

For Immediate Release

Swire Properties Delivers Steady Performance Despite Headwinds

Summary of 2024 Interim Results

- Underlying profit remains steady, with a slight decrease of 1% to HKD3,857 million in the first half of 2024.
- HKD0.34 per share as first interim dividend for 2024, representing an increase of 3% year-on-year. Progressive dividend with the aim to deliver mid-single-digit annual growth.
- The Company has announced a share buy-back programme of up to HKD1.5 billion until May 2025 to enhance shareholder returns.
- Balance sheet remains strong with a healthy gearing ratio of 13.3%, supported by an active capital recycling strategy.
- The Company has now committed 65% of HKD100 billion investment plan to realise its growth strategy.
- Good progress with new investments in different markets, including six new projects in Beijing, Shanghai, Sanya, Xi'an and Guangzhou.

	Six months ended 30th June		Change
	2024 HK\$M	2023 HK\$M	
Results			
Revenue	7,279	7,297	0%
Profit attributable to the Company's shareholders			
Underlying	3,857	3,901	-1%
Recurring underlying	3,570	3,892	-8%
Reported	1,796	2,223	-19%
	HK\$	HK\$	
Earnings per share			
Underlying	0.66	0.67	-1%
Recurring underlying	0.61	0.67	-8%
Reported	0.31	0.38	-19%
Dividend per share			
First interim	0.34	0.33	+3%
	30th June 2024 HK\$	31st December 2023 HK\$	
Financial Position			
Equity attributable to the Company's shareholders per share	48.05	48.73	-1%
Gearing ratio	13.3%	12.7%	+0.6%pt.

8 August 2024, Hong Kong – Swire Properties Limited today announced its interim results for 2024. Underlying profit attributable to shareholders decreased slightly by 1% from HKD3,901 million in the first half of 2023 to HKD3,857 million in the first half of 2024, which includes the sale of car parking spaces at the Company's residential development Taikoo Shing in Hong Kong.

Recurring underlying profit decreased by HKD322 million from HKD3,892 million in the first half of 2023 to HKD3,570 million in the first half of 2024, which mainly reflected higher net finance charges and the reduction in office rental income from Hong Kong, partly due to rental loss from office disposals in 2023.

Swire Properties declared a first interim dividend for 2024 of HKD0.34 per share, or a 3% increase over the first interim dividend for 2023. The Company's policy is to deliver sustainable growth in dividends and to pay out approximately half of the underlying profit in ordinary dividends over time. Riding on the benefit of our planned investments, our goal is to deliver mid-single-digit annual growth in dividends.

Swire Properties' retail portfolio in Hong Kong was impacted by macro-economic uncertainties. The continued outbound travel trend and changes in consumer spending behaviour are adversely affecting the retail market. Despite the headwinds, the Company's shopping malls remain the preferred choice for major retail tenants, with all of them almost fully let.

The recovery of the Hong Kong office market has proven slower than expected in the wake of the pandemic, which is due to the twin challenges of oversupply and weak demand. However, the Company's office portfolio has consistently outperformed the relevant submarkets in terms of occupancy.

In the Chinese Mainland, retail sales growth has normalised after achieving record-high retail sales in the first half of 2023, following the lifting of pandemic-related restrictions. This is due to several factors, including an increase in outbound travel (reflecting the visa-free policy offered by some countries for Chinese Mainland travellers and the depreciation in certain currencies, in particular the Japanese yen), renovation-related disruptions in some malls, and the high baseline set by last year's post-pandemic consumer spending. However, foot traffic in the Company's malls has remained steady, with retail sales ahead of pre-pandemic levels.

A small underlying loss from Swire Properties' property trading activities was recorded in the first half of 2024 due to sales and marketing expenses incurred for several residential trading projects. The speed of recovery of the Company's hotel business in Hong Kong was slower than anticipated, while the performance of the hotels in the Chinese Mainland remained relatively stable.

"The first half of 2024 presented several challenges for Swire Properties, mainly due to the ongoing uncertainty and geopolitical tension affecting the global economy. Despite these headwinds, our commitment to our long-term strategy of continuous investment in key markets to deliver sustainable dividend growth remains unchanged," said Guy Bradley, Chairman of Swire Properties.

HKD100 billion investment plan advances

Swire Properties has continued to make significant progress in realising opportunities from its HKD100 billion investment plan, 65% of which has now been committed.

Under the investment plan, HKD30 billion has been allocated to future expansion plans at Taikoo Place and Pacific Place, the Company's core commercial portfolios in Hong Kong. In the meantime, the latest phase in the transformation of Taikoo Place into a Global Business District has been completed, and includes an additional 70,000 sq ft of green space to promote urban biodiversity, climate-controlled elevated walkways, al fresco dining options at street level, along with a new member's club and a brand-new social concept. The newest triple Grade A office tower, Two Taikoo Place, is now 67% committed.

In Admiralty, Swire Properties has expanded the Pacific Place portfolio with the completion of Six Pacific Place, a new Grade A office tower which currently has a commitment rate of 44%. Pacific Place will continue to benefit from improvements in local infrastructure to improve walkability, including the construction of a footbridge between Pacific Place and Harcourt Garden as well as a tunnel extension to connect Pacific Place to the wider Wan Chai district.

In the Chinese Mainland, where HKD50 billion has been earmarked under the investment plan, Swire Properties is making good progress with several new investments in different cities, establishing a network of 11 major retail-led, commercial developments in six Chinese Mainland cities by 2027. These include large-scale developments in Shanghai, Beijing and Guangzhou. The Company has two new investments underway in Shanghai's Pudong District, including the Shanghai New Bund Mixed-use Project and the Shanghai Yangjing Mixed-use Project, recently named "Lujiazui Taikoo Yuan". The latter marks the debut of the Company's premium residential brand in the Chinese Mainland. Other key projects include Taikoo Li Xi'an and Taikoo Li Sanya, which is expected to contribute to Hainan's rapid development as an international tourism and consumption hub. In June, Swire Properties announced a plan to increase its stake in INDIGO Phase Two in Beijing. The acquisition was completed in August.

The Company continues to carry out significant upgrades across its existing portfolios in the Chinese Mainland, including redeveloping The Opposite House hotel in Taikoo Li Sanlitun, Beijing into a retail landmark for global flagship stores.

Swire Properties is keen to expand its investment in the Greater Bay Area. In collaboration with Guangzhou Pearl River Enterprises Group, the Company is set to develop the Julong Wan Project, the retail portion of a large-scale, mixed-use development in the Liwan district of Guangzhou. Swire Properties is also planning to expand the retail portion of Taikoo Hui Guangzhou. In August 2024, the Company successfully bid for No. 387 Tianhe Road, which will be renovated as a luxury retail addition to Taikoo Hui Guangzhou to accommodate pent-up market demand.

Swire Properties is developing a balanced and diverse pipeline of four residential projects in Hong Kong. "LA MONTAGNE " at The Southside in Wong Chuk Hang was launched for sale in 2023, a large-scale residential site in Chai Wan will be launched for sale early next year and a new residential project at 269 Queen's Road East is currently at the design stage.

In South East Asia, Swire Properties remains focused on four target markets of Jakarta, Ho Chi Minh City, Singapore and Bangkok. Three projects are currently in development and the outlook remains positive.

Leadership in sustainability

Swire Properties continues to demonstrate its global leadership in the ESG sector, ranking second in its industry on the Dow Jones Sustainability World Index.

Guided by its 1.5°C science-based targets, the Company continues to invest in research, adopting industry-leading technologies and initiatives to strengthen decarbonisation capabilities across its portfolios. The Company is piloting an internal carbon pricing mechanism to quantify carbon risks to operations and to reallocate capital to promote low-carbon investments. Recognising the growing need for businesses to take positive actions to mitigate their impact on biodiversity and nature, Swire Properties continues to integrate biodiversity considerations into its existing operations – including the unveiling of 70,000 sq ft of green space in Taikoo Place.

Business prospects

Swire Properties expects that footfall and tenant sales in its Hong Kong malls will continue to be impacted by the weak market sentiment, particularly due to the propensity for outbound travel and changing consumer spending

patterns. The Company continues to invest in tailored customer-focused campaigns, loyalty programmes and premium lounges to broaden the reach across its Hong Kong and Chinese Mainland malls.

In the Chinese Mainland, the Company expects 2024 to be a year of normalisation for the retail market following the 2023 post-pandemic peak. Overall demand for retail space is expected to remain solid, with retailers taking a more prudent approach to expansion in the second half of 2024.

The Hong Kong office market is expected to be subdued, and corporate tenants are exercising caution in their real estate decisions amidst an uncertain economic landscape. However, Swire Properties anticipates a recovery in demand in the medium to long term, particularly for the finance sector when the IPO pipeline returns, as well as increased interest from corporates in the Chinese Mainland when the Chinese economy picks up. The Company's strong ESG credentials remain a key differentiator and support the ongoing flight-to-quality trend.

The Hong Kong residential market remains soft due to economic uncertainties and a high interest rate environment, despite the HKSAR Government's recent decision to relax tightening measures. Market confidence will take some time to recover, but the Company expects demand to remain resilient over the medium to long term, supported by interest from both local and Chinese Mainland buyers.

"Our HKD100 billion investment plan sets out a clear path for the growth of Swire Properties over the next decade. Despite some softness in our core markets, we remain confident in the long-term growth of our business in Hong Kong and the Chinese Mainland, specifically in the context of Beijing, Shanghai and the Greater Bay Area," said Mr Bradley.

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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. 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. 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, Taikoo Li Sanya*, New Bund Mixed-use Project and Lujiazui Taikoo Yuan in Shanghai and retail portion of Julong Wan Project in Guangzhou are currently under development. The Company's completed portfolio in the Chinese Mainland comprises approximately 14.0 million sq ft (approximately 1.3 million sqm) of space.

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

Visit Swire Properties' website at www.swireproperties.com

*Project name to be confirmed.

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