SWIRE PROPERTIES

SWIRE PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1972)

2014 Final Results

CONTENTS

FINANCIAL HIGHLIGHTS

	Note	2014 HK$M	2013 HK$M	Change
Results				
For the year				
Revenue		**15,387**	12,935	+19.0%
Operating profit		**10,992**	14,498	-24.2%
Profit attributable to the Company's shareholders				
Underlying	(a),(b)	**7,152**	6,348	+12.7%
Reported		**9,516**	12,525	-24.0%
Cash generated from operations		**10,724**	8,873	+20.9%
Net cash inflow before financing		**2,881**	577	+399.3%
		HK$	HK$	
Earnings per share				
Underlying	(c)	**1.22**	1.09	+11.9%
Reported	(c)	**1.63**	2.14	-23.8%
		HK$	HK$	
Dividends per share				
First interim		**0.22**	0.20	+10.0%
Second interim		**0.44**	0.40	+10.0%
		HK$M	HK$M	
Financial Position				
At 31st December				
Total equity (including non-controlling interests)		**208,547**	203,150	+2.7%
Net debt		**34,071**	32,014	+6.4%
Gearing ratio	(a)	**16.3%**	15.8%	+0.5%pt.
		HK$	HK$	
Equity attributable to the Company’s shareholders per share				
Underlying	(a),(b)	**36.95**	35.88	+3.0%
Reported	(a)	**35.50**	34.59	+2.6%

Notes:
(a) Refer to glossary on page 58 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 financial statements for the weighted average number of shares.

Underlying profit by segment	**2014 HK$M**	2013 HK$M
Property investment	**6,074**	5,605
Property trading	**1,049**	790
Hotels	**29**	(47)
	7,152	6,348

CHAIRMAN'S STATEMENT

Our consolidated profit attributable to shareholders for 2014 was HK$9,516 million, compared to HK$12,525 million in 2013. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK$804 million from HK$6,348 million in 2013 to HK$7,152 million in 2014.

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¢44 (2013: HK¢40) per share which, together with the first interim dividend of HK¢22 per share paid in October 2014, amounts to full year dividends of HK¢66 (2013: HK¢60) per share. The second interim dividend, which totals HK$2,574 million (2013: HK$2,340 million), will be paid on Thursday, 7th May 2015 to shareholders registered at the close of business on the record date, being Friday, 10th April 2015. Shares of the Company will be traded ex-dividend from Wednesday, 8th April 2015.

Key Developments

In January 2014, Swire Properties acquired 50% of DCH Commercial Centre, an office building with an aggregate gross floor area ("GFA") of approximately 389,000 square feet in Quarry Bay, Hong Kong. The building was renamed Berkshire House in July 2014.

In January 2014, Swire Properties entered into a framework agreement 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 through a joint venture in which we plan to hold a 50% interest. The proposed joint venture and development are subject to satisfaction of certain conditions precedent.

In February 2014, Swire Properties completed the purchase of a 20% interest in Taikoo Li Sanlitun from GC Acquisitions VI Limited ("GCA"), a fund managed by Gaw Capital Partners, following the exercise of an option by GCA to sell its interest in Taikoo Li Sanlitun to Swire Properties. This transaction resulted in Taikoo Li Sanlitun becoming wholly-owned by Swire Properties.

In February 2014, Swire Properties entered into an agreement with the Hong Kong Government to acquire the latter's interest in Cornwall House in Taikoo Place, Hong Kong. The transaction is expected to be completed on or before 30th December 2016. The acquisition allows Swire Properties 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 Hong Kong Government to modify the relevant Government leases so as to permit the site to be used for commercial purposes. The site is intended to be developed into an office building with an aggregate GFA of approximately 382,500 square feet.

In March 2014, Swire Properties started to pre-sell units in MOUNT PARKER RESIDENCES, a residential development in Quarry Bay, Hong Kong. Handover to purchasers began in May 2014. The development comprises a 24-storey tower of 92 residential units with an aggregate GFA of 151,954 square feet.

In June 2014, Swire Properties started to pre-sell units in Reach, a luxury residential condominium at the Brickell City Centre development in Miami, U.S.A. In November 2014, we started to pre-sell units in Rise, a second residential condominium in the same development. The two condominiums comprise 780 units with an aggregate GFA of 1,134,000 square feet.

In September 2014, Swire Properties started to pre-sell units in AREZZO, a residential development in Mid-Levels West, Hong Kong which is expected to be completed in the first half of 2015. The development consists of a 48-storey tower of 127 residential units with an aggregate GFA of 165,792 square feet.

In October 2014, Sino-Ocean Taikoo Li Chengdu, a shopping complex jointly developed with Sino-Ocean Land Holdings Limited in Chengdu, Mainland China, started to open. The development consists of more than 1,226,000 square feet of GFA.

In December 2014, Swire Properties completed a HK$100 million enhancement project at Cityplaza. Over 30 new retail brands were introduced to the mall.

Operating Performance

The increase in underlying profit from HK$6,348 million in 2013 to HK$7,152 million in 2014 principally reflected increased income from retail and office investment properties, and higher trading profits from the sale of luxury residential properties in Hong Kong. Underlying profit from property investment increased by 8%. This reflected positive rental reversions in Hong Kong and higher rental income from properties in Mainland China. There were better performances in 2014 from our hotels in Hong Kong and the U.K. Our hotels in Mainland China recorded reduced losses.

Gross rental income was HK$10,320 million in 2014 compared to HK$9,676 million in 2013. There were positive rental reversions in the Hong Kong portfolio. Our office occupancy levels were relatively resilient in 2014 despite demand being generally weak, particularly from financial institutions. Demand for retail space in Hong Kong continued to be robust, although there was a slowdown in retail sales in 2014. In Mainland China, retail sales of luxury goods were weak. Retailers were cautious about taking more space. Nevertheless, rental income increased at our TaiKoo Hui, Taikoo Li Sanlitun and INDIGO properties and occupancy was stable.

Operating profit from property trading increased in 2014, principally because we sold more units at our Hong Kong developments.

On an attributable basis, net investment property valuation gains in 2014, after deferred tax relating to investment properties in Mainland China, were HK$2,437 million, compared to net gains of HK$6,425 million in 2013.

Finance

Net debt at 31st December 2014 was HK$34,071 million, compared with HK$32,014 million at 31st December 2013. Gearing increased from 15.8% to 16.3%. The increase in borrowings was mainly due to the acquisition of a 20% interest in Taikoo Li Sanlitun and capital expenditure on the Brickell City Centre development in Miami. Cash and undrawn committed facilities totalled HK$9,622 million at 31st December 2014, compared with HK$9,854 million at 31st December 2013. 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 building and managing our developments sustainably.

We were ranked 16 out of the most sustainable corporations in Asia and as an "Industry Leader" at the inaugural Channel NewsAsia Sustainability Ranking 2014. We were recognised as one of the Top Ten Developers 2014 by BCI Asia and received a Grand Award at the Green Building Award event in 2014. In Mainland China, our Sino-Ocean Taikoo Li Chengdu development achieved Leadership in Energy and Environmental Design ("LEED") Gold certification. In Hong Kong, our ARGENTA residential development achieved Platinum status under the Building Environmental Assessment Method ("BEAM"). In 2014, our health and safety performance improved, with a 15% reduction in lost time injuries.

Prospects

In Hong Kong, demand for office space, particularly from financial institutions, is likely to remain subdued. As a result rents will be under pressure in the Central district of Hong Kong. Pacific Place, however, has no major leases expiring in 2015 and occupancy rates are expected to remain stable. At Taikoo Place and Cityplaza, rents are expected to remain resilient owing to high occupancy. In Guangzhou and Beijing, office rents are expected to be under pressure in 2015 as a substantial supply of new office space becomes available.

Demand for luxury goods in Hong Kong has weakened. But overall retail sales in Hong Kong are expected to grow modestly in 2015. Demand for retail space at prime locations and well-managed shopping malls is expected to remain high. In Guangzhou and Beijing, demand for luxury goods has weakened but that for mid-price products is expected to grow satisfactorily. Retailers are cautious about expanding. In Chengdu, the retail market is expected to grow steadily in 2015, reflecting demand from consumers for international and local branded goods.

In Hong Kong, there is demand for luxury residential properties but there are not many transactions. Our profits from property trading are still expected to be significant in 2015, with the completion of the sales of presold units in the AREZZO development, the sales of completed houses at the 160 South Lantau Road development and the sales of remaining units at other completed residential developments. Profits are also expected on the completion of the sales of the presold office tower (Pinnacle One) at the Daci Temple project in Chengdu in Mainland China.

The performance of our hotels in Hong Kong is expected to be stable in 2015. Trading conditions for our hotels in Mainland China remain challenging because of oversupply.

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.

John Slosar
Chairman
Hong Kong, 19th March 2015

REVIEW OF OPERATIONS

	2014 HK$M	2013 HK$M
Revenue		
Gross Rental Income derived from		
Offices	**5,707**	5,386
Retail	**4,260**	3,961
Residential	**353**	329
Other Revenue [(1)]	**136**	110
Property Investment	**10,456**	9,786
Property Trading	**3,842**	2,207
Hotels	**1,089**	942
Total Revenue	**15,387**	12,935
Operating Profit/(Loss) derived from		
Property investment	**7,878**	7,317
Valuation gains on investment properties	**1,956**	6,211
Property trading	**1,180**	1,035
Hotels	**(22)**	(65)
Total Operating Profit	**10,992**	14,498
Share of Post-tax Profits from Joint Venture and Associated Companies	**1,604**	948
Attributable Profit	**9,516**	12,525

(1) Other revenue is mainly estate management fees.

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	2014 HK$M	2013 HK$M
Underlying Profit			
Profit attributable to the Company's shareholders per financial statements		**9,516**	12,525
Adjustments in respect of investment properties:			
Revaluation of investment properties	(a)	**(3,148)**	(7,017)
Deferred tax on investment properties	(b)	**710**	573
Realised profit on sale of properties	(c)	**29**	94
Depreciation of investment properties occupied by the Group	(d)	**16**	14
Non-controlling interests' share of revaluation movements less deferred tax		**1**	19
Movements in the fair value of the liabilities in respect of put options in favour of the owners of non-controlling interests	(e)	**28**	140
Underlying Profit Attributable to the Company's Shareholders		**7,152**	6,348

	Note	2014 HK$M	2013 HK$M
Underlying Equity			
Equity attributable to the Company's shareholders per financial statements		**207,691**	202,350
Deferred tax on investment properties		**5,234**	4,531
Unrecognised valuation gains on hotels held as part of mixed-use developments	(f)	**2,354**	2,244
Revaluation of investment properties occupied by the Group		**793**	721
Cumulative depreciation of investment properties occupied by the Group		**65**	49
Underlying Equity Attributable to the Company's Shareholders		**216,137**	209,895
Underlying non-controlling interests		**912**	854
Underlying Equity		**217,049**	210,749

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 is 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 financial statements 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 increase in underlying profit from HK$6,348 million in 2013 to HK$7,152 million in 2014 principally reflected increased income from retail and office investment properties and higher trading profits from the sale of luxury residential properties in Hong Kong. Underlying profit from property investment increased by 8%. This reflected positive rental reversions in Hong Kong and higher rental income from properties in Mainland China. There were better performances in 2014 from our hotels in Hong Kong and the U.K. Our hotels in Mainland China recorded reduced losses.

Portfolio Overview

The aggregate GFA attributable to the Group at 31st December 2014 was approximately 31.3 million square feet.

Out of the aggregate GFA attributable to the Group, approximately 27.3 million square feet are investment properties, comprising completed investment properties of approximately 21.3 million square feet and investment properties under development or held for future development of approximately 6.0 million square feet. In Hong Kong, the investment property portfolio comprises approximately 15.8 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 8.7 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 at 31st December 2014.

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

	Office	Retail	Hotels [1]	Residential/ Serviced Apartments	Under Planning	Total
Hong Kong	10.2	2.5	0.7	0.6	-	**14.0**
Mainland China	2.0	3.8	0.9	0.1	-	**6.8**
U.S.A. and others	-	-	0.5	-	-	**0.5**
TOTAL	**12.2**	**6.3**	**2.1**	**0.7**	**-**	**21.3**

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	1.7	-	-	-	0.1	**1.8**
Mainland China	0.9	0.5	0.4	0.1	-	**1.9**
U.S.A. and others	0.3	0.4	0.2	0.1	1.3 [2]	**2.3**
TOTAL	**2.9**	**0.9**	**0.6**	**0.2**	**1.4**	**6.0**

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	**15.1**	**7.2**	**2.7**	**0.9**	**1.4**	**27.3**

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

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 at the Brickell City Centre development in Miami, U.S.A., a completed office property (Pinnacle One) at 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.

The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio at 31st December 2014.

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	-	0.4	**0.4**
Mainland China	0.7	-	**0.7**
U.S.A.	-	2.9	**2.9**
TOTAL	**0.7**	**3.3**	**4.0**

Investment Properties – Hong Kong

Offices

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 10.5 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK$5,645 million in 2014. At 31st December 2014, our office properties in Hong Kong were valued at HK$128,348 million. Of this amount, Swire Properties' attributable interest was HK$122,349 million.

Hong Kong Office Portfolio

	GFA (sq.ft.) (100% Basis)	Occupancy (at 31st Dec 2014)	Attributable Interest
Pacific Place	2,186,433	94%	100%
Cityplaza	1,632,930	100%	100%
Taikoo Place Office Towers (1)	3,136,541	98%	50%/100%
One Island East	1,537,011	98%	100%
Techno Centres (2)	893,516	100%	100%
Others (3)	1,077,161	94%	20%/50%/100%
Total	**10,463,592**		

(1) Including PCCW Tower, of which Swire Properties owns 50%.
(2) Excluding Somerset House (the redevelopment of which into a Grade-A office building commenced in 2014) and approximately 187,000 square feet in Cornwall House owned by the Hong Kong Government.
(3) Others comprise One Citygate (20% owned), 625 King's Road (50% owned), Berkshire House (purchased by the Group in January 2014 and 50% owned), Generali Tower (wholly-owned) and 28 Hennessy Road (wholly-owned).

Gross rental income from the Group's Hong Kong office portfolio increased by 5% to HK$5,355 million in 2014. The Hong Kong office portfolio performed well in 2014. Rental income grew as a result of positive reversions. Occupancy rates at most of our office portfolio were high. At 31st December 2014, the office portfolio as shown in the table above was 97% 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 at 31st December 2014.

Office Area by Tenants' Trades
(At 31st December 2014)

Banking/Finance/Securities/Investment	26.1%
Technology/Media/Telecoms	17.1%
Trading	16.2%
Insurance	10.0%
Real estate/Construction/Development/Architecture	9.0%
Professional services (Accounting/Legal/Management consulting/Corporate secretarial)	7.1%
Advertising and public relations	4.2%
Others	10.3%

At 31st December 2014, the top ten office tenants (based on rental income in the twelve months ended 31st December 2014) together occupied approximately 23% of the Group's total office area in Hong Kong.

Pacific Place

The offices at One, Two and Three Pacific Place performed reasonably well in 2014. The occupancy rate was 94% at 31st December 2014. HKSH Healthcare, China UCF Group, Ta Chong Bank and Wells Fargo Bank became tenants. Moody's, Parkside Chambers, Société Générale, Sotheby's, John Swire & Sons and Poly Auction leased more space.

Cityplaza

The three office towers (Cityplaza One, Three and Four) performed well in 2014. The occupancy rate was 100% at 31st December 2014. Marriott Hotel, BOC Group Life Assurance, Mitsubishi Electric, AT&T and FWD Life Insurance became tenants. Convoy Financial Services, the Equal Opportunities Commission, EMC Computer Systems and PPG Industries renewed their leases.

Taikoo Place

There are six office towers at Taikoo Place (including PCCW Tower, in which we have a 50% interest). The occupancy rate was 98% at 31st December 2014. Facebook, Berkshire Hathaway and Sino-I Technology became tenants. RGA, MetLife, Wyeth, BNP Paribas, HKT Service, Dairy Farm, LVMH and The Executive Centre leased more space. Sony Mobile, Bank of China, Tesco, Phillip Morris, Gammon, Jardine, Wyeth, Lenovo, Fujitsu, Transamerica, Neo Derm, Club 21 and Ernst & Young renewed their leases. In 2014, we made available 20,000 square feet of space at Cornwall House for our "blueprint" programme, under which we are providing B2B tech start ups with workspace, mentorship and professional support.

One Island East, our landmark property in Taikoo Place, had an occupancy rate of 98% at 31st December 2014.

The Techno Centres performed strongly in 2014 despite the fact that their redevelopment will start at the end of 2016. At 31st December 2014, the occupancy rate of Cornwall House and Warwick House was 100%.

Others

The remaining space at 28 Hennessy Road was leased in 2014, so the occupancy rate reached 100% at 31st December 2014.

In January 2014, Swire Properties acquired 50% of DCH Commercial Centre (renamed Berkshire House in July 2014), an office building with a GFA of approximately 389,000 square feet in Quarry Bay, Hong Kong. The occupancy rate at 31st December 2014 was 87%.

Hong Kong Office Market Outlook

Demand for office space, particularly from financial institutions, is likely to remain subdued. As a result rents will be under pressure in the Central district of Hong Kong. Pacific Place, however, has no major leases expiring in 2015 and occupancy rates are expected to remain stable. At Taikoo Place and Cityplaza, 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 its office properties in Hong Kong for the month ended 31st December 2014, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 10.3% of rental income in the month of December 2014 are due to expire in 2015, with tenancies accounting for a further 21.2% of such rental income due to expire in 2016.

Office Lease Expiry Profile (At 31st December 2014)

2015	10.3%
2016	21.2%
2017 and later	68.5%

Retail

Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 2.8 million square feet of space on a 100% basis. The portfolio principally consists of The Mall at Pacific Place, Cityplaza in Taikoo Shing 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$2,798 million in 2014. At 31st December 2014, our retail properties in Hong Kong were valued at HK$53,990 million. Of this amount, Swire Properties' attributable interest was HK$47,794 million.

Hong Kong Retail Portfolio

	GFA (sq.ft.) (100% Basis)	Occupancy (at 31st Dec 2014)	Attributable Interest
The Mall, Pacific Place	711,182	100%	100%
Cityplaza	1,105,227	100%	100%
Citygate Outlets	462,428	100%	20%
Others [(1)]	556,818	100%	20%/60%/100%
Total	**2,835,655**		

(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 Crescent neighbourhood shops (20% owned).

The Hong Kong retail portfolio's gross rental income increased by 3% to HK$2,705 million in 2014. This reflected positive rental reversions. The Group's malls were effectively fully let throughout the year.

Retail sales at The Mall, Pacific Place dropped by 6% in 2014, reflecting weaker spending by tourists from Mainland China and in the last quarter, the effects of Occupy Central. Retail sales at Cityplaza were stable despite incidental disruption and shop closures during implementation of an enhancement project. Retail sales at Citygate Outlets were 4.6% higher in 2014 than in 2013.

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 at 31st December 2014.

Retail Area by Tenants' Trades (At 31st December 2014)

Fashion and accessories	28.5%
Department stores	16.9%
Food and beverages	15.5%
Cinemas	7.0%
Supermarkets	5.1%
Jewellery and watches	1.7%
Ice rink	0.9%
Others	24.4%

At 31st December 2014, the top ten retail tenants (based on rental income in the twelve months ended 31st December 2014) together occupied approximately 28% of our total retail space 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 (which celebrated its 25th anniversary in 2014) provide a secure flow of shoppers for the Mall. There was a 6% decrease in retail sales at The Mall in 2014 due to changes in the pattern of spending by tourists from Mainland China and, in the final quarter of the year, the effects of Occupy Central.

The Mall was virtually fully let during the year, with the only void periods resulting from tenant changes. Chanel and Prada expanded their shops in the first quarter of the year. Canali, Goyard, Sandro and The Continental and Kokomi restaurants became tenants during the year.

Cityplaza

Cityplaza is one of the most popular regional shopping centres in Hong Kong and is the biggest shopping centre on Hong Kong Island. It principally serves customers who live or work in the eastern part of Hong Kong Island. The adjacent EAST Hotel generates extra patronage from visitors from outside Hong Kong.

During 2014, a HK$100 million enhancement project was undertaken at Cityplaza in order to upgrade the physical environment of the centre. Sales remained stable despite incidental disruption and shop closures during the work. Over 30 new retail brands were introduced including ZARA, i.t., LOG-ON and Francfranc. The property was virtually fully occupied during 2014. It is intended to continue to diversify the tenant mix at the centre.

Citygate Outlets

Sales at Citygate Outlets, which was virtually fully let during the year, increased by 4.6% in 2014. The centre is in a good location near tourist attractions and transport links. It continues to attract tourists and local shoppers. Foot traffic was strong in 2014. Demand from retailers for space and to introduce new brands to the centre is strong.

Hong Kong Retail Market Outlook

Demand for luxury goods in Hong Kong has weakened. But overall retail sales in Hong Kong are expected to grow modestly in 2015. Demand for retail space at prime locations and well-managed shopping malls is expected to remain high.

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 2014, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 21.2% of rental income in the month of December 2014 are due to expire in 2015, with tenancies accounting for a further 23.7% of such rental income due to expire in 2016.

Retail Lease Expiry Profile (At 31st December 2014)	
2015	21.2%
2016	23.7%
2017 and later	55.1%

Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, TAIKOO PLACE APARTMENTS at Taikoo Place in Hong Kong and a small number of luxury houses and apartments on Hong Kong Island, with an aggregate GFA of 546,467 square feet. We expect to open TAIKOO PLACE APARTMENTS at 23 Tong Chong Street in Quarry Bay in the third quarter of 2015. There will be 111 serviced apartments with an aggregate GFA of approximately 63,000 square feet in this 28-storey building.

Occupancy at the residential portfolio was approximately 88% at 31st December 2014. There was good demand for fully furnished suites at Pacific Place Apartments, particularly in the second half of 2014.

Demand for our residential properties is expected to be stable in 2015.

Investment Properties Under Development

Tung Chung Town Lot No. 11

This commercial site adjacent to the Citygate Outlets is being developed into a multi-storey commercial building with an aggregate GFA of approximately 460,000 square feet. Building design is in progress. The development is expected to be completed in 2017. Swire Properties has a 20% interest in the development.

New Kowloon Inland Lot No. 6312

This commercial site at the junction of Wang Chiu Road and Lam Lee Street in Kowloon Bay is being developed into an office building with an aggregate GFA of approximately 555,000 square feet. Excavation and foundation works are proceeding. The development is expected to be completed in 2017.

Taikoo Place Redevelopment

Somerset House in Taikoo Place has been demolished and will be redeveloped into a 50-storey office building with an aggregate GFA of approximately 1,020,000 square feet. The redevelopment is expected to be completed in 2018. The second phase of the Taikoo Place redevelopment (i.e. the redevelopment of Cornwall House and Warwick House into an office building) is being planned.

It is planned to provide a landscaped square of approximately 69,000 square feet as part of the redevelopment.

8-10 Wong Chuk Hang Road

A lease modification has been agreed with the Hong Kong Government so as to permit the site to be used for commercial purposes. This site will be developed into an office building with an aggregate GFA of approximately 382,500 square feet. Building design is in progress. The development is expected to be completed in 2018. Swire Properties has a 50% interest in the development.

Investment Properties – Mainland China

Overview

The property portfolio in Mainland China comprises an aggregate of 13.6 million square feet of space (9.4 million square feet attributable to the Group), of which 9.8 million square feet are completed properties, with the remaining 3.8 million square feet under development. Total attributable gross rental income from our investment properties in Mainland China grew by 23% to HK$2,153 million in 2014. At 31st December 2014, our investment property portfolio in Mainland China was valued at HK$55,143 million. Of this amount, Swire Properties' attributable interest was HK$39,772 million.

Mainland China Property Portfolio [(1)]

	GFA (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	100%
TaiKoo Hui, Guangzhou	3,840,197	3,256,013	584,184	97%
INDIGO, Beijing	1,893,226	1,534,957	358,269	50%
Daci Temple Project, Chengdu [(2)]	2,526,752	1,226,870	1,299,882	50%
Hui Fang, Guangzhou	90,847	90,847	-	100%
Others	5,825	2,913	2,912	100%
Sub-Total	**9,822,618**	**7,407,908**	**2,414,710**	
Under Development				
Daci Temple Project, Chengdu [(3)]	334,793	108,049	226,744	50%
Dazhongli Project, Shanghai [(4)]	3,457,375	2,930,068	527,307	50%
Sub-Total	**3,792,168**	**3,038,117**	**754,051**	
Total	**13,614,786**	**10,446,025**	**3,168,761**	

(1) Including the hotel and property trading components of these Projects.
(2) The retail portion of Daci Temple project started to open in October 2014. The office portion of the Daci Temple Project, Pinnacle One, is being developed for trading purposes. 89% of the office's total GFA (approximately 1.15 million square feet) and 350 car parking spaces were presold in August 2013.
(3) Including a boutique hotel and 42 serviced apartments under development and are expected to open in the first half of 2015.
(4) The Dazhongli Project is expected to open in phases from 2016.

The Group's gross rental income from investment properties in Mainland China increased by 17% to HK$1,897 million in 2014, of which HK$1,555 million was from retail properties and HK$331 million was from office properties.

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

Attributable Area of Completed Property Portfolio in Mainland China

(sq ft.)	2014	2015	2016 and later
Taikoo Li Sanlitun, Beijing	1,465,771	1,465,771	1,465,771
TaiKoo Hui, Guangzhou	3,724,991	3,724,991	3,724,991
INDIGO, Beijing	946,613	946,613	946,613
Daci Temple Project, Chengdu	1,263,376	780,832	780,832
Hui Fang, Guangzhou	90,847	90,847	90,847
Dazhongli Project, Shanghai	-	-	1,728,688
Others	5,825	5,825	5,825
Total	**7,497,423**	**7,014,879**	**8,743,567**

Completed Investment Properties

Taikoo Li Sanlitun, Beijing

Taikoo Li Sanlitun, Beijing

	GFA (sq.ft.) (100% Basis)	Occupancy (at 31st Dec 2014)	Attributable Interest
Taikoo Li Sanlitun	1,296,308	95%	100%

Situated in the Chaoyang District of Beijing, Taikoo Li Sanlitun was our first retail development opened in Mainland China. It comprises two neighbouring retail sites, South and North. There are approximately 220 retail outlets.

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, Balenciaga, Christian Louboutin, Givenchy, I.T. Beijing Market, Lanvin, Miu Miu, Moncler, MontBlanc and Paul Smith.

Gross rental income at Taikoo Li Sanlitun recorded satisfactory growth in 2014.

The overall occupancy rate was 95% at 31st December 2014. Retail sales grew by 19%.

Demand for retail space in Taikoo Li Sanlitun is solid. This is expected to have a positive impact on occupancy and rents.

In February 2014, Swire Properties completed the purchase of a 20% interest in Taikoo Li Sanlitun from GC Acquisitions VI Limited ("GCA"), a fund managed by Gaw Capital Partners, following the exercise of an option by GCA to sell its interest in Taikoo Li Sanlitun to Swire Properties. This transaction resulted in Taikoo Li Sanlitun becoming wholly-owned by Swire Properties.

Beijing Retail Market Outlook

Demand for luxury goods has weakened but that for mid-price products is expected to grow satisfactorily. Retailers are cautious about expanding.

TaiKoo Hui, Guangzhou

TaiKoo Hui, Guangzhou

	GFA (sq.ft.) (100% Basis)	Occupancy (at 31st Dec 2014)	Attributable Interest
Retail	1,472,730	99%	97%
Office	1,731,766	100%	97%
Serviced apartments	51,517	83%	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 a Mandarin Oriental hotel with serviced apartments.

At 31st December 2014, the occupancy rate of the shopping mall was 99%. Retail sales increased by 11% in 2014. Retailers of 39 new brands became tenants, 21 of them opening shops for the first time in Guangzhou.

At 31st December 2014, the occupancy rate of the office towers at TaiKoo Hui was 100%.

The Mandarin Oriental, Guangzhou has established itself as a leading luxury hotel in Guangzhou. Occupancy and room rates increased in 2014.

Swire Properties has a 97% interest in the TaiKoo Hui development, which is a joint venture with Guangzhou Da Yang Properties Investment Limited.

Guangzhou Market Outlook

Office rents are expected to be under pressure in 2015 as a substantial supply of new office space becomes available.

Demand for luxury goods has weakened but that for mid-price products is expected to grow satisfactorily. Retailers are cautious about expanding.

INDIGO, Beijing

INDIGO, Beijing	GFA (sq.ft.) (100% Basis)	Occupancy (at 31st Dec 2014)	Attributable Interest
Retail	939,493	95%	50%
Office	595,464	100%	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 business hotel, EAST, Beijing. It is linked to the Beijing Metro Line 14, which opened in December 2014.

Occupancy at the shopping mall was 95% at 31st December 2014 and 93% of the shops were open. Retail sales increased by 66% in 2014. Tenants include H&M, Massimo Dutti, GAP, Page One bookstore, Muji, a BHG supermarket and a seven-house, 1000-seat CGV cinema.

ONE INDIGO was 100% leased at 31st December 2014. EAST, Beijing continues to build its position in the market in spite of increasing competition.

INDIGO is a 50:50 joint venture with Sino-Ocean Land Holdings Limited.

Beijing Office Market Outlook

Office rents are expected to be under pressure in 2015 as a substantial supply of new office space becomes available.

Daci Temple Project, Chengdu

Daci Temple Project, Chengdu	GFA (sq.ft.) (100% Basis)	Occupancy (at 31st Dec 2014)	Attributable Interest
Retail	1,226,870	83%	50%
Office [1]	1,299,882	N/A	50%
Hotel [2]	226,744	N/A	50%
Serviced apartments	108,049	N/A	50%
Total	**2,861,545**		**50%**

(1) The office portion of the Daci Temple project, which has been developed for trading purposes, is accounted for as a property held for sale in the financial statements.
(2) The hotel is accounted for under property, plant and equipment in the financial statements.

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 retail complex, named Sino-Ocean Taikoo Li Chengdu, is our second Taikoo Li project in Mainland China. It started to open in October 2014. Gucci, Hermes, Muji, Fangsuo, Ole and ZARA shops have opened. At 31st December 2014, tenants had committed (including by way of letters of intent) to take 83% of the space at the complex.

Construction of the Grade-A office tower, Pinnacle One, was completed in December 2014 and handover of the presold portion is expected to take place in 2015. Interior decoration, mechanical and electrical installation works for The Temple House are in progress and it is expected to open in the first half of 2015.

The Daci Temple development is a 50:50 joint venture with Sino-Ocean Land Holdings Limited.

Chengdu Market Outlook

The retail market is expected to grow steadily in 2015, reflecting demand from consumers for international and local branded goods.

Investment Properties Under Development

Dazhongli Project, Shanghai

Dazhongli Project, Shanghai

	GFA (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 financial statements.

The Dazhongli project is a large-scale retail-led mixed-use development. It occupies a prime location on Nanjing West Road, one of Shanghai's major shopping thoroughfares, in the Jingan District of Puxi, Shanghai. It has excellent transport connections, being adjacent to an existing metro station and two planned additional metro stations and close to the Yan'an Expressway. The project comprises a retail mall, two office towers and three hotels, and is expected to become a landmark development in Shanghai.

Foundation work has been completed. Work on the basement sub-structure is in progress. Above ground construction of the two office towers, one of the hotels and shopping mall is progressing. The development is expected to open in phases from 2016.

The Dazhongli project is a 50:50 joint venture with HKR International Limited.

Shanghai Market Outlook

There are a lot of new office developments in established and new business districts. This will put pressure on rents. Demand for office space is principally derived from domestic financial institutions and professional firms. Foreign corporations are cautious about expanding.

Demand for luxury goods has weakened. Retailers of other products want to expand in high quality locations.

Investment Properties – U.S.A.

Brickell City Centre, Miami

Brickell City Centre, Miami

	GFA (sq.ft.)[3] (100% Basis)	Attributable Interest
Phase I		
Retail	490,000	86.5%
Green / general offices	260,000	100%
Serviced apartments	109,000	100%
Hotel [1]	218,000	100%
Residential [2]	1,134,000	100%
Carpark / circulation	2,321,000	100%
Total Phase I	4,532,000	
Phase II		
Residential [2]	520,000[4]	100%
Future Mixed-Use Tower	1,300,000[4]	100%
Total Phase I and Phase II	**6,352,000**	

(1) The hotel is accounted for under property, plant and equipment in the financial statements.
(2) The residential portion is being developed for trading purposes.
(3) Represents leasable/saleable area except for the carpark/circulation square footage.
(4) These parts of development are still being planned. The GFA is 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, EAST Miami hotel and serviced apartments (to be operated by EAST), two office buildings and two residential towers (Reach and Rise). At 31st December 2014, Swire Properties owned 100% of the office, hotel and residential portions and 86.5% of the retail portion of the development, with a 13.5% interest in the retail portion being owned by Bal Harbour Shops. Bal Harbour Shops has an option, exercisable from the fifth anniversary of the grand opening date of the retail portion of the development, to sell its interest to Swire Properties. The residential towers are being developed for sale. Construction work on Phase I commenced in 2012 with completion scheduled by the end of 2015. A light rail system station within the site is being renovated as part of the development.

Phase II of the development is planned to consist of an 80-storey mixed-use tower comprising retail, office, hotel and residential space. The tower will utilise the site at 700 Brickell Avenue acquired by Swire Properties in July 2013. Development of this site will connect the Brickell City Centre development with Brickell Avenue itself.

At 31st December 2014, the Brickell City Centre Phase I development (excluding the hotel and residential trading components) was valued at HK$2,417 million. Of this amount, Swire Properties' attributable interest was HK$2,158 million.

Miami Market Outlook

The residential property market in urban Miami was strong in 2014. While demand remains strong, there has been a marked increase in competitive supply since early 2015.

The retail market is encouraging but competitive.

The office market continues to recover from the adverse effects of the 2008 recession. There is little new supply.

Valuation of Investment Properties

The portfolio of investment properties was valued at 31st December 2014 (95% by value having been valued by DTZ Debenham Tie Leung) on the basis of open market value. The amount of this valuation, before associated deferred tax in Mainland China, was HK$218,720 million, compared to HK$213,423 million at 31st December 2013.

The modest increase in the valuation of the investment property portfolio is mainly due to higher rental income at the retail malls in Hong Kong and Mainland China.

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.

Audited Financial Information

Investment Properties

	Group		
	Completed HK$M	**Under Development HK$M**	**Total HK$M**
At 1st January 2014	**192,609**	**20,814**	**213,423**
Translation differences	**(574)**	**(25)**	**(599)**
Additions	**389**	**3,932**	**4,321**
Disposals	**-**	**(1)**	**(1)**
Transfer upon completion	**1,270**	**(1,270)**	**-**
Transfer from deferred expenditure	**19**	**1**	**20**
Transfer to properties under development and for sale	**-**	**(146)**	**(146)**
Net transfers (to)/from property, plant and equipment	**(265)**	**11**	**(254)**
Net fair value gains	**1,543**	**413**	**1,956**
	194,991	**23,729**	**218,720**
Add: Initial leasing costs	**235**	**-**	**235**
At 31st December 2014	**195,226**	**23,729**	**218,955**
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)
Net 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

Geographical Analysis of Investment Properties

	Group	
	2014 HK$M	2013 HK$M
Held in Hong Kong:		
On medium-term leases (10 to 50 years)	**29,838**	29,709
On long-term leases (over 50 years)	**160,481**	157,531
	190,319	187,240
Held in Mainland China:		
On medium-term leases (10 to 50 years)	**25,164**	24,527
Held in U.S.A. and others:		
Freehold	**3,237**	1,656
	218,720	213,423

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 at the Brickell City Centre development in Miami, U.S.A., a completed office property (Pinnacle One) 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 at the completed ASIA development in Miami. There are also land banks in Miami and Fort Lauderdale in Florida, U.S.A.

Property Trading Portfolio

	GFA (sq.ft.) (100% Basis)		Actual / Expected Construction Completion Date	Attributable Interest
Completed				
Hong Kong				
- 5 Star Street [2]	408	[1]	2010	100%
- AZURA [2]	6,923	[1]	2012	87.5%
- ARGENTA [2]	7,921	[1]	2013	100%
- DUNBAR PLACE [2]	1,830	[1]	2013	50%
- MOUNT PARKER RESIDENCES[2]	17,689	[1]	2013	80%
Mainland China				
- Pinnacle One, Chengdu	1,299,882		2014	50%
U.S.A.				
- ASIA, Miami [2]	5,359	[1]	2008	100%
Under Development				
Hong Kong				
- AREZZO	165,792		2015	100%
- 160 South Lantau Road, Cheung Sha	64,410		2015	100%
- 100 Caine Road (formerly known as 2 Castle Road)	195,533		2016	100%
U.S.A.				
- Reach, Brickell City Centre, Miami, Florida	567,000		End of 2015	100%
- Rise, Brickell City Centre, Miami, Florida	567,000		End of 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 Square site	520,000		N/A	100%

(1) Area shown reflects saleable area (square feet).
(2) Remaining unsold units at 31st December 2014.

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 2015 and later

GFA (sq. ft.)	2015	2016 and later
AREZZO	165,792	-
160 South Lantau Road, Cheung Sha	64,410	-
100 Caine Road	-	195,533
Total	**230,202**	**195,533**

Audited Financial Information

Properties Held for Development and for Sale

	Group	
	2014 **HK$M**	2013 HK$M
Properties held for development		
Freehold land	**794**	706
Development cost	**126**	-
	920	706
Properties for sale		
Completed properties		
- development costs	**345**	1,441
- freehold land	**1**	1
- leasehold land	**209**	1,285
Properties under development		
- development costs	**4,005**	2,076
- freehold land	**350**	175
- leasehold land	**3,069**	3,042
	7,979	8,020

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 has an 87.5% interest in this development, comprising a 50-storey tower of 126 units and 45 car parking spaces with an aggregate GFA of 206,306 square feet. The development was completed in the second half of 2012. At 17th March 2015, 122 units had been sold. The profit from the sale of 119 units was recognised before 2014 and the profit of three units was recognised in 2014. The property 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. At 17th March 2015, 27 units had been sold. The profit from the sales of 12 units and 15 units was recognised in 2013 and 2014 respectively. The property is managed by Swire Properties.

(c) AREZZO, 33 Seymour Road

AREZZO is wholly-owned by Swire Properties. The development consists of a 48-storey tower of 127 residential units with an aggregate GFA of 165,792 square feet. Superstructure work was completed and the occupation permit was issued in January 2015. Presales of units commenced in September 2014. 79 units had been sold at 17th March 2015, with handover to purchasers expected in the second quarter of 2015. The profit from the sales of presold units is expected to be recognised in 2015. The development will be managed by Swire Properties.

(d) 100 Caine Road (formerly known as 2 Castle Road)

Superstructure work is in progress and the development is expected to be completed in 2016 and available for handover to purchasers in 2017. The development consists of a 50-storey tower of 197 residential units and 43 car parking spaces with an aggregate GFA of 195,533 square feet. The development is wholly-owned by Swire Properties.

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. 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. The development was completed in April 2014 and handover to purchasers commenced in May 2014. Presales of the units commenced in March 2014 and 86 units had been sold at 17th March 2015. The profit from the sales of 82 units was recognised in 2014. The property is managed by Swire Properties.

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. The development was completed in December 2013 and handover to purchasers commenced in January 2014. 52 units had been sold at 17th March 2015. The profit from the sale of all of these units was recognised in 2014. The property is managed by Swire Properties.

160 South Lantau Road, Cheung Sha

Two adjacent residential sites at 160 South Lantau Road, Cheung Sha, on Lantau Island, are being developed into 28 detached houses with an aggregate GFA of 64,410 square feet. Interior and exterior finishing works are in progress. The development is expected to be completed and available for handover to purchasers in the second half of 2015. The development is wholly-owned by Swire Properties.

Hong Kong Residential Market Outlook

There is demand for luxury residential properties but there are not many transactions. Our profits from property trading are still expected to be significant in 2015, with the completion of the sales of presold units in the AREZZO development, the sales of completed houses at the 160 South Lantau Road development and the sales of remaining units at other completed developments.

Mainland China

Construction of the Grade-A office tower at the Daci Temple project in Chengdu, Pinnacle One, was completed in December 2014. Approximately 1,150,000 square feet (representing roughly 89% of the office's total GFA) and 350 car parking spaces were presold in August 2013. The tower is expected to be handed over and profits are expected to be recognised in 2015.

U.S.A.

The residential portion of Phase I of the Brickell City Centre development is being developed for trading purposes. There will be 780 units in two towers, with an aggregate GFA of 1,134,000 square feet.

We started to sell units in Reach in June 2014 and units in Rise in November 2014. 304 units in Reach and 65 units in Rise had been sold at 17th March 2015. 22 of the buyers had unexpired statutory rights of rescission. The development is expected to be completed and available for handover to purchasers from late 2015.

Since the ASIA development was completed in 2008, 122 units have been sold. One penthouse unit, which is not on offer, remains unsold.

Miami residential market outlook

The residential property market in urban Miami was strong in 2014. While demand remains strong, there has been a marked increase in competitive supply since early 2015.

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 had been leased at 31st December 2014.

Estate Management

Through subsidiaries, Swire Properties is responsible for the management of 19 estates which it has developed, including AZURA, ARGENTA, DUNBAR PLACE, MOUNT PARKER RESIDENCES, 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 and Restaurants

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.

In 2014, our hotels in Hong Kong performed solidly. Our hotels in Mainland China were adversely affected by new hotels being opened and a drop in the number of international arrivals in Beijing but still recorded reduced losses.

There are three managed hotels under development, The Temple House in Chengdu, EAST hotel in Miami and a hotel at Dazhongli in Shanghai. The Temple House is the hotel portion of the Daci Temple project and is expected to open in the first half of 2015. EAST, Miami is part of Phase I of the Brickell City Centre development. The building was topped off in December 2014 and the hotel is expected to open in the second half of 2015.

Hotel 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%
- Hotel at Dazhongli, Shanghai [(3)]	119	50%
U.S.A.		
- EAST, Miami [(2)]	352	100%
Total	**2,310**	

(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) Number of modules.

The Upper House

At The Upper House, a 117-room luxury hotel at Pacific Place, revenue per available room was stable in 2014 despite Occupy Central. The hotel was ranked No.1 in "Top Hotels in Asia and China" and No. 2 in "Top Hotels in the World" by TripAdvisor in 2014. It received a "Top 20 Best Restaurants – 2014" award from Hong Kong Tatler Best Restaurants, a "Hong Kong's Best Bars with a View" award from Condé Nast Traveler U.K. and was runner up in the "Best Business-Meets-Pleasure in 2014 Best of the Best Hotel" Jetsetter Magazine awards.

EAST, Hong Kong

At EAST, Hong Kong, a 345-room hotel at Taikoo Shing, revenue per available room increased modestly in 2014. In 2014, the hotel received a "Hong Kong Best Bars with a View" award from Condé Nast Traveler U.K., a "Top 10 Outdoor Bars in Hong Kong" award from Foodie, an "Insiders' Select 2014" award from Expedia and a "Certificate of Excellence 2014" from TripAdvisor China.

The Opposite House

The Opposite House is a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing. The 2014 performance of the hotel was adversely affected by new hotels being opened and a reduction in international arrivals in Beijing. Revenue per available room still improved in 2014. The Opposite House received "Gold List" and "Reader's Choice" awards from Condé Nast Traveler in 2014. Jing Yaa Tang restaurant obtained the "Best New Chinese Restaurant" award from The Beijinger and the "Most Elegant Chinese Restaurant" award from Voyage Gourmet Gold List. Village Café and Sureno restaurants received a "Merit Award – Best Café" and a "Merit Award – Best International Hotel Dining" from Time Out Beijing. Mesh bar obtained an "Outstanding Hotel Bar" award from The Beijinger's Bar & Club Awards.

EAST, Beijing

EAST, Beijing is a 369-room business hotel at the INDIGO development in Beijing, in which Swire Properties holds a 50% interest. There have been gradual improvements in average room rates and occupancy since it opened in September 2012. Feast restaurant received an "Outstanding Brunch Buffet" award from The Beijinger in 2014.

U.K. Hotels

Swire Hotels owns four small hotels in Cheltenham, Exeter, Bristol and Brighton. Occupancy and room rates were satisfactory in 2014, showing improvements from 2013.

Restaurants

Swire Hotels owns and manages restaurants in Hong Kong. Plat du Jour is a French bistro in Quarry Bay. Ground PUBLIC is a café and PUBLIC is a restaurant at One Island East. The Continental is an all-day Grand Café at Pacific Place.

Non-managed Hotels

Overview

Swire Properties has ownership interests in (but does not manage) hotels with 3,129 rooms in aggregate.

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		
- Hotels at Dazhongli, Shanghai [2]	396	50%
Total	**3,129**	

(1) Including 24 serviced apartments in the same building.
(2) Number of modules.

The performance of the non-managed hotels in Hong Kong and the U.S.A. was stable in 2014. The Mandarin Oriental, Guangzhou, which opened in January 2013, has established itself as a leading luxury hotel in Guangzhou. Occupancy and room rates increased in 2014.

Hotels Market Outlook

The performance of the hotels in Hong Kong is expected to be stable in 2015. Trading conditions for the hotels in Mainland China remain challenging because of oversupply.

Capital Commitments

Capital Expenditure and Commitments for Investment Properties and Hotels

Capital expenditure in 2014 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$4,657 million (2013: HK$4,359 million). Outstanding capital commitments at 31st December 2014 were HK$17,497 million (31st December 2013: HK$20,291 million), including the Group's share of the capital commitments of joint venture companies of HK$1,418 million. The Group is committed to funding HK$1,017 million of the capital commitments of joint venture companies in Hong Kong.

Capital expenditure in 2014 on Mainland China investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$2,272 million (2013: HK$1,500 million). Outstanding capital commitments at 31st December 2014 were HK$4,646 million (2013: HK$6,313 million), including the Group's share of the capital commitments of joint venture companies of HK$4,051 million (2013: HK$5,577 million). The Group is committed to funding HK$1,617 million (31st December 2013: HK$1,083 million) of the capital commitments of joint venture companies in Mainland China.

Capital expenditure in 2014 on investment properties and hotels in the U.S.A. and elsewhere amounted to HK$2,051 million (2013: HK$1,237 million). Outstanding capital commitments at 31st December 2014 were HK$1,997 million (2013: HK2,850 million).

Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast year of expenditure				Commitments*
	2014	2015	2016	2017	2018 and later	**At 31st Dec 2014**
	HK$M	HK$M	HK$M	HK$M	HK$M	**HK$M**
Hong Kong	**4,657**	1,564	4,122	4,030	7,781	**17,497**
Mainland China	**2,272**	1,955	1,620	244	827	**4,646**
U.S.A. and others	**2,051**	1,707	290	-	-	**1,997**
Total	**8,980**	5,226	6,032	4,274	8,608	**24,140**

* The capital commitments represent the Group's capital commitments of HK$18,671 million plus the Group's share of the capital commitments of joint venture companies of HK$5,469 million. The Group is committed to funding HK$2,634 million of the capital commitments of joint venture companies.

FINANCING

Sources of Finance

At 31st December 2014, committed loan facilities and debt securities amounted to HK$43,285 million, of which HK$6,748 million (15.6%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$1,665 million. Sources of funds at 31st December 2014 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	5,513	340	548	4,625
Term loans	13,952	13,077	-	875
Bonds	9,156	9,156	-	-
Facilities from Swire Finance				
Revolving credit	2,500	1,800	700	-
Bonds	9,835	9,835	-	-
Perpetual capital securities	2,329	2,329	-	-
Total committed facilities	43,285	36,537	1,248	5,500
Uncommitted facilities				
Bank loans and overdrafts	2,216	551	1,665	-
Total	**45,501**	**37,088**	**2,913**	**5,500**

Note: The figures above are stated before unamortised loan fees of HK$143 million.

At 31st December 2014, 57% of the Group's gross borrowings were on fixed rate basis and 43% were on floating rate basis (2013: 60% and 40% respectively).

The Group had bank balances and short-term deposits of HK$2,874 million at 31st December 2014, compared to HK$2,521 million at 31st December 2013.

Maturity Profile and Refinancing

Bank loans and other borrowings are repayable on various dates up to 2024 (2013: up to 2022). The weighted average term and cost of the Group's debt are:

	2014	2013
Weighted average term of debt	**3.4 years**	3.4 years
Weighted average term of debt (excluding perpetuals)	**3.5 years**	3.4 years
Weighted average cost of debt	**4.4%**	5.2 %
Weighted average cost of debt (excluding perpetuals)	**4.1%**	4.9 %

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

(HK$M)	Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		Maturity Profile									
Facilities from third parties											
Revolving credit and term loans	19,465	2,404	2,798	6,590	1,325	4,075	325	487	487	487	487
Bonds	9,156	-	-	500	-	300	3,878	-	3,878	-	600
Facilities from Swire Finance (1)											
Revolving credit	2,500	2,500	-	-	-	-	-	-	-	-	-
Bonds	9,835	-	4,658	-	5,177	-	-	-	-	-	-
Perpetual capital securities(2)	2,329	-	-	2,329	-	-	-	-	-	-	-
Total	**43,285**	**4,904**	**7,456**	**9,419**	**6,502**	**4,375**	**4,203**	**487**	**4,365**	**487**	**1,087**

(1) Facilities from Swire Finance under the Loan Agreements.
(2) 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

	2014		2013	
	HK$M		HK$M	
Bank and other borrowings due				
Within 1 year	**2,402**	**6%**	7,589	22%
1 - 2 years	**2,038**	**5%**	1,795	5%
2 - 5 years	**7,966**	**22%**	3,800	11%
After 5 years	**10,584**	**29%**	8,003	23%
Borrowings from Swire Finance due				
Within 1 year	**1,799**	**5%**	-	-
1 - 2 years	**4,655**	**13%**	1,195	4%
2 - 5 years	**7,501**	**20%**	12,153	35%
After 5 years	**-**	**-**	-	-
Total	**36,945**	**100%**	34,535	100%
Less: Amount due within one year included under current liabilities	**4,201**		7,589	
Amount due after one year included under non-current liabilities	**32,744**		26,946	

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

	2014		2013	
	HK$M		HK$M	
Currency				
Hong Kong dollar	**26,728**	**72%**	24,407	71%
United States dollar	**4,966**	**14%**	2,342	7%
Renminbi	**5,242**	**14%**	7,786	22%
Others	**9**	**-**	-	-
Total	**36,945**	**100%**	34,535	100%

Gearing Ratio and Interest Cover

	2014	2013
Gearing ratio*		
Per financial statements	**16.3%**	15.8%
Underlying	**15.7%**	15.2%
Interest cover – times *		
Per financial statements	**9.0**	10.0
Underlying	**7.6**	6.4
Cash interest cover – times *		
Per financial statements	**6.7**	8.2
Underlying	**5.6**	5.1

* Refer to Glossary on page 58 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 2014 and 2013:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by Swire Properties	
	2014	2013	**2014**	2013	**2014**	2013
	HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$M
Hong Kong Entities	**3,367**	2,601	**1,714**	1,207	**975**	-
Mainland China Entities	**7,363**	4,619	**3,682**	2,309	**-**	-
U.S.A. Entities	**597**	597	**448**	448	**502**	496
	11,327	7,817	**5,844**	3,964	**1,477**	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 19.1% and underlying gearing would rise to 18.4%.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss
For the year ended 31st December 2014

	Note	2014 HK$M	2013 HK$M
Revenue	2	**15,387**	12,935
Cost of sales	3	**(5,176)**	(3,531)
Gross profit		**10,211**	9,404
Administrative expenses		**(1,010)**	(974)
Other operating expenses		**(221)**	(186)
Other net gains	4	**56**	43
Change in fair value of investment properties		**1,956**	6,211
Operating profit		**10,992**	14,498
Finance charges		**(1,324)**	(1,525)
Finance income		**97**	78
Net finance charges	6	**(1,227)**	(1,447)
Share of profits less losses of joint venture companies		**1,444**	809
Share of profits less losses of associated companies		**160**	139
Profit before taxation		**11,369**	13,999
Taxation	7	**(1,646)**	(1,344)
Profit for the year		**9,723**	12,655
Profit for the year attributable to:			
The Company's shareholders		**9,516**	12,525
Non-controlling interests		**207**	130
		9,723	12,655
Dividends			
First interim – paid		**1,287**	1,170
Second interim – declared on 19th March 2015 (2013: 13th March 2014)		**2,574**	2,340
	8	**3,861**	3,510
		HK$	HK$
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	9	**1.63**	2.14

Consolidated Statement of Other Comprehensive Income
For the year ended 31st December 2014

	2014	2013
	HK$M	HK$M
Profit for the year	**9,723**	12,655
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	**5**	24
- deferred tax	**(1)**	(14)
Defined benefit plans		
- remeasurement (losses)/gains recognised during the year	**(94)**	105
- deferred tax	**16**	(17)
	(74)	98
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
- gains recognised during the year	**105**	6
- transferred to net finance charges	**1**	2
- deferred tax	**(17)**	(1)
Share of other comprehensive income of joint venture and associated companies	**(84)**	206
Net translation differences on foreign operations	**(486)**	494
	(481)	707
Other comprehensive income for the year, net of tax	**(555)**	805
Total comprehensive income for the year	**9,168**	13,460
Total comprehensive income attributable to:		
The Company's shareholders	**8,968**	13,309
Non-controlling interests	**200**	151
	9,168	13,460

Consolidated Statement of Financial Position
At 31st December 2014

	Note	2014 HK$M	2013 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**7,703**	7,225
Investment properties		**218,955**	213,708
Intangible assets		**82**	75
Properties held for development		**920**	706
Joint venture companies		**18,207**	16,379
Associated companies		**535**	521
Available-for-sale assets		**98**	75
Derivative financial instruments		**33**	4
Deferred tax assets		**63**	72
		246,596	238,765
Current assets			
Properties under development and for sale		**7,979**	8,020
Stocks and work in progress		**77**	76
Trade and other receivables	10	**2,821**	2,522
Amount due from immediate holding company - Swire Pacific Limited		**8**	53
Cash and cash equivalents		**2,874**	2,521
		13,759	13,192
Current liabilities			
Trade and other payables	11	**7,674**	8,007
Taxation payable		**519**	211
Bank overdrafts and short-term loans		**551**	828
Long-term loans due within one year		**1,851**	6,761
Loans due to a fellow subsidiary company - Swire Finance Limited		**1,799**	-
		12,394	15,807
Net current assets/(liabilities)		**1,365**	(2,615)
Total assets less current liabilities		**247,961**	236,150
Non-current liabilities			
Long-term loans and bonds		**20,588**	13,598
Loans due to a fellow subsidiary company - Swire Finance Limited		**12,156**	13,348
Other payables		**470**	367
Derivative financial instruments		**4**	83
Deferred tax liabilities		**6,105**	5,604
Retirement benefit liabilities		**91**	-
		39,414	33,000
NET ASSETS		**208,547**	203,150
EQUITY			
Share capital	12	**10,449**	5,850
Reserves	13	**197,242**	196,500
Equity attributable to the Company's shareholders		**207,691**	202,350
Non-controlling interests		**856**	800
TOTAL EQUITY		**208,547**	203,150

Consolidated Statement of Cash Flows
For the year ended 31st December 2014

	2014	2013
	HK$M	HK$M
Operating activities		
Cash generated from operations	**10,724**	8,873
Interest paid	**(1,575)**	(1,560)
Interest received	**98**	166
Profits tax paid	**(760)**	(1,314)
	8,487	6,165
Dividends received from joint venture and associated companies	**786**	216
Net cash from operating activities	**9,273**	6,381
Investing activities		
Purchase of property, plant and equipment	**(615)**	(415)
Additions to investment properties	**(4,336)**	(5,043)
Purchase of intangible assets	**(15)**	(14)
Purchase of available-for-sale assets	**(23)**	(1)
Purchase of shares in joint venture companies	**-**	(1)
Proceeds from disposals of property, plant and equipment	**1**	56
Proceeds from disposals of investment properties	**7**	-
Proceeds from disposal of a subsidiary company	**-**	31
Proceeds from disposal of a joint venture company	**32**	-
Loans to joint venture companies	**(1,934)**	(847)
Repayment of loans by joint venture companies	**535**	362
Repayment of loans by associated companies	**21**	124
Initial leasing costs incurred	**(65)**	(56)
Net cash used in investing activities	**(6,392)**	(5,804)
Net cash inflow before financing	**2,881**	577
Financing activities		
Loans drawn and refinancing	**10,004**	3,637
Bonds issued	**600**	3,877
Repayment of loans	**(8,674)**	(2,232)
	1,930	5,282
Capital contribution from a non-controlling interest	**-**	15
Increase/(decrease) in loans due to a fellow subsidiary company	**600**	(1,900)
Purchase of shares in an existing subsidiary company	**(1,256)**	-
Dividends paid to the Company's shareholders	**(3,627)**	(3,393)
Dividends paid to non-controlling interests	**(144)**	(8)
Net cash used in financing activities	**(2,497)**	(4)
Increase in cash and cash equivalents	**384**	573
Cash and cash equivalents at 1st January	**2,521**	1,936
Currency adjustment	**(31)**	12
Cash and cash equivalents at end of the year	**2,874**	2,521
Represented by:		
Bank balances and short-term deposits maturing within three months	**2,874**	2,521

1. Segment information

The Group is organised on a divisional basis: Property investment, Property trading and development, and Hotels. The reportable segments that make up 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 revenue	Inter-segment revenue	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 2014												
Property investment	**10,456**	**11**	**7,878**	**(1,278)**	**92**	**308**	**-**	**7,000**	**(945)**	**6,055**	**6,029**	**(164)**
Property trading	**3,842**	**-**	**1,180**	**-**	**5**	**226**	**-**	**1,411**	**(211)**	**1,200**	**1,020**	**(7)**
Hotels	**1,089**	**2**	**(22)**	**(46)**	**-**	**(46)**	**160**	**46**	**(16)**	**30**	**30**	**(189)**
Change in fair value of investment properties	**-**	**-**	**1,956**	**-**	**-**	**956**	**-**	**2,912**	**(474)**	**2,438**	**2,437**	**-**
Inter-segment elimination	**-**	**(13)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	15,387	**-**	**10,992**	**(1,324)**	**97**	**1,444**	**160**	**11,369**	**(1,646)**	**9,723**	**9,516**	**(360)**
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)

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 2014						
Property investment	**223,021**	**16,046**	**28**	**2,092**	**241,187**	**4,452**
Property trading and Development	**9,417**	**891**	**-**	**612**	**10,920**	**176**
Hotels	**6,301**	**1,270**	**507**	**170**	**8,248**	**554**
	238,739	**18,207**	**535**	**2,874**	**260,355**	**5,182**
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

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 2014					
Property investment	**6,147**	**6,341**	**30,344**	**42,832**	**612**
Property trading and Development	**1,815**	**283**	**6,056**	**8,154**	**224**
Hotels	**277**	**-**	**545**	**822**	**20**
	8,239	**6,624**	**36,945**	**51,808**	**856**
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

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 revenue and non-current assets of the Group by principal markets is outlined below:

	Revenue		Non-current assets (note)	
	2014	2013	**2014**	2013
	HK$M	HK$M	**HK$M**	HK$M
Hong Kong	**12,967**	10,722	**194,894**	191,603
Mainland China	**2,210**	1,854	**27,354**	26,934
U.S.A.	**23**	186	**4,324**	1,999
U.K. and others	**187**	173	**1,088**	1,178
	15,387	12,935	**227,660**	221,714

Note: 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. Revenue

Revenue represents sales by the Company and its subsidiary companies to external customers and comprises:

	2014	2013
	HK$M	HK$M
Gross rental income from investment properties	**10,320**	9,676
Property trading	**3,842**	2,207
Hotels	**1,089**	942
Rendering of other services	**136**	110
	15,387	12,935

3. Cost of sales

	2014 HK$M	2013 HK$M
Direct rental outgoings in respect of investment properties that		
- generated rental income	**(1,698)**	(1,571)
- did not generate rental income	**(88)**	(127)
	(1,786)	(1,698)
Property trading	**(2,439)**	(980)
Hotels	**(924)**	(816)
Rendering of other services	**(27)**	(37)
	(5,176)	(3,531)

4. Other net gains

	2014 HK$M	2013 HK$M
Profit on sale of investment properties	**6**	-
(Loss)/profit on sale of property, plant and equipment	**(1)**	16
Impairment reversals on trading properties	**45**	21
Net foreign exchange losses	**(2)**	(25)
Recognition of income on forfeited deposits on trading properties	**2**	8
Others	**6**	23
	56	43

Taking into consideration the fair market value of trading properties in the U.S.A. as determined by external valuer at 31st December 2014, a gain of HK$45 million was recognised in the year (2013: HK$21 million) to reverse impairment losses made on such trading properties in previous years.

5. Expenses by nature

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

	2014	2013
	HK$M	HK$M
Depreciation of property, plant and equipment	**263**	291
Amortisation of		
- intangible assets	**8**	6
- initial leasing costs on investment properties	**89**	94
Staff costs	**1,397**	1,292
Operating lease rentals		
- properties	**65**	60
- plant and equipment	**3**	2
Auditors' remuneration		
- audit services	**11**	10
- tax services	**7**	8
- other services	**1**	1

6. Net finance charges

	2014 HK$M	2013 HK$M
Interest charged on:		
Bank loans and overdrafts	**(525)**	(568)
Bonds:		
Wholly repayable within five years	**(27)**	(10)
Not wholly repayable within five years	**(275)**	(266)
Loans from fellow subsidiary companies	**(715)**	(722)
Loans from joint venture and related companies	**(14)**	(9)
Fair value loss on derivative instruments		
Cash flow hedges - transferred from other comprehensive income	**(1)**	(2)
Other financing costs	**(152)**	(136)
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	**(28)**	(139)
Capitalised on:		
Investment properties	**185**	63
Properties under development and for sale	**221**	256
Hotels	**7**	8
	(1,324)	(1,525)
Interest income on:		
Short-term deposits and bank balances	**29**	26
Loans to joint venture companies	**42**	21
Others	**26**	31
	97	78
Net finance charges	**(1,227)**	(1,447)

7. Taxation

	2014		2013	
	HK$M	**HK$M**	HK$M	HK$M
Current taxation:				
Hong Kong profits tax	**(988)**		(920)	
Overseas taxation	**(74)**		(13)	
(Under)/over-provisions in prior years	**(6)**		118	
		(1,068)		(815)
Deferred taxation:				
Changes in fair value of investment properties	**(265)**		(208)	
Origination and reversal of temporary differences	**(313)**		(321)	
		(578)		(529)
		(1,646)		(1,344)

Hong Kong profits tax is calculated at 16.5% (2013: 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

	2014	2013
	HK$M	HK$M
First interim dividend paid on 6th October 2014 of HK¢22 per share (2013: HK¢20)	**1,287**	1,170
Second interim dividend declared on 19th March 2015 of HK¢44 per share (2013: HK¢40)	**2,574**	2,340
	3,861	3,510

The second interim dividend is not accounted for in 2014 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 2015.

The Directors have declared a second interim dividend of HK¢44 (2013: HK¢40) per share which, together with the first interim dividend of HK¢22 per share paid in October 2014, amounts to full year dividends of HK¢66 (2013: HK¢60) per share. The second interim dividend, which totals HK$2,574 million (2013: HK$2,340 million), will be paid on Thursday, 7th May 2015 to shareholders registered at the close of business on the record date, being Friday, 10th April 2015. Shares of the Company will be traded ex-dividend from Wednesday, 8th April 2015.

The register of members will be closed on Friday, 10th April 2015, 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, 9th April 2015.

8. Dividends (continued)

To facilitate the processing of proxy voting for the annual general meeting to be held on 19th May 2015, the register of members will be closed from 14th May 2015 to 19th May 2015, 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, 13th May 2015.

9. Earnings per share (basic and diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$9,516 million (2013: HK$12,525 million) by the weighted average number of 5,850,000,000 ordinary shares in issue during 2014 (2013: 5,850,000,000 ordinary shares).

10. Trade and other receivables

	2014	2013
	HK$M	HK$M
Trade debtors	**275**	612
Prepayments and accrued income	**253**	137
Other receivables	**2,293**	1,773
	2,821	2,522

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

	2014	2013
	HK$M	HK$M
Under three months	**271**	604
Between three and six months	**2**	5
Over six months	**2**	3
	275	612

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

	2014 HK$M	2013 HK$M
Trade creditors	**1,337**	1,003
Amounts due to intermediate holding company	**110**	117
Amounts due to a fellow subsidiary company	**77**	78
Amounts due to a joint venture company	**-**	3
Amounts due to an associated company	**106**	106
Interest-bearing advances from fellow subsidiary companies at 4.23% to 4.62% (2013: 3.38% to 5.16%)	**400**	281
Interest-bearing advances from joint venture and related companies at 3.38% (2013: 1.54% to 3.38%)	**250**	484
Advances from non-controlling interests	**-**	319
Rental deposits from tenants	**2,295**	2,116
Put option in favour of a non-controlling interest – current	**-**	1,256
Put option in favour of a non-controlling interest – non-current	**470**	367
Accrued capital expenditure	**497**	699
Other payables	**2,602**	1,545
	8,144	8,374
Amount due after one year included under non-current liabilities	**(470)**	(367)
	7,674	8,007

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

	2014 HK$M	2013 HK$M
Under three months	**1,337**	1,000
Between three and six months	**-**	-
Between six and twelve months	**-**	1
Over twelve months	**-**	2
	1,337	1,003

12. Share capital

	Company	
	Ordinary shares of HK$1 each[b]	HK$M
Authorised: [a]		
At 31st December 2013	30,000,000,000	30,000
At 31st December 2014	**-**	-
Issued and fully paid:		
At 1st January 2013 and 31st December 2013	5,850,000,000	5,850
At 1st January 2014	**5,850,000,000**	**5,850**
Transition to no-par value regime on 3rd March 2014 (note 13) [c]	**-**	**4,599**
At 31st December 2014	**5,850,000,000**	**10,449**

Notes:
On 3rd March 2014, the Hong Kong Companies Ordinance (Cap. 662) (the "New CO") came into effect. This had the following results.
(a) The Company's authorised share capital ceased to exist (by virtue of section 98(4) of the New CO).
(b) The Company's shares ceased to have nominal or par value (by virtue of section 135 of the New CO).
(c) The amount standing to the credit of the Company's share premium account became part of the Company's share capital (by virtue of paragraph 37 of Schedule 11 to the New CO).
The entitlements of the Company's shareholders are unaffected by the Company's shares ceasing to have nominal or par value as referred to in (b) above.

There was no purchase, sale or redemption by the Company of its shares during the years ended 31st December 2014 and 31st December 2013.

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 2013	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	(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

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 2014	188,467	4,599	(1,108)	1,672	(64)	2,934	196,500
Profit for the year	9,516	-	-	-	-	-	9,516
Other comprehensive income							
Revaluation of properties previously occupied by the Group							
- gain recognised during the year	-	-	-	5	-	-	5
- deferred tax	-	-	-	(1)	-	-	(1)
Defined benefit plans							
- remeasurement losses recognised during the year	(94)	-	-	-	-	-	(94)
- deferred tax	16	-	-	-	-	-	16
Cash flow hedges							
- gains recognised during the year	-	-	-	-	105	-	105
- transferred to net finance charges	-	-	-	-	1	-	1
- deferred tax	-	-	-	-	(17)	-	(17)
Share of other comprehensive income of joint venture and associated companies	-	-	-	-	(1)	(83)	(84)
Net translation differences on foreign operations	-	-	-	-	-	(479)	(479)
Total comprehensive income for the year	9,438	-	-	4	88	(562)	8,968
Transfer to share capital (note 12)	-	(4,599)	-	-	-	-	(4,599)
2013 second interim dividend (note 8)	(2,340)	-	-	-	-	-	(2,340)
2014 first interim dividend (note 8)	(1,287)	-	-	-	-	-	(1,287)
At 31st December 2014	194,278	-	(1,108)	1,676	24	2,372	197,242

14. Changes in accounting standards

The following relevant new and revised standards and interpretation were required to be adopted by the Group effective from 1st January 2014:

HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosure for Non-financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) 21	Levies

The Group early adopted the amendment to HKAS 36 in 2013.

The amendment to HKAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendment has had no significant impact on the Group's financial statements.

The amendment to HKAS 39 provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment has had no significant impact on the Group's financial statements.

HK(IFRIC) 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to a levy and when a liability should be recognised. The interpretation has had no significant impact on the Group's financial statements.

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 2014 annual report.

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

Annual Report

The 2014 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 13th April 2015.

List of Directors

At the date of this announcement, the Directors of the Company are:

Executive Directors: J.R. Slosar (Chairman), G.M.C. Bradley, M.M.S. Low, D.C.Y. Ho and G.J. Ongley;
Non-Executive Directors: M. Cubbon, P. Healy, 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
John Slosar
Chairman
Hong Kong, 19th March 2015

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 2015

Share trade ex-dividend	8th April
Share register closed for 2014 second interim dividend entitlement	10th April
Annual Report available to shareholders	13th April
Payment of 2014 second interim dividend	7th May
Share register closed for attending and voting at Annual General Meeting	14th – 19th May
Annual General Meeting	19th May
Interim results announcement	August 2015
2015 first interim dividend payable	October 2015

Registered Office

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Hong Kong

Registrars

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Request for Feedback

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