2022, Swire Properties announced a new luxury hotel under The House Collective brand, which will be centrally located in the Nanshan district of Shenzhen. This new hotel venture followed the Company's announcement in July of a new "House" hotel in Shibuya, Tokyo. Together, these hotel projects form part of the overall development plan for Swire Properties' hotel business, to ramp up the expansion of The House Collective and EAST Hotel brands across Asia Pacific, adopting a management agreement model.

In December 2022, Swire Properties announced the acquisition of the remaining 50% interest of Sino-Ocean Taikoo Li Chengdu from our joint venture partner Sino-Ocean group. All three phases of the acquisition were completed by February 2023.

In Hong Kong, Swire Properties' newest office tower, Two Taikoo Place, obtained its occupation permit in September 2022. There has been good progress with the leasing campaign despite market conditions, with a pre-leasing commitment of over 56%, demonstrating the resilience of the Company's office portfolio. Following the launch of Two Taikoo Place, the current phase of the Taikoo Place redevelopment is nearing completion.

As part of its masterplan for Taikoo Place, Swire Properties obtained full ownership of the Zung Fu Industrial Building in March 2022. Subject to Swire Properties having successfully bid in the compulsory sale of the adjacent Wah Ha Factory Building, it is intended to redevelop the two sites for office and commercial use, which will grow the Company's presence in the district with an additional 779,000 square feet of gross floor area. In addition, Swire Properties submitted a compulsory sale application for a site on Tong Chong Street in June 2022. Subject to a successful bid, the development would form part of the Company's long-term expansion plans for Taikoo Place.

At Pacific Place, Swire Properties is making significant progress in the eastward expansion of the office portfolio. In December 2022, it announced that the new office tower at 46-56 Queen’s Road East has officially been named “Six Pacific Place”. The office building 28 Hennessy Road, which lies adjacent to Six Pacific Place, will be renamed as “Five Pacific Place”, strengthening its flagship brand as a premium office address.

Swire Properties has allocated HKD20 billion of the investment plan to residential trading, with an aim to expand in its core market of Hong Kong and to explore new markets in the Chinese Mainland and South East Asia.

In 2022 the Company won the land tender for 269 Queen’s Road East, which will further strengthen and diversify its greater Pacific Place portfolio. In addition, the launch of EIGHT STAR STREET received keen market attention and has enjoyed a strong sales performance to date. In the Chinese Mainland, the Company plans to develop a boutique residential project in our upcoming Taikoo Li Xi’an development.

Swire Properties remains opportunistic regarding expansion opportunities in South East Asia, with the aim of building its presence in four core cities – Singapore, Bangkok, Jakarta and Ho Chi Minh City. Steady progress has been made, with two projects in Ho Chi Minh City, and a luxury residential project launched for sale in Jakarta. In February 2023, the Company announced its first investment in Bangkok, through the acquisition of a 40% interest in a rare freehold plot in the city’s core central business district.

Business Prospects

The office market in Hong Kong is expected to remain weak in 2023, reflecting increased vacancy rates, new supply and global economic uncertainty. It is anticipated that competition from Central and Kowloon East will exert downward pressure on rents. However, Swire Properties’ office portfolio remains resilient in a weak market, due to a well-managed profile and solid occupancy rates. Taikoo Place in particular is benefiting from the flight-to-quality, with prospective tenants placing a higher value on sustainability and wellness.

The relaxation in Hong Kong’s travel policy will provide a welcome boost to Hong Kong’s retail sector in due course. Despite a difficult 2022, Swire Properties anticipates that footfall and retail sales will gradually improve across its Hong Kong malls in 2023. In the meantime, the Company will strengthen and refine the trade mix and upgrade the amenities in the malls. The Company will also continue to invest heavily in its loyalty programmes to engage its growing membership base.

The Chinese Mainland is now a major contributor to the Company’s revenue growth. The reopening of the border will have a positive impact on the Company’s business, which is expected to see moderate to strong demand from retailers.

“Under our HKD100 billion investment and strategic plan, we are well-positioned to pursue new opportunities to grow our business over the next decade. The reopening of Hong Kong and the Chinese Mainland signals the beginning of a new post-pandemic era for our business, and we remain optimistic for a recovery across our key markets, and are ready to capture new opportunities as they arise,” said Mr Bradley.

“Our 50th anniversary was a great opportunity to celebrate our achievements. As we close the final chapter of a very memorable 2022, I would like to thank our shareholders, our partners, our staff and the wider community for your support over the past five decades.”

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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, 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 13.9 million sq ft (approximately 1.3 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.

To mark Swire Properties' 50th anniversary, the Company is celebrating its achievements and the core values behind its success over the past 50 years with the theme of "ORIGINAL. ALWAYS.". "ORIGINAL" highlights the forward-looking and innovative spirit of Swire Properties, while "ALWAYS" represents the Company's long-term development.

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

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