

For Immediate Release

Swire Properties Announces 2019 Interim Results

	<i>Note</i>	<u>Six months ended 30th June</u>		Change
		2019	2018	
		HK\$M	HK\$M	
Results				
Revenue		7,510	7,309	+3%
Profit attributable to the Company's shareholders				
Underlying	<i>(a), (b)</i>	18,606	6,219	+199%
Recurring underlying	<i>(b)</i>	4,049	3,732	+8%
Reported		8,973	21,205	-58%
Cash generated from operations		2,158	5,308	-59%
Net cash inflow before financing		15,104	7,628	+98%
		HK\$	HK\$	
Earnings per share				
Underlying	<i>(c)</i>	3.18	1.06	+199%
Recurring underlying	<i>(c)</i>	0.69	0.64	+8%
Reported	<i>(c)</i>	1.53	3.62	-58%
Dividends per share				
First interim		0.29	0.27	+7%
		30th June	31st December	
		2019	2018	
		HK\$M	HK\$M	Change
Financial Position				
Total equity (including non-controlling interests)		286,714	281,291	+2%
Net debt		15,670	29,905	-48%
Gearing ratio	<i>(a)</i>	5.5%	10.6%	-5.1%pt.
		HK\$	HK\$	
Equity attributable to the Company's shareholders per share	<i>(a)</i>	48.66	47.74	+2%

Notes:

- (a) Refer to glossary on page 60 of the announcement of 2019 Interim Results of Swire Properties Limited dated 8 August 2019 (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.

8 August 2019, Hong Kong - Swire Properties Limited today announced its interim results for 2019. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$12,387 million from HK\$6,219 million in the first half of 2018 to HK\$18,606 million in the first half of 2019. Recurring underlying profit (which excludes the profit on sale of interests in investment properties) was HK\$4,049 million in the first half of 2019, compared with HK\$3,732 million in the first half of 2018. The Directors have declared a first interim dividend of HK\$0.29 (2018: HK\$0.27) per share for the year ending 31st December 2019.

The increase in underlying profit from HK\$6,219 million in the first half of 2018 to HK\$18,606 million in the first half of 2019 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 from property investment increased by 7% in the first half of 2019, with satisfactory growth at the Hong Kong and Mainland China portfolios. Gross rental income increased by 6% (to HK\$6,346 million in the first half of 2019, compared with HK\$5,996 million in the first half of 2018). This reflected positive rental reversions at the office properties in Hong Kong and Mainland China and higher retail sales in Mainland China and the U.S.A.

Underlying profit from property trading in the first half of 2019 arose mainly from the sale of car parks at the ALASSIO development in Hong Kong and residential units in the U.S.A.

Hotels recorded a profit in the first half of 2019 compared with a loss in the first half of 2018, principally due to improved performances at the hotels in Shanghai in Mainland China and in the U.S.A.

In his published statement about the interim results for 2019, Merlin Swire, Chairman of Swire Properties said this about prospects, "In Hong Kong, with reduced demand for office space, particularly from Mainland Chinese companies, and relocations to other districts, more vacancies are expected in the Central district of Hong Kong. This will put downward pressure on office rents in Central. Strong demand and high occupancy are expected to result in office rents at our Taikoo Place developments being resilient despite increased supply in Kowloon East and other districts. In Mainland China, increased vacancy rates consequent on new supply and a weak market are expected to put downward pressure on office rents in Guangzhou. The same is true in Beijing. In the central business district of Shanghai, demand for office space is expected to weaken and vacancy rates are expected to increase. But rents will remain resilient at HKRI Taikoo Hui due to high occupancy. In Miami, the supply of new Grade-A office space in the central business district and the Brickell area is limited and demand is firm.

Global trade uncertainties and the adverse effect of Renminbi weakness on spending by tourists from Mainland China have affected retail spending in Hong Kong. The protests in Hong Kong have had some effect on retail sales at our malls, particularly at Pacific Place. If the protests continue, sales are likely to continue to be affected. In Mainland China, retail sales are expected to grow steadily in Beijing and Guangzhou, moderately in Shanghai and satisfactorily in Chengdu. In Miami, retail sales are growing. Demand for retail space in the metropolitan area is correspondingly steady.

In Hong Kong, rental demand for our residential investment properties is expected to be stable in the second half of 2019."

Mr Swire added, "In Miami, the majority of the demand for condominiums is from South American buyers. The demand is expected to continue to be affected by weak South American economies and the relative strength of the US dollar. The property markets in Singapore and in Jakarta, Indonesia are expected to be stable. Trading profits are expected to be recognised in 2019 from sales at Pinnacle One at Sino-Ocean Taikoo Li Chengdu, Mainland China and of residential units at the Reach and Rise developments in Miami.

Trading conditions for our hotels are expected to be stable in the second half of 2019 except that occupancy in Hong Kong has been affected somewhat by the protests and this is likely to continue if the situation persists. Our 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 later this year.”

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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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