

For Immediate Release

**Swire Properties Announces 2017 Interim Results**

	<i>Note</i>	Six months ended 30th June		Change
		2017 HK\$M	2016 HK\$M	
<b>Results</b>				
Revenue		<b>11,525</b>	7,886	+46%
Operating profit		<b>15,537</b>	6,730	+131%
Profit attributable to the Company's shareholders				
Underlying	<i>(a), (b)</i>	<b>4,628</b>	3,559	+30%
Reported		<b>14,763</b>	5,334	+177%
Cash generated from operations		<b>8,870</b>	3,964	+124%
Net cash inflow before financing		<b>4,578</b>	1,083	+323%
		<b>HK\$</b>	<b>HK\$</b>	
<b>Earnings per share</b>				
Underlying	<i>(c)</i>	<b>0.79</b>	0.61	+30%
Reported	<i>(c)</i>	<b>2.52</b>	0.91	+177%
<b>Dividends per share</b>				
First interim		<b>0.25</b>	0.23	+9%
		<b>30th June 2017 HK\$M</b>	<b>31st December 2016 HK\$M</b>	<b>Change</b>
<b>Financial Position</b>				
Total equity (including non-controlling interests)		<b>240,260</b>	227,225	+6%
Net debt		<b>33,841</b>	35,377	-4%
Gearing ratio	<i>(a)</i>	<b>14.1%</b>	15.6%	-1.5%pt.
		<b>HK\$</b>	<b>HK\$</b>	
Equity attributable to the Company's shareholders per share	<i>(a)</i>	<b>40.71</b>	38.52	+6%

## Notes:

- (a) Refer to glossary on page 56 of the announcement of 2017 Interim Results of Swire Properties Limited dated 17 August 2017 (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.

**17 August 2017, Hong Kong** - Swire Properties Limited today announced its interim results for 2017. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$1,069 million from HK\$3,559 million in the first half of 2016 to HK\$4,628 million in the first half of 2017. The increase in underlying profit principally reflected higher trading profits from the sale of luxury residential properties in Hong Kong. The Directors have declared a first interim dividend of HK\$0.25 (2016: HK\$0.23) per share for the year ending 31<sup>st</sup> December 2017.

Operating profit from property investment increased by 5%. This principally reflects higher contributions from office and residential properties in Hong Kong, from properties in the U.S.A. and from retail properties in Mainland China. Gross rental income amounted to HK\$5,555 million in the first half of 2017, compared with HK\$5,367 million in the first half of 2016.

In Hong Kong, gross rental income from office and retail properties was stable and that from residential properties increased. In Mainland China, gross rental income increased, reflecting positive rental reversions and higher retail sales. In the U.S.A., gross rental income increased following the opening of most of the Brickell City Centre development in 2016.

There was an operating profit of HK\$1,447 million from property trading in the first half of 2017, compared to an operating profit of HK\$525 million in the first half of 2016. Profits in the first half of 2017 arose mainly from the handover of pre-sold units at the ALASSIO development in Hong Kong.

Operating losses from hotels in the first half of 2017 were lower than in the first half of 2016, reflecting better results from EAST, Miami since its opening. Occupancy was stable at our managed hotels in Hong Kong and Mainland China.

In his published statement about the interim results for 2017, 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 exert upward pressure on office rents. 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.

Office rents in Guangzhou and Shanghai are expected to be stable in the second half of 2017, reflecting stable demand for Grade-A office space in Guangzhou and in the Jing'an District of Shanghai. Office rents in Beijing are expected to be weak in the second half of 2017, with reduced demand and increased supply. In Miami, there is limited new supply of Grade-A office space and office rents are expected to be stable.

Retail sales started to improve in Hong Kong in the first half of 2017. This has benefited our malls. We will continue to adjust the tenant mix in order to attract more shoppers. Retail rental income in the second half of 2017 is expected to be affected by the continued adjustments to the tenant mix.

In Mainland China, retail sales are expected to grow satisfactorily in the second half of 2017 in cities where the Group has shopping malls. Demand for retail space in our malls is expected to be solid. In the U.S.A., retail sales of apparel continue to be weak and have made fashion retailers cautious about expansion."

In Hong Kong, rental demand for our residential investment properties is expected to be stable in the second half of 2017.

Mr Slosar added: "In Hong Kong, notwithstanding government measures to cool the market and the expectation of a gradual increase in interest rates, demand for residential property remains resilient. In Miami, the strength of the US dollar against other major currencies has adversely affected demand, in particular from South America. As a result, condominium sales have slowed in Miami. In the second half of 2017, property trading profits are expected to be recognised on further sales of units at the WHITESANDS development in Hong Kong and at the Reach and Rise developments in Miami.

Trading conditions for our existing hotels are expected to be stable in the second half of 2017. Our hotels in Shanghai are expected to open by the end of 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. 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 <http://www.swireproperties.com/en>

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