

**For Immediate Release**

## Swire Properties Announces 2016 Interim Results

	<i>Note</i>	Six months ended 30th June		Change
		2016 HK\$M	2015 HK\$M	
<b>Results</b>				
Revenue		<b>7,886</b>	9,386	-16.0%
Operating profit		<b>6,730</b>	9,605	-29.9%
Profit attributable to the Company's shareholders				
Underlying	<i>(a), (b)</i>	<b>3,559</b>	3,938	-9.6%
Reported		<b>5,334</b>	8,493	-37.2%
Cash generated from operations		<b>3,964</b>	5,579	-28.9%
Net cash inflow before financing		<b>1,083</b>	2,220	-51.2%
		<b>HK\$</b>	HK\$	
<b>Earnings per share</b>				
Underlying	<i>(c)</i>	<b>0.61</b>	0.67	-9.0%
Reported	<i>(c)</i>	<b>0.91</b>	1.45	-37.2%
<b>Dividends per share</b>				
First interim		<b>0.23</b>	0.23	0.0%
		<b>30th June 2016 HK\$M</b>	31st December 2015 HK\$M	Change
<b>Financial Position</b>				
Total equity (including non-controlling interests)		<b>220,129</b>	217,949	+1.0%
Net debt		<b>35,074</b>	33,348	+5.2%
Gearing ratio	<i>(a)</i>	<b>15.9%</b>	15.3%	+0.6%pt.
		<b>HK\$</b>	HK\$	
Equity attributable to the Company's shareholders per share	<i>(a)</i>	<b>37.32</b>	36.97	+0.9%

**Notes:**

- (a) Refer to glossary on page 59 of the announcement of 2016 Interim Results of Swire Properties Limited dated 18 August 2016 (the "Results Announcement") for definition.
- (b) A reconciliation between reported profit and underlying profit, attributable to the Company's shareholders is provided on page 5 of the Results Announcement.
- (c) Refer to Note 11 in the financial statements in the Results Announcement for the weighted average number of shares.

**18 August 2016, Hong Kong** - Swire Properties Limited today announced its interim results for 2016. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, decreased by HK\$379 million from HK\$3,938 million in the first half of 2015 to HK\$3,559 million in the first half of 2016. The decrease in underlying profit principally reflected lower trading profits from the sale of luxury residential properties in Hong Kong. The Directors have declared a first interim dividend of HK¢23 (2015: HK¢23) per share for the year ending 30th June 2016.

Underlying profit from property investment decreased slightly. This principally reflects a lower contribution from retail properties in Hong Kong and pre-opening expenses at Brickell City Centre in the U.S.A. Aggregate gross rental income was little changed at HK\$5,367 million. Gross rental income from office properties in Hong Kong and Mainland China and from retail properties in Mainland China grew slightly.

There was an operating profit of HK\$525 million from property trading in the first half of 2016, compared to an operating profit of HK\$1,025 million in the first half of 2015. Profits in the first half of 2016 largely arose from the handover of 226 pre-sold units at the Reach development in the U.S.A. and from the sales of units at the AREZZO development in Hong Kong.

The increase in operating losses of the hotel division (from HK\$23 million in the first half of 2015 to HK\$89 million in the first half of 2016) principally reflects pre-opening expenses at EAST, Miami in the U.S.A.

In his published statement about the interim results for 2016, John Slosar, Chairman of Swire Properties said this about prospects: "Given the uncertain economic outlook, demand for office space in Hong Kong is likely to be subdued in the second half of the year. However, high occupancy in our properties is likely to underpin rents.

Demand for Grade-A office space in the Tianhe business district in Guangzhou is expected to be robust despite a substantial supply of new office space. In Beijing, office rents are expected to be weak. There is reduced demand and increased supply.

The fall in retail sales in Hong Kong has made retailers more cautious. Swire Properties' retail properties in Hong Kong are fully let. We are changing the mix of retail tenants in order to accommodate changing consumer preferences and to attract new consumers.

Retail sales are expected to grow modestly in the second half of 2016 in Mainland China. Demand for high quality space in prime areas is expected to remain firm."

Mr Slosar added: "In Hong Kong, property buyers are cautious in light of the slowing Hong Kong economy. In Miami, the strength of the US dollar against major South American currencies since the latter part of 2015 has adversely affected demand for condominiums by non-US buyers. In the second half of 2016, property trading profits are expected to continue to be recognised on the sales of residential units in Miami and in Hong Kong.

Our hotels are expected to continue to face difficult conditions in the second half of 2016."

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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. 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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