

For Immediate Release

**Swire Properties Announces 2017 Final Results**

	Note	2017 HK\$M	2016 HK\$M	Change
<b>Results</b>				
<b>For the year</b>				
Revenue		<b>18,558</b>	16,792	+11%
Operating profit		<b>34,930</b>	17,320	+102%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	<b>7,834</b>	7,112	+10%
Reported		<b>33,957</b>	15,050	+126%
Cash generated from operations		<b>13,680</b>	10,767	+27%
Net cash inflow before financing		<b>4,869</b>	1,998	+144%
		<b>HK\$</b>	<b>HK\$</b>	
Earnings per share				
Underlying	(c)	<b>1.34</b>	1.22	+10%
Reported	(c)	<b>5.80</b>	2.57	+126%
Dividends per share				
First interim		<b>0.25</b>	0.23	+9%
Second interim		<b>0.52</b>	0.48	+8%
		<b>HK\$M</b>	<b>HK\$M</b>	
<b>Financial Position</b>				
<b>At 31st December</b>				
Total equity (including non-controlling interests)		<b>259,378</b>	227,225	+14%
Net debt		<b>35,347</b>	35,377	-0%
Gearing ratio	(a)	<b>13.6%</b>	15.6%	-2.0%pt.
		<b>HK\$</b>	<b>HK\$</b>	
Equity attributable to the Company's shareholders per share	(a)	<b>44.00</b>	38.52	+14%

Notes:

- (a) Refer to glossary on page 57 of the announcement of 2017 Final Results of Swire Properties Limited dated 15 March 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 9 in the financial statements in the Results Announcement for the weighted average number of shares.

<b>Underlying profit/(loss) by segment</b>	<b>2017 HK\$M</b>	<b>2016 HK\$M</b>
Property investment	<b>6,723</b>	6,029
Property trading	<b>1,154</b>	1,200
Hotels	<b>(43)</b>	(117)
	<b>7,834</b>	7,112

**15 March 2018, Hong Kong** - Swire Properties Limited today announced its final results for 2017. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$722 million from HK\$7,112 million in 2016 to HK\$7,834 million in 2017. The Directors have declared a second interim dividend of HK\$0.52 (2016: HK\$0.48) per share which, together with the first interim dividend of HK\$0.25 per share paid in October 2017, amounts to full year dividends of HK\$0.77 (2016: HK\$0.71) per share.

Underlying profit increased to HK\$7,834 million in 2017 from HK\$7,112 million in 2016, mainly because of a higher profit from property investment. The underlying profit from property investment increased by 12%. The underlying profit from property trading decreased slightly. Hotel losses decreased.

Gross rental income was HK\$11,252 million in 2017, compared to HK\$10,773 million in 2016. In Hong Kong, office rental income increased due to positive rental reversions and firm occupancy. This was despite the loss of rental income resulting from the Taikoo Place redevelopment. Retail rental income in Hong Kong was little changed in 2017. In Mainland China, gross rental income increased by 12%, mainly due to positive rental reversions and improved occupancy. In the U.S.A., gross rental income increased following the opening of the first phase of the Brickell City Centre development in 2016.

Underlying profit from property trading in 2017 arose mainly from the handover of pre-sold units at the ALASSIO development in Hong Kong. Property sales slowed in the U.S.A. Hotels reported reduced losses in 2017, reflecting improved results from EAST, Miami since its opening. Occupancy was stable at our managed hotels in Hong Kong and Mainland China.

In April 2017, pre-sold units at ALASSIO, the Company's fourth residential development in Mid-Levels West on Hong Kong Island, started to be handed over to the purchasers. All units in the development were handed over by the end of June.

In November 2017, Swire Properties and HKR International celebrated the grand opening of their joint venture development in Shanghai, HKRI Taikoo Hui. With an aggregate gross floor area ("GFA") of approximately 3,469,000 square feet, the development comprises a shopping mall, two Grade-A office towers, two luxury hotels and one serviced apartment building. The two hotels and serviced apartment building are expected to open later in the first half of 2018.

In December 2017, Swire Properties entered into a long-term agreement for the lease of the Beijing Sanlitun Yashow Building. The retail building has an aggregate GFA of approximately 296,000 square feet and will be redeveloped as an extension to Taikoo Li Sanlitun.

In January 2018, One Taikoo Place, the first of two premium Grade-A office buildings in the Taikoo Place redevelopment, was topped out. One Taikoo Place has an aggregate GFA of around one million square feet, and is expected to be completed later in 2018.

In February 2018, Swire Properties entered into an equity transfer agreement for the acquisition of a 50% interest in Shanghai Qianxiu Company Limited ("Shanghai Qianxiu") from a subsidiary of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. ("LJZ"), subject to satisfaction of conditions precedent. If the

acquisition is completed, Swire Properties and LJZ will each hold a 50% interest in Shanghai Qianxiu, and the joint venture will develop a retail project with an aggregate GFA of approximately 1,250,000 square feet in Qiantan, Pudong New District in Shanghai.

In his published statement about the 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 underpin office rents in 2018. High occupancy is expected to result in office rents in our Pacific Place and Taikoo Place developments being resilient despite increased supply in Kowloon East and other districts. In Guangzhou, with the absence of significant new supply together with strong demand from Mainland Chinese companies, we expect office vacancy rates to decrease and rents to increase in 2018. In Beijing, with increased supply, we expect office rents to come under pressure in 2018. In Shanghai, with limited new supply in the Jingan district and stable demand, we expect office rents to be stable in 2018. In Miami, new supply of Grade-A office space is limited and demand is stable. We therefore expect rents to increase.

Demand for retail space in Hong Kong is forecast to be stable in 2018. We expect retail sales to grow satisfactorily in Beijing and Guangzhou, and to be robust in Chengdu. In Shanghai, post the opening of HKRI Taikoo Hui, retail sales should continue to grow steadily. Retail rents in Chengdu and Shanghai are expected to grow moderately despite increased supply of space and competition. In the U.S.A., weak retail sales in Miami have made some retailers cautious about expansion.

In Hong Kong, demand for furnished accommodation at Pacific Place Apartments and Taikoo Place Apartments is expected to be stable in 2018.”

Mr Slosar added, “In Hong Kong, notwithstanding the expectation of a gradual increase in interest rates and increased private housing supply, we believe that demand for residential property will remain resilient. In Miami, the exchange rate of the US dollar against major South American currencies is strong compared with what it was earlier in the decade. The strength will continue to suppress demand for condominiums by non-US buyers. Trading profits are expected to be recognised in 2018 from sales of houses at WHITESANDS in Hong Kong and units at the Reach and Rise developments in Miami.

Trading conditions for our existing hotels are expected to be stable in 2018. A managed hotel (The Middle House) and a non-managed hotel (The Sukhothai Shanghai) are expected to open in Shanghai later in the first half of 2018. A non-managed hotel which is part of the Tung Chung Town Lot No. 11 development in Hong Kong is expected to open early 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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