

For Immediate Release

Swire Properties Announces 2014 Annual Results

	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				
As 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 of the announcement of 2014 Final Results of Swire Properties Limited dated 19 March 2015 (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 of the Results Announcement.
- (c) Refer to Note 9 in the financial statements in the Results Announcement for the weighted average number of shares

19 March 2015, Hong Kong - Swire Properties Limited today announced its annual results for 2014. 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. 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 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.

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.

In his published statement about the results for 2014, John Slosar, Chairman of Swire Properties said this about 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.”

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About Swire Properties

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

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