

For Immediate Release
Swire Properties Announces 2013 Annual Results

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

Notes:

- (a) Refer to glossary on page 61 of the announcement of 2013 Final Results of Swire Properties Limited dated 13 March 2014 (the "Results Announcement") 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 in the Results Announcement.
- (c) Refer to Note 9 in the accounts in the Results Announcement for the weighted average number of shares.
- (d) Swire Properties has implemented the revised HKAS 19: Employee Benefits (effective from 1 January 2013), which requires retrospective application. As a result, the 2012 comparative figures have been restated. In this connection, underlying and reported profit for the year ended 31 December 2012 have each been reduced by HK\$10 million and underlying and reported equity as at 31 December 2012 have each been reduced by HK\$180 million.

13 March 2014, Hong Kong - Swire Properties Limited today announced its annual results for 2013. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, decreased from HK\$6,935 million in 2012 to HK\$6,348 million in 2013. The Board of Directors have declared a second interim dividend of HK¢40 (2012: HK¢38) per share, which together with the first interim dividend of HK¢20 per share paid in October 2013, amounts to full year dividends of HK¢60 (2012: HK¢60) per share.

The decrease in underlying profit principally reflects lower trading profits from the sale of luxury residential properties in Hong Kong, partially offset by increased investment income from retail and office properties. Underlying profit from property investment increased by 10%.

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

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

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

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

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

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

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

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

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

In his published statement about the results for 2013, Christopher Pratt, Chairman of Swire Properties said this about prospects,

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

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

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

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

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About Swire Properties

Swire Properties develops and manages commercial, retail, hotel and residential properties, with a particular focus on mixed-use developments in prime locations at major mass transportation intersections. Swire Properties is listed on the Main Board of the Stock Exchange of Hong Kong and its investment portfolio in Hong Kong comprises Island East and Pacific Place as its core holdings. In addition to Hong Kong, the Company has investments in Mainland China, the United States, Singapore and the United Kingdom. Visit Swire Properties' website at www.swireproperties.com.

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