

For Immediate Release

Swire Properties Announces 2019 Final Results

	Note	2019 HK\$M	2018 HK\$M	Change
Results				
For the year				
Revenue		14,222	14,719	-3%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	24,130	10,148	+138%
Recurring underlying	(b)	7,633	7,521	+1%
		HK\$	HK\$	
Earnings per share				
Underlying	(c)	4.12	1.74	+138%
Recurring underlying	(c)	1.30	1.29	+1%
Dividends per share				
First interim		0.29	0.27	+7%
Second interim		0.59	0.57	+4%
		HK\$M	HK\$M	
Financial Position				
At 31st December				
Total equity (including non-controlling interests)		288,911	281,291	+3%
Net debt		15,292	29,905	-49%
Gearing ratio	(a)	5.3%	10.6%	-5.3%pt.
		HK\$	HK\$	
Equity attributable to the Company's shareholders per share	(a)	49.05	47.74	+3%

Notes:

- (a) Refer to the glossary on page 58 of the announcement of 2019 Final Results of Swire Properties Limited (the "Results Announcement"), dated 12 March 2020, for definitions.
- (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 9 in the financial statements of the Results Announcement for the weighted average number of shares.

Underlying profit/(loss) by segment	2019 HK\$M	2018 HK\$M
Property investment	24,218	10,090
Property trading	(18)	99
Hotels	(70)	(41)
	24,130	10,148

12 March 2020, Hong Kong - Swire Properties Limited today announced its final results for 2019. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by 138% to HK\$24,130 million in 2019. Recurring underlying profit (which excludes the profit on sale of interests in investment properties) was HK\$7,633 million in 2019, compared with HK\$7,521 million in 2018. Dividends for the full year increased by 5%.

Underlying profit increased to HK\$24,130 million in 2019 from HK\$10,148 million in 2018. The increase principally reflected the profit arising from the sale of interests in two office buildings in Taikoo Shing and in other investment properties in Hong Kong.

Recurring underlying profit (which excludes the profit on sale of interests in investment properties) was HK\$7,633 million in 2019, compared with HK\$7,521 million in 2018. The increase principally reflected higher underlying profit from property investment in Mainland China. Recurring underlying profit from property investment increased by 3% in 2019. There was satisfactory growth from the Mainland China and U.S.A. portfolios, and from the Hong Kong office portfolio.

Gross rental income was HK\$12,271 million in 2019, compared to HK\$12,117 million in 2018. In Hong Kong, office rental income increased due to positive rental reversions, firm occupancy and a full year of rental income from One Taikoo Place, which opened in the last quarter of 2018. However, this was more than offset by a reduction in retail rental income in Hong Kong. This was due to rental subsidies and lower retail sales in the second half of 2019. Disregarding rental subsidies, gross retail rental income in Hong Kong decreased slightly. In Mainland China, gross rental income increased by 8%, mainly due to positive rental reversions, higher retail sales and firm occupancy. There was satisfactory growth in rental income in the U.S.A., due to improved occupancy and higher retail sales.

The underlying loss from property trading in 2019 related to the residential units in the U.S.A., partly offset by profit from the sale of carparks at the ALASSIO development in Hong Kong and from the share of profit from the sale of offices and carparks at Sino-Ocean Taikoo Li Chengdu in Mainland China.

Hotels recorded a loss in 2019, mainly due to a deterioration in the results of the Hong Kong hotels (reflecting social unrest) in the second half of the year. The performance of the hotels in Mainland China and the U.S.A. improved.

In April 2019, Swire Properties completed the sale of its 100% interest in a subsidiary which owned two office buildings at 14 Taikoo Wan Road and 12 Taikoo Wan Road (formerly known as Cityplaza Three and Cityplaza Four) in Taikoo Shing, Hong Kong.

In July 2019, Swire Properties completed the sale of its entire 50% interest in a company which owned an office building at 625 King's Road in Hong Kong.

In July 2019, a joint venture between Swire Properties and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in south Jakarta, Indonesia. The land will be developed into a residential development with an aggregate gross floor area ("GFA") of approximately 1,140,000 square feet. The development is expected to comprise over 400 residential units and to be completed in 2023. Swire Properties has a 50% interest in the joint venture.

In August 2019, an extension opened at Citygate Outlets in Hong Kong. The extension has an aggregate GFA of approximately 341,000 square feet. Swire Properties has a 20% interest in the development.

In September 2019, a joint venture company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company completed the acquisition of a plot of land in Chai Wan, Hong Kong. Subject to agreement with

the Hong Kong government, the plot of land is expected to be redeveloped into a residential complex with an aggregate GFA of approximately 694,000 square feet.

In October 2019, a joint venture company formed by the Company, Kerry Properties Limited and Sino Land Company Limited tendered successfully for a residential property development at Wong Chuk Hang in Hong Kong. The development is expected to comprise two residential towers with an aggregate GFA of approximately 638,000 square feet and about 800 residential units. It is expected to be completed in 2024. Swire Properties has a 25% interest in the joint venture.

In November 2019, EDEN, Swire Properties' first residential project in Singapore, was completed and is available for sale. The development comprises 20 residential units with an aggregate GFA of approximately 77,000 square feet.

In his published statement about the results for 2019, Merlin Swire, Chairman of Swire Properties said this about prospects,

"In the central district of Hong Kong, reduced demand (particularly from Mainland Chinese companies) and increased vacancy rates are expected to exert downward pressure on office rents. High occupancy is expected to result in office rents at our Taikoo Place developments being relatively resilient (by comparison with rents in other areas) despite reduced demand and increased supply in Kowloon East and other districts. However, given the uncertain outlook, office tenants are delaying making lease commitments. With new supply in the central business districts of Guangzhou and Beijing and weak demand, office vacancy rates are expected to increase and rents to be under pressure in 2020. Demand from domestic and international companies for office space in Shanghai is expected to be weak in 2020. But with high occupancy and limited new supply in the central business district of Jing'an, Shanghai office rents are expected to be relatively resilient. In Miami, the supply of new Grade-A office space in the central business district and the Brickell area is low. Job growth in Miami-Dade County is expected to continue, resulting in sustainable demand for office space and stable rental rates.

COVID-19 is adversely affecting our retail investment properties and our hotel business in Hong Kong and Mainland China. Lower rental income is expected from the retail properties and serviced apartments in 2020. Temporary rental subsidies are being provided to retail tenants on a case by case basis. Occupancy and revenue are significantly down at our hotels. Costs will be saved where this can be done without damaging the long-term relationship with tenants and other customers.

As well as COVID-19, social unrest and economic uncertainty are adversely affecting retail sales in Hong Kong. In Mainland China, demand for retail space from international retailers and food and beverage operators is expected, despite the current effects of COVID-19, to be strong in the long term. In Miami, retail sales in Brickell City Centre are increasing steadily. However, established shopping districts in Miami are expanding. As a result, Brickell City Centre is expected to experience increased competition in the retail leasing market."

Mr Swire added, "In Hong Kong, demand for residential accommodation has weakened due to social unrest, economic uncertainty and COVID-19. There is a shortage of land and a limited supply of housing in Hong Kong. This, together with low interest rates, is expected to result in demand for residential accommodation being resilient in the medium and long term. In Miami, demand for condominiums is weak due to weak South American economies, currency fluctuations and political uncertainty. In Singapore, growth in incomes and robust employment are expected to support a stable residential property market.

A non-managed hotel which is part of the Tung Chung Town Lot No. 11 development in Hong Kong is expected to open later in the first half of 2020. Steady growth in business is expected at our Miami hotels.

With our balanced portfolio and strong balance sheet, we are well placed to withstand the effects of this difficult time and to benefit from improved conditions in the future.”

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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, Singapore and Jakarta.

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

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