2018 Interim Results | Analyst Briefing

9th August 2018

© Swire Properties Limited

SWIRE PROPERTIES

Agenda

Speakers : Guy Bradley, Chief Executive and Fanny Lung, Finance Director

1. Results Highlights
2. Financial Highlights
3. Investment Portfolio
4. Trading Portfolio
5. Financing
6. Prospects
7. Q&A

2018 Interim Results Highlights

- Strong underlying earnings growth driven by better performance of our investment properties and profits from sales of non-core properties.
- Active capital recycling puts the company in a stronger financial position to pursue growth opportunities.
- Three key projects, including One Taikoo Place, scheduled for completion in 2018.

^8% y-y

Dividend per Share (2018 1st interim)

HK$ **0.27**

^34% y-y

Underlying Profit

HK$ **6,219** M

^7% h-h

Equity Attributable to Shareholders

HK$ **47.01** per share

Active Capital Recycling

Conditional Sale of Our Interests in Cityplaza Three and Cityplaza Four Properties [1]

- Completion expected in or before April 2019.
- Sale proceeds intended for reinvestments.

HK $15 bn

Consideration

Sales of Other Non-core Properties and Property Interests in 1H 2018 [2]

Kowloon Bay Office Building

- Sale of project company completed in June 2018.

Eredine

(38 Mount Kellett Road)

- Three units sold.[3]

(1) Swire Properties Limited entered into a conditional sale and purchase agreement on 15th June 2018 for the sale of Swire Properties Limited's 100% interest in a subsidiary which owns the Cityplaza Three and Cityplaza Four Properties.

(2) Profits of HK$ 2,487 M in the first half of 2018 arose from the sale of interests in an office building in Kowloon Bay and in other investment properties in Hong Kong.

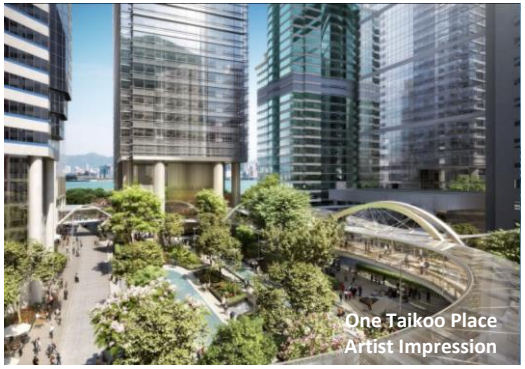
(3) The profit from the sale of two units was recognised in the first half of 2018 and the profit from the sale of one units is expected to be recognised in the second half of 2018.

Building Project Pipeline

❑ Continue to look for synergistic investment opportunities.

2018	2019	2020	2021	2022 & After
• One Taikoo Place • South Island Place • Tung Chung Town Lot No. 11	• Beijing Sanlitun Yashow Building	• Qiantan Project	• Two Taikoo Place [1] • 21-31 Wing Fung Street	• Po Wah Building, 1-11 Landale Street and 2-12 Anton Street • Wah Ha Factory Building and Zung Fu Industrial Building [2] • Brickell City Centre (Future Development)

One Taikoo Place Artist Impression

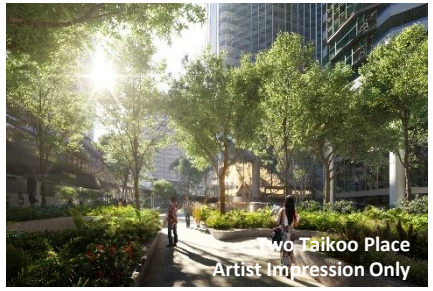

One Taikoo Place Artist Impression

South Island Place

Qiantan Project

Citygate Outlets Artist Impression

Beijing Sanlitun Yashow Building, Artist Impression


Two Taikoo Place Artist Impression Only

Two Taikoo Place Artist Impression Only

Key: Hong Kong Investment Properties | PRC Investment Properties | US Projects | Trading Properties

(1) Two Taikoo Place is expected to be completed in 2021 or 2022.

(2) Two sites (Wah Ha Factory Building, No. 8 Shipyard Lane and Zung Fu Industrial Building, No. 1067 King's Road) in Hong Kong are intended for redevelopment for office and other commercial uses, subject to Swire Properties having successfully bid in the compulsory sale of the sites.

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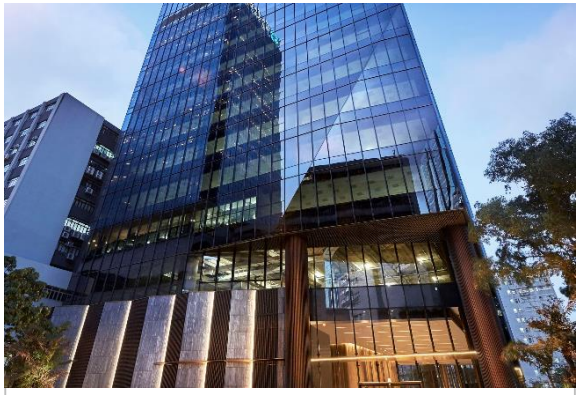
Key Developments

Cityplaza Three/ Cityplaza Four

Conditionally agreed to sell for HK$15bn.

June 2018



Kowloon Bay Office Building

Sale of project company completed.

June 2018

Citygate Outlets Extension

Topped out. **~ 474,000 sq ft GFA**

May 2018

The Middle House

~ 213 rooms

Officially opened.

May 2018

Qiantan Project

~ 1.3M sq ft GFA

Acquisition of 50% interest completed.

March 2018

One Taikoo Place

~ 1M sq ft GFA

Topped out.

January 2018

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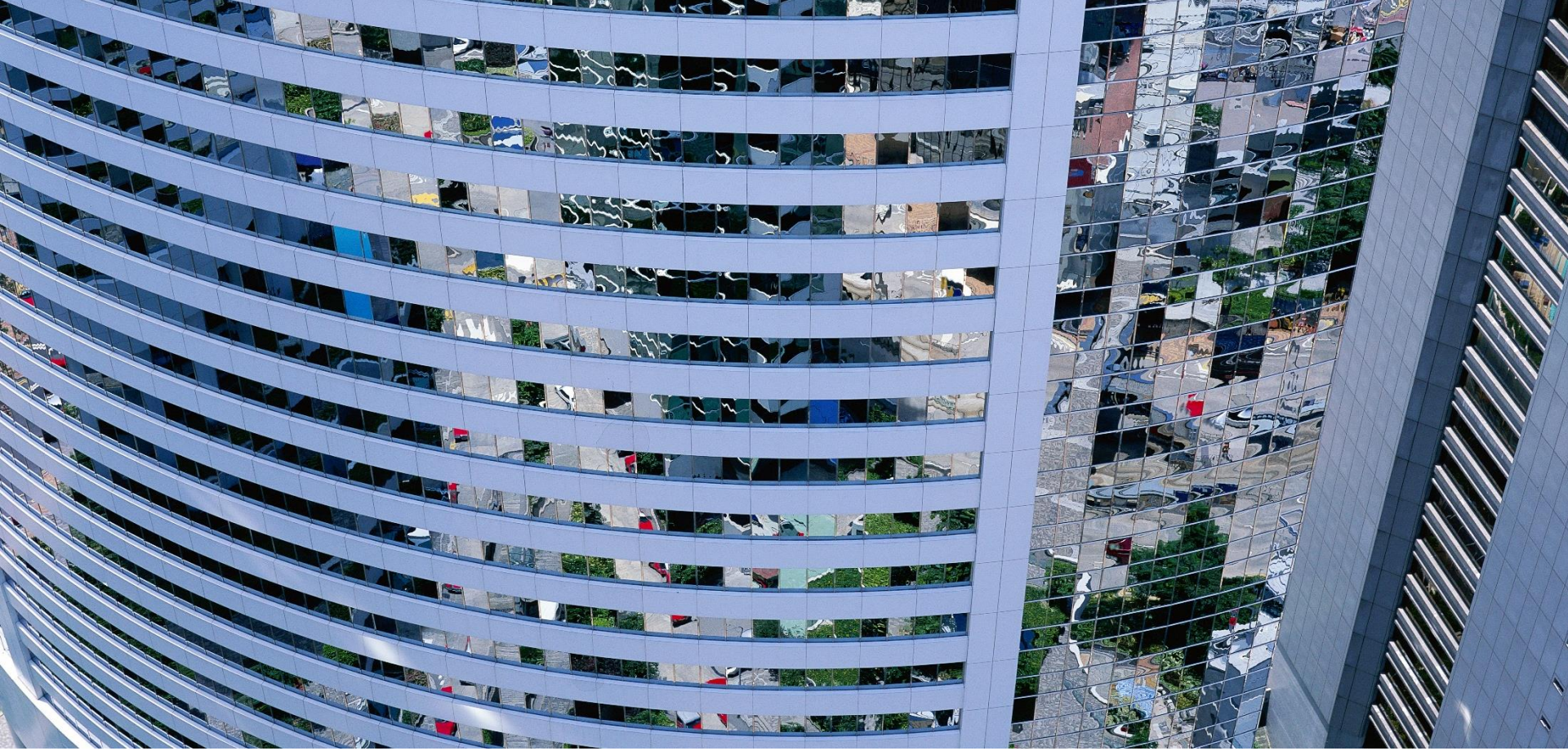

Financial Highlights

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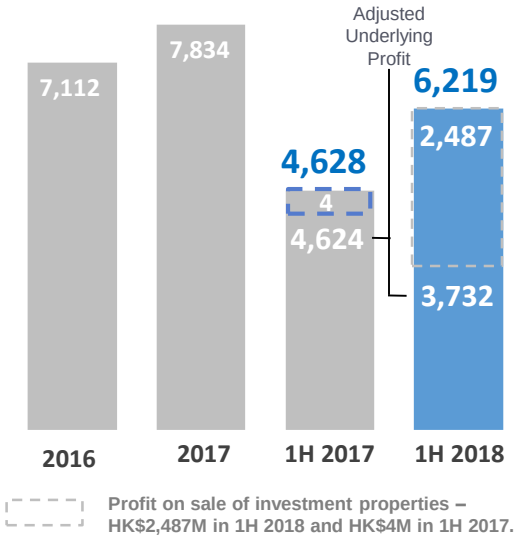
Financial Highlights

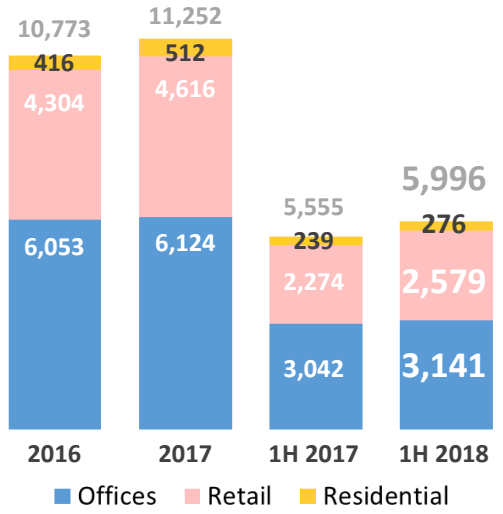
Underlying Profit

HK$ 6,219 M ^ 34%



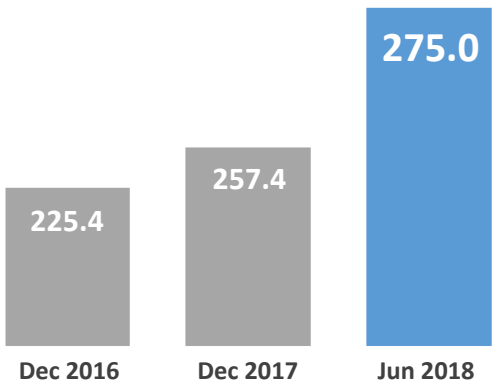
Gross Rental Income

HK$ 5,996 M ^ 8%



Equity Attri. to Shareholders

HK$ 275.0 bn ^ 7%



- **Underlying profit** ^ **34%** principally reflected profits arising from the sale of our interests in an office building in Kowloon Bay and in other investment properties in Hong Kong, partly offset by a substantial decrease in profit from property trading.
- **Gross rental income** ^ **8%** reflecting positive rental reversions in offices and higher retail sales.
- **1st interim dividend per share** ^ **8.0%** to HK$0.27.

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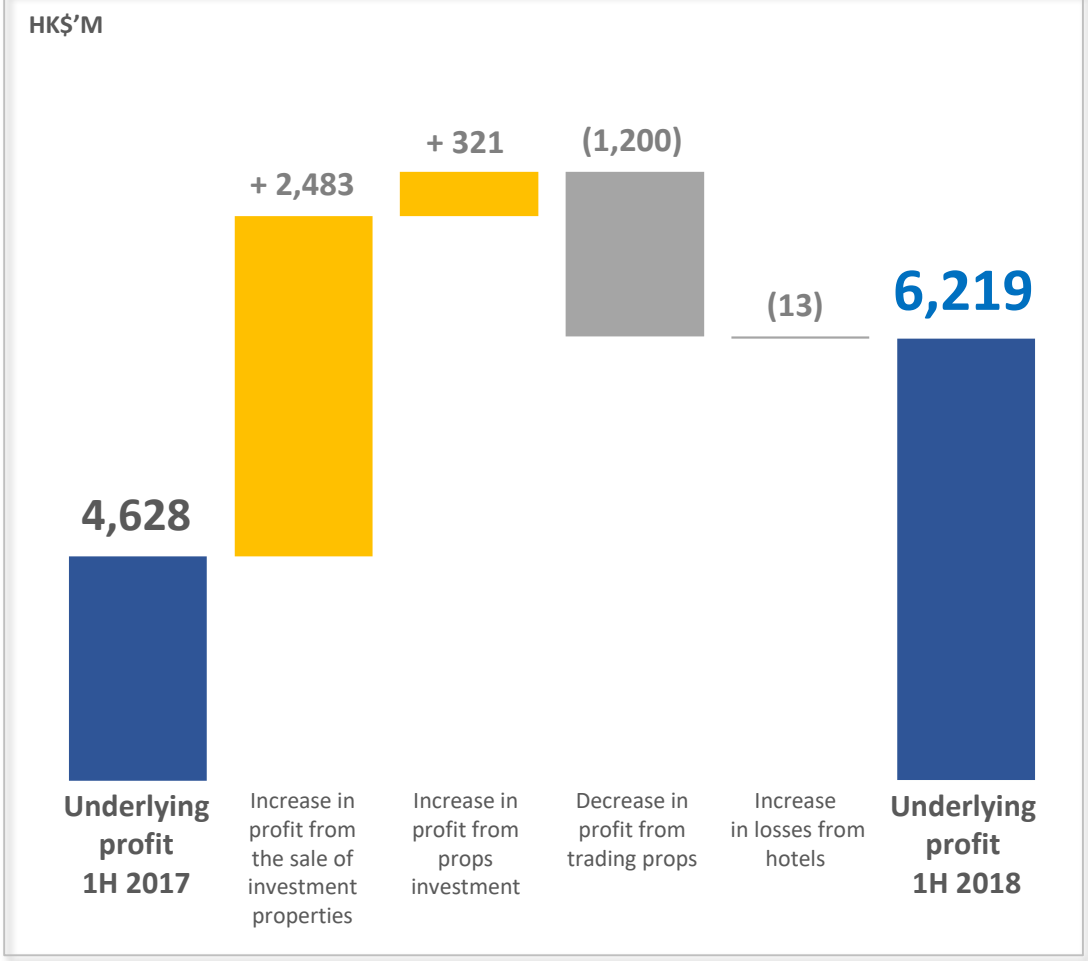
Financial Summary

HK$M	1H 2017	1H 2018	Change
Revenue	11,525	**7,309**	↓ **37%**
Valuation gains on investment properties	9,946	**15,535**	↑ **56%**
Operating profit	15,537	**21,309**	↑ **37%**
Underlying profit	4,628	**6,219**	↑ **34%**
Adjusted underlying profit	4,624	**3,732**	↓ **19%**
Reported profit	14,763	**21,205**	↑ **44%**
Underlying earnings per share *(HK$ per share)*	0.79	**1.06**	↑ **34%**
Adjusted underlying earnings per share *(HK$ per share)*	0.79	**0.64**	↓ **19%**
Reported earnings per share *(HK$ per share)*	2.52	**3.62**	↑ **44%**
First interim dividend per share *(HK$ per share)*	0.25	**0.27**	↑ **8%**
HK$M	**Dec 2017**	**Jun 2018**	**Change**
NAV attributable to the Company's shareholders (2)	**257,381**	**275,032**	↑ **7%**
Net debt	**35,347**	**30,862**	↓ **13%**
Gearing ratio	**13.6%**	**11.1%**	↓ **2.5%pt.**
NAV per share *(HK$ per share)*	**44.00**	**47.01**	↑ **7%**

(1) First interim dividend for 2018 was declared on 9th August 2018 and will be paid on 4th October 2018.
(2) NAV refers to total equity attributable to the Company's shareholders.

Movement in Underlying Profit

Movement in Underlying Profit



Underlying Profit by Segment

	1H 2017	**1H 2018**	Change
Property investment	3,414	**3,734**	^ **9%**
Property trading	1,221	**22**	v **98%**
Hotels	(11)	**(24)**	N/A
Sale of interests in investment properties	4	**2,487**	N/A
Total	4,628	**6,219**	^ **34%**

HK$ 6,219 M, ^ 34%

Underlying Profit (1H 2018)

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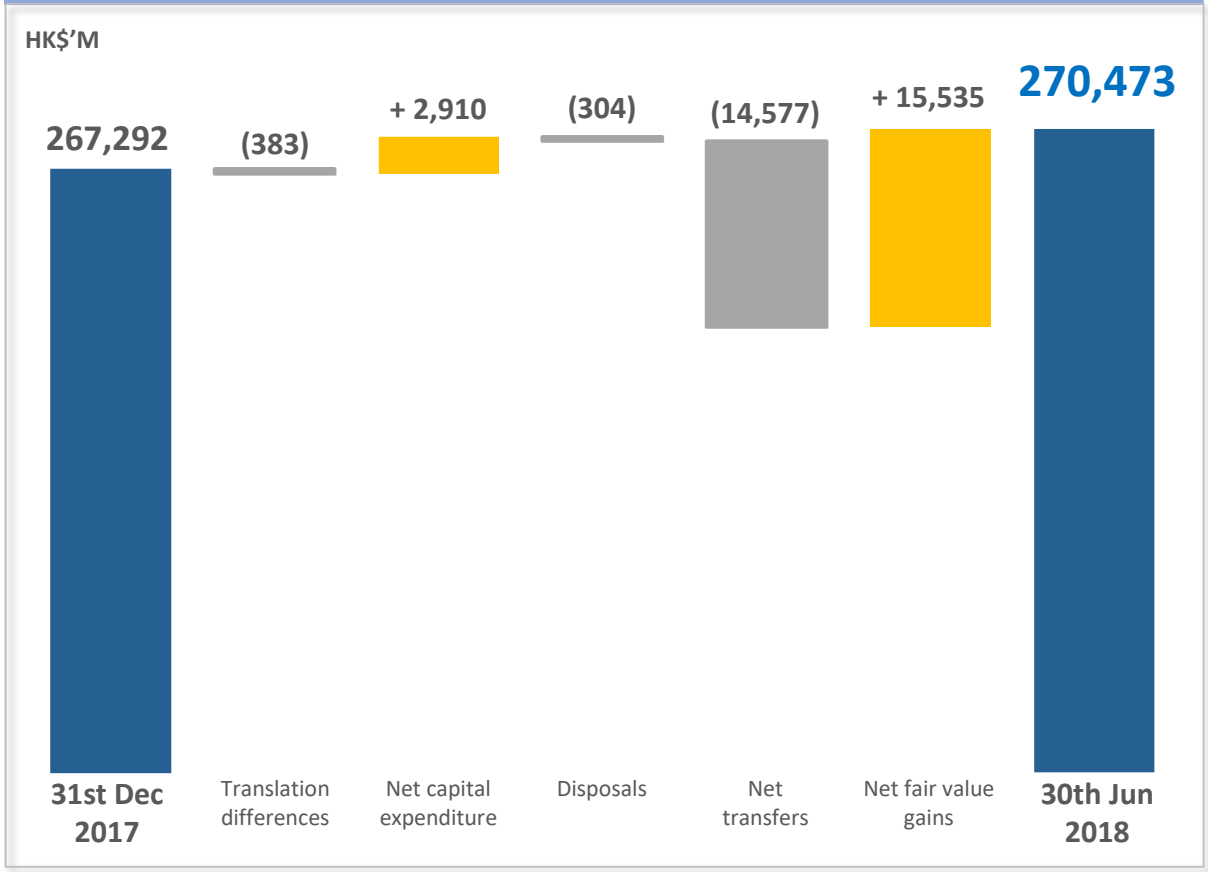
Movement in Investment Properties

Movement in Investment Properties
(excl. hotels & investment properties held under JVCs)



The increase in the valuation of the investment property portfolio is mainly due to an increase in the valuation of the office properties in Hong Kong arising from rental increases, together with a reduction of 12.5 basis points in the capitalisation rate for Hong Kong office properties, partially offset by the removal from the valuation of our interests in the Cityplaza Three and Cityplaza Four properties.

HK$ 270,473 M ^ 1%

Investment Props Valuation (1H 2018)

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Investment Portfolio

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Rental Income – Growth from All Segments

HK Office ^ 2%

- Higher rental income driven by positive rental reversions and close to 100% occupancy.
- Strong demand for office space.

HK Retail ^ 4%

- Rental income grew 10% at Cityplaza and was stable at The Mall at Pacific Place.
- Effectively fully let.

PRC Props ^ 30%

- Positive rental reversions.
- Higher retail sales.
- In RMB terms, this also represents a rental growth of 20%.

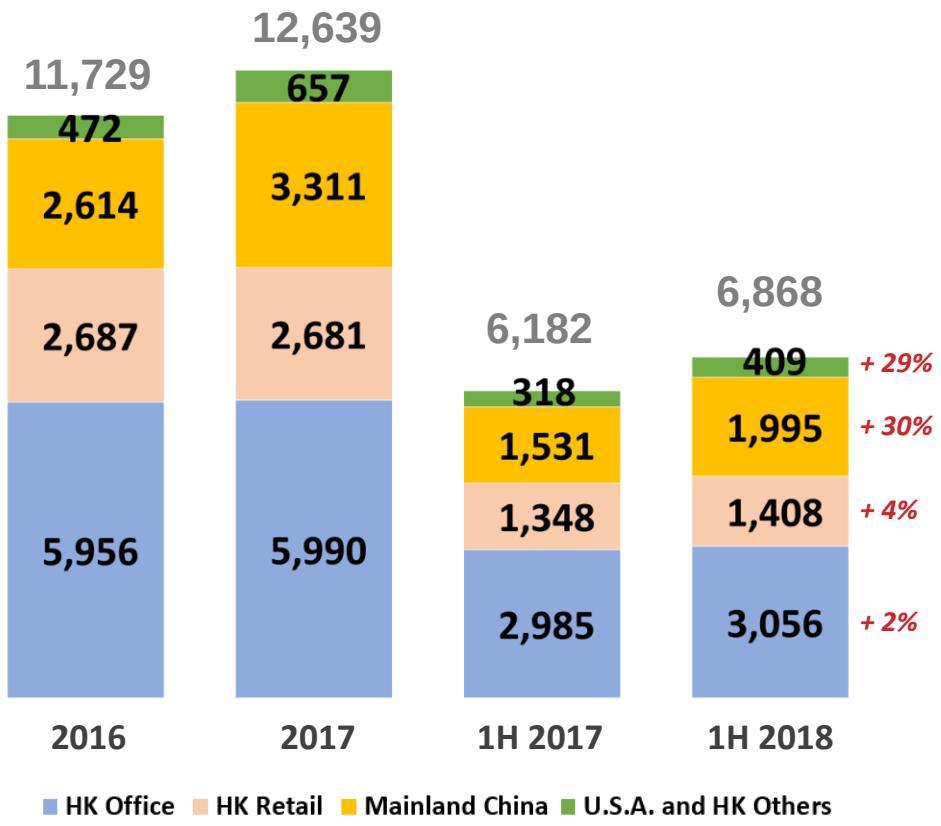
Others ^ 29%

- Rental contributions ramped up at Brickell City Centre in Miami.

Attributable Gross Rental Income (1)

HK$'M

HK$ 6,868 M, ^ 11%



(1) *Reported gross rental income (excluding rental contributions from JVCs and associates) was HK$ 2,887 M for Hong Kong office portfolio, HK$ 1,367 M for Hong Kong retail portfolio and HK$ 1,302 M for investment properties in Mainland China.*

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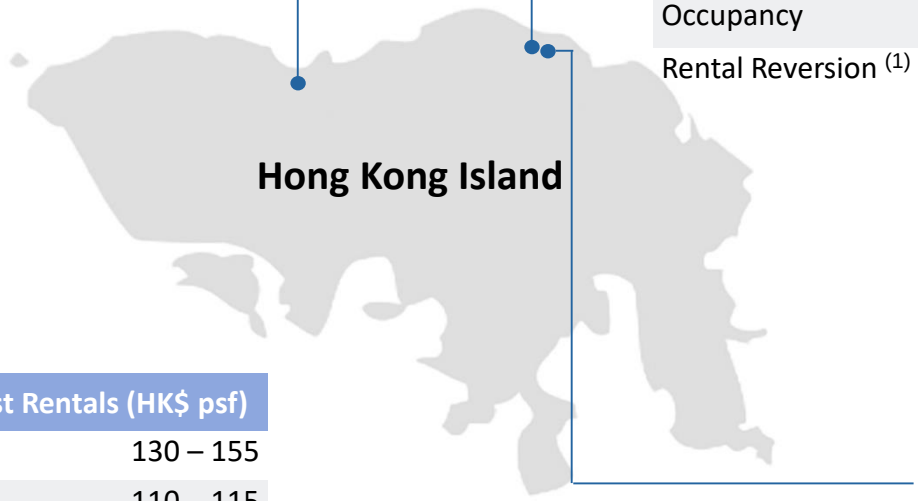
HK Office – Good Momentum across Portfolio

Pacific Place

GFA (M sq ft)	2.2
Occupancy	100%
Rental Reversion (1)	+25%

One Island East TKP office towers

GFA (M sq ft)	1.5	3.1
Occupancy	100%	100%
Rental Reversion (1)	+7%	+5%



Cityplaza (2)

GFA (M sq ft)	0.6
Occupancy	99%
Rental Reversion (1)	+6%

	Latest Rentals (HK$ psf)
One/Two Pacific Place	130 – 155
Three Pacific Place	110 – 115
Cityplaza (2)	mid 40s to high 40s
Taikoo Place	low 40s to mid 50s
One Island East	mid 50s to low 70s

HK$ 147.8(2) bn, ↓ 1%

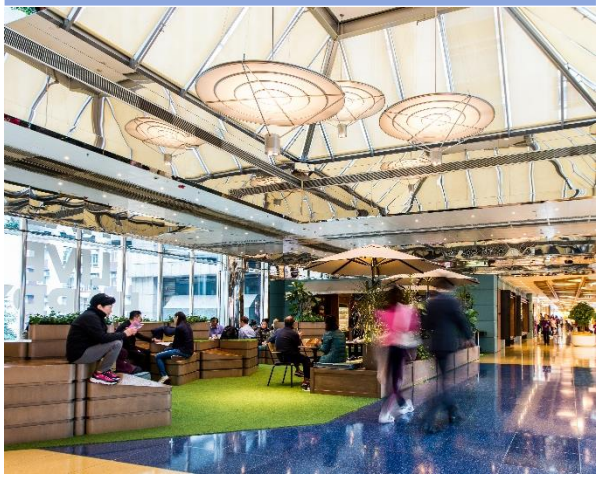
(Vs. Dec 2017)

Attributable Valuation

(1) Reversion is the percentage change in rent on lease renewals, entry into new leases and rent reviews.

(2) Excluding Cityplaza Three and Cityplaza Four. Swire Properties Limited entered into a conditional sale and purchase agreement on 15th June 2018 for the sale of Swire Properties Limited's 100% interest in a subsidiary which owns the Cityplaza Three and Cityplaza Four Properties.

HK Retail – Encouraging Retail Sales Growth

The Mall, Pacific Place	Cityplaza	Citygate Outlets
		
GFA (M sq ft)	0.7	1.1	0.5
Occupancy	100%	100%	100%
Retail Sales Growth	+ 21.7%	+ 6.3%	+9.3% (1)

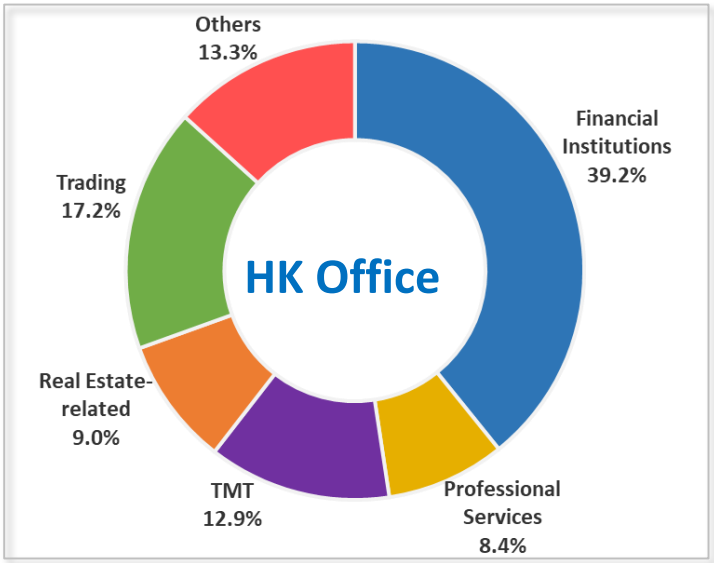
HK$ 47.8 bn, ^ 2%

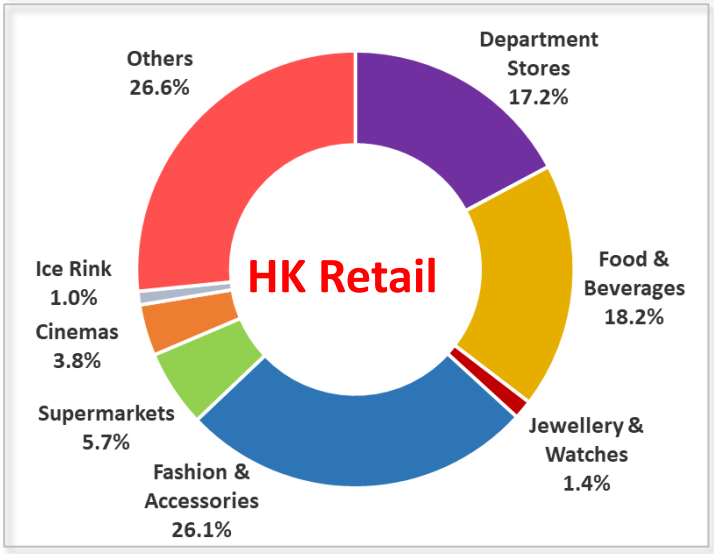
(Vs. Dec 2017)

Attributable Valuation

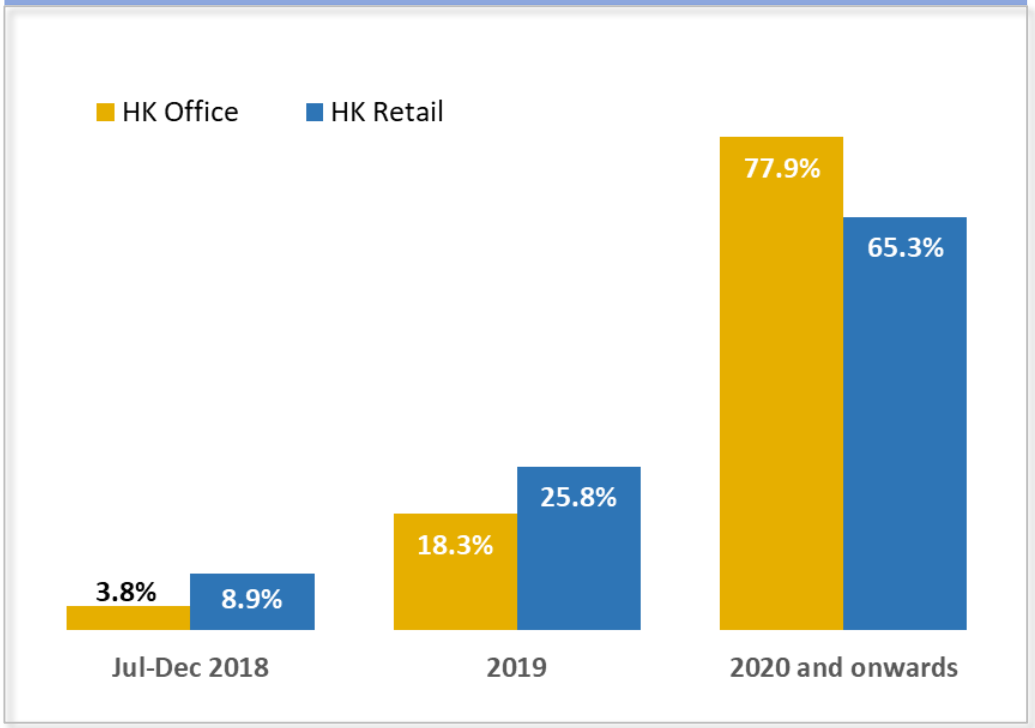
(1) *Excluding area closed for renovation and upgrading works during the first two quarters.*

HK Portfolio – Tenant Mix and Lease Expiries





Lease Expiry Profile (1)(2)



- Strong and diverse tenant base.
- Well-spread lease expiry profile.
- Top 10 office tenants occupied approx. **23%** of office area in HK.
- Top 10 retail tenants occupied approx. **25%** of retail area in HK.

(1) At 30th June 2018.
(2) Based on the percentage of the total rental income attributable to the Group for the month ended 30th June 2018.

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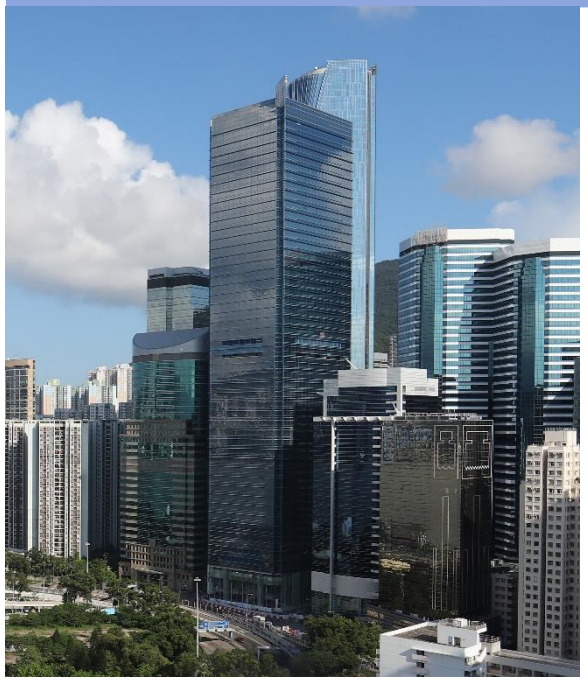
One Taikoo Place – High Leasing Pre-commitment Achieved

One Taikoo Place



Over **90**% (1) of space committed

- ~1,020,000 sq ft GFA.
- Interior finishing works in progress.
- Expected completion in late 2018.

Office tenants include:

- Baker McKenzie
- EY
- Facebook
- Interpublic Group
- Kering
- MetLife Asia
- Simmons & Simmons
- The Great Room
- Veolia

(1) *Taking into account letters of intent.*

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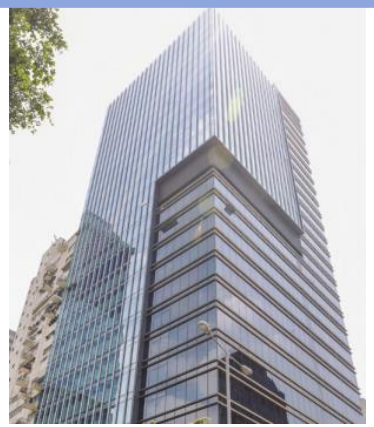
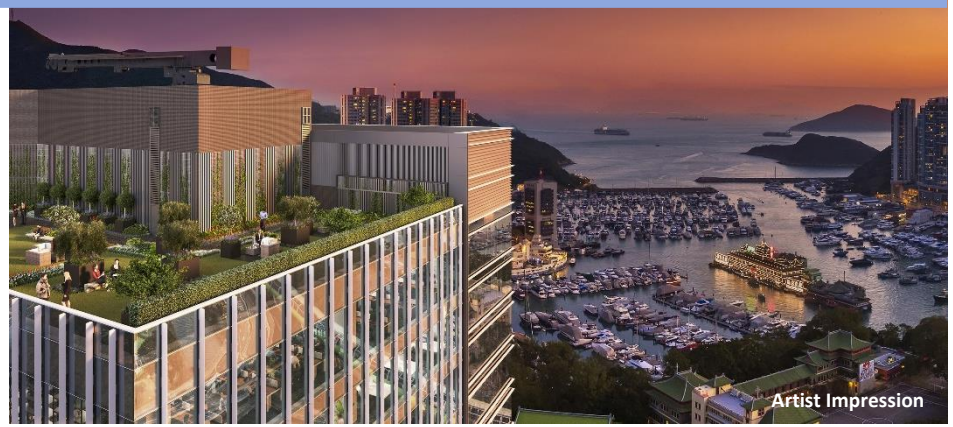
Hong Kong Investment Properties To Be Completed in 2018

South Island Place

- ❑ 50% owned office building.
- ❑ Interior finishing works in progress.

~ 382,500 sq ft GFA (1)





Tung Chung Town Lot No. 11

- ❑ 20% owned commercial building with retail and hotel GFA.
- ❑ Fitting out works in progress.
- ❑ Retail portion expected to open in 1Q 2019.

~ 474,000 sq ft GFA (1)

(1) *GFA based on 100% basis.*

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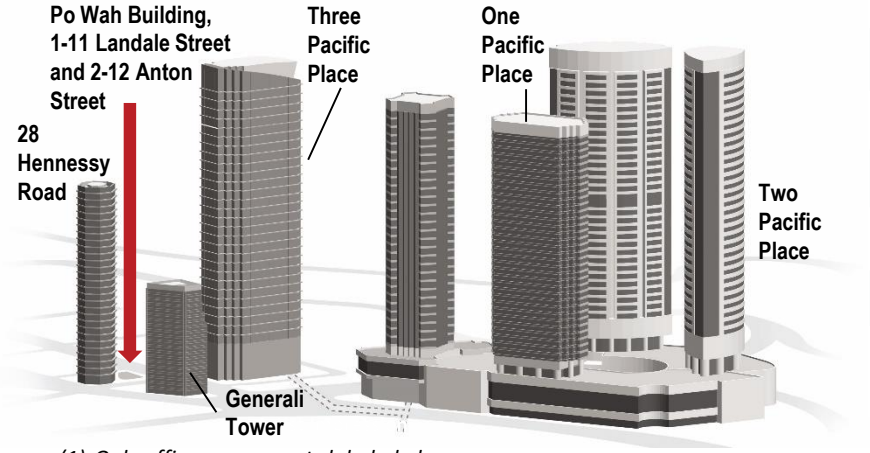
Continuing Transformation of Core Hubs in Hong Kong

❑ Hong Kong investment properties pipeline beyond 2018.

Taikoo Place

	Two Taikoo Place
Location	Quarry Bay
Interest	100%
GFA (100% basis)	~1,000,000 sq ft
Components	Office
Status	Foundation works in progress.
Expected Completion	2021/2022

Pacific Place



	Po Wah Building, 1-11 Landale Street and 2-12 Anton Street
Location	Wanchai
Interest	100%
GFA (100% basis)	TBD
Components	TBD
Status	Redevelopment under planning.
Expected Completion	After 2022

(1) *Only office components labeled above.*

★ *In February 2018, Swire Properties submitted compulsory sale applications in respect of two sites (Wah Ha Factory Building, No. 8 Shipyard Lane and Zung Fu Industrial Building, No. 1067 King's Road) in Hong Kong, which are intended for redevelopment for office and other commercial uses, subject to Swire Properties having successfully bid in the compulsory sale of the sites.*
Site location for illustrative purpose only.

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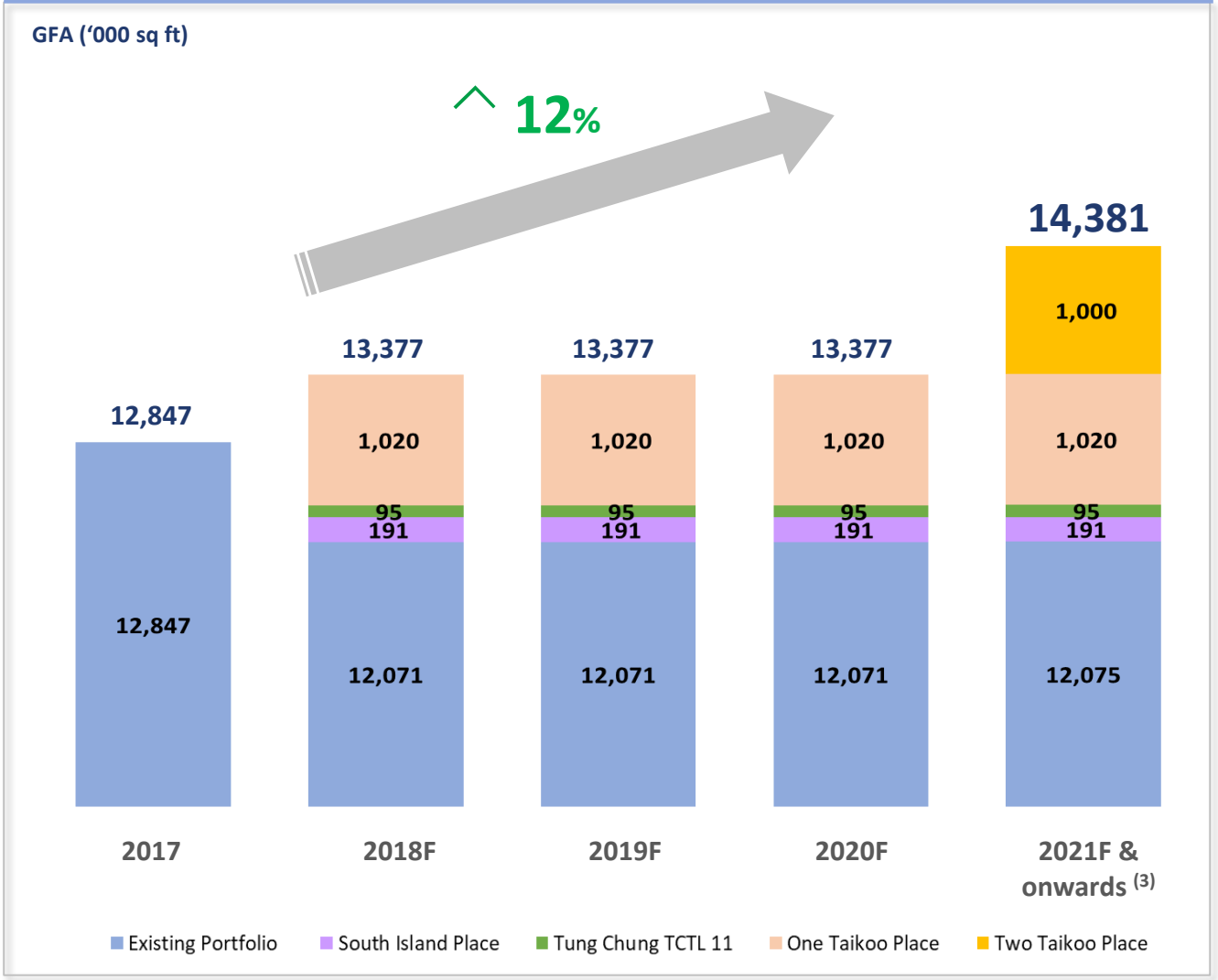
Hong Kong Portfolio – Well-positioned for Growth

Expected Attributable GFA of Completed Property Portfolio in Hong Kong [1][2]



Under Planning

Po Wah Building, 1-11 Landale Street and 2-12 Anton Street

- Site area: ~14,400 sq ft
- Redevelopment under planning.

Other

Wah Ha Factory Building and Zung Fu Industrial Building

- Site area: ~27,000 /~25,000 sq ft
- Compulsory sale applications in respect of two sites submitted in February 2018.

14.4 M sq ft
Exp. Attributable Completed GFA [1]
(Investment Props)

(1) *Includes GFA of the hotels and excludes the site (Po Wah Building, 1-11 Landale Street and 2-12 Anton Street) redevelopment of which is under planning. Also excludes two sites (Wah Ha Factory Building and Zung Fu Industrial Building) which are under compulsory sale applications.*

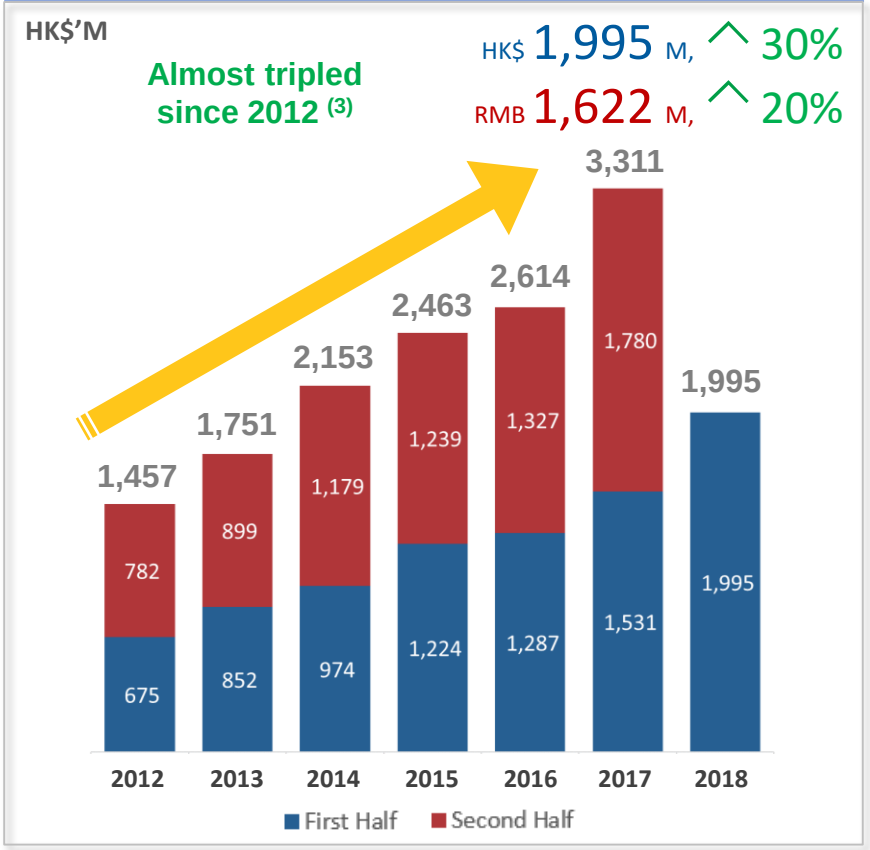
(2) *At 30th June 2018.*

(3) *Two Taikoo Place is expected to be completed in 2021 or 2022.*

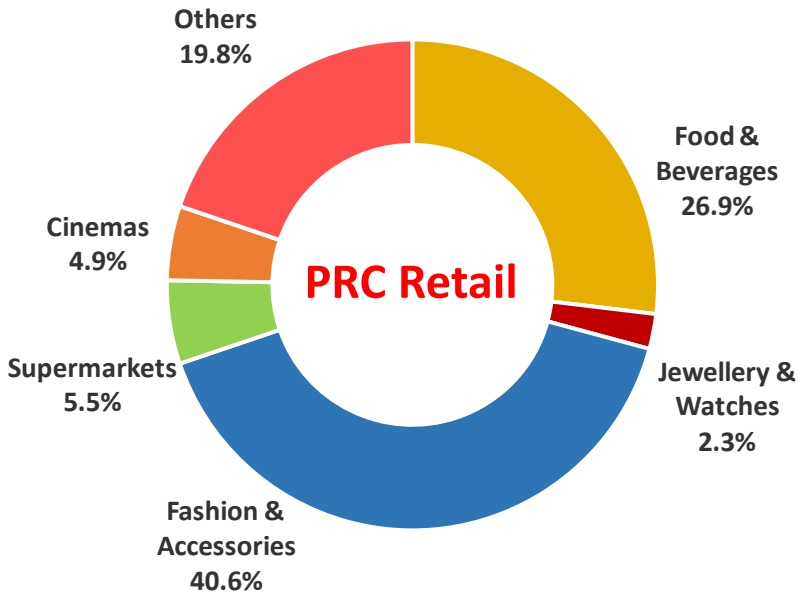
SWIRE PROPERTIES

Mainland China Portfolio – Strong Rental Growth

Attributable Gross Rental Income (1)



Retail Tenant Mix (2)



❑ Rental income from Mainland China is underpinned by a retail portfolio with a diverse tenant mix.

(1) *Reported gross rental income (excluding rental contributions from JVCs and associates) was HK$ 1,302 M.*
(2) *As at 30th June 2018.*
(3) *Comparing attributable gross rental income from the first half of 2018 to that from the first half of 2012.*

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Mainland China – Fruitful Results from Earlier Investments

Mainland China Portfolio (1)

Taikoo Li Sanlitun

Retail Sales	Occupancy
+9.7%	97% Retail

Year of Opening : 2008/2010

INDIGO

Retail Sales	Occupancy	
	Retail	Office
+6.1%	100%	99%

Year of Opening : 2011/2012

HKRI Taikoo Hui

Retail Sales	Occupancy (4)	
	Retail	Office
N/A	96%	91%

Year of Opening : 2016/2017

Sino-Ocean Taikoo Li

Retail Sales	Occupancy
+28.7%	96% Retail

Year of Opening : 2014

TaiKoo Hui

Retail Sales	Occupancy	
	Retail	Office
+11.8%	98%	100%

Year of Opening : 2011

(1) *Excluding Pinnacle One which was developed for trading purposes and Qiantan project.*
(2) *Retail sales growth quoted in RMB.*
(3) *Occupancy at 30th June 2018.*
(4) *Taking into account letters of intent.*

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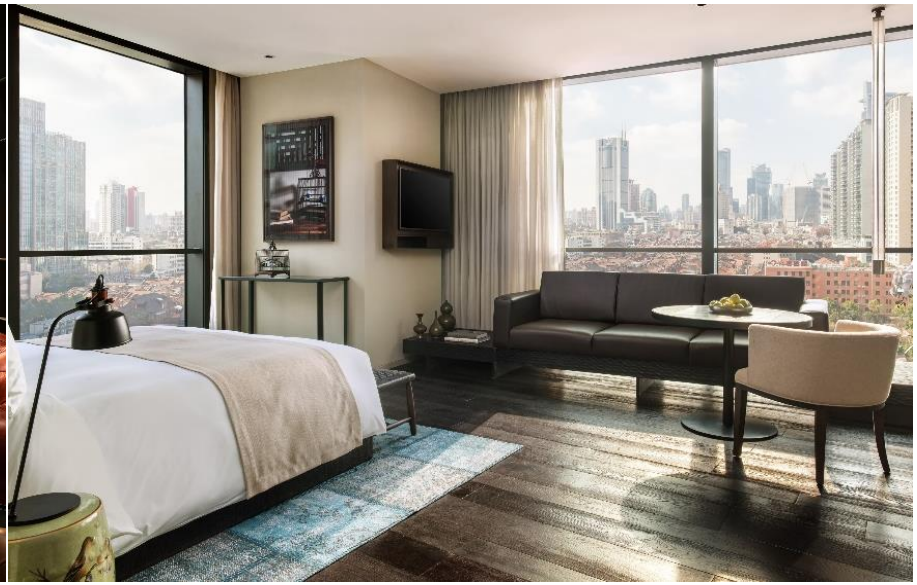
The Middle House, Shanghai – Opened



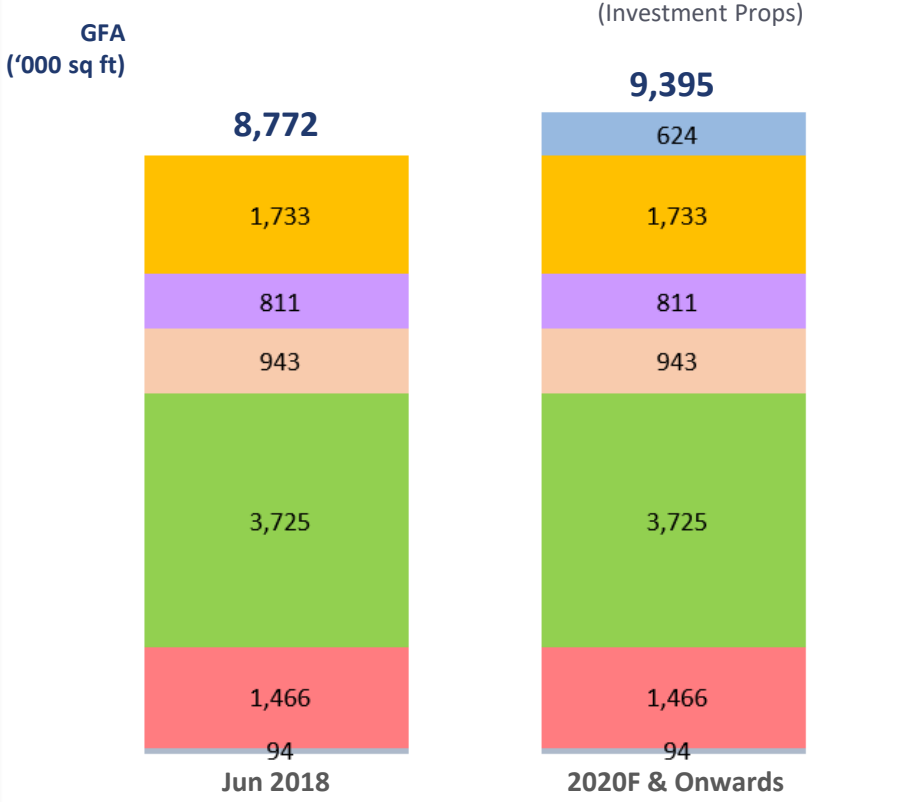
SWIRE PROPERTIES

Mainland China Project Pipeline

Attributable GFA of PRC Completed Property Portfolio [1][2]

HK$ 49.3 bn
Attributable Valuation
(Investment Props)

9.4 M sq ft
Exp. Attributable Completed GFA [1]
(Investment Props)



Qiantan Project, Shanghai

- ❑ 50% owned retail project.
- ❑ Construction in progress.
- ❑ Expected completion in 2020.

~ 1,250,000 sq ft GFA [3]

Beijing Sanlitun Yashow Building

- ❑ Refurbishment as an extension to Taikoo Li Sanlitun.
- ❑ Expected completion in 2019.

~ 296,000 sq ft GFA

(1) Includes GFA of the hotel but excludes GFA of car parks at these projects as at 30th June 2018.
(2) Excludes Pinnacle One, which was developed for trading purposes, and Beijing Sanlitun Yashow Building.
(3) GFA on 100% basis.

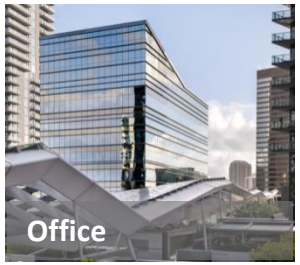
SWIRE PROPERTIES

Brickell City Centre, Miami

Brickell City Centre

89% occupancy (1)(2)

80% of shops opened (1)



100% occupancy (1)

Retail Tenants

- ❑ Saks Fifth Avenue
- ❑ Apple
- ❑ CMX The VIP Cinema
- ❑ La Centrale Italian Food Hall
- ❑ Zara

Office Tenants

- ❑ WeWork
- ❑ Akerman
- ❑ McKinsey&Company
- ❑ Bloomberg
- ❑ KPMG
- ❑ Interaudi Bank

(1) *As at 30th June 2018.*
(2) *Taking into account letters of intent.*

Trading Portfolio

SWIRE PROPERTIES

Trading Portfolio

Hong Kong

WHITESANDS
All Sold or **28** houses sold
HK$20,610 psf (avg price) (2)
Profit from the sale of 6 houses expected to be recognised in 2H 2018.

21-31 Wing Fung Street **~ 29,928** sq ft GFA (3)
- ❑ Redevelopment under planning.
- ❑ Expected to be completed in 2021.

Brickell City Centre, Miami

REACH
~ 93% or **363** units sold (1)
mid US$600s psf (avg price) (2)
Profit from the sale of 3 units expected to be recognised in 2H 2018.

RISE
~ 58% or **227** units sold (1)
high US$600s psf (avg price) (2)
Profit from the sale of 14 units expected to be recognised in 2H 2018.

(1) *At 7th August 2018.*
(2) *Average selling price is based on saleable area.*
(3) *Excluding a retail podium of ~ 4,200 sq ft which will be retained for investment purposes.*

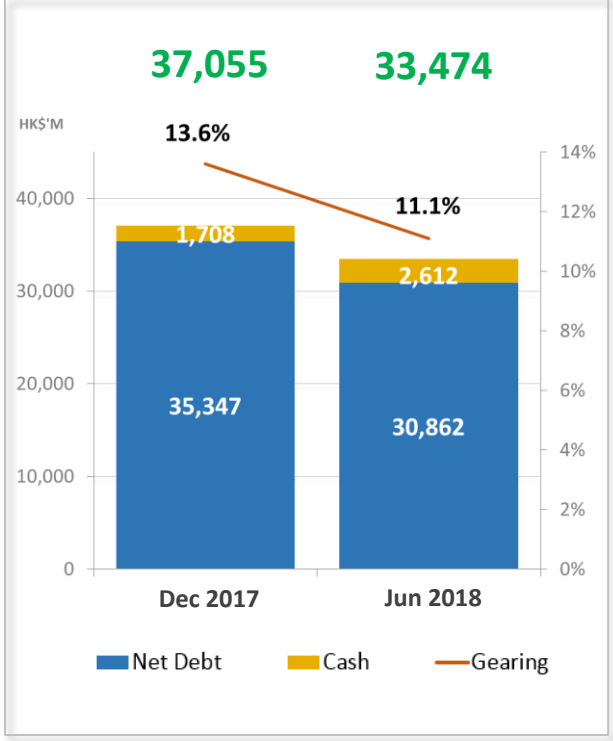
Financing

SWIRE PROPERTIES

Net Debt and Gearing

Net Debt Reconciliation (HK$M)	
Net debt at 31st Dec 2017	**(35,347)**
Net rental and fee receipts	**4,818**
Proceeds from property trading / development	**674**
Capex – PP&E and property investment	**(2,657)**
Development costs – property trading	**(113)**
Net proceeds after development cost for NKIL 6312[1] and others	**8,124**
Net investments in JVCs and Associate	**(2,090)**
Dividends from JVCs and Associate	**45**
Net interest paid	**(533)**
Tax paid	**(358)**
Dividends paid to the Company's shareholders	**(3,042)**
Other operating items	**(383)**
Net debt at 30th Jun 2018	**(30,862)**

Gearing



Financial Ratios [2]	2014	2015	2016	2017	Jun 2018
Total Equity (HK$ M)	208,547	217,949	227,225	259,378	**277,061**
Net Debt (HK$ M)	34,071	33,348	35,377	35,347	**30,862**
Gearing	16.3%	15.3%	15.6%	13.6%	**11.1%**
Underlying Interest Cover (X)	7.6	7.8	8.9	10.7	**14.1**
Underlying Cash Interest Cover (X)	5.6	5.9	6.3	7.5	**11.2**

Highlights

HK$ 30,862 M
Net Debt

11.1%
Gearing

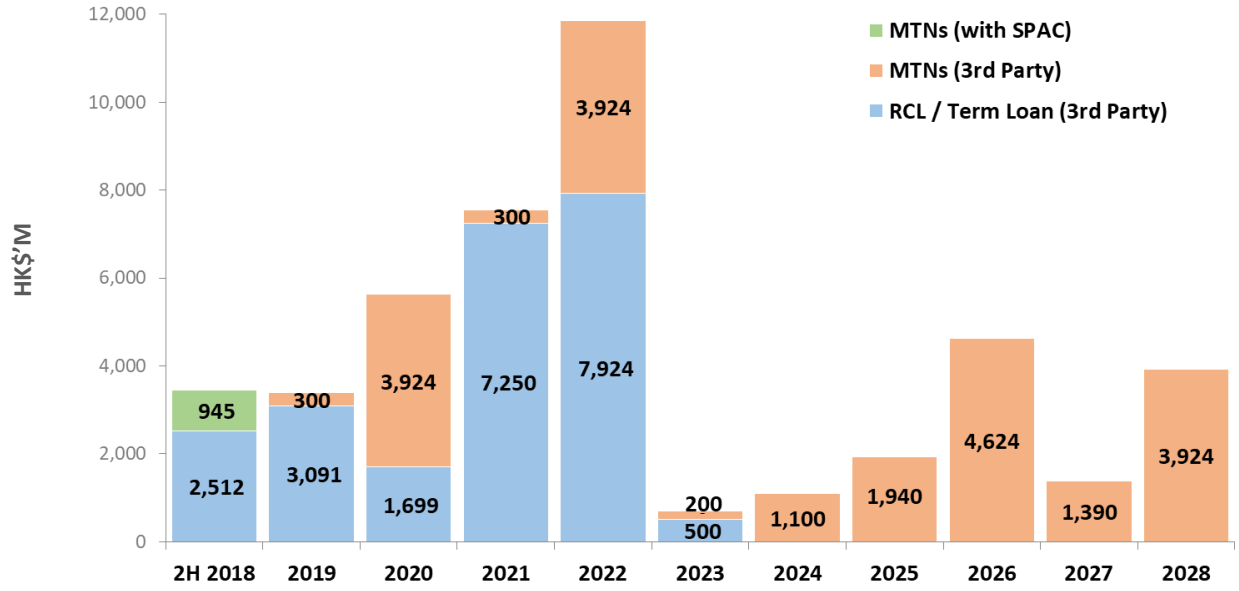
(1) *NKIL 6312 refers to New Kowloon Inland Lot 6312.*
(2) *Financial ratios as at respective December year-ends except for June 2018.*

SWIRE PROPERTIES

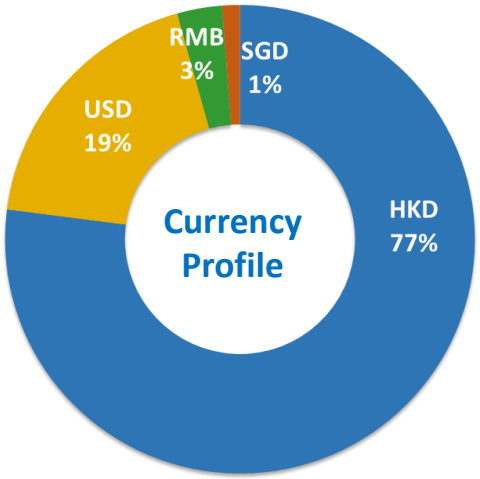
Maturity Profile & Liquidity

Maturity Profile of Available Committed Facilities (at 30th June 2018)

		2H 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total	45,547	3,457	3,391	5,623	7,550	11,848	700	1,100	1,940	4,624	1,390	3,924
Drawn	33,431	3,457	1,150	4,823	2,825	7,998	200	1,100	1,940	4,624	1,390	3,924



HK$M	Dec 2017	Jun 2018
Cash	1,708	2,612
Undrawn - committed	10,561	12,116
	12,269	14,728
Undrawn - uncommitted	804	875
	13,073	15,603



- Major financing activities in 1H 2018:
  - Repayment of inter-company loan of HK$ 4,232 M to Swire Pacific.
  - Prepayment of term loan facilities and repayment of revolving loan facilities totaling HK$ 2,600 M and RMB 648 M.
  - Issue of first green bond in January 2018, raising US$ 500 M for 10 years at a coupon rate of 3.5%.

Fixed : Floating
72% : 28%

Available Committed Facilities
HK$ 45,547 M

Credit Rating
Fitch "A"
Moody's "A2"

Cash & Undrawn Committed Facilities
HK$ 14,728 M

SWIRE PROPERTIES

Capital Commitments

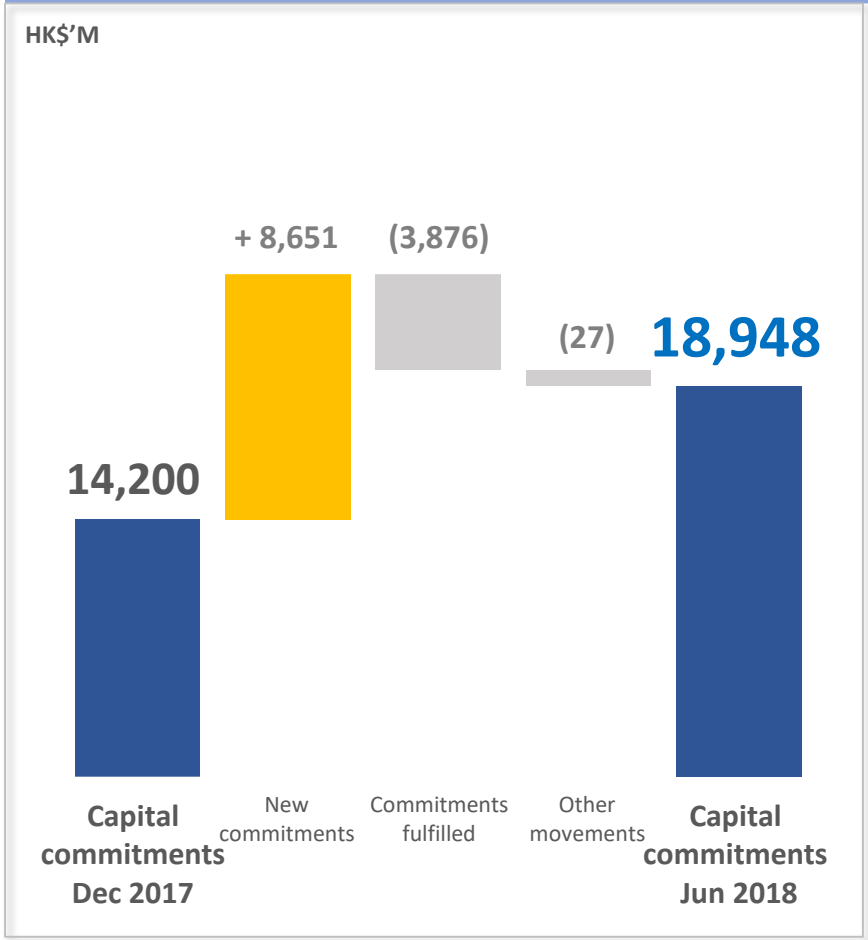
Profile of Capital Commitments for Investment Properties and Hotels – at 30th June 2018

HK$'M	Expenditure	Forecast Year of Expenditure			Commitments*
	Six months ended 30th Jun 2018	Six months ended 31st Dec 2018	2019	2020	2021 & later	At 30th Jun 2018
Hong Kong	**3,209**	1,778	1,542	4,421	8,452	**16,193**
Mainland China	**2,034**	774	1,066	415	68	**2,323**
U.S.A. and elsewhere	**84**	114	273	25	20	**432**
Total	**5,327**	2,666	2,881	4,861	8,540	**18,948**

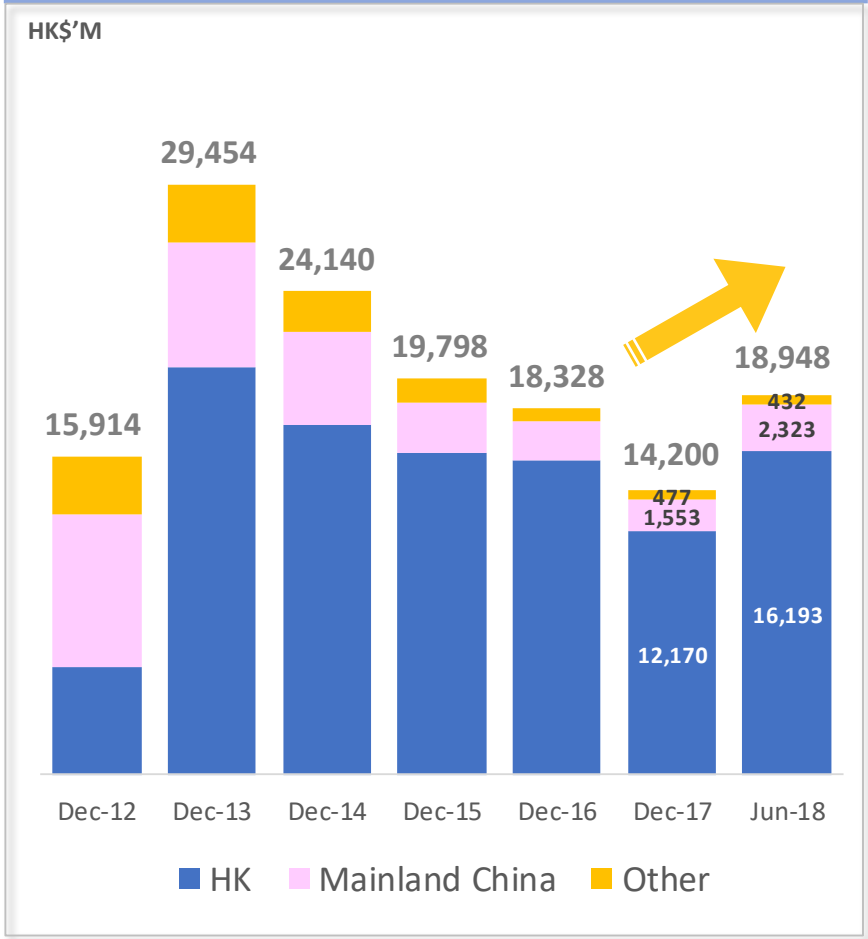
* *The capital commitments represent the Group's capital commitments of HK$ 17,036 M plus the Group's share of the capital commitments of joint venture companies of HK$ 1,912 M. The Group is committed to funding HK$ 135 M of the capital commitments of joint venture companies.*

Increased Capital Commitments

Movement in Capital Commitments



Historical Profile of Capital Commitments (1)



- New commitments principally arise from the Qiantan project in Shanghai and the redevelopment of two sites (2) in Quarry Bay in Hong Kong.

(1) *For investment properties and hotels as at period ends.*
(2) *Wah Ha Factory Building and Zung Fu Industrial Building which are under compulsory sale applications.*

SWIRE PROPERTIES

Prospects

SWIRE PROPERTIES

Prospects

Hong Kong

- High occupancy is expected to result in upward pressure on office rents at Pacific Place and resilience in office rents in our Taikoo Place development.
- Improved market sentiment and a better tenant mix should support stable sales growth at our retail malls.
- Rental demand for our residential investment properties is expected to be stable in the second half of 2018.

Mainland China

- Retail sales are expected to grow satisfactorily in Chengdu, steadily in Guangzhou and Beijing and modestly in Shanghai in the second half of 2018.
- Demand for retail space for lifestyle brands and food and beverage outlets is expected to be solid. Demand for luxury goods has improved in Beijing and is strong in Guangzhou and Chengdu.
- Demand for office space in Guangzhou, Beijing and the Jingan District of Shanghai is expected to underpin rentals in the second half of 2018, despite new supply.

Miami, U.S.A.

- There is too much retail space available for rent and weak retail sales have made some retailers cautious about expansion.
- New supply of Grade-A office space is limited and demand is firm.
- Weak South American economies and the relative strength of the US dollar are expected to continue to affect demand for condominiums from South American buyers.

Across Regions - Hotels

- Trading conditions for our existing hotels are expected to be stable in the second half of 2018.
- The two new hotels in Shanghai are building up their occupancy.

Sustainable Development (SD) 2030 Strategy: 1H2018 Highlights

People

	Progress
Safety, Health and Wellbeing	Launched **Employee Wellness Programme 2018** which comprises of sponsorship fund for interest clubs, photo campaign, luncheon talks and workshops
Diversity and Inclusion	Launched the **Diversity and Inclusion Policy**

Partners

	Progress
Suppliers	No high risk suppliers identified from the annual supplier risk assessment[1]
Tenants	Enhanced the **Tenants' Fit-out and Renovation Guide** to incorporate new elements such as **Green Kitchen Technical Guidelines** for F&B tenants Introduced the SPL-driven **Green Kitchen Award Scheme** to tenants

Places

- Topping out of One Taikoo Place
- Built to the highest sustainability standard: **LEED Platinum, BEAM Plus Platinum** and **WELL Platinum**

Performance (Environment)

	Progress HK Portfolio	Mainland China Portfolio
Climate Change	Launched the **Climate Change Policy**	
Energy	Energy consumption[2] ↓ **52M** kWh/year ↓ **22%**	↓**17M** kWh/year ↓**20%**
Waste	Commercial waste diversion rate **21%**	Waste recycling rate **26%**
Building/Asset Investment	**35** buildings with BEAM/BEAM Plus certification **30** buildings with LEED certification	

Performance (Economic)

	Progress
Green Financing	Issued first green bond **US$500M** coupon rate of 3.5%
Disclosure and Reporting	Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM The Sustainability Yearbook 2018 FTSE4Good Hang Seng Corporate Sustainability Index Series Member 2017-2018 GRESB Real Estate Sector Leader 2017 MSCI 2017 Constituent MSCI ESG Leaders Indexes

Note

[1] Assessment has been conducted for the 20 largest suppliers accounting for the majority of our procurement budget in 2017.

[2] HK portfolio: compared to the business-as-usual ("BAU") baseline level in 2008; Mainland China portfolio: compared to the BAU baseline level in the first year for which a complete calendar year of data was available for projects in Mainland China portfolio.

Q & A

SWIRE PROPERTIES

Appendix

SWIRE PROPERTIES

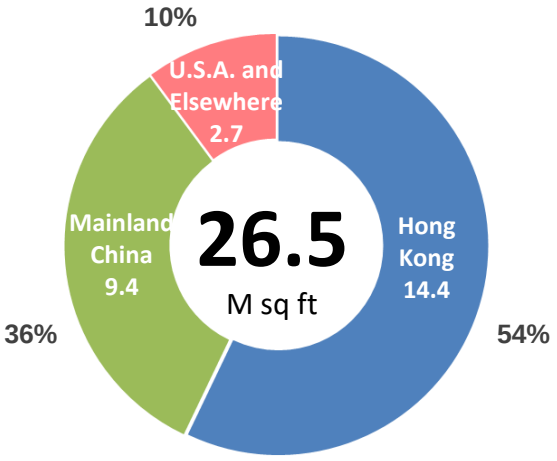
Key Business Strategies

1. Continue to create long-term value by conceiving, designing, developing, owning and managing transformational mixed-use and other projects in urban areas.
2. Maximise the earnings and value of our completed properties through active asset management and by reinforcing our assets through enhancement, redevelopment and new additions.
3. Continue with our luxury residential property activities.
4. Remain focused principally on Hong Kong and Mainland China.
5. Manage our capital base conservatively.

Property Portfolio

Investment Props / Hotels Attributable GFA (M sq ft)[1]	Office	Retail	Hotels[2]	Resid./Serviced apartments	Under Planning	Total
Completed						
Hong Kong	*8.3 [3]*	*2.5*	*0.7*	*0.6*	*-*	***12.1***
Mainland China	*2.9*	*4.5*	*1.2*	*0.2*	*-*	***8.8***
U.S.A.	*0.3*	*0.3*	*0.5*	*0.1*	*-*	***1.2***
Sub-Total (A)	**11.5**	**7.3**	**2.4**	**0.9**	**-**	**22.1**
Under Development or Held for Future Development						
Hong Kong	*2.2*	*0.1*	*-*	*-*	*-*	***2.3***
Mainland China	*-*	*0.6*	*-*	*-*	*-*	***0.6***
U.S.A. and elsewhere	*-*	*-*	*-*	*0.1*	*1.4*	***1.5***
Sub-Total (B)	**2.2**	**0.7**	**-**	**0.1**	**1.4**	**4.4**
TOTAL = (A) + (B)	**13.7**	**8.0**	**2.4**	**1.0**	**1.4**	**26.5**

Attributable Investment Props by Region (GFA M sq ft)



Trading Props Attributable GFA (M sq ft)	Completed Prop Held for Sale	Under Development / Held for Development	Total
Hong Kong [4]	*-*	*-*	***-***
Mainland China	*0.3*	*-*	***0.3***
U.S.A.	*0.3*	*1.9*	***2.2***
Total	**0.6**	**1.9**	**2.5**

Attri. Investment Portfolio
26.5 M sq ft

Attri. Trading Portfolio
2.5 M sq ft

Total Attri. Property Portfolio
29.0 M sq ft

(1) *Excludes GFA of car parks. Also excludes GFA of a site (Po Wah Building, 1-11 Landale Street and 2-12 Anton Street) and two sites (Wah Ha Factory Building and Zung Fu Industrial Building).*

(2) *Hotels are accounted for under property, plant and equipment in the financial statements.*

(3) *The remainder of Cityplaza Three and the whole of Cityplaza Four (the immediate holding company of a wholly-owned property holding subsidiary owning such remainder and such whole having been conditionally agreed to be sold in June 2018) are excluded.*

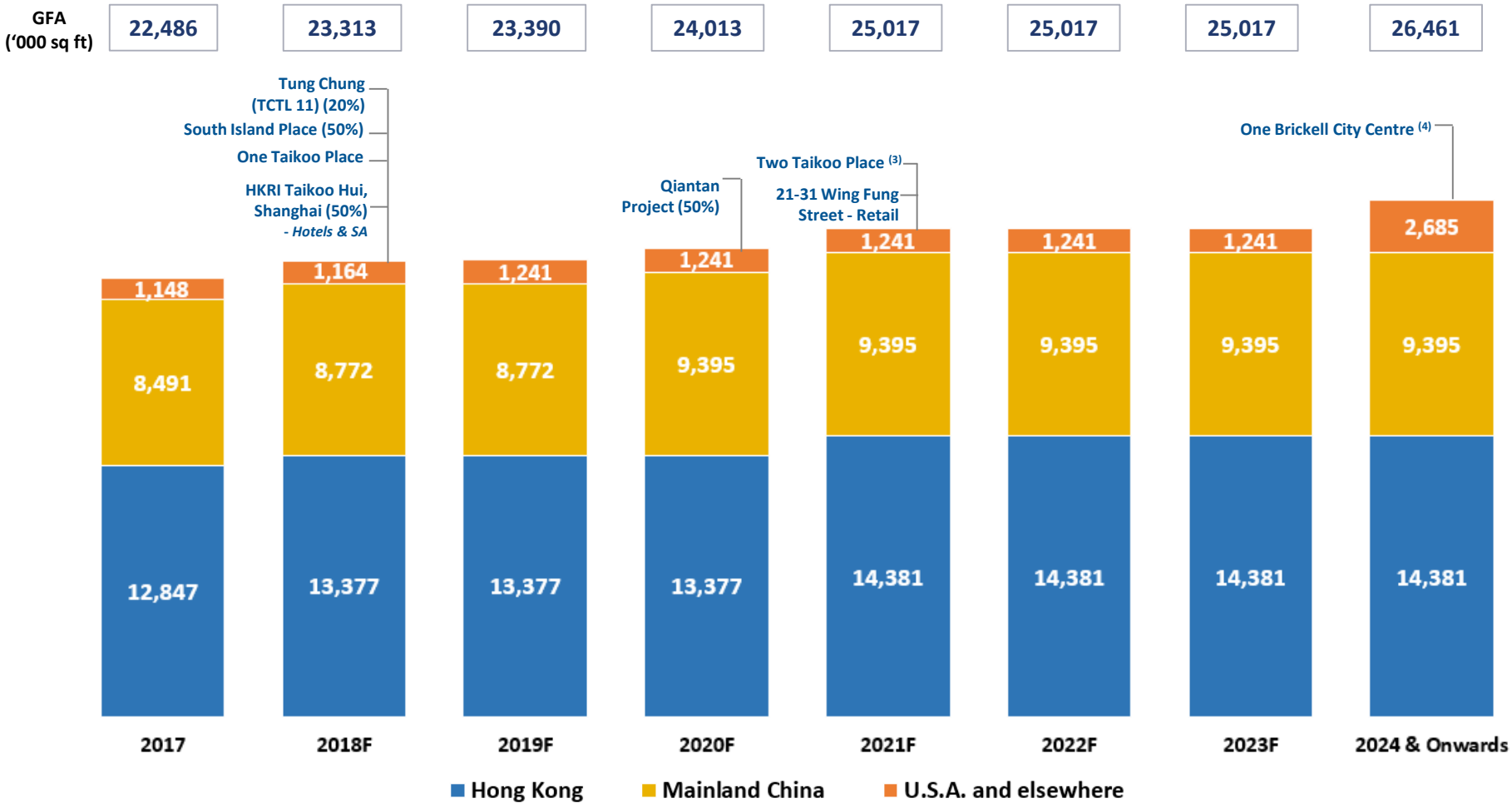
(4) *The aggregate GFA in Hong Kong is less than 0.1M.*

(5) *As at 30th June 2018.*

SWIRE PROPERTIES

Completed Investment Portfolio

Expected Attributable GFA of Completed Investment Portfolio (incl. Hotels) (1)(2)(3)



(1) *Hotels are accounted for under property, plant and equipment in the financial statements.*

(2) *Excludes GFA of property trading components, a site (Po Wah Building, 1-11 Landale Street and 2-12 Anton Street) , two sites (Wah Ha Factory Building, No. 8 Shipyard Lane and Zung Fu Industrial Building, No. 1067 King's Road), and car parks but includes GFA of the hotel portion of these projects.*

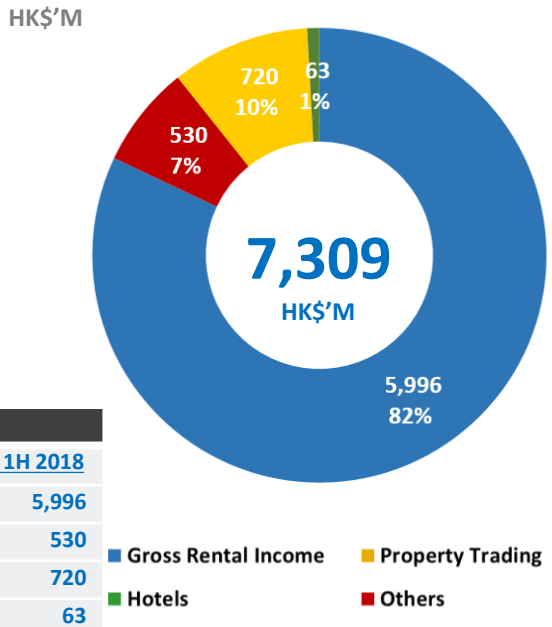
(3) *Two Taikoo Place is expected to be completed in 2021 or 2022.*

(4) *Development under planning.*

SWIRE PROPERTIES

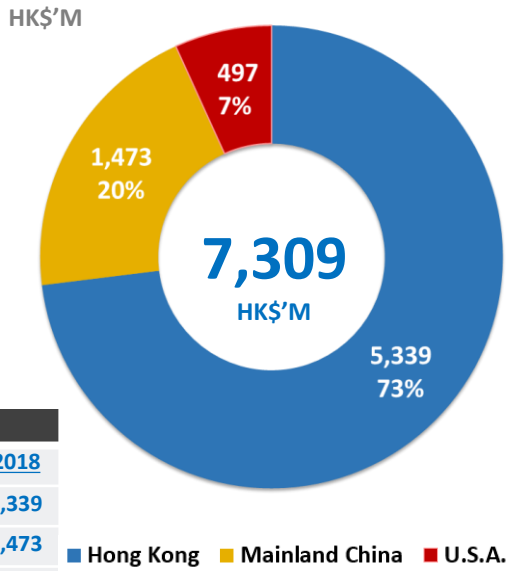
Revenue Analysis

1H 2018 Revenue Breakdown by Segment



Comparison		
	1H 2017	1H 2018
Rental	5,555	**5,996**
Trading	5,258	**530**
Hotels	651	**720**
Others	61	**63**
Total	11,525	**7,309**

1H 2018 Revenue Breakdown by Region



Comparison		
	1H 2017	1H 2018
HK	9,759	**5,339**
Mainland China	1,244	**1,473**
U.S.A.	522	**497**
Total	11,525	**7,309**

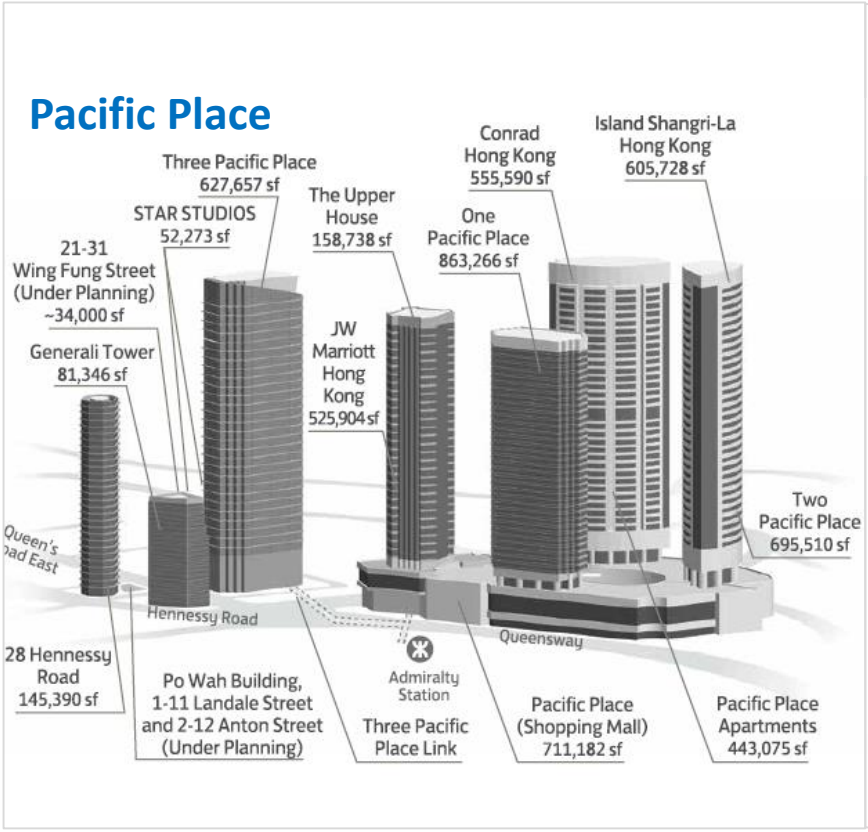
The turnover decreased by 37% principally due to lower revenue from the sale of residential units in Hong Kong, offset by higher revenue from China.

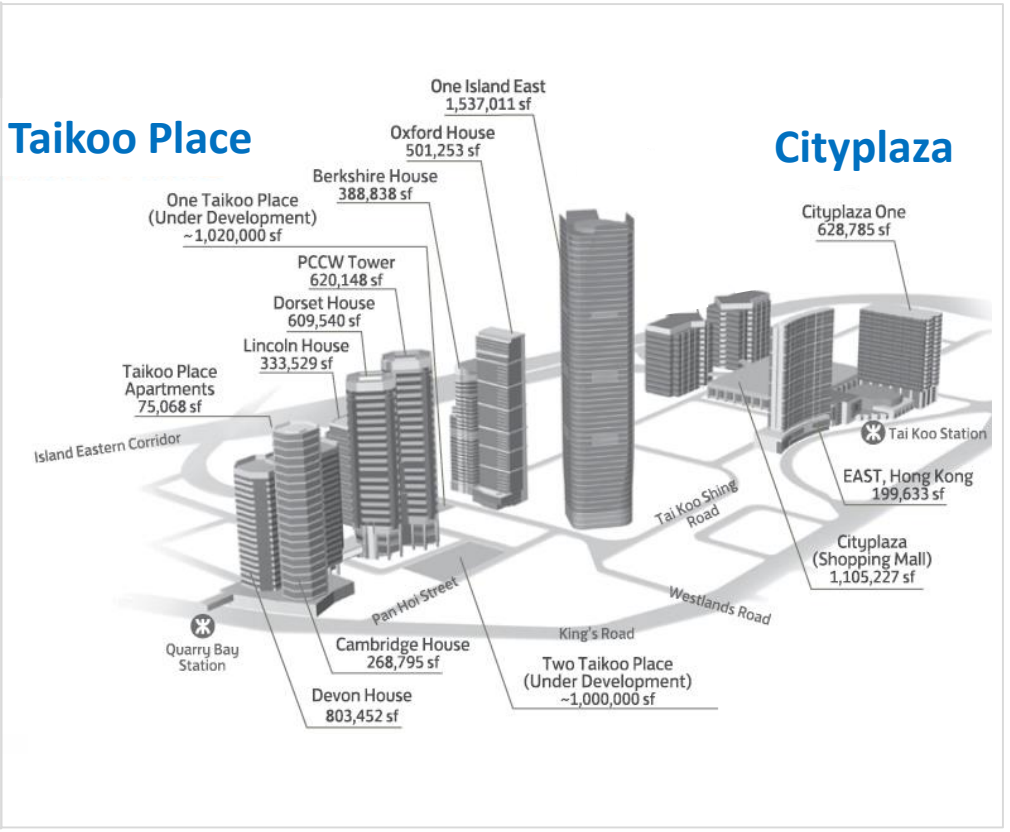
HK$ 7,309 M, ↘37%

Revenue
(1H 2018)

SWIRE PROPERTIES

HK Portfolio Map





(1) *The simplified maps are not to scale and are for illustrative purpose only.*

(2) *GFA figures are for reference only.*

SWIRE PROPERTIES

Taikoo Li Sanlitun, Beijing

Retail Sales	Occupancy [1]
+9.7%	97%
	Retail

- Gross rental income at Taikoo Li Sanlitun in Beijing increased in the first half of 2018.
- Demand for retail space in Taikoo Li Sanlitun remains solid as it reinforces its position as a fashionable retail destination in Beijing. Improvement works are being carried out and are expected to have a positive impact on occupancy and rents.
- The refurbishment of the Beijing Sanlitun Yashow Building as an extension to Taikoo Li Sanlitun (with a GFA of 296,000 square feet) is expected to be completed in 2019.
- Retail sales are expected to grow steadily in Beijing in the second half of 2018. Demand for luxury goods has improved in Beijing.

Project Summary (100% Basis)	
GFA	1.47 M sq ft
Components	TKL Sanlitun South TKL Sanlitun North The Opposite House
Interest	Retail : 100% TOH : 100%
Yr of Opening	2008 (TKL South) 2008 (TOH) 2010 (TKL North)

(1) *Occupancy as at 30th June 2018.*

TaiKoo Hui, Guangzhou

Retail Sales	Occupancy [1]
+11.8%	98% *Retail*
	100% *Office*

- Gross rental income at TaiKoo Hui in Guangzhou increased in the first half of 2018, reflecting in part improvements to the tenant mix and a customer loyalty programme.
- Retail sales are expected to grow steadily in Guangzhou in the second half of 2018. Demand for luxury goods is strong Guangzhou. Retail rents are expected to grow satisfactorily despite an increase in the availability of competing space.
- There has been limited new supply of office space in the core areas of Guangzhou and there is strong demand from existing office tenants to expand or upgrade their accommodation. Vacancy rates have declined. Despite the availability of new office space in Guangzhou in the second half of 2018, rentals are expected to be resilient.

Project Summary (100% Basis)	
GFA	3.84 M sq ft
Components	Shopping Mall 2 Office Towers Mandarin Oriental GZ
Interest	97%
Yr of Opening	2011 / 2012 / 2013

(1) *Occupancy as at 30th June 2018.*

INDIGO, Beijing

Retail Sales	Occupancy [1]
+6.1%	100% *Retail*
	99% *Office*

- Improvements to the tenant mix have been made. The mall is becoming a significant quality family shopping centre in north-east Beijing.
- Demand for office space in Beijing is expected to underpin rentals in the second half of 2018, despite new supply.

Project Summary (100% Basis)	
GFA	1.89 M sq ft
Components	Shopping Mall ONE INDIGO EAST, Beijing
Interest	50%
Yr of Opening	2011 / 2012

(1) *Occupancy as at 30th June 2018.*

SWIRE PROPERTIES

Sino-Ocean Taikoo Li Chengdu

Retail Sales	Occupancy [1]
+28.7%	96%
	Retail

- Sino-Ocean Taikoo Li Chengdu is our second Taikoo Li project in Mainland China and it is gaining popularity as a downtown shopping destination in Chengdu.
- Gross rental income at Sino-Ocean Taikoo Li Chengdu increased in the first half of 2018.
- Retail sales are expected to grow satisfactorily in Chengdu in the second half of 2018. Demand for luxury goods is strong in Chengdu. Retail rents are expected to grow moderately despite an increase in the availability of competing space.

Project Summary (100% Basis)	
GFA	2.21 M sq ft
Components	Retail Office (for trading) The Temple House Serviced Apartments
Interest	50%
Yr of Opening	2014 / 2015

(1) *Occupancy as at 30th June 2018.*

HKRI Taikoo Hui, Shanghai

Occupancy [1]

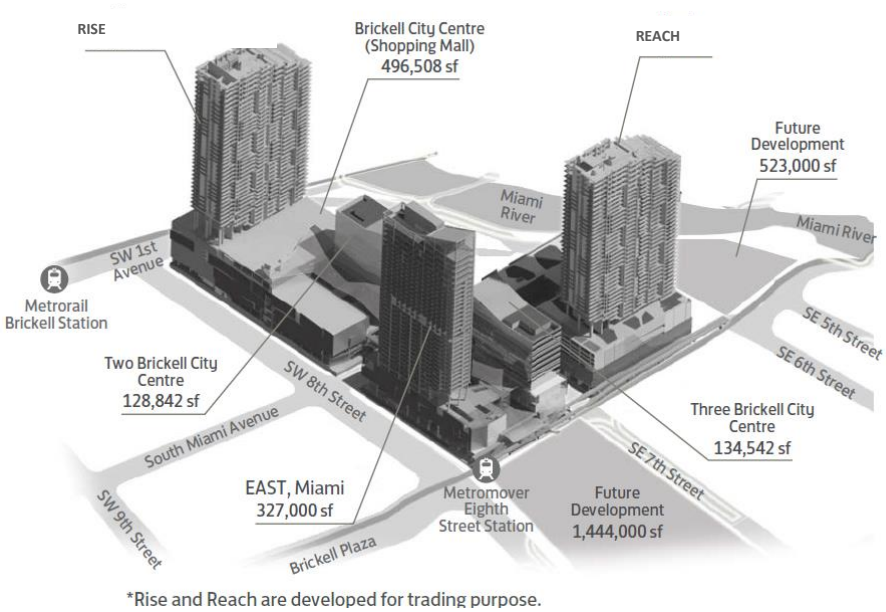
96%	91%
Retail	*Office*

- HKRI Taikoo Hui is our second Taikoo Hui project in Mainland China. The shopping mall officially opened in November 2017.
- Gross rental income at HKRI Taikoo Hui increased in the first half of 2018 as more shops were open than in the first half of 2017. At 30th June 2018, 90% of the shops were open.
- Retail sales and the number of visitors have grown steadily since the opening in May 2017.
- Retail rents are expected to grow moderately in Shanghai in the second half of 2018 despite an increase in the availability of competing space. Demand for office space in the Jingan District of Shanghai is expected to underpin rentals in the second half of 2018, despite new supply.

Project Summary (100% Basis)	
GFA	3.47 M sq ft
Components	Retail Mall 2 Office Towers 2 Hotels Serv Apmt Tower
Interest	50%
Yr of Opening	2016 / 2017 / 2018

(1) *Occupancy (including by way of letters of intent) as at 30th June 2018.*

Brickell City Centre, Miami



*Rise and Reach are developed for trading purpose.

Occupancy (1)

89%	100%
Retail	*Office*

- The first phase of the Brickell City Centre development was completed in 2016, and its components opened between March 2016 and February 2017.
- Joint venture with Bal Harbour Shops (15.75%) and Simon Property Group (25%) for the shopping centre of BCC. Swire Properties holds 59.25% interest.
- In Miami, there is too much retail space available for rent and weak retail sales have made some retailers cautious about expansion. New supply of Grade-A office space is limited and demand is firm.

Project Summary (100% Basis)	
GFA	1.39 M sq ft (BCC) 1.97 M sq ft (OBCC & Others)
Components	Retail 2 Office Buildings EAST Miami *(w Serv Apmt)* 2 Condo Towers *(REACH / RISE)* One BCC and a Condo Tower
Interest	Retail: 59.25% Others: 100%
Yr of Opening	2016 (BCC) TBC (OBCC & others)

(1) *Occupancy (including by way of letters of intent) as at 30th June 2018.*

SWIRE PROPERTIES

Trading Portfolio

Trading Properties Sold or Being Sold (At 7th August 2018)	Total Units/ Houses	Units/ Houses Sold	Actual Completion	Actual Handover (from)	Units/Houses for which Profit Recognised or Expected to be Recognised (Year)	Interest
Hong Kong						
WHITESANDS, Lantau	28	28	2015	2015	- 1(2015), 1(2016), 14(2017), 6(1H2018) and 6(2H2018) (1)	100%
Miami, Florida, U.S.A.						
REACH, Brickell City Centre	390	363	2016	2016	- 347(2016), 12(2017), 1(1H2018) and 3(2H2018) (1)	100%
RISE, Brickell City Centre	390	227	2016	2016	- 171(2016), 28(2017) ,14(1H 2018) and 14(2H 2018) (1)	100%

(1) *The profit from the sale of these units/houses is expected to be recognised in 2H 2018.*
(2) *Excluding 21-31 Wing Fung Street in Hong Kong which is under planning and is expected to be completed in 2021.*

Hotel Portfolio

Managed Hotels		No. of Rooms	Interest
Completed		(100% basis)	
Hong Kong	*The Upper House*	*117*	*100%*
	EAST, Hong Kong	*345*	*100%*
	Headland Hotel [1]	*501*	*0%*
Mainland China	*The Opposite House, Beijing*	*99*	*100%*
	EAST, Beijing	*369*	*50%*
	The Temple House, Chengdu [2]	*142*	*50%*
	The Middle House, Shanghai [2]	*213*	*50%*
U.S.A.	*EAST, Miami* [3]	*352*	*100%*
Sub-Total (A)		**2,138**	
Total (A)		**2,138**	

Owned but Non-managed Hotels		No. of Rooms	Interest
Completed		(100% basis)	
Hong Kong	*Island Shangri-La HK*	*565*	*20%*
	JW Marriott Hotel HK	*602*	*20%*
	Conrad HK	*513*	*20%*
	Novotel Citygate HK	*440*	*20%*
Mainland China	*Mandarin Oriental, Guangzhou* [3]	*287*	*97%*
U.S.A.	*Mandarin Oriental, Miami*	*326*	*75%*
Mainland China	*The Sukhothai, Shanghai*	*201*	*50%*
Sub-Total (B)		**2,934**	
Under Development			
Hong Kong	*Hotel at Tung Chung Town Lot No. 11*	*206*	*20%*
Sub-Total (C)		**206**	
Total = (B) + (C)		**3,140**	

The Temple House

The Middle House

Total Managed Rooms

2,138

(1) Headland Hotel is owned by Airline Property Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.

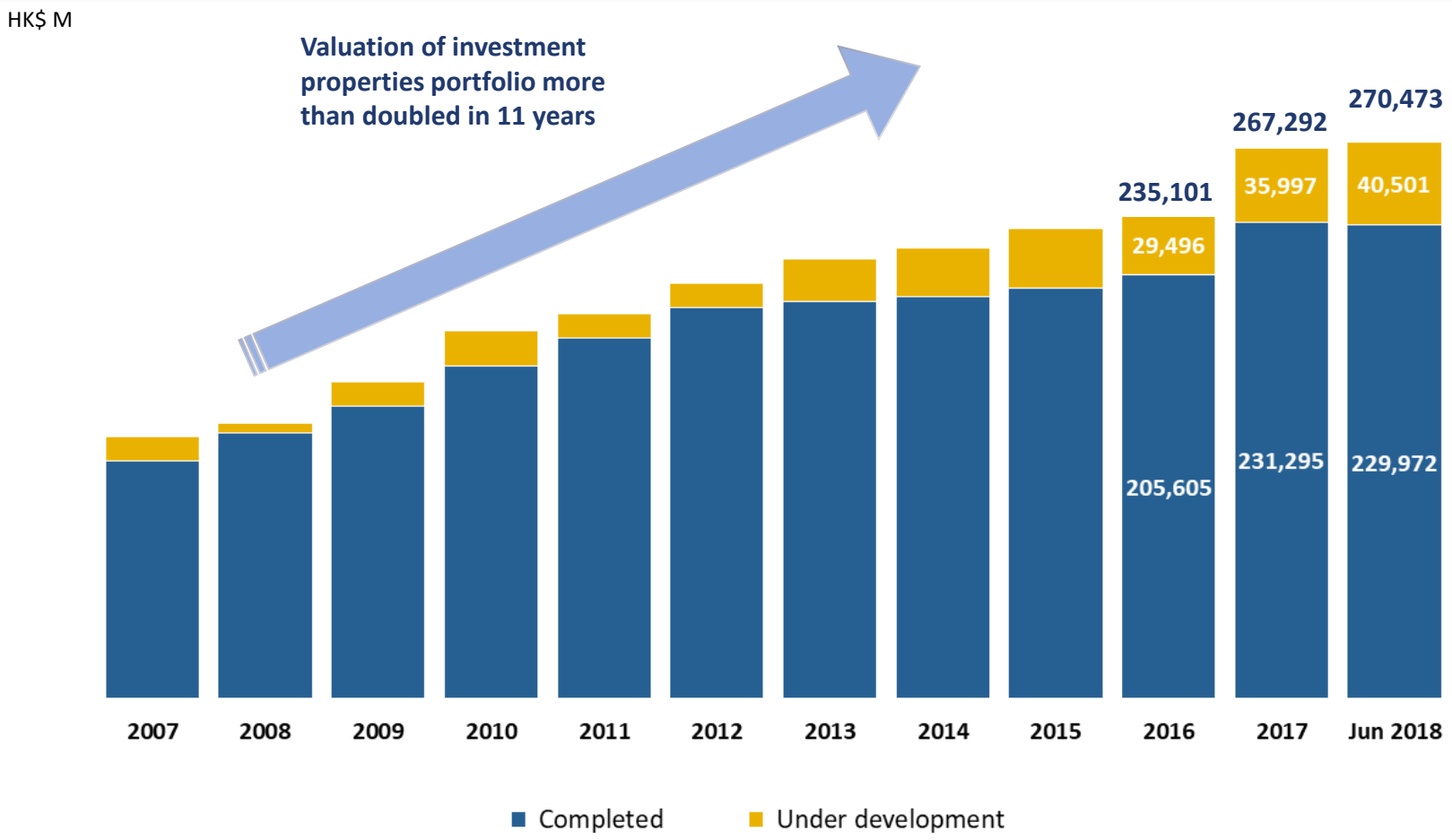
(2) Comprising one hotel tower and one serviced apartment tower.

(3) Including serviced apartments in a hotel tower.

Valuation of Completed Investment Properties

- Consistent value creation through continuous property investment and asset reinforcement.

2007 – Jun 2018 Valuation of Completed Investment Properties (excl. Hotels) *



** Per June 2018 financial statements on accounting basis. Hotels are accounted for under property, plant and equipment in the financial statements. Valuation after 2010 does not include Festival Walk, which was sold in August 2011 for HK$ 18.8 bn.*

Valuation as of June 2018 excludes Cityplaza Three and Cityplaza Four. Swire Properties Limited entered into a conditional sale and purchase agreement on 15th June 2018 for the sale of Swire Properties Limited's 100% interest in a subsidiary which owns the Cityplaza Three and Cityplaza Four Properties.