SWIRE PROPERTIES

SWIRE PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1972)

2013 Final Results

CONTENTS

FINANCIAL HIGHLIGHTS

	Note	2013 HK$M	2012 HK$M Restated	Change
Results				
For the year				
Turnover		**12,935**	14,052	-7.9%
Operating profit		**14,498**	21,496	-32.6%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	**6,348**	6,935	-8.5%
Reported		**12,525**	18,753	-33.2%
Cash generated from operations		**8,873**	8,116	+9.3%
Net cash inflow before financing		**577**	1,474	-60.9%
		HK$	HK$	
Earnings per share				
Underlying	(c)	**1.09**	1.19	-8.4%
Reported	(c)	**2.14**	3.21	-33.3%
		HK$	HK$	
Dividends per share				
First interim		**0.20**	0.22	-9.1%
Second interim		**0.40**	0.38	+5.3%
		HK$M	HK$M Restated	
Financial Position				
As at 31st December				
Total equity (including non-controlling interests)		**203,150**	193,076	+5.2%
Net debt		**32,014**	28,921	+10.7%
Gearing Ratio	(a)	**15.8%**	15.0%	+0.8%pt
		HK$	HK$	
Equity attributable to the Company's shareholders per share				
Underlying	(a),(b)	**35.88**	33.98	+5.6%
Reported	(a)	**34.59**	32.89	+5.2%

Notes:
(a) Refer to glossary on page 61 for definition.
(b) A reconciliation between reported profit and underlying profit and reported equity and underlying equity attributable to the Company's shareholders is provided on pages 5 to 6.
(c) Refer to Note 9 in the accounts for the weighted average number of shares.
(d) Swire Properties has implemented the revised HKAS 19: Employee Benefits (effective from 1st January 2013), which requires retrospective application. As a result, the 2012 comparative figures have been restated. In this connection, underlying and reported profit for the year ended 31st December 2012 have each been reduced by HK$10 million and underlying and reported equity as at 31st December 2012 have each been reduced by HK$180 million.

Underlying profit by segments	2013 HK$M	2012 HK$M Restated
Property investment	**5,605**	5,082
Property trading	**790**	1,838
Hotels	**(47)**	15
	6,348	6,935

CHAIRMAN'S STATEMENT

Our consolidated profit attributable to shareholders for 2013 was HK$12,525 million, compared to HK$18,753 million in 2012. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, decreased by HK$587 million from HK$6,935 million in 2012 to HK$6,348 million in 2013.

Dividends

The Company's policy is to pay dividends which will average approximately 50% of the underlying profit attributable to shareholders over the economic cycle. We will reevaluate this policy in the light of our financial position and the prevailing economic climate.

The Directors have declared a second interim dividend of HK¢40 (2012: HK¢38) per share which, together with the first interim dividend of HK¢20 per share paid in October 2013, amounts to full year dividends of HK¢60 (2012: HK¢60) per share. The second interim dividend, which totals HK$2,340 million (2012: HK$2,223 million), will be paid on Thursday, 8th May 2014 to shareholders registered at the close of business on the record date, being Friday, 4th April 2014. Shares of the Company will be traded ex-dividend from Wednesday, 2nd April 2014.

Key Developments

In January 2013, the Mandarin Oriental Hotel in TaiKoo Hui, Guangzhou which is 97% owned by the Group, opened with 263 guest rooms and 24 serviced apartments.

In January 2013, Swire Properties and Bal Harbour Shops entered into a joint venture agreement to develop the retail component of Brickell City Centre in Miami, Florida, U.S.A. The Group holds an 87.5% interest in the joint venture and will be the primary developer.

In March 2013, the Company which owns the existing Citygate Outlets development at Tung Chung in Hong Kong (in which the Group has a 20% equity interest) won a tender to develop an adjacent commercial site.

In July 2013, Swire Properties acquired a plot of land adjacent to the Brickell City Centre development in Miami, Florida, U.S.A. In September 2013, we announced plans to build a new 80-storey mixed-use tower named "One Brickell City Centre" on the site as part of the Brickell City Centre project.

In August 2013, a substantial portion of Pinnacle One, the office tower at the Daci Temple Project in Chengdu in Mainland China, was pre-sold. The tower is scheduled for handover in 2014.

In November 2013, the Company acquired by tender a 46,253 square foot commercial site in Kowloon Bay, Hong Kong. The site is intended to be developed into an office building of approximately 555,000 square feet and will be held for investment purposes.

In January 2014, the Company acquired 50% of DCH Commercial Centre, an office building with a gross floor area of approximately 389,000 square feet in Quarry Bay, Hong Kong.

In January 2014, a framework agreement was signed with CITIC Real Estate Co., Ltd. and Dalian Port Real Estate Co., Ltd. signifying the parties' intention to develop a mixed-use development comprising a retail complex and apartments in Dalian, Mainland China through a joint venture in which we are expected to hold a 50% interest. The proposed joint venture and development are subject to satisfaction of certain conditions precedent.

In February 2014, the acquisition of 20% of Taikoo Li Sanlitun in Beijing from GC Acquisitions VI Limited ("GCA"), a fund managed by Gaw Capital Partners, was completed following a notice of intention to exercise a put option as served by GCA in August 2013.

In February 2014, an agreement was entered into with the Government of the Hong Kong Special Administrative Region (represented by The Financial Secretary Incorporated) to acquire its interest in Cornwall House in TaiKoo Place, Hong Kong. The transaction is expected to be completed on or before 30th December 2016. The acquisition will allow the Company to proceed with the redevelopment of three existing techno-centres in TaiKoo Place into two Grade-A office buildings.

In February 2014, the Company which owns an industrial site at 8-10 Wong Chuk Hang Road in Aberdeen, Hong Kong (in which Swire Properties has a 50% interest) agreed with the Government to proceed with a modification of the Government Leases to permit the site to be used for commercial purposes. The site is intended to be developed into an office building with an aggregate gross floor area of approximately 382,500 square feet.

Operating Performance

The decrease in underlying profit from HK$6,935 million in 2012 to HK$6,348 million in 2013 principally reflects lower trading profits from the sale of luxury residential properties in Hong Kong, partially offset by increased investment income from retail and office properties. Underlying profit from property investment increased by 10%. This reflects positive rental reversions in Hong Kong and higher rental income from the Mainland China properties. There were better performances in 2013 from the Upper House in Hong Kong and from the U.K. hotels. However, this was more than offset by weaker results from the hotels in Mainland China.

Gross rental income was HK$9,676 million in 2013 compared to HK$9,015 million in 2012. There were positive rental reversions in the Hong Kong office portfolio. Occupancy levels during the year were relatively resilient despite demand for office space being generally weak in 2013, particularly from financial institutions. Demand for retail space in Hong Kong continued to be robust during 2013. In Mainland China, TaiKoo Hui and Taikoo Li Sanlitun recorded good growth of rental income in 2013. Occupancy levels at TaiKoo Hui mall and Taikoo Li Sanlitun were stable during the year. Retail sales continued to grow and demand for retail space remained good, notwithstanding a modest increase in the supply of new retail space.

Operating profit from property trading decreased due to fewer sales of units at the AZURA development, partially offset by sales of units at the ARGENTA development. In 2013, trading profits were recognised on 21 AZURA units and 12 ARGENTA units. In 2012, 98 AZURA units were sold.

On an attributable basis, net investment property valuation gains in 2013, after deferred tax relating to investment properties in Mainland China, were HK$6,425 million, compared to net gains of HK$12,184 million in 2012.

Finance

Net debt as at 31st December 2013 was HK$32,014 million, compared with HK$28,921 million as at 31st December 2012. Gearing increased by 0.8 percentage points from 15.0% to 15.8%. The increase in borrowings was mainly due to the funding required for the development of the Brickell City Centre project in Miami and the acquisition of the Kowloon Bay commercial site in Hong Kong. Cash and undrawn committed facilities totalled HK$9,854 million as at 31st December 2013, compared with HK$9,278 million as at 31st December 2012. We will continue to refinance (as necessary on maturity) inter-group funding provided by Swire Pacific and will do so on a stand-alone basis without recourse to Swire Pacific.

Sustainable Development

We recognise the importance of acting responsibly towards those with whom we interact, our employees, the communities in which we operate and the natural environment. As a leading property developer, we are committed to reducing our environmental impact and incorporating sustainable practices in our developments. In 2013, EAST, Beijing at INDIGO achieved Leadership in Energy and Environmental Design ("LEED") Gold certification. In Hong Kong, our AZURA and AREZZO residential developments achieved Platinum status under the Building Environmental Assessment Method ("BEAM"). We upgraded our safety management system in Hong Kong so that it complies with the Occupational Health and Safety Assessment Series 18001 international standard. This should enable us to improve our health and safety performance. We have said that we will reduce our annual energy consumption by 52 million kWh per year between 2008 and 2020.

Prospects

Demand for office space, particularly from the financial sector, is likely to remain weak, and as a result rents will remain under pressure in the Central district of Hong Kong. Pacific Place, however, has no major leases expiring in 2014 and occupancy rates are expected to remain stable. At Island East, rents are expected to remain resilient owing to high occupancy. In Guangzhou, rents are expected to be under pressure due to the large amount of existing and new supply of office space. There is expected to be limited new supply of office space in Beijing in 2014. As a result, occupancy rates are expected to remain high.

Hong Kong retail sales are expected to grow, albeit more slowly than in 2013. Demand for retail space at prime locations and well-managed shopping malls is expected to continue to increase. In Guangzhou, demand for new space from luxury retailers has slowed reflecting the effect of government measures which have affected the consumption of luxury goods. In Beijing, retailers of international brands are continuing to look for space in prime locations and well-managed malls.

In Hong Kong, stamp duty increases have reduced the number of transactions in the luxury residential market. However there continues to be demand for high quality properties albeit at more subdued levels. Profits from property trading are expected to be higher in 2014 than in 2013, with planned sales of completed units at the DUNBAR PLACE and MOUNT PARKER RESIDENCES developments and of remaining units at the AZURA and ARGENTA developments.

Results in 2014 from the hotel portfolio are expected to benefit from improved performances at Mandarin Oriental, Guangzhou in TaiKoo Hui, The Opposite House and EAST, Beijing.

On behalf of the shareholders and my fellow Directors, I wish to express our appreciation to all our employees, whose commitment and hard work have been central to our continuing success.

Christopher Pratt
Chairman
Hong Kong, 13th March 2014

REVIEW OF OPERATIONS

	2013 HK$M	2012 HK$M Restated
Turnover		
Gross Rental Income derived from		
Offices	**5,386**	5,008
Retail	**3,961**	3,675
Residential	**329**	332
Other Revenue (1)	**110**	108
Property Investment	**9,786**	9,123
Property Trading	**2,207**	4,147
Hotels	**942**	782
Total Turnover	**12,935**	14,052
Operating Profit/(Loss) derived from		
Property investment	**7,317**	6,867
Valuation gains on investment properties	**6,211**	12,273
Property trading	**1,035**	2,395
Hotels	**(65)**	(39)
Total Operating Profit	**14,498**	21,496
Share of Post-tax Profits from Joint Venture and Associated Companies	**948**	821
Attributable Profit	**12,525**	18,753

(1) Other revenue is mainly estate management fees.
(2) Swire Properties has implemented the revised HKAS 19: Employee Benefits (effective from 1st January 2013), which requires retrospective application. As a result, the 2012 comparative results for the Group have been restated from those in the Group's 2012 statutory accounts.

Additional information is provided in the following section to reconcile reported and underlying profit and equity attributable to the Company's shareholders. These reconciling items principally adjust for the net revaluation movements on investment properties and the associated deferred tax in Mainland China and for other deferred tax provisions in relation to investment properties. There is a further adjustment to remove the effect of the movement in the fair value of the liabilities in respect of put options in favour of the owners of non-controlling interests.

	Note	2013 HK$M	2012 HK$M Restated
Underlying Profit			
Profit attributable to the Company's shareholders per accounts		**12,525**	18,753
Adjustments in respect of investment properties:			
Revaluation of investment properties	(a)	**(7,017)**	(12,865)
Deferred tax on investment properties	(b)	**573**	664
Realised profit on sale of properties	(c)	**94**	176
Depreciation of investment properties occupied by the Group	(d)	**14**	15
Non-controlling interests' share of revaluation movements less deferred tax		**19**	17
Movements in the fair value of the liabilities in respect of put options in favour of the owners of non-controlling interests	(e)	**140**	175
Underlying Profit Attributable to the Company's Shareholders		**6,348**	6,935

	Note	2013 HK$M	2012 HK$M Restated
Underlying Equity			
Equity attributable to the Company's shareholders per accounts		**202,350**	192,434
Deferred tax on investment properties		**4,531**	3,949
Unrecognised valuation gains on hotels held as part of mixed-use developments	(f)	**2,244**	1,736
Revaluation of investment properties occupied by the Group		**721**	646
Cumulative depreciation of investment properties occupied by the Group		**49**	38
Underlying Equity Attributable to the Company's Shareholders		**209,895**	198,803
Underlying non-controlling interests		**854**	691
Underlying Equity		**210,749**	199,494

Notes:

(a) This represents the net revaluation movements as shown in the consolidated statement of profit or loss and the Group's share of net revaluation movements of joint venture and associated companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture and associated companies. These principally comprise the deferred tax on revaluation movements on investment properties in Mainland China and deferred tax provisions made in respect of investment properties held for the long-term where it is considered that the liability will not reverse for some considerable time.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the revaluation gains were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(e) The value of the put options in favour of the owners of non-controlling interests in Taikoo Li Sanlitun and the retail portion of Brickell City Centre are calculated principally by reference to the estimated fair value of the portions of the underlying investment properties in which the owners of the non-controlling interests are interested.

(f) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, those hotel properties owned by subsidiary and joint venture companies and held for the long-term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or write-down in their value would be recorded in the revaluation reserve rather than the consolidated statement of profit or loss.

Underlying Profit

The decrease in underlying profit from HK$6,935 million in 2012 to HK$6,348 million in 2013 principally reflects lower trading profits from the sale of luxury residential properties in Hong Kong, partially offset by increased investment income from retail and office properties. Underlying profit from property investment increased by 10%. This reflects positive rental reversions in Hong Kong and higher rental income from the Mainland China properties. There were better performances in 2013 from the Upper House in Hong Kong and from the U.K. hotels. However, this was more than offset by weaker results from the hotels in Mainland China.

Portfolio Overview

The aggregate gross floor area ("GFA") attributable to the Group as at 31st December 2013 was approximately 31.0 million square feet.

Out of the aggregate GFA attributable to the Group, approximately 26.7 million square feet are investment properties, comprising completed investment properties of approximately 20.2 million square feet and investment properties under development or held for future development of approximately 6.5 million square feet. In Hong Kong, the investment property portfolio comprises approximately 15.4 million square feet attributable to the Group of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In Mainland China, Swire Properties has interests in five major commercial mixed-use developments in prime locations in Beijing, Shanghai, Guangzhou and Chengdu. These developments are expected to comprise approximately 8.4 million square feet of attributable GFA when they are all completed. Outside Hong Kong and Mainland China, the investment property portfolio principally comprises the Brickell City Centre project in Miami in the U.S.A. and interests in hotels in the U.S.A. and the U.K.

The tables below illustrate the GFA (attributable to the Group) of the investment property portfolio as at 31st December 2013.

Completed Investment Properties
(GFA attributable to the Group in million square feet)

	Office	Retail	Hotels [1]	Residential/ Serviced Apartments	Under Planning	Total
Hong Kong	10.0	2.5	0.7	0.5	-	13.7
Mainland China	2.0	3.0	0.9	0.1	-	6.0
U.S.A. and others	-	-	0.5	-	-	0.5
TOTAL	**12.0**	**5.5**	**2.1**	**0.6**	**-**	**20.2**

Investment Properties under Development or Held for Future Development
(expected GFA attributable to the Group in million square feet)

	Office	Retail	Hotels [1]	Residential/ Serviced Apartments	Under Planning	Total
Hong Kong	1.5	-	-	0.1	0.1	1.7
Mainland China	0.9	1.1	0.4	-	-	2.4
U.S.A. and others	0.3	0.5	0.2	0.1	1.3 [2]	2.4
TOTAL	**2.7**	**1.6**	**0.6**	**0.2**	**1.4**	**6.5**

Total Investment Properties
(GFA (or expected GFA) attributable to the Group in million square feet)

	Office	Retail	Hotels [1]	Residential/ Serviced Apartments	Under Planning	Total
TOTAL	**14.7**	**7.1**	**2.7**	**0.8**	**1.4**	**26.7**

(1) Hotels are accounted for under property, plant and equipment in the accounts.
(2) GFA of 558,000 square feet relating to the site acquired in July 2013 are accounted for as properties held for development in the accounts.

The trading property portfolio comprises three luxury residential projects under development in Hong Kong (two on Hong Kong Island and one on Lantau Island), a residential complex under development at Brickell City Centre in Miami, an office property under development as part of the Daci Temple project in Chengdu and unsold units in completed developments. These completed developments are the ARGENTA, AZURA and MOUNT PARKER RESIDENCES developments on Hong Kong Island, the DUNBAR PLACE development in Kowloon and the ASIA development in Miami. There are also land banks in Miami and Fort Lauderdale in Florida in the U.S.A.

The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio as at 31st December 2013.

Trading Properties
(GFA (or expected GFA) attributable to the Group in million square feet)

	Completed	Under Development or Held for Future Development	**Total**
Hong Kong	0.2	0.6	**0.8**
Mainland China	-	0.7	**0.7**
U.S.A.	-	2.8	**2.8**
TOTAL	**0.2**	**4.1**	**4.3**

Investment Properties – Hong Kong

Offices

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 10.1 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK$5,287 million in 2013. As at 31st December 2013, our office properties in Hong Kong were valued at HK$124,389 million. Of this amount, Swire Properties' attributable interest represented HK$120,396 million.

Hong Kong Office Portfolio

	Gross Floor Area (sq.ft.) (100% Basis)	Occupancy (as at 31st Dec 2013)	Attributable Interest
Pacific Place	2,186,433	91%	100%
Cityplaza	1,632,930	97%	100%
TaiKoo Place Office Towers (1)	3,136,541	99%	50%/100%
One Island East	1,537,011	100%	100%
Techno Centres (2)	893,516	100%	100%
Others (3)	688,323	94%	20%/50%/100%
Total	**10,074,754**		

(1) Including PCCW Tower of which Swire Properties owns 50%.
(2) Excluding Somerset House, which will start to be redeveloped into a Grade-A office tower in 2014.
(3) Others comprise One Citygate (20% owned), 625 King's Road (50% owned) and Generali Tower (formerly known as 8 Queen's Road East) and 28 Hennessy Road (both wholly-owned).

Gross rental income from the Group's Hong Kong office portfolio for 2013 increased by 6% from 2012, to HK$5,098 million. Despite weak demand, particularly from the finance sector, the Hong Kong office portfolio performed well in 2013. Rental income grew as a result of positive reversions. Occupancy rates at Pacific Place and Island East remained high throughout the year. As at 31st December 2013, the overall office portfolio as shown in the table above was 96% let.

The table below shows the mix of tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area attributable to the Group as at 31st December 2013.

Office Area Attributable to the Group by Tenants' Trades (As at 31st December 2013)

Banking/Finance/Securities/Investment	29.5%
Trading	17.6%
Technology/Media/Telecoms	15.7%
Insurance	9.0%
Real Estate/Construction/Development/Architecture	8.9%
Professional Services (Accounting/Legal/Management Consulting/Corporate Secretarial)	8.4%
Advertising and Public Relations	3.6%
Others	7.3%

As at 31st December 2013, the top ten office tenants (based on rental income in the twelve months ended 31st December 2013) together occupied approximately 18% of the Group's total office area in Hong Kong.

Pacific Place

The offices at One, Two and Three Pacific Place performed relatively well in 2013 despite increased vacancies and weak demand. The occupancy rate was 91% as at 31st December 2013. Bank of New York Mellon, Bonhams and Fidelity took extra space and Hainan Airlines Group took new space. Carlyle Asia, China Overseas Land, Dorsey & Whitney, Evergrande, Friends Provident, Heidrick & Struggles, Mizuho Bank, National Australia Bank, PineBridge, Schroders, Société Générale, Standard Bank and Hong Kong Monetary Authority renewed their leases.

Island East

Cityplaza One, Three and Four performed strongly in 2013. The occupancy rate was 97% as at 31st December 2013. Falcon Insurance, Fubon Bank, MCM Fashion, Sun Life Assurance, Swire Resources and VMware took new space. Allergan, Aviva Life Insurance, Hewlett-Packard, Next Sourcing, Priority Pass, Sony Pictures and Thomson Reuters renewed their leases.

The TaiKoo Place Office Towers comprise six office towers (including PCCW Tower, in which we have a 50% interest) as at 31st December 2013 with an occupancy rate at 99%. Baxter Healthcare, Dell, FWD Insurance, La Prairie, Stryker, SWIFT and Young & Rubicam took new space. AXA Investment, BNP Paribas, Dairy Farm, JPMorgan, LVMH and QBE Insurance took extra space. AXA, British Telecom, Cathay United, China Airlines, IBM, KPMG, Lloyds, Logitech, Mondelez, OOCL Logistics, Nielsen and RSA Insurance renewed their leases.

One Island East, our landmark property in Island East, had an occupancy rate of 100% at 31st December 2013.

The Techno Centres performed strongly despite the planned redevelopment of Somerset House in 2014. We took vacant possession of Somerset House in August 2013. As at 31st December 2013, the occupancy rate of Cornwall House and Warwick House was 100%.

In January 2014, the Company acquired 50% of DCH Commercial Centre, an office building with a gross floor area of approximately 389,000 square feet in Quarry Bay, Hong Kong.

Others

Refurbishment at our 81,346 square feet property at 8 Queen’s Road East was completed in the first half of 2013. The entire building has been leased to Generali for a ten-year term and has been renamed Generali Tower. The occupancy rate at 28 Hennessy Road was 78% as at 31st December 2013. The rate increased to 95% at the end of February 2014. Most tenants have relocated from the Central and Causeway Bay districts.

Hong Kong Office Market Outlook

We remain cautious about the outlook for 2014. Demand for office space, particularly from the financial sector, is likely to remain weak and as a result rents will remain under pressure in the Central district of Hong Kong. Pacific Place, however, has no major leases expiring in 2014 and occupancy rates are expected to remain stable. At Island East, rents are expected to remain resilient owing to high occupancy.

The following table shows the percentage of the total rental income attributable to the Group from the office properties in Hong Kong, for the month ended 31st December 2013, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 10.5% of rental income in the month of December 2013 are due to expire in 2014, with tenancies accounting for a further 14.8% of such rental income due to expire in 2015.

Office Lease Expiry Profile (As at 31st December 2013)	
2014	10.5%
2015	14.8%
2016 & Beyond	74.7%

Retail

Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 2.8 million square feet of space on a 100% basis, principally The Mall at Pacific Place, Cityplaza in Island East, and Citygate Outlets at Tung Chung. The malls are wholly-owned by Swire Properties (except for Citygate Outlets, in which Swire Properties has a 20% interest) and are managed by Swire Properties. Total attributable gross rental income from our retail properties in Hong Kong was HK$2,703 million in 2013. As at 31st December 2013, our retail properties in Hong Kong were valued at HK$52,379 million. Of this amount, Swire Properties' attributable interest represented HK$46,490 million.

Hong Kong Retail Portfolio

	Gross Floor Area (sq.ft.) (100% Basis)	Occupancy (as at 31st Dec 2013)	Attributable Interest
The Mall, Pacific Place	711,182	100%	100%
Cityplaza Mall	1,105,227	100%	100%
Citygate Outlets	462,428	100%	20%
Others [(1)]	530,467	100%	20%/60%/100%
Total	**2,809,304**		

(1) Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (which are wholly-owned), Island Place retail premises (60% owned) and Tung Chung neighbourhood shops (20% owned).

The Hong Kong retail portfolio's gross rental income for 2013 increased by 5% compared with 2012, to HK$2,614 million. This reflected positive rental reversions and the recognition of a full-year of rental income following a reconfiguration of retail space at Pacific Place.

The Group's wholly-owned malls were effectively fully let throughout the year.

Retail sales at The Mall, Pacific Place improved marginally in 2013. Retail sales at the Cityplaza and Citygate malls were 2.4% and 13.5% higher respectively in 2013 than in 2012.

The table below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area attributable to the Group as at 31st December 2013.

Retail Area Attributable to the Group by Tenants' Trades (As at 31st December 2013)

Fashion & Accessories	23.2%
Department Stores	23.0%
Food & Beverages	14.4%
Cinemas	5.0%
Supermarket	3.5%
Jewellery & Watches	1.7%
Ice Rink	1.1%
Others	28.1%

As at 31st December 2013, the top ten retail tenants (based on rental income in the twelve months ended 31st December 2013) together occupied approximately 31% of our total retail area in Hong Kong.

The Mall, Pacific Place

The Mall at Pacific Place is an integral part of the mixed-use Pacific Place development. The offices and the four hotels at Pacific Place provide a secure flow of shoppers for the mall. Retail sales at The Mall improved marginally in 2013.

The Mall remained virtually fully let during the year, with the only void periods resulting from tenant changes. There were significant changes during the year. An expanded Dior shop was opened. The Chanel and Prada shops were expanded, with the fit outs of the expanded space to be completed in the first quarter of 2014.

Cityplaza Mall

Cityplaza is one of the most popular regional shopping centres in Hong Kong and is the biggest such centre on Hong Kong Island. It principally serves Hong Kong residents, but the opening of the adjacent EAST Hotel resulted in more patronage from visitors from outside Hong Kong. Retail sales increased by 2.4% in 2013. The property was virtually fully occupied during 2013. The Cityplaza Mall started to improve the mix of its tenants further in the fourth quarter of 2013.

Citygate Outlets

Sales at Citygate Outlets, the only outlet mall in Hong Kong, increased by 13.5% in 2013. Citygate Outlets was virtually fully let in 2013.

Hong Kong Retail Market Outlook

Retailers are cautious about expanding. Despite this, Hong Kong retail sales are expected to grow, albeit more slowly than in 2013. Demand for retail space at prime locations and well-managed shopping malls is expected to continue to increase.

The following table shows the percentage of the total rental income attributable to the Group from the retail properties in Hong Kong, for the month ended 31st December 2013, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 11.8% of rental income in the month of December 2013 are due to expire in 2014, with tenancies accounting for a further 25.1% of such rental income due to expire in 2015.

Retail Lease Expiry Profile (As at 31st December 2013)	
2014	11.8%
2015	25.1%
2016 & Beyond	63.1%

Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place in Hong Kong and a small number of luxury houses and apartments on Hong Kong Island, with a total floor area of 483,711 square feet.

Occupancy at the residential portfolio was approximately 80% at 31st December 2013, reflecting a reduction in demand for space at Pacific Place Apartments in the last quarter of 2013.

Demand for our residential properties is expected to remain stable in 2014.

Investment Properties Under Development

23 Tong Chong Street

The site at 23 Tong Chong Street in Quarry Bay is being redeveloped into serviced apartments. Superstructure works are in progress and the development is expected to be completed at the end of 2014. The aggregate gross floor area upon completion will be approximately 75,000 square feet.

Tung Chung Town Lot No. 11

This commercial site adjacent to Citygate Outlets was acquired by the same consortium which owns the existing Citygate Outlets development at Tung Chung, in which Swire Properties has a 20% equity interest. The site will be developed into a multi-storey commercial building with a gross floor area of approximately 460,000 square feet. The development is expected to be completed in 2017.

New Kowloon Inland Lot No. 6312

This commercial site at the junction of Wang Chiu Road and Lam Lee Street in Kowloon Bay in Hong Kong was acquired by tender in November 2013. The site will be developed into an office building, with an aggregate gross floor area of approximately 555,000 square feet. The development is expected to be completed in 2017.

TaiKoo Place Redevelopment

In February 2014, an agreement was entered into with the Government of the Hong Kong Special Administrative Region (represented by The Financial Secretary Incorporated) to acquire its interest in Cornwall House in TaiKoo Place, Hong Kong. The transaction is expected to be completed on or before 30th December 2016. The acquisition will allow the Company to proceed with the redevelopment of three existing techno-centres in TaiKoo Place into two Grade-A office buildings.

The first phase of the approved redevelopment plan of TaiKoo Place involves redeveloping Somerset House into a 51-storey office building; the second phase involves redeveloping Cornwall House and Warwick House into a single 46-storey office tower. The first new office building is expected to be ready for handover by 2018.

The redevelopment will provide a new landscaped square of approximately 69,000 square feet - similar in size to Statue Square in Central. A larger and more usable open space area will be created to benefit those who work in TaiKoo Place and the community as a whole.

8-10 Wong Chuk Hang Road

In February 2014, the Company which owns an industrial site at 8-10 Wong Chuk Hang Road in Aberdeen, Hong Kong (in which Swire Properties has a 50% interest) agreed with the Government to proceed with a modification of the Government Leases to permit the site to be used for commercial purposes at a premium of approximately HK$1,070 million. The site is intended to be developed into an office building with an aggregate gross floor area of approximately 382,500 square feet.

Investment Properties – Mainland China

Overview

The property portfolio in Mainland China comprises an aggregate of 13.5 million square feet of space (9.1 million square feet attributable to the Group), of which 7.3 million square feet are completed properties with the remaining 6.2 million square feet under development. Total attributable gross rental income from our investment properties in Mainland China was HK$1,751 million in 2013. As at 31st December 2013, our investment property portfolio in Mainland China was valued at HK$50,270 million. Of this amount, Swire Properties' attributable interest represented HK$34,971 million.

Property Portfolio (1) – Mainland China

	Gross Floor Area (sq.ft.) (100% Basis)			
	Total	Investment Properties	Hotels, Trading Properties and Others	Attributable Interest
Completed				
Taikoo Li Sanlitun, Beijing	1,465,771	1,296,308	169,463	80%(2)/100%
TaiKoo Hui, Guangzhou	3,840,197	3,256,013	584,184	97%
INDIGO, Beijing	1,893,226	1,534,957	358,269	50%
Hui Fang, Guangzhou	90,847	90,847	-	100%
Others	5,825	2,898	2,927	100%
Sub-Total	**7,295,866**	**6,181,023**	**1,114,843**	
Under Development				
Daci Temple Project, Chengdu (3)	2,749,653	1,285,943	1,463,710	50%
Dazhongli Project, Shanghai (4)	3,457,375	2,930,068	527,307	50%
Sub-Total	**6,207,028**	**4,216,011**	**1,991,017**	
Total	**13,502,894**	**10,397,034**	**3,105,860**	

(1) Including the hotel and property trading components of these Projects.
(2) Swire Properties owned 80% of Taikoo Li Sanlitun and 100% of The Opposite House as at 31st December 2013. Subsequent to 31st December 2013, Swire Properties acquired the remaining 20% of Taikoo Li Sanlitun.
(3) The Daci Temple Project is expected to open in phases from 2014 onwards. The office portion of the Daci Temple Project, Pinnacle One, is being developed for trading purposes. 89% of the office's total gross floor area (approximately 1.15 million square feet) and 350 car parking spaces were pre-sold in August 2013.
(4) The Dazhongli Project is expected to open in phases from 2016 onwards.

The Group's gross rental income from investment properties in Mainland China increased by HK$250 million to HK$1,623 million in 2013, of which HK$1,347 million was from retail properties and HK$270 million was from office properties.

The table below illustrates the expected growth in attributable area of the completed property portfolio in Mainland China.

Attributable Area of Completed Property Portfolio in Mainland China

(sq ft.)	2013	2014	2015	2016 & onwards
Taikoo Li Sanlitun, Beijing	1,206,509	1,465,771	1,465,771	1,465,771
TaiKoo Hui, Guangzhou	3,724,991	3,724,991	3,724,991	3,724,991
INDIGO, Beijing	946,613	946,613	946,613	946,613
Hui Fang, Guangzhou	90,847	90,847	90,847	90,847
Daci Temple Project, Chengdu	-	724,886	724,886	724,886
Dazhongli Project, Shanghai	-	-	-	1,728,688
Others	5,825	5,825	5,825	5,825
Total	**5,974,785**	**6,958,933**	**6,958,933**	**8,687,621**

Completed Investment Properties

Taikoo Li Sanlitun, Beijing

Taikoo Li Sanlitun, Beijing

	Gross Floor Area (sq.ft.) (100% Basis)	Occupancy (as at 31st Dec 2013)	Attributable Interest
Taikoo Li Sanlitun	1,296,308	94%	80%

Taikoo Li Sanlitun (formerly Sanlitun Village) was re-named in April 2013. It is in the Chaoyang District of Beijing and comprises two neighbouring retail sites, South and North. There are approximately 220 retail outlets, most of them selling designer brands, fashion goods and accessories and cosmetics and approximately 900 car parking spaces.

Taikoo Li Sanlitun South concentrates on contemporary fashion and lifestyle brands, with tenants including the largest adidas store in the world, the first Apple store in Mainland China, a 1,597-seat Megabox cinema, a Page One bookstore and a Starbucks flagship store. Tenants at Taikoo Li Sanlitun North are principally retailers of international and local designer fashion brands, including Alexander McQueen, Alexander Wang, Christian Louboutin, Emporio Armani, Givenchy, I.T. Beijing Market, Lanvin, Miu Miu, MontBlanc and Paul Smith.

Gross rental income at Taikoo Li Sanlitun recorded satisfactory growth in 2013, reflecting increases in base rents.

The overall occupancy rate was 94% at Taikoo Li Sanlitun as at 31st December 2013. Retail sales grew by 17.0%, reflecting good sales at newly opened and re-opened stores in Taikoo Li Sanlitun South and strong sales growth at fashion stores and food and beverage outlets in Taikoo Li Sanlitun North.

Swire Properties aims to continue to attract new brands and restaurants to Taikoo Li Sanlitun and to make improvements designed to increase footfall and circulation. Demand for retail space remains strong as sales and footfall continue to improve. This is expected to have a positive impact on occupancy and rents.

GC Acquisitions VI Limited ("GCA"), a fund managed by Gaw Capital Partners, owned 20% of Taikoo Li Sanlitun at 31st December 2013. GCA had an option to sell its 20% interest to Swire Properties before the end of 2013. GCA gave notice of intention to exercise that option in August 2013 and the sale was completed in February 2014. Following this transaction, Taikoo Li Sanlitun became a wholly-owned subsidiary of Swire Properties.

As at 31st December 2013, Taikoo Li Sanlitun was valued at HK$10,239 million. Of this amount, Swire Properties' 80% attributable interest represented HK$8,191 million.

Beijing Retail Market Outlook

Retail sales growth in Beijing weakened in 2013. However, retailers of international brands are continuing to look for space in prime locations and well-managed malls.

TaiKoo Hui, Guangzhou

TaiKoo Hui, Guangzhou

	Gross Floor Area (sq.ft.) (100% Basis)	Occupancy (as at 31st Dec 2013)	Attributable Interest
Retail	1,472,730	99%	97%
Office	1,731,766	89%	97%
Serviced Apartments	51,517	79%	97%
Total	**3,256,013**		97%

TaiKoo Hui is our largest investment property in Mainland China. The development comprises a shopping mall, two Grade-A office towers, a cultural centre owned by a third party and the Mandarin Oriental hotel with serviced apartments, together with approximately 700 car parking spaces, all of which are interconnected.

As at 31st December 2013, the occupancy rate of the shopping mall was 99%. Approximately 75% of the mall is tenanted by retailers selling international brands. Retail sales at the shopping mall increased by 24.9% in 2013.

As at 31st December 2013, the occupancy rate of the office towers was 89%. Demand for Grade-A office space was weak in 2013, but additional tenancies were secured.

The Mandarin Oriental, Guangzhou commenced operations in January 2013. Occupancy rates improved during the year.

Swire Properties has a 97% interest in the TaiKoo Hui development, which is a joint venture with Guangzhou Da Yang Properties Investment Limited. As at 31st December 2013, the development (excluding the hotel) was valued at HK$13,862 million. Of this amount, Swire Properties' 97% attributable interest represented HK$13,446 million.

Guangzhou Market Outlook

Office rents are expected to be under pressure in 2014 due to the large amount of existing and new supply of office space. Luxury retailers are cautious about taking more space. This reflects the effect of certain government measures on the consumption of luxury goods.

INDIGO, Beijing

INDIGO, Beijing

	Gross Floor Area (sq.ft.) (100% Basis)	Occupancy (as at 31st Dec 2013)	Attributable Interest
Retail	939,493	96%	50%
Office	595,464	97%	50%
Total	**1,534,957**		50%

INDIGO is a retail-led mixed-use development at Jiang Tai in the Chaoyang district of Beijing. The development consists of a shopping mall, a Grade-A office tower (ONE INDIGO) and a 369-room lifestyle business hotel EAST, Beijing. It has more than 1,200 car parking spaces and will be served by the Beijing Metro Line 14, which is due to open in 2014.

Occupancy in the shopping mall is 96% and 88% of the shops are open and trading. Key tenants are BHG, CGV, Food Republic, GAP, H&M and Sundan. ONE INDIGO is 97% leased. EAST, Beijing is establishing itself in the corporate market.

INDIGO is a 50:50 joint venture with Sino-Ocean Land Holdings Limited. As at 31st December 2013, the development (excluding the hotel) was valued at HK$5,556 million. Of this amount, Swire Properties' 50% attributable interest represented HK$2,778 million.

Beijing Office Market Outlook

There is expected to be limited new supply of office space in Beijing. As a result, occupancy rates are expected to remain high.

Investment Properties Under Development

Daci Temple Project, Chengdu

Daci Temple Project, Chengdu

	Gross Floor Area (sq.ft.) (100% Basis)	Attributable Interest
Retail	1,203,867	50%
Hotel [(1)]	163,828	50%
Serviced Apartments	82,076	50%
Office [(2)]	1,299,882	50%
Total	**2,749,653**	50%

(1) The hotel is accounted for under property, plant and equipment in the accounts.
(2) The office portion of the Daci Temple project is being developed for trading purposes.

The Daci Temple project, in the Jinjiang District of Chengdu near the Chunxi Road shopping district, is a large-scale retail-led development. It consists of a retail complex, a boutique hotel (named The Temple House) with 100 guest rooms and 42 serviced apartments, and a Grade-A office tower. It will be accessible from the Chengdu metro. The two to three-storey retail complex, named Sino-Ocean Taikoo Li Chengdu, is designed to integrate architecturally with the Daci Temple and other neighbouring old buildings.

Superstructure and façade installation works are in progress. The development is expected to open in phases from 2014 onwards.

The Grade-A office tower, named Pinnacle One, is being developed for trading purposes. 89% of the office's total gross floor area (approximately 1.15 million square feet) and 350 car parking spaces were pre-sold for approximately RMB2.1 billion in August 2013.

The Daci Temple development is a 50:50 joint venture with Sino-Ocean Land Holdings Limited. In July 2013, Sino-Ocean Land exercised its option to repurchase a 13% interest in the project from us. Following completion of the transaction, our interest in the project was reduced to 50% and Sino-Ocean's interest in the project increased to 50%.

As at 31st December 2013, the Daci Temple development (excluding the hotel and office trading components) was valued at HK$4,823 million. Of this amount, Swire Properties' 50% attributable interest represented HK$2,412 million.

Chengdu Market Outlook

The Chengdu retail market is expected to be satisfactory in 2014. More retail malls will be completed in the next three years. This will put pressure on rents. But well planned and designed malls in prime locations are expected to remain attractive to retailers, assuming continued satisfactory growth in retail sales.

As a major commercial centre in western China, Chengdu continues to attract new enterprises. Demand for office space in prime locations is expected to grow.

Dazhongli Project, Shanghai

Dazhongli Project, Shanghai

	Gross Floor Area (sq.ft.) (100% Basis)	Attributable Interest
Retail	1,078,660	50%
Office	1,851,408	50%
Hotels [(1)]	527,307	50%
Total	**3,457,375**	**50%**

(1) The hotels are accounted for under property, plant and equipment in the accounts.

The Dazhongli project is a large-scale retail-led mixed-use development which will comprise approximately 3.46 million square feet (excluding car parking spaces) upon completion. It occupies a prime location with significant frontage on Nanjing West Road, one of Shanghai's major shopping thoroughfares. It has excellent transport connections, being adjacent to an existing metro line and two planned metro stations. The project comprises a retail mall, two office towers and three hotels, and is expected to become a landmark development in Shanghai.

Site clearance and resettlement works have been completed. Work on the foundations and basements is progressing. Above ground construction of the office towers has started. The development is expected to open in phases from 2016 onwards.

The Dazhongli project is a 50:50 joint venture with HKR International Limited. As at 31st December 2013, the development (excluding the hotel) was valued at HK$15,292 million. Of this amount, Swire Properties' 50% attributable interest represented HK$7,646 million.

Shanghai Market Outlook

The prospects for the Shanghai commercial property market are good. In the central business area of Puxi, demand for Grade-A office space is steady, vacancy rates are low but new supply is increasing.

Demand for retail space in Shanghai was weak in the second half of 2013, reflecting reduced growth in retail sales.

Investment Properties – U.S.A.

Brickell City Centre, Miami

Brickell City Centre, Miami

	Gross Floor Area (sq.ft.)[3] (100% Basis)	Attributable Interest
Phase I		
Retail	565,000	87.5%
Wellness / General Offices	260,000	100%
Serviced Apartments	109,000	100%
Hotel [1]	218,000	100%
Residential [2]	1,114,000	100%
Carpark / Circulation	2,643,000	100%
Subtotal	4,909,000	
Potential Future Residential [2]	450,000[4]	100%
Total Phase I	5,359,000	
Phase II		
Future Mixed-Use Tower	1,300,000[4]	100%
Total Phase I and Phase II	6,659,000	

(1) The hotel is accounted for under property, plant and equipment in the accounts.
(2) The residential portion of the Brickell City Centre is being developed for trading purposes.
(3) Represents leasable/saleable area except for the carpark/circulation square footage.
(4) This development is in the planning stage and therefore the gross floor area square footage is still under review.

Brickell City Centre is an urban mixed-use development in the Brickell financial district of Miami, Florida. It has a site area of 504,017 square feet (approximately 11.6 acres).

Phase I of the development consists of a shopping centre, a hotel and serviced apartments to be operated by EAST, two office buildings and two (or possibly three) residential towers. Swire Properties owns 100% of the office, hotel and residential portions and 87.5% of the retail portion of the development, with a 12.5% interest in the retail portion held by Bal Harbour Shops. Commencing from the fifth Anniversary of the Grand Opening Date of the retail portion, Bal Harbour Shops will have an option to sell its 12.5% interest to Swire Properties. The residential towers are being developed for sale. Construction work on Phase I commenced in 2012 with completion scheduled for the latter half of 2015. A light rail system station is within the site.

Phase II will be a mixed-use development comprising retail, office, hotel and condominium space, including an 80-storey tower called One Brickell City Centre. Phase II incorporates the site at 700 Brickell Avenue acquired by Swire Properties in July 2013 and will connect the Brickell City Centre development with Brickell Avenue. Swire Properties owns 100% of Phase II.

As at 31st December 2013, the Brickell City Centre Phase I development (excluding the hotel and residential trading components) was valued at HK$853 million.

Miami Market Outlook

The residential property market in urban Miami is expected to continue to improve in 2014. The retail market is also encouraging, although there is increased competition. The office market, although over-supplied, is improving as vacancies decline.

Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2013 (96% by value having been valued by DTZ Debenham Tie Leung) on the basis of open market value. The amount of this valuation was HK$213,423 million compared to HK$201,981 million at 31st December 2012 and HK$207,366 million at 30th June 2013.

The increase in the valuation of the investment property portfolio principally reflects higher rental income and the acquisition of property in Hong Kong.

Under HKAS 40, hotel properties are not accounted for as investment properties but are included within property, plant and equipment at cost less accumulated depreciation and any provision for impairment losses.

Audited Financial Information

Investment Properties

	Group		
	Completed HK$M	Under Development HK$M	Total HK$M
At 1st January 2013	**189,699**	**12,282**	**201,981**
Translation differences	**676**	**5**	**681**
Additions	**218**	**4,692**	**4,910**
Disposals	**-**	**(96)**	**(96)**
Transfer upon completion	**1,238**	**(1,238)**	**-**
Transfer to redevelopment	**(5,494)**	**5,494**	**-**
Net transfers to property, plant and equipment	**(37)**	**(227)**	**(264)**
Fair value gains/(losses)	**6,309**	**(98)**	**6,211**
	192,609	**20,814**	**213,423**
Add: Initial leasing costs	**285**	**-**	**285**
At 31st December 2013	**192,894**	**20,814**	**213,708**
At 1st January 2012	174,951	12,247	187,198
Translation differences	190	-	190
Additions	394	1,812	2,206
Disposals	-	(2)	(2)
Transfer upon completion	2,253	(2,253)	-
Net transfers from property, plant and equipment	111	5	116
Fair value gains	11,800	473	12,273
	189,699	12,282	201,981
Add: Initial leasing costs	315	-	315
At 31st December 2012	190,014	12,282	202,296

Geographical Analysis of Investment Properties

	Group	
	2013 HK$M	2012 HK$M
Held in Hong Kong:		
On medium-term leases (10 to 50 years)	**29,709**	25,350
On long-term leases (over 50 years)	**157,531**	152,883
	187,240	178,233
Held in Mainland China:		
On medium-term leases (10 to 50 years)	**24,527**	23,194
Held in U.S.A. and others:		
Freehold	**1,656**	554
	213,423	201,981

Property Trading

Overview

The trading portfolio comprises three luxury residential projects under development in Hong Kong (two on Hong Kong Island and one on Lantau Island), two residential towers under development in Brickell City Centre in Miami, U.S.A., an office property under development in the Daci Temple project in Chengdu in Mainland China, and the remaining residential units at the completed ARGENTA, AZURA, DUNBAR PLACE, MOUNT PARKER RESIDENCES and 5 Star Street developments in Hong Kong and the completed ASIA development in Miami. There are also land banks in Miami and Fort Lauderdale in Florida, U.S.A.

Property Trading Portfolio

	Gross Floor Area (sq.ft.) (100% Basis)	Actual / Expected Construction Completion Date	Attributable Interest
Completed			
Hong Kong			
- 5 Star Street [2]	408 [1]	2010	100%
- AZURA [2]	11,395 [1]	2012	87.5%
- ARGENTA [2]	40,651 [1]	2013	100%
- DUNBAR PLACE [3]	76,432 [1]	2013	50%
- MOUNT PARKER RESIDENCES	151,954	2013	80%
U.S.A.			
- ASIA, Miami [2]	5,359 [1]	2008	100%
Under Development			
Hong Kong			
- AREZZO (formerly known as 33 Seymour Road (Phase 1))	165,792	2014	100%
- 33 Seymour Road (Phase 2)	195,533	2016	100%
- 160 South Lantau Road, Cheung Sha (formerly known as Cheung Sha, South Lantau)	64,407	2015	100%
Mainland China			
- Daci Temple Project, Chengdu (office portion)	1,299,882 [4]	2014	50%
U.S.A.			
- Brickell City Centre, Miami, Florida (residential portion)	1,114,000	2015	100%
Held for Development			
U.S.A.			
- Fort Lauderdale, Florida	787,414	N/A	75%
- South Brickell Key, Miami, Florida	421,800	N/A	100%
- Brickell City Centre, Miami, Florida - North Squared site	450,000	N/A	100%
- 700 Brickell Avenue, Miami, Florida	558,000	N/A	100%

(1) Area shown reflects saleable area (square feet).
(2) Remaining unsold units as at 31st December 2013.
(3) As at 31st December 2013, 25 of the 53 units had been pre-sold.
(4) The office portion of Daci Temple project, Pinnacle One, is being developed for trading purposes. 89% of the office's total gross floor area (approximately 1.15 million square feet) and 350 car parking spaces were pre-sold in August 2013.

The following table shows the expected timing of completion of our residential projects in Hong Kong.

Expected Attributable Residential GFA Completions in Hong Kong in 2014-2016

GFA (sq. ft.)	2014	2015	2016 & Onwards
AREZZO	165,792	-	-
33 Seymour Road (Phase 2)	-	-	195,533
160 South Lantau Road, Cheung Sha	-	64,407	-
Total	165,792	64,407	195,533

Audited Financial Information

Properties Held For Development and For Sale

	Group	
	2013 HK$M	2012 HK$M
Properties held for development		
Freehold land	**706**	188
Properties for sale		
Completed properties		
- development costs	**1,441**	401
- freehold land	**1**	4
- leasehold land	**1,285**	145
Properties under development		
- development costs	**2,076**	1,762
- freehold land	**175**	175
- leasehold land	**3,042**	4,461
	8,020	6,948

Hong Kong

Residential developments in Mid-Levels West, Hong Kong

Swire Properties owns four sites in Mid-Levels West, a residential district on Hong Kong Island.

(a) AZURA, 2A Seymour Road

Swire Properties holds a 87.5% interest in this development comprising a 50-storey tower of 126 units and 45 car parking spaces with a total GFA of 206,306 square feet. The development was completed in the second half of 2012. As at 11th March 2014, 120 units had been sold. The profit from the sales of 98 and 21 of these units was recognised in 2012 and 2013 respectively and the profit from the sale of the remaining one unit is expected to be recognised in 2014. The development is managed by Swire Properties.

(b) ARGENTA, 63 Seymour Road

ARGENTA is wholly-owned by Swire Properties. The development consists of a 37-storey tower of 29 whole-floor residential units, one duplex residential unit and 28 car parking spaces with an aggregate GFA of 75,805 square feet. In June 2013, the occupation permit was issued and handed over to the purchasers commenced in September 2013. As at 11th March 2014, 16 units had been sold. The profit from the sales of 12 of these units was recognised in 2013 and the profit from the sales of the remaining four units is expected to be recognised in 2014. The development is managed by Swire Properties.

(c) AREZZO, 33 Seymour Road (formerly known as 33 Seymour Road (Phase 1))

AREZZO is wholly-owned by Swire Properties. Superstructure works are in progress. The development is expected to be completed in 2014 and available for handover to purchasers in 2015. The development is expected to be a 48-storey tower of 127 residential units with an aggregate GFA of 165,792 square feet.

(d) Phase 2, 33 Seymour Road

Pile cap construction at Phase 2, 33 Seymour Road is in progress and the development is expected to be completed in 2016 and available for handover to purchasers in 2017. The development is expected to be a 50-storey tower of 197 residential units and 43 car parking spaces with an aggregate GFA of 195,533 square feet.

Swire Properties plans, subject to receipt of the necessary approvals, to upgrade certain pedestrian walkways, widen a number of pavements and build a pedestrian staircase connecting Castle Road and Caine Road, in order to improve pedestrian flow between Castle Road and Caine Road.

MOUNT PARKER RESIDENCES, 1 Sai Wan Terrace

Swire Properties has an 80% interest in MOUNT PARKER RESIDENCES, a residential development in Quarry Bay, Hong Kong. The development was completed in the second half of 2013 and will be available for handover to purchasers in 2014. It comprises a 24-storey tower of 92 residential units and 68 basement car parking spaces, with an aggregate GFA of 151,954 square feet.

DUNBAR PLACE, 23 Dunbar Road

DUNBAR PLACE is a residential development in Ho Man Tin, Kowloon, Hong Kong. Swire Properties has a 50% interest in the development. The development consists of a 23-storey tower with 53 residential units and 57 car parking spaces with an aggregate GFA of 88,555 square feet. Pre-sales of the apartments commenced in April 2013 and handed over to the purchasers started from January 2014. These were the first pre-sales of apartments in a new residential development in Hong Kong following the coming into force of the Residential Properties (First-hand Sales) Ordinance in April 2013. 25 of the 53 units had been pre-sold as at 31st December 2013 and a further 10 units have been sold since then. The profit from the sales of all these units is expected to be recognised in 2014. The development is managed by Swire Properties.

160 South Lantau Road, Cheung Sha (formerly known as Cheung Sha, Lantau)

Two adjacent residential sites at the junction of Tung Chung Road and South Lantau Road in Cheung Sha, Lantau Island were acquired in 2011 and are wholly owned by the Group. The sites will be developed into detached houses with an aggregate GFA of 64,407 square feet. Site formation and superstructure works are in progress. The development is expected to be completed and available for handover to purchasers in 2015.

Hong Kong Residential Market Outlook

Stamp duty increases have reduced the number of transactions in the luxury residential market. However there continues to be demand for high quality properties albeit at more subdued levels. Profits from property trading are expected to be higher in 2014 than in 2013, with planned sales of completed units at the DUNBAR PLACE and MOUNT PARKER RESIDENCES developments and of remaining units at the AZURA and ARGENTA developments.

U.S.A.

ASIA, located on the northern edge of Brickell Key in downtown Miami, is a luxury high-rise residential condominium with 123 units. The average size of these units is approximately 2,300 square feet. During 2013, 13 units were sold, bringing cumulative sales to 122 units at 31st December 2013. One penthouse unit, which is not on offer, remains unsold.

The residential portion of Phase I of the Brickell City Centre development is being developed for trading purposes. There will be 821 units in two towers and possibly a further 350 units in a third tower. Presales are currently planned to commence in mid-2014. Completion of the first two condominium towers is expected in late 2015.

The market for new residential condominiums in urban Miami performed well in 2013 and is expected to continue to improve in 2014. However, because of the timing of completion of the Brickell City Centre development, profits from this development are not expected in 2014.

Leasing and Management Business

Swire Properties was responsible for the redevelopment of OPUS HONG KONG, a property owned by Swire Pacific at 53 Stubbs Road, and is responsible for the leasing and management of the property. The property is a prime residential development consisting of a 12-storey residential building with 10 whole-floor units and two double-level garden apartments designed by Pritzker Prize winning architect Frank Gehry. Five units at OPUS HONG KONG have been leased as at 31st December 2013.

Estate Management

Through subsidiaries, Swire Properties undertakes the management of 15 estates which it has developed, including AZURA, ARGENTA, DUNBAR PLACE, Robinson Place, The Orchards and Taikoo Shing. The services provided include concierge services and assistance to the residents, cleaning and maintenance of common areas, and renovation of buildings. Swire Properties places great emphasis on its relationships with occupants of the existing estates which it manages and intends to provide high quality estate management at the estates which it is developing.

Hotels

Managed Hotels

Overview

Swire Hotels owns and manages hotels in Hong Kong, Mainland China and the U.K. The Upper House in Hong Kong and The Opposite House in Beijing are small and distinctive hotels in Asia. EAST hotels are business hotels. Chapter Hotels are local hotels in regional towns and cities in the U.K.

There were better performances in 2013 from The Upper House in Hong Kong and from the U.K. hotels. However, this was more than offset by weaker results from the hotels in Mainland China.

There are three managed hotels currently under development, The Temple House in Chengdu, the Dazhongli Project (Hotel) in Shanghai and a hotel with serviced apartments in Miami. The Temple House is the hotel portion of the Daci Temple development and is expected to open in the second half of 2014. The hotel with serviced apartments in Miami (which will be operated by EAST) is part of Phase I of the Brickell City Centre development and is expected to open in the second half of 2015.

Hotels Portfolio (Managed by the Group)

	No. of rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
- The Upper House	117	100%
- EAST, Hong Kong	345	100%
- Headland Hotel [(1)]	501	0%
Mainland China		
- The Opposite House	99	100%
- EAST, Beijing	369	50%
U.K.		
- The Montpellier Chapter, Cheltenham	61	100%
- Avon Gorge Hotel, Bristol	75	100%
- The Magdalen Chapter, Exeter	59	100%
- Hotel Seattle, Brighton	71	100%
Under Development		
Mainland China		
- The Temple House, Chengdu [(2)]	142	50%
- Dazhongli Project (Hotel), Shanghai [(3)]	119	50%
U.S.A.		
- EAST, Miami [(2)]	375	100%
Total	**2,333**	

(1) Headland Hotel is owned by Airline Hotel Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.
(2) Including serviced apartments in the same building.
(3) No. of modules.

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place, revenue per available room increased by 10% in 2013. It was ranked No.1 in "Top 25 Luxury Hotels in Asia", "Top 25 Luxury Hotels in China", "Top 25 Hotels in China" and "Top 25 Hotels for Service in China" by TripAdvisor in 2013. It received a "Best Service, Above and Beyond – Mr & Mrs Smith" award in The Smith Hotel Awards 2013, a "Gold Standard Hotels 2013 - Best Design Hotels" award from Condé Nast Traveller U.K. and a "Best Design" award from Limited Edition Miami 2013.

EAST, Hong Kong

At EAST, Hong Kong, a 345-room hotel at Island East, occupancy and average room rates were strong in 2013, with revenue per available room increasing by 4% from 2012. The hotel received a "Certificate of Excellence" from TripAdvisor China, a "100 Best Hotels in China" award from La Vie Taiwan and a "Top 10 most recommended design hotels in China" award from Shanghai online in 2013.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. Performance at The Opposite House was adversely affected by an increase in supply of new hotels and a reduction in the number of international visitors. The Opposite House received a "Certificate of Excellence 2013 Winner" award from TripAdvisor, a "100 Best Hotels in China" award from La Vie Taiwan and a "Best Hotel Dining" award from Cityweekend. The Jing Yaa Tang restaurant obtained a "Best Debut Restaurant" award from That's Beijing and the Sureno restaurant obtained a "Best Mediterranean Restaurant" award from Timeout China.

EAST, Beijing

EAST, Beijing is a 369-room business hotel at the INDIGO development in Beijing, in which Swire Properties holds a 50% interest. The hotel was opened in September 2012. Its results improved in 2013, with growth in occupancy and average room rates. It was included in "The Hot List 2013" by Condé Nast Traveler, US and received an "IT List - Best City Hotel" award from Travel + Leisure, a "Best New Hotel in Beijing" award from TTG Asia and a "Readers' Choice Award for Best Hotel bar, Best Hotel Brunch and Best Hotel Dining" from Cityweekend Beijing.

U.K. Hotels

Swire Properties owns four hotels in the U.K., one each in Cheltenham, Bristol, Brighton and Exeter. Although trading conditions remained challenging in 2013, the four hotels achieved much better results, with the average revenue per available room increasing 18% in 2013. The Magdalen Chapter Hotel in Exeter achieved higher occupancy and room rates following completion of its major refurbishment in June 2012. It was voted the "Best City Hotel 2013" by Food and Travel Magazine Readers.

Non-managed Hotels

Overview

Swire Properties has ownership interests in (but does not manage) hotels with 3,129 rooms in aggregate. The Mandarin Oriental, Guangzhou, 97% owned by Swire Properties and which opened in January 2013, has 263 rooms and 24 serviced apartments.

Hotel Portfolio (Not managed by the Group)

	No. of rooms (100% Basis)	Attributable Interest
Completed		
Hong Kong		
- Island Shangri-La Hong Kong	565	20%
- JW Marriott Hotel Hong Kong	602	20%
- Conrad Hong Kong	513	20%
- Novotel Citygate Hong Kong	440	20%
U.S.A.		
- Mandarin Oriental, Miami	326	75%
Mainland China		
- Mandarin Oriental, Guangzhou (1)	287	97%
Under Development		
Mainland China		
- Dazhongli Project (Hotels), Shanghai (2)	396	50%
Total	**3,129**	

(1) Including 24 serviced apartments in the same building. The development was opened in January 2013.
(2) No. of modules.

The performance of the non-managed hotels in Hong Kong and U.S.A. remained stable in 2013. The Mandarin Oriental, Guangzhou commenced operations in January 2013. Occupancy rates increased during the year despite more supply in the market.

Hotels Market Outlook

Results in 2014 from the hotel portfolio are expected to benefit from improved performances at the Mandarin Oriental in TaiKoo Hui, The Opposite House and EAST, Beijing.

Capital Commitments

Capital Expenditure and Commitments for Investment Properties and Hotels

Capital expenditure in 2013 on Hong Kong investment properties and hotels, including completed projects, amounted to HK$4,359 million (2012: HK$1,828 million). Outstanding capital commitments at 31st December 2013 were HK$20,291 million (31st December 2012: HK$5,405 million), including the Group's share of the capital commitments of joint venture companies of HK$3,536 million. The Group is committed to funding HK$3,129 million of the capital commitments of joint venture companies in Hong Kong.

Capital expenditure in 2013 on Mainland China investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$1,500 million (2012: HK$1,776 million). Outstanding capital commitments at 31st December 2013 were HK$6,313 million (2012: HK$7,546 million), including the Group's share of the capital commitments of joint venture companies of HK$5,577 million (2012: HK$6,620 million). The Group is committed to funding HK$1,083 million (31st December 2012: HK$818 million) of the capital commitments of joint venture companies in Mainland China.

Capital expenditure in 2013 on investment properties and hotels in the U.S.A. and elsewhere amounted to HK$1,237 million (2012: HK$239 million). Outstanding capital commitments at 31st December 2013 were HK$2,850 million (2012: HK2,963 million).

Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast year of expenditure				Commitments*
	2013	2014	2015	2016	2017 & beyond	**At 31st Dec 2013**
	HK$M	HK$M	HK$M	HK$M	HK$M	**HK$M**
Hong Kong	**4,359**	3,852	2,520	2,721	11,198	**20,291**
Mainland China	**1,500**	3,080	1,664	999	570	**6,313**
U.S.A. and others	**1,237**	1,539	1,303	8	-	**2,850**
Total	**7,096**	8,471	5,487	3,728	11,768	**29,454**

* The capital commitments represent the Group's capital commitments of HK$20,341 million plus the Group's share of the capital commitments of joint venture companies of HK$9,113 million. The Group is committed to funding HK$4,212 million of the capital commitments of joint venture companies.

FINANCING

Sources of Finance

At 31st December 2013, committed loan facilities and debt securities amounted to HK$41,203 million, of which HK$7,333 million (17.8%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$1,304 million. Sources of funds at 31st December 2013 comprised:

Audited Financial Information

	Available HK$M	Drawn HK$M	Undrawn Expiring Within One Year HK$M	Undrawn Expiring After One Year HK$M
Facilities from third parties				
Revolving credit and short-term loans	**3,637**	**304**	**-**	**3,333**
Term loans	**14,348**	**11,648**	**-**	**2,700**
Bonds	**8,554**	**8,554**	**-**	**-**
Facilities from Swire Finance				
Revolving credit	**2,500**	**1,200**	**-**	**1,300**
Bonds	**9,835**	**9,835**	**-**	**-**
Perpetual capital securities	**2,329**	**2,329**	**-**	**-**
Total committed facilities	**41,203**	**33,870**	**-**	**7,333**
Uncommitted facilities				
Bank loans and overdrafts	**2,132**	**828**	**1,304**	**-**
Total	**43,335**	**34,698**	**1,304**	**7,333**

Note: The figures above are stated before unamortised loan fees of HK$163 million.

At 31st December 2013, 60% of the Group's gross borrowings were on fixed rate basis and 40% were on floating rate basis (2012: 61% and 39% respectively).

The Group had bank balances and short-term deposits of HK$2,521 million at 31st December 2013, compared to HK$1,940 million at 31st December 2012.

Maturity Profile and Refinancing

Bank loans and other borrowings are repayable on various dates up to 2022 (2012: up to 2022). The weighted average term and cost of the Group's debt are:

	2013	2012
Weighted average term of debt	**3.4 years**	3.6 years
Weighted average term of debt (excluding perpetuals)	**3.4 years**	3.5 years
Weighted average cost of debt	**5.2 %**	4.8%
Weighted average cost of debt (excluding perpetuals)	**4.9 %**	4.5%

The maturity profile of the Group's available committed facilities is set out below:

(HK$M)	Total	2014	2015	2016	2017	2018	2019	2020	2022
	Maturity Profile								
Facilities from third parties									
Revolving credit and term loans	17,985	6,774	2,389	2,945	4,877	1,000	-	-	-
Bonds	8,554	-	-	-	500	-	300	3,877	3,877
Facilities from Swire Finance									
Revolving credit	2,500	-	2,500	-	-	-	-	-	-
Bonds	9,835	-	-	4,658	-	5,177	-	-	-
Perpetual capital securities*	2,329	-	-	-	2,329	-	-	-	-
Total	**41,203**	**6,774**	**4,889**	**7,603**	**7,706**	**6,177**	**300**	**3,877**	**3,877**

* The perpetual capital securities have no fixed maturity date. In the above table their maturity is presented as their first call date, 13th May 2017.

The table below sets forth the maturity profile of the Group’s borrowings:

Audited Financial Information

	2013		2012	
	HK$M		HK$M	
Bank and other borrowings due				
Within 1 year	**7,589**	**22%**	2,365	8%
1 - 2 years	**1,795**	**5%**	6,603	21%
2 - 5 years	**3,800**	**11%**	2,502	8%
After 5 years	**8,003**	**23%**	4,151	14%
Borrowings from Swire Finance due				
Within 1 year	**-**	**-**	2,299	7%
1 - 2 years	**1,195**	**4%**	-	-
2 - 5 years	**12,153**	**35%**	7,773	25%
After 5 years	**-**	**-**	5,168	17%
Total	**34,535**	**100%**	30,861	100%
Less: Amount due within one year included under current liabilities	**7,589**		4,664	
Amount due after one year included under non-current liabilities	**26,946**		26,197	

Upon maturity of the financing arrangements provided by Swire Finance Limited, the Group will obtain new funding (as necessary) on a stand-alone basis without recourse to the Swire Pacific group.

Currency Profile

An analysis of the carrying amounts of gross borrowings by currency (after cross-currency swaps) is shown below:

Audited Financial Information

	2013		2012	
	HK$M		HK$M	
Currency				
Hong Kong dollar	**24,407**	**71%**	21,060	68%
United States dollar	**2,342**	**7%**	1,524	5%
Renminbi	**7,786**	**22%**	8,214	27%
Others	**-**	**-**	63	-
Total	**34,535**	**100%**	30,861	100%

Gearing Ratio and Interest Cover

	2013	2012
Gearing ratio*		
Per accounts	**15.8%**	15.0%
Underlying	**15.2%**	14.5%
Interest cover – times *		
Per accounts	**10.0**	15.7
Underlying	**6.4**	7.9
Cash interest cover – times *		
Per accounts	**8.2**	12.3
Underlying	**5.1**	6.0

* Refer to Glossary on page 61 for definitions.

Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of Swire Properties reported in the consolidated statement of financial position does not include the net debt of its joint venture and associated companies. These companies had the following net debt positions at the end of 2013 and 2012:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by Swire Properties	
	2013	2012	**2013**	2012	**2013**	2012
	HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$M
Hong Kong Entities	**2,601**	1,567	**1,207**	975	**-**	-
Mainland China Entities	**4,619**	1,126	**2,309**	563	**-**	-
U.S.A. Entities	**597**	571	**448**	429	**496**	-
	7,817	3,264	**3,964**	1,967	**496**	-

If the attributable portion of the net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 17.7% and underlying gearing would rise to 17.1%.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss
For the year ended 31st December 2013

	Note	**2013** **HK$M**	2012 HK$M Restated
Turnover	2	**12,935**	14,052
Cost of sales	3	**(3,531)**	(3,770)
Gross profit		**9,404**	10,282
Administrative expenses		**(974)**	(885)
Other operating expenses		**(186)**	(214)
Other net gains	4	**43**	40
Change in fair value of investment properties		**6,211**	12,273
Operating profit		**14,498**	21,496
Finance charges		**(1,525)**	(1,483)
Finance income		**78**	116
Net finance charges	6	**(1,447)**	(1,367)
Share of profits less losses of joint venture companies		**809**	660
Share of profits less losses of associated companies		**139**	161
Profit before taxation		**13,999**	20,950
Taxation	7	**(1,344)**	(1,861)
Profit for the year		**12,655**	19,089
Profit for the year attributable to:			
The Company's shareholders		**12,525**	18,753
Non-controlling interests		**130**	336
		12,655	19,089
Dividends			
First interim – paid		**1,170**	1,287
Second interim – declared on 13th March 2014 (2012: 14th March 2013)		**2,340**	2,223
	8	**3,510**	3,510
		HK$	HK$
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	9	**2.14**	3.21

Consolidated Statement of Other Comprehensive Income
For the year ended 31st December 2013

	2013 HK$M	2012 HK$M Restated
Profit for the year	**12,655**	19,089
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of properties previously occupied by the Group		
- gains recognised during the year	**24**	36
- deferred tax	**(14)**	(8)
Defined benefit plans		
- remeasurement gains/(losses) recognised during the year	**105**	(16)
- deferred tax	**(17)**	3
	98	15
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
- gains/(losses) recognised during the year	**6**	(84)
- transferred to net finance charges	**2**	1
- deferred tax	**(1)**	14
Net translation differences on foreign operations	**494**	160
Share of other comprehensive income of joint venture and associated companies	**206**	30
	707	121
Other comprehensive income for the year, net of tax	**805**	136
Total comprehensive income for the year	**13,460**	19,225
Total comprehensive income attributable to:		
The Company's shareholders	**13,309**	18,888
Non-controlling interests	**151**	337
	13,460	19,225

Consolidated Statement of Financial Position
At 31st December 2013

	Note	**2013 HK$M**	2012 HK$M Restated	2011 HK$M Restated
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**7,225**	6,837	6,615
Investment properties		**213,708**	202,296	187,488
Leasehold land and land use rights		**-**	-	3
Intangible assets		**75**	8	7
Properties held for development		**706**	188	124
Joint venture companies		**16,379**	14,878	13,000
Associated companies		**521**	721	639
Available-for-sale assets		**75**	9	9
Derivative financial instruments		**4**	-	-
Deferred tax assets		**72**	68	57
		238,765	225,005	207,942
Current assets				
Properties under development and for sale		**8,020**	6,948	6,848
Stocks and work in progress		**76**	69	69
Trade and other receivables	10	**2,522**	2,930	1,945
Amount due from immediate holding company - Swire Pacific Limited		**53**	51	142
Cash and cash equivalents		**2,521**	1,940	1,180
		13,192	11,938	10,184
Current liabilities				
Trade and other payables	11	**8,007**	7,155	8,088
Taxation payable		**211**	710	445
Bank overdrafts and short-term loans		**828**	1,057	1,023
Long-term loans due within one year		**6,761**	1,308	664
Loans due to a fellow subsidiary company - Swire Finance Limited		**-**	2,299	6,943
		15,807	12,529	17,163
Net current liabilities		**(2,615)**	(591)	(6,979)
Total assets less current liabilities		**236,150**	224,414	200,963
Non-current liabilities				
Long-term loans and bonds		**13,598**	13,256	5,819
Loans due to a fellow subsidiary company - Swire Finance Limited		**13,348**	12,941	14,431
Other payables		**367**	-	-
Derivative financial instruments		**83**	83	-
Deferred tax liabilities		**5,604**	4,959	4,215
Retirement benefit liabilities		**-**	99	80
		33,000	31,338	24,545
NET ASSETS		**203,150**	193,076	176,418
EQUITY				
Share capital	12	**5,850**	5,850	5,850
Reserves	13	**196,500**	186,584	170,036
Equity attributable to the Company's shareholders		**202,350**	192,434	175,886
Non-controlling interests		**800**	642	532
TOTAL EQUITY		**203,150**	193,076	176,418

Consolidated Statement of Cash Flows
For the year ended 31st December 2013

	2013 HK$M	2012 HK$M Restated
Operating activities		
Cash generated from operations	**8,873**	8,116
Interest paid	**(1,560)**	(1,576)
Interest received	**166**	27
Profits tax paid	**(1,314)**	(875)
	6,165	5,692
Dividends received from joint venture and associated companies	**216**	153
Net cash from operating activities	**6,381**	5,845
Investing activities		
Purchase of property, plant and equipment	**(415)**	(488)
Additions to investment properties	**(5,043)**	(2,516)
Purchase of intangible assets	**(14)**	(5)
Purchase of available-for-sale assets	**(1)**	-
Proceeds from disposals of property, plant and equipment	**56**	16
Proceeds from disposal of a subsidiary company	**31**	-
Purchase of shares in joint venture companies	**(1)**	(5)
Loans to joint venture companies	**(847)**	(1,387)
Repayment of loans by joint venture companies	**362**	129
Repayment of loans by associated companies	**124**	-
Initial leasing costs incurred	**(56)**	(115)
Net cash used in investing activities	**(5,804)**	(4,371)
Net cash inflow before financing	**577**	1,474
Financing activities		
Loans drawn and refinancing	**3,637**	4,029
Bonds issued	**3,877**	4,676
Repayment of loans	**(2,232)**	(681)
	5,282	8,024
Capital contribution from a non-controlling interest	**15**	-
Decrease in loans due to a fellow subsidiary company	**(1,900)**	(6,173)
Dividends paid to the Company's shareholders	**(3,393)**	(2,340)
Dividends paid to non-controlling interests	**(8)**	(227)
Net cash used in financing activities	**(4)**	(716)
Increase in cash and cash equivalents	**573**	758
Cash and cash equivalents at 1st January	**1,936**	1,179
Currency adjustment	**12**	(1)
Cash and cash equivalents at end of the year	**2,521**	1,936
Represented by:		
Bank balances and short-term deposits maturing within three months	**2,521**	1,940
Bank overdrafts	**-**	(4)
	2,521	1,936

1. Segment information

The Group is organised on a divisional basis: Property investment, Property trading and development, and Hotels. The reportable segments within each of the three divisions are classified according to the nature of business.

(a) Information about reportable segments

Analysis of Consolidated Statement of Profit or Loss

	External turnover	Inter-segment turnover	Operating profit/(loss) after depreciation and amortisation	Finance charges	Finance income	Share of profits less losses of joint venture companies	Share of profits less losses of associated companies	Profit /(loss) before taxation	Tax charge	Profit /(loss) for the year	Profit/(loss) attributable to the Company's shareholders	Depreciation and amortisation charged to operating profit
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Year ended 31st December 2013												
Property investment	**9,786**	**11**	**7,317**	**(1,463)**	**71**	**208**	**(2)**	**6,131**	**(683)**	**5,448**	**5,426**	**(185)**
Property trading	**2,207**	**-**	**1,035**	**-**	**7**	**(46)**	**-**	**996**	**(185)**	**811**	**720**	**(27)**
Hotels	**942**	**2**	**(65)**	**(62)**	**-**	**(36)**	**145**	**(18)**	**(30)**	**(48)**	**(46)**	**(179)**
Change in fair value of investment properties	**-**	**-**	**6,211**	**-**	**-**	**683**	**(4)**	**6,890**	**(446)**	**6,444**	**6,425**	**-**
Inter-segment elimination	**-**	**(13)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	12,935	**-**	**14,498**	**(1,525)**	**78**	**809**	**139**	**13,999**	**(1,344)**	**12,655**	**12,525**	**(391)**
Year ended 31st December 2012 (Restated)												
Property investment	9,123	8	6,867	(1,443)	113	146	-	5,683	(769)	4,914	4,896	(171)
Property trading	4,147	-	2,395	-	3	(14)	-	2,384	(422)	1,962	1,659	(20)
Hotels	782	2	(39)	(40)	-	(40)	160	41	(29)	12	14	(123)
Change in fair value of investment properties	-	-	12,273	-	-	568	1	12,842	(641)	12,201	12,184	-
Inter-segment elimination	-	(10)	-	-	-	-	-	-	-	-	-	-
	14,052	-	21,496	(1,483)	116	660	161	20,950	(1,861)	19,089	18,753	(314)

Note: Sales between business segments are accounted for at competitive prices charged to unaffiliated customers for similar goods and services.

1. Segment information (continued)

(a) Information about reportable segments (continued)

Analysis of total assets of the Group

	Segment assets HK$M	Joint venture companies HK$M	Associated companies HK$M	Bank deposits HK$M	Total assets HK$M	Additions to non-current assets (note) HK$M
At 31st December 2013						
Property investment	**217,547**	**14,008**	**50**	**1,713**	**233,318**	**5,066**
Property trading and development	**9,255**	**1,128**	**-**	**729**	**11,112**	**538**
Hotels	**5,734**	**1,243**	**471**	**79**	**7,527**	**299**
	232,536	**16,379**	**521**	**2,521**	**251,957**	**5,903**
At 31st December 2012 (Restated)						
Property investment	206,600	12,737	55	1,529	220,921	2,396
Property trading and development	7,272	1,063	-	345	8,680	66
Hotels	5,532	1,078	666	66	7,342	414
	219,404	14,878	721	1,940	236,943	2,876

Note: In this analysis, additions to non-current assets during the year exclude joint venture and associated companies, available-for-sale assets, financial instruments, deferred tax assets and retirement benefit assets.

Analysis of total liabilities and non-controlling interests of the Group

	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Gross borrowings HK$M	Total liabilities HK$M	Non-controlling interests HK$M
At 31st December 2013					
Property investment	**7,337**	**5,712**	**28,439**	**41,488**	**606**
Property trading and development	**873**	**102**	**5,549**	**6,524**	**175**
Hotels	**247**	**1**	**547**	**795**	**19**
	8,457	**5,815**	**34,535**	**48,807**	**800**
At 31st December 2012 (Restated)					
Property investment	6,615	5,200	25,482	37,297	557
Property trading and development	557	469	4,688	5,714	85
Hotels	165	-	691	856	-
	7,337	5,669	30,861	43,867	642

1. Segment information (continued)

(b) Information about geographical areas

The activities of the Group are principally based in Hong Kong, Mainland China, U.S.A. and U.K.

An analysis of turnover and non-current assets of the Group by principal markets is outlined below:

	Turnover		**Non-current assets***	
	2013	2012	**2013**	2012
	HK$M	HK$M	**HK$M**	HK$M
Hong Kong	**10,722**	12,217	**191,603**	182,390
Mainland China	**1,854**	1,516	**26,934**	25,544
U.S.A.	**186**	187	**1,999**	829
U.K. and others	**173**	132	**1,178**	566
	12,935	14,052	**221,714**	209,329

* In this analysis, the total of non-current assets excludes joint venture and associated companies, available-for-sale assets, financial instruments, deferred tax assets and retirement benefit assets.

2. Turnover

Turnover represents sales by the Company and its subsidiary companies to external customers and comprises revenue from:

	2013	2012
	HK$M	HK$M
Gross rental income from investment properties	**9,676**	9,015
Property trading	**2,207**	4,147
Hotels	**942**	782
Rendering of other services	**110**	108
	12,935	14,052

3. Cost of sales

	2013 HK$M	2012 HK$M
Direct rental outgoings in respect of investment properties that		
- generated rental income	**(1,571)**	(1,490)
- did not generate rental income	**(127)**	(102)
	(1,698)	(1,592)
Property trading	**(980)**	(1,435)
Hotels	**(816)**	(691)
Rendering of other services	**(37)**	(52)
	(3,531)	(3,770)

4. Other net gains

	2013 HK$M	2012 HK$M
Profit on sale of investment properties	**-**	12
Profit/(loss) on sale of property, plant and equipment	**16**	(1)
Impairment reversals on trading properties	**21**	4
Net foreign exchange (losses)/gains	**(25)**	4
Recognition of income on forfeited deposits on trading properties	**8**	9
Others	**23**	12
	43	40

5. Expenses by nature

Expenses included in cost of sales, administrative and other operating expenses are analysed as follows:

	2013	2012
	HK$M	HK$M
		Restated
Depreciation of property, plant and equipment	**291**	222
Amortisation of		
- intangible assets	**6**	3
- initial leasing costs on investment properties	**94**	89
Staff costs	**1,292**	1,164
Operating lease rentals		
- properties	**60**	57
- plant and equipment	**2**	-
Auditors' remuneration		
- audit services	**10**	10
- tax services	**8**	2
- other services	**1**	1

6. Net finance charges

	2013 HK$M	2012 HK$M
Interest charged on:		
Bank loans and overdrafts	**(568)**	(527)
Bonds:		
Wholly repayable within five years	**(10)**	(4)
Not wholly repayable within five years	**(266)**	(95)
Loans from fellow subsidiary companies	**(722)**	(933)
Loans from joint venture and related companies	**(9)**	(6)
Fair value loss on derivative instruments		
Cash flow hedges - transferred from other comprehensive income	**(2)**	(1)
Other financing costs	**(136)**	(124)
Loss on the movement in the fair values of the liabilities in respect of put options in favour of the owners of non-controlling interests in subsidiary companies	**(139)**	(175)
Capitalised on:		
Investment properties	**63**	95
Properties under development and for sale	**256**	244
Hotels	**8**	43
	(1,525)	(1,483)
Interest income on:		
Short-term deposits and bank balances	**26**	11
Loans to joint venture companies	**21**	13
Others	**31**	92
	78	116
Net finance charges	**(1,447)**	(1,367)

7. Taxation

	2013		2012	
	HK$M	HK$M	HK$M	HK$M
			Restated	Restated
Current taxation:				
Hong Kong profits tax	(920)		(1,124)	
Overseas taxation	(13)		(11)	
Over/(under)-provisions in prior years	118		(4)	
		(815)		(1,139)
Deferred taxation:				
Changes in fair value of investment properties	(208)		(252)	
Origination and reversal of temporary differences	(321)		(470)	
		(529)		(722)
		(1,344)		(1,861)

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

8. Dividends

	2013	2012
	HK$M	HK$M
First interim dividend paid on 3rd October 2013 of HK¢20 per share (2012: HK¢22)	1,170	1,287
Second interim dividend declared on 13th March 2014 of HK¢40 per share (2012: HK¢38)	2,340	2,223
	3,510	3,510

The second interim dividend is not accounted for in 2013 because it had not been declared at the year end date. The actual amount will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2014.

The Directors have declared a second interim dividend of HK¢40 (2012: HK¢38) per share which, together with the first interim dividend of HK¢20 per share paid in October 2013, amounts to full year dividends of HK¢60 (2012: HK¢60) per share. The second interim dividend, which totals HK$2,340 million (2012: HK$2,223 million), will be paid on Thursday, 8th May 2014 to shareholders registered at the close of business on the record date, being Friday, 4th April 2014. Shares of the Company will be traded ex-dividend from Wednesday, 2nd April 2014.

The register of members will be closed on Friday, 4th April 2014, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 3rd April 2014.

8. Dividends (continued)

To facilitate the processing of proxy voting for the annual general meeting to be held on 13th May 2014, the register of members will be closed from 8th May 2014 to 13th May 2014, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 7th May 2014.

9. Earnings per share (basic and diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$12,525 million (2012: HK$18,753 million) by the weighted average number of 5,850,000,000 ordinary shares in issue during 2013 (2012: 5,850,000,000 ordinary shares).

10. Trade and other receivables

	2013	2012
	HK$M	HK$M
Trade debtors	**612**	278
Prepayments and accrued income	**137**	186
Other receivables	**1,773**	2,466
	2,522	2,930

The analysis of the age of trade debtors at year-end (based on the invoice date) is as follows:

	2013	2012
	HK$M	HK$M
Under three months	**604**	269
Between three and six months	**5**	6
Over six months	**3**	3
	612	278

The Group does not grant any credit term to its customers, except to corporate customers in the hotel division where commercial trade credit terms are given. The Group also holds rental deposits as security against trade debtors.

11. Trade and other payables

	2013 HK$M	2012 HK$M
Trade creditors	**1,003**	1,064
Amounts due to intermediate holding company	**117**	161
Amounts due to a fellow subsidiary company	**78**	79
Amounts due to a joint venture company	**3**	2
Amounts due to an associated company	**106**	41
Interest-bearing advances from fellow subsidiary companies at 3.38% to 5.16%	**281**	-
Interest-bearing advances from joint venture and related companies at 1.54% to 3.38% (2012: 1.58%)	**484**	350
Advances from non-controlling interests	**319**	240
Rental deposits from tenants	**2,116**	1,953
Put option in favour of a non-controlling interest – current	**1,256**	1,112
Put option in favour of a non-controlling interest – non-current	**367**	-
Accrued capital expenditure	**699**	763
Other payables	**1,545**	1,390
	8,374	7,155
Amount due after one year included under non-current liabilities	**(367)**	-
	8,007	7,155

The analysis of the age of trade creditors at year-end is as follows:

	2013 HK$M	2012 HK$M
Under three months	**1,000**	970
Between three and six months	**-**	94
Between six and twelve months	**1**	-
Over twelve months	**2**	-
	1,003	1,064

12. Share capital

	2013	2012
	HK$M	HK$M
Authorised:		
At 31st December 2013 and 2012		
30,000,000,000 ordinary shares of HK$1 each	**30,000**	30,000
Issued and fully paid:		
At 31st December 2013 and 2012		
5,850,000,000 ordinary shares of HK$1 each	**5,850**	5,850

There was no purchase, sale or redemption by the Company of its shares during the years ended 31st December 2013 and 31st December 2012.

13. Reserves

	Revenue reserve HK$M	Share premium HK$M	Merger reserve HK$M	Property revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2012							
- as originally stated	163,004	4,599	(1,108)	1,634	-	2,064	170,193
- impact of HKAS 19 (revised)	(157)	-	-	-	-	-	(157)
- as restated	162,847	4,599	(1,108)	1,634	-	2,064	170,036
Profit for the year	18,753	-	-	-	-	-	18,753
Other comprehensive income							
Revaluation of properties previously occupied by the Group							
- gain recognised during the year	-	-	-	36	-	-	36
- deferred tax	-	-	-	(8)	-	-	(8)
Defined benefit plans							
- remeasurement losses recognised during the year	(16)	-	-	-	-	-	(16)
- deferred tax	3	-	-	-	-	-	3
Cash flow hedges							
- losses recognised during the year	-	-	-	-	(84)	-	(84)
- transferred to net finance charges	-	-	-	-	1	-	1
- deferred tax	-	-	-	-	14	-	14
Share of other comprehensive income of joint venture and associated companies	-	-	-	-	-	30	30
Net translation differences on foreign operations	-	-	-	-	-	159	159
Total comprehensive income for the year	18,740	-	-	28	(69)	189	18,888
2011 first interim dividend	(1,053)	-	-	-	-	-	(1,053)
2012 first interim dividend (note 8)	(1,287)	-	-	-	-	-	(1,287)
At 31st December 2012	179,247	4,599	(1,108)	1,662	(69)	2,253	186,584

13. Reserves (continued)

	Revenue reserve HK$M	Share premium HK$M	Merger reserve HK$M	Property revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2013							
- as originally stated	179,427	4,599	(1,108)	1,662	(69)	2,253	186,764
- impact of HKAS 19 (revised)	(180)	-	-	-	-	-	(180)
- as restated	179,247	4,599	(1,108)	1,662	(69)	2,253	186,584
Profit for the year	12,525	-	-	-	-	-	12,525
Other comprehensive income							
Revaluation of properties previously occupied by the Group							
- gain recognised during the year	-	-	-	24	-	-	24
- deferred tax	-	-	-	(14)	-	-	(14)
Defined benefit plans							
- remeasurement gains recognised during the year	105	-	-	-	-	-	105
- deferred tax	(17)	-	-	-	-	-	(17)
Cash flow hedges							
- gains recognised during the year	-	-	-	-	6	-	6
- transferred to net finance charges	-	-	-	-	2	-	2
- deferred tax	-	-	-	-	(1)	-	(1)
Share of other comprehensive income of joint venture and associated companies	-	-	-	-	(2)	208	206
Net translation differences on foreign operations	-	-	-	-	-	473	473
Total comprehensive income for the year	12,613	-	-	10	5	681	13,309
2012 second interim dividend (note 8)	(2,223)	-	-	-	-	-	(2,223)
2013 first interim dividend (note 8)	(1,170)	-	-	-	-	-	(1,170)
At 31st December 2013	188,467	4,599	(1,108)	1,672	(64)	2,934	196,500

14. Changes in accounting standards

The following relevant new and revised standards were required to be adopted by the Group effective from 1st January 2013:

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (revised 2011)	Employee Benefits
HKAS 27 (revised 2011)	Separate Financial Statements
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The following revised standard was early adopted by the Group from 1st January 2013.

HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets

The improvements to HKFRSs 2009 to 2011 cycle consists of six amendments to five existing standards. These have had no significant impact on the results and financial position of the Group.

The amendment to HKAS 1 focuses on improving the presentation of components of other comprehensive income items. It requires items presented in other comprehensive income to be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently or not. The Group's presentation of other comprehensive income in these accounts has been modified accordingly.

HKAS 19 was amended in 2011. The impact on the Group's defined benefit plans is as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. In addition, it removes the accounting policy choice that previously permitted only the recognition of actuarial gains and losses outside the 10% 'corridor' to be recognised in the Statement of Profit or Loss. Instead all such remeasurements are required to be recognised in other comprehensive income, when they occur. The above change is required to be applied retrospectively.

14. Changes in accounting standards (continued)

As a result of the adoption of amendments to HKAS 19, the Group has changed its accounting policy with respect to defined benefit plans. This change in accounting policy has been applied retrospectively by restating the balances at 31st December 2012 and 1st January 2012, and the results for the year ended 31st December 2012 as follows:

	As previously reported HK$M	Effect of adopting revised HKAS 19 HK$M	As restated HK$M
Consolidated Statement of Profit or Loss for the year ended 31st December 2012			
Administrative expenses	873	12	885
Taxation	1,863	(2)	1,861
Profit attributable to the Company's shareholders	18,763	(10)	18,753
Earnings per share (basic and diluted) HK$	3.21	-	3.21
Consolidated Statement of Other Comprehensive Income for the year ended 31st December 2012			
Defined benefit plans			
- remeasurement losses recognised during the year	-	(16)	(16)
- deferred tax credit	-	3	3
Total comprehensive income attributable to the Company's shareholders	18,911	(23)	18,888
Consolidated Statement of Financial Position as at 31st December 2012			
Deferred tax assets	68	-	68
Retirement benefit assets	117	(117)	-
Deferred tax liabilities	4,995	(36)	4,959
Retirement benefit liabilities	-	99	99
Reserves	186,764	(180)	186,584
Consolidated Statement of Financial Position as at 1st January 2012			
Deferred tax assets	57	-	57
Retirement benefit assets	108	(108)	-
Deferred tax liabilities	4,246	(31)	4,215
Retirement benefit liabilities	-	80	80
Reserves	170,193	(157)	170,036

HKAS 27 (revised 2011) was issued following the issuance of HKFRS 10. The revised HKAS 27 only deals with the accounting for subsidiaries, joint ventures and associates in the separate financial statements of the parent company. The amendment has had no significant impact on the results and financial position of the Group.

HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. The amendment has had no significant impact on the results and financial position of the Group.

The amendment to HKFRS 7 requires entities to disclose quantitative information about financial assets and financial liabilities that are offset in the statement of financial position or subject to enforceable master netting agreement or similar arrangement. The amendment has had no significant impact on the Group's accounts.

14. Changes in accounting standards (continued)

HKFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The amendment has had no significant impact on the results and financial position of the Group.

HKFRS 11 provides guidance on what constitutes a joint arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The amendment has had no significant impact on the results and financial position of the Group.

HKFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has provided the disclosures applicable to the Group.

HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use in all relevant HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how fair value should be measured where its use is already required or permitted by other standards in HKFRSs. It also provides new disclosure requirements. The adoption of HKFRS 13 only affects disclosures on fair value measurements of investment properties and financial assets and liabilities in the Group's accounts.

The amendments to HKFRSs 10, 11 and 12 provide additional transition relief, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments have had no significant impact on the Group's accounts.

The amendment to HKAS 36 removes certain disclosures of the recoverable amount of cash generating units which had been included in HKAS 36 by the issue of HKFRS 13. The effective date for the amendment is annual periods on or after 1st January 2014. As permitted, the Group has early adopted this amendment. The amendment has had no significant impact on the Group's accounts.

15. Events after the reporting period

In January 2014, the Company acquired 50% of DCH Commercial Centre, an office building with a gross floor area of approximately 389,000 square feet in Quarry Bay, Hong Kong.

In January 2014, a framework agreement was signed with CITIC Real Estate Co., Ltd. and Dalian Port Real Estate Co., Ltd. signifying the parties' intention to develop a mixed-use development comprising a retail complex and apartments in Dalian, Mainland China through a joint venture in which we are expected to hold a 50% interest. The proposed joint venture and development are subject to satisfaction of certain conditions precedent.

In February 2014, the acquisition of 20% of Taikoo Li Sanlitun in Beijing from GC Acquisitions VI Limited ("GCA"), a fund managed by Gaw Capital Partners, was completed following a notice of intention to exercise a put option as served by GCA in August 2013.

In February 2014, an agreement was entered into with the Government of the Hong Kong Special Administrative Region (represented by The Financial Secretary Incorporated) to acquire its interest in Cornwall House in TaiKoo Place. The transaction is expected to be completed on or before 30th December 2016. The acquisition will allow the Company to proceed with the redevelopment of three existing techno-centres in TaiKoo Place into two Grade-A office buildings.

In February 2014, the Company which owns an industrial site at 8-10 Wong Chuk Hang Road in Aberdeen, Hong Kong (in which Swire Properties has a 50% interest) agreed with the Government to proceed with a modification of the Government Leases to permit the site to be used for commercial purposes. The site is intended to be developed into an office building with an aggregate gross floor area of approximately 382,500 square feet.

ADDITIONAL INFORMATION

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance. The Company complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year covered by the annual report with the following exceptions which it believes do not benefit shareholders:

- Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Board has considered the merits of establishing a nomination committee but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules.

On specific enquiries made, all Directors have confirmed that, in respect of the accounting period covered by the annual report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

Details of the Company's corporate governance principles and processes will be available in the 2013 annual report.

The annual results have been reviewed by the Audit Committee of the Company.

Annual Report

The 2013 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company website www.swireproperties.com. Printed copies will be available to shareholders on 7th April 2014.

List of Directors

As at the date of this announcement, the Directors of the Company are:

Executive Directors: C.D. Pratt (Chairman), M. Cubbon, M.M.S. Low, G.M.C. Bradley, D.C.Y. Ho and G.J. Ongley;
Non-Executive Directors: J.W.J. Hughes-Hallett, P.A. Kilgour, R.S.K Lim and M.B. Swire;
Independent Non-Executive Directors: S.E. Bradley, J.C.C. Chan, P.K. Etchells, S.T. Fung and S.C. Liu.

By Order of the Board
Swire Properties Limited
Christopher Pratt
Chairman
Hong Kong, 13th March 2014

GLOSSARY

Terms

Attributable gross rental income Gross rental income less amount shared by non-controlling interests plus the Group's share of gross rental income of joint venture and associated companies.

Equity attributable to the Company's shareholders Equity before non-controlling interests.

Gross borrowings Total of loans, bonds, overdrafts and perpetual capital securities.

Gross rental income 100% of gross rental income of Group companies.

Net assets employed Total equity plus net debt.

Net debt Gross borrowings net of bank deposits and bank balances.

Underlying equity attributable to the Company's shareholders Reported equity before non-controlling interests, adjusted for the impact of deferred tax on investment properties, unrecognised valuation gains on hotels held as part of mixed-use developments, revaluation of investment properties occupied by the Group and cumulative depreciation of investment properties occupied by the Group.

Underlying profit Reported profit adjusted principally for the impact of changes in the fair value of investment properties and the deferred tax on investment properties.

Ratios

$$\text{Earnings/(loss) per share} = \frac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

$$\text{Return on average equity attributable to the Company's shareholders} = \frac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Average equity during the year attributable to the Company's shareholders}}$$

$$\text{Return on average underlying equity attributable to the Company's shareholders} = \frac{\text{Underlying profit/(loss) attributable to the Company's shareholders}}{\text{Average underlying equity during the year attributable to the Company's shareholders}}$$

$$\text{Interest cover} = \frac{\text{Operating profit}}{\text{Net finance charges}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Dividend cover} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Dividends paid and proposed}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

Financial Calendar 2014

Share trade ex-dividend	2nd April
Share register closed for 2013 second interim dividend entitlement	4th April
Annual Report available to shareholders	7th April
Payment of 2013 second interim dividend	8th May
Share register closed for attending and voting at Annual General Meeting	8th – 13th May
Annual General Meeting	13th May
Interim results announcement	August 2014
2014 first interim dividend payable	October 2014

Registered Office

Swire Properties Limited
33rd Floor, One Pacific Place
88 Queensway
Hong Kong

Registrars

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Hong Kong
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Request for Feedback

In order that we may improve our reporting, we would be grateful to receive your comments on our public announcements and disclosures via e-mail to ir@swireproperties.com.