

For Immediate Release

## Swire Properties Announces 2018 Interim Results

	Note	Six months ended 30th June		Change
		2018 HK\$M	2017 HK\$M	
<b>Results</b>				
Revenue		7,309	11,525	-37%
Operating profit		21,309	15,537	+37%
Profit attributable to the Company's shareholders				
Underlying	(a), (b)	6,219	4,628	+34%
Adjusted underlying	(b)	3,732	4,624	-19%
Reported		21,205	14,763	+44%
Cash generated from operations		5,308	8,870	-40%
Net cash inflow before financing		7,628	4,578	+67%
		HK\$	HK\$	
<b>Earnings per share</b>				
Underlying	(c)	1.06	0.79	+34%
Adjusted underlying	(c)	0.64	0.79	-19%
Reported	(c)	3.62	2.52	+44%
<b>Dividends per share</b>				
First interim		0.27	0.25	+8%
		30th June 2018 HK\$M	31st December 2017 HK\$M	Change
<b>Financial Position</b>				
Total equity (including non-controlling interests)		277,061	259,378	+7%
Net debt		30,862	35,347	-13%
Gearing ratio	(a)	11.1%	13.6%	-2.5%pt.
		HK\$	HK\$	
Equity attributable to the Company's shareholders per share	(a)	47.01	44.00	+7%

**Notes:**

- (a) Refer to glossary on page 60 of the announcement of 2018 Interim Results of Swire Properties Limited dated 9 August 2018 (the "Results Announcement") for definition.
- (b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 6 of the Results Announcement.
- (c) Refer to note 11 in the financial statements in the Results Announcement for the weighted average number of shares.

**9 August 2018, Hong Kong** - Swire Properties Limited today announced its interim results for 2018. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$1,591 million from HK\$4,628 million in the first half of 2017 to HK\$6,219 million in the first half of 2018. The Directors have declared a first interim dividend of HK\$0.27 (2017: HK\$0.25) per share for the year ending 31st December 2018.

The increase in underlying profit from HK\$4,628 million in the first half of 2017 to HK\$6,219 million in the first half of 2018 principally reflected profit arising from the sale of our interests in an office building in Kowloon Bay and in other investment properties in Hong Kong, partly offset by a substantial decrease in profit from property trading. Adjusted underlying profit (which excludes the profit on sale of interests in investment properties) was HK\$3,732 million in the first half of 2018, compared with HK\$4,624 million in the first half of 2017.

Recurring underlying profit from property investment increased by 9% in the first half of 2018, with the Mainland China developments doing particularly well. Gross rental income increased by 8% (to HK\$5,996 million in the first half of 2018, compared with HK\$5,555 million in the first half of 2017). This reflected positive rental reversions at the office properties and higher retail sales.

Underlying profit from property trading in the first half of 2018 arose mainly from the sale of houses at the WHITESANDS development and of carparks at the AZURA development in Hong Kong.

Losses from hotels were higher in the first half of 2018 than in the first half of 2017, principally due to pre-opening costs at hotels in Shanghai in Mainland China. The results of our hotels in Hong Kong and the U.S.A. and of our other hotels in Mainland China improved.

In his published statement about the interim results for 2018, Merlin Swire, Chairman of Swire Properties said this about prospects, "In the central district of Hong Kong, high occupancy and limited supply will continue to exert upward pressure on office rents at Pacific Place. High occupancy is expected to result in office rents in our Taikoo Place development being resilient despite increased supply in Kowloon East and other districts. There has been limited new supply of office space in the core areas of Guangzhou and there is strong demand from existing office tenants to expand or upgrade their accommodation. Vacancy rates have declined. Despite the availability of new office space in Guangzhou in the second half of 2018, rentals are expected to be resilient. Demand for office space in Beijing and the Jingan District of Shanghai is expected to underpin rentals in the second half of 2018, despite new supply. In Miami, new supply of Grade-A office space is limited and demand is firm.

Improved market sentiment and a better tenant mix should support stable sales growth at our retail malls in Hong Kong. Retail sales are expected to grow satisfactorily in Chengdu, steadily in Guangzhou and Beijing and modestly in Shanghai in the second half of 2018. Demand for retail space for lifestyle brands and food and beverage outlets is expected to be solid. Demand for luxury goods has improved in Beijing and is strong in Guangzhou and Chengdu. Retail rents are expected to grow satisfactorily in Guangzhou and moderately in Shanghai and Chengdu in the second half of 2018 despite an increase in the availability of competing space. In

Miami, there is too much retail space available for rent and weak retail sales have made some retailers cautious about expansion.”

Mr Swire added, “In Hong Kong, rental demand for our residential investment properties is expected to be stable in the second half of 2018.

In Miami, the majority of the demand for condominiums is from South American buyers. That demand is expected to continue to be affected by weak South American economies and the relative strength of the US dollar. In Hong Kong, profits are expected to be recognised in the second half of 2018 from the sales of six houses at the WHITESANDS development.

Trading conditions for our hotels are expected to be stable in the second half of 2018. The two new hotels in Shanghai are building up their occupancy. A non-managed hotel which is part of the Tung Chung Town Lot No. 11 development in Hong Kong is expected to open in 2019.”

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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](http://www.swireproperties.com).

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