

For Immediate Release
Swire Properties Announces 2016 Annual Results

	Note	2016 HK\$M	2015 HK\$M	Change
Results				
For the year				
Revenue		16,792	16,447	+2%
Operating profit		17,320	16,207	+7%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	7,112	7,078	+1%
Reported		15,050	14,072	+7%
Cash generated from operations		10,767	10,616	+1%
Net cash inflow before financing		1,998	3,745	-47%
		HK\$	HK\$	
Earnings per share				
Underlying	(c)	1.22	1.21	+1%
Reported	(c)	2.57	2.41	+7%
		HK\$	HK\$	
Dividends per share				
First interim		0.23	0.23	-
Second interim		0.48	0.48	-
		HK\$M	HK\$M	
Financial Position				
At 31st December				
Total equity (including non-controlling interests)		227,225	217,949	+4%
Net debt		35,377	33,348	+6%
Gearing ratio	(a)	15.6%	15.3%	+0.3%pt.
		HK\$	HK\$	
Equity attributable to the Company's shareholders per share	(a)	38.52	36.97	+4%

Notes:

- Refer to glossary on page 56 of the announcement of 2016 Final Results of Swire Properties Limited dated 16 March 2017 (the "Results Announcement") for definition.
- A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 6 of the Results Announcement.
- Refer to Note 9 in the financial statements in the Results Announcement for the weighted average number of shares.

Underlying profit/(loss) by segment	2016	2015
	HK\$M	HK\$M
Property investment	6,029	6,274
Property trading	1,200	1,107
Hotels ⁽¹⁾	(117)	(303)
	7,112	7,078

(1) Including a loss of HK\$229 million on disposal of four hotels in the U.K. in 2015.

16 March 2017, Hong Kong – Swire Properties Limited today announced its annual results for 2016. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$34 million from HK\$7,078 million in 2015 to HK\$7,112 million in 2016. The Directors have declared a second interim dividend of HK\$0.48 (2015: HK\$0.48) per share which, together with the first interim dividend of HK\$0.23 per share paid in October 2016, amounts to full year dividends of HK\$0.71 (2015: HK\$0.71) per share.

The underlying profit in 2016 (HK\$7,112 million) recorded a marginal increase from that in 2015 (HK\$7,078 million). The 2015 profit included a loss of HK\$229 million on disposal of four hotels in the U.K. In 2016, there was a small decrease in underlying profit from property investment and a small increase in underlying profit from property trading. Disregarding the loss on disposal in 2015, the underlying loss from hotels was little changed in 2016.

Gross rental income was HK\$10,773 million in 2016 compared to HK\$10,716 million in 2015. Gross rental income fell in Hong Kong and increased in Mainland China and the U.S.A. The reduction in Hong Kong largely reflected lower retail rental income consequent on lower retail sales. Office rental income in Hong Kong increased despite the loss of rental income resulting from the Taikoo Place redevelopment. In Mainland China, gross rental income increased by 2% despite a 6% depreciation of the Renminbi against the Hong Kong dollar.

Profit from property trading in 2016 included that recognised on the sales of residential units in the U.S.A. Fewer residential properties were sold in Hong Kong. No sales of office property took place in Mainland China. The performance of the hotels in Mainland China improved, while at the same time hotels in Hong Kong were adversely affected by a reduction in the number of visitors to Hong Kong.

In March 2016, Swire Properties opened the first of two office towers (Three Brickell City Centre) in the Brickell City Centre development in Miami, U.S.A.

In April 2016, Swire Properties started to pre-sell units in ALASSIO, a residential development in Mid-Levels West, Hong Kong. The development consists of a 50-storey tower of 197 residential units. All units have been pre-sold.

In June 2016, EAST, Miami opened at the Brickell City Centre development in Miami, U.S.A. It has 352 rooms including 89 serviced apartments.

In July 2016, Swire Properties announced the HK\$15 billion redevelopment of Taikoo Place. Two new Grade-A office buildings, each with an aggregate gross floor area (“GFA”) of around one million square feet, are expected to be completed, the first (One Taikoo Place) in 2018 and the second (Two Taikoo Place) in 2021 or 2022.

In August 2016, the shopping mall and one of the two premium Grade-A office towers (HKRI Centre One) at the HKRI Taikoo Hui development in Puxi, Shanghai were completed. Handover to tenants is in progress.

In October 2016, Swire Properties conditionally agreed to sell its 100% interest in the company which owns an uncompleted investment property development in Kowloon Bay, Hong Kong for a cash consideration of

HK\$6,528 million, subject to adjustments. Completion of the sale is conditional upon the relevant occupation permit and certificate of compliance being obtained on or before 31st December 2018.

In November 2016, Swire Properties opened its 60.9% owned 500,000 square feet shopping centre in the Brickell City Centre development in Miami, U.S.A.

In 2016, Swire Properties launched a new sustainable development strategy. Swire Properties is included in the Dow Jones Sustainability Indices, the FTSE4Good Index, the Hang Seng Corporate Sustainability Index and the MSCI World ESG Index.

In his published statement about the results for 2016, John Slosar, Chairman of Swire Properties said this about prospects,

“In the central district of Hong Kong, high occupancy and limited supply will continue to underpin office rents in 2017. High occupancy is expected to result in office rents in our Taikoo Place and Cityplaza developments being resilient despite increased supply in Kowloon East and other districts. In Guangzhou, office rents are expected to be stable in 2017 despite a substantial supply of new office space. In Beijing, office rents are expected to be weak in 2017, with only modest demand and increased supply. In Shanghai, there will be limited new supply of office space in the Puxi business district. In Miami, there is limited new supply of Grade-A office space.

Demand for space from Hong Kong retailers dependent on tourism is likely to remain weak in 2017. Demand for space from other retailers is likely to be stable. Retail sales are expected to grow modestly in Guangzhou and Beijing and more briskly in Chengdu. In Shanghai, demand for retail space is expected to remain firm except for space for luxury goods. In the U.S.A., weak retail sales have made some retailers cautious about expansion.

In Hong Kong, notwithstanding the expectation of a gradual increase in interest rates, overall demand for residential property remains resilient. Trading profits are expected to be recognised in 2017 from the handover of pre-sold units at ALASSIO and sales of units at WHITESANDS. In Miami, profits are expected to be recognised on the sales of units at the Reach and Rise developments.

Trading conditions for our hotels are expected to remain difficult in 2017.”

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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, Cityplaza and Pacific Place as its core holdings. In addition to Hong Kong, the Company has investments in Mainland China, the United States and Singapore.

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

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