SWIRE PROPERTIES

Stock Code: 1972

2013

Interim Report

Contents

Financial Highlights

Results	Note	Six months ended 30th June 2013 HK$M	2012 HK$M Restated	Change
Turnover		**5,754**	4,907	+17.3%
Operating profit		**7,843**	10,354	-24.3%
Profit attributable to the Company's shareholders				
Underlying	*(a), (b)*	**2,812**	2,435	+15.5%
Reported		**6,952**	9,854	-29.4%
Cash generated from operations		**4,528**	1,507	+200.5%
Net cash inflow/(outflow) before financing		**2,298**	(1,842)	N/A
		HK$	HK$	
Earnings per share				
Underlying	*(c)*	**0.48**	0.42	+14.3%
Reported	*(c)*	**1.19**	1.68	-29.2%
Dividends per share				
First interim		**0.20**	0.22	-9.1%

Financial Position	Note	30th June 2013 HK$M	31st December 2012 HK$M Restated	Change
Total equity (including non-controlling interests)		**198,255**	193,076	+2.7%
Net debt		**28,976**	28,921	+0.2%
Gearing ratio	*(a)*	**14.6%**	15.0%	-0.4% pts
		HK$	HK$	
Equity attributable to the Company's shareholders per share				
Underlying	*(a), (b)*	**35.01**	33.98	+3.0%
Reported	*(a)*	**33.77**	32.89	+2.7%

Notes:
(a) Refer to glossary on page 55 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 page 6.
(c) Refer to Note 11 in the accounts for the weighted average number of shares.
(d) Swire Properties has implemented the revised HKAS 19: Employee Benefits (effective from 1st January 2013), which requires retrospective application. As a result, the 2012 comparative results have been restated. In this connection, underlying and reported profit for the six months ended 30th June 2012 have been reduced by HK$8 million and underlying and reported equity as at 31st December 2012 have been reduced by HK$180 million.

Chairman's Statement

Our consolidated profit attributable to shareholders in the first half of 2013 was HK$6,952 million, compared to HK$9,854 million in the first half of 2012. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK$377 million from HK$2,435 million in the first half of 2012 to HK$2,812 million in the first half of 2013.

DIVIDENDS

The Directors have declared a first interim dividend of HK¢20 (2012: HK¢22) per share for the period ended 30th June 2013. The first interim dividend, which totals HK$1,170 million (2012: HK$1,287 million), will be paid on 3rd October 2013 to shareholders registered at the close of business on the record date, being Friday, 6th September 2013. Shares of the Company will be traded ex-dividend as from Wednesday, 4th September 2013.

The register of members will be closed on Friday, 6th September 2013, during which day no transfer of shares will be effected. In order to qualify for entitlement to the first 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, 5th September 2013.

KEY DEVELOPMENTS

In January 2013, the Mandarin Oriental hotel in TaiKoo Hui, Guangzhou, opened with 263 guest rooms and 24 serviced apartments.

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

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

In April 2013, pre-sales of apartments at DUNBAR PLACE, a residential development in Ho Man Tin, Kowloon, commenced. These were the first pre-sales of apartments in a new residential development in Hong Kong following the coming into force of the Residential Properties (First-hand Sales) Ordinance in April 2013.

In April 2013, Sanlitun Village in Beijing was renamed Taikoo Li Sanlitun.

In May 2013, the hotel portion of the Daci Temple Project in Chengdu was named The Temple House. In June 2013, the retail portion was named Sino-Ocean Taikoo Li Chengdu.

In June 2013, the occupation permit was issued for the ARGENTA residential property development in Hong Kong.

In July 2013, Swire Properties acquired a plot of land adjacent to the Brickell CityCentre development in Miami, Florida, U.S.A.

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

Swire Properties is establishing a representative office in Jakarta, Indonesia. The office is expected to open in the second half of 2013.

OPERATING PERFORMANCE

Underlying profit increased from HK$2,435 million in the first half of 2012 to HK$2,812 million in the first half of 2013. The increase was mainly attributable to profit from property trading (which arose largely from sales of units in the AZURA residential development in Hong Kong) and positive rental reversions from the investment property portfolio in Hong Kong and at TaiKoo Hui in Guangzhou and Taikoo Li Sanlitun in Beijing. Performance at the hotel portfolio deteriorated due to operating losses in Mainland China.

Gross rental income was HK$4,711 million in the first half of 2013 compared to HK$4,390 million in the first half of 2012, reflecting positive rental reversions at the office and retail properties in Hong Kong and at TaiKoo Hui in Guangzhou and Taikoo Li Sanlitun in Beijing. In Mainland China, the net rental contribution from TaiKoo Hui and Taikoo Li Sanlitun benefited from increased footfall and consequently increased sales.

Property trading recorded an operating profit of HK$278 million in the first half of 2013, compared to an operating loss of HK$18 million in the first half of 2012. This was largely due to profits from the sales of 12 units at AZURA in Hong Kong. One unit at ARGENTA was pre-sold in the first half of 2013, bringing the total number of pre-sold units to seven units. Handover to purchasers is due to commence shortly. 21 of the 53 units at DUNBAR PLACE have been pre-sold, with handover to purchasers scheduled for the first half of 2014.

The performance of the hotel portfolio was mixed. The owned and managed hotels in Hong Kong did well, but this was more than offset by operating losses at the hotels in Mainland China.

Net finance charges in the first half of 2013 were HK$793 million, a 20.9% increase from HK$656 million in the first half of 2012. The increase reflected higher net finance charges in Hong Kong (resulting from an increase in proportion of longer-term borrowings), a reduction, following the completion of projects, in the amount of interest capitalised, and an increase in finance charges arising from the change in the fair values of put options in relation to the non-controlling interests.

On an attributable basis, net investment property valuation gains in the first half of 2013, after deferred tax relating to investment properties in Mainland China, were HK$4,312 million, compared to net gains in the first half of 2012 of HK$7,530 million.

FINANCE

Net debt at 30th June 2013 was HK$28,976 million, compared with HK$28,921 million at 31st December 2012. Gearing reduced by 0.4 percentage points from 15.0% at 31st December 2012 to 14.6% at 30th June 2013. Cash and undrawn committed facilities totalled HK$13,664 million as at 30th June 2013, compared with HK$9,278 million as at 31st December 2012.

PROSPECTS

Demand for the Group's office space in Hong Kong is likely to be affected by continued market weakness, particularly in the Central district of Hong Kong. At Island East, rents are expected to remain robust due to high occupancy. Despite caution from some retailers, demand for retail space at prime locations and well managed malls continues to be strong and rents are expected to increase, albeit at a more moderate pace than hitherto.

In Mainland China, retail sales are expected to remain firm with particularly strong growth in Guangzhou. Demand for office space in Guangzhou is likely to remain weak due to oversupply.

Demand for luxury residential properties in Hong Kong is expected to remain weak following the imposition of higher levels of stamp duties. In the second half of 2013, property trading profits are expected to arise on the completion of sales of seven pre-sold units at ARGENTA and on any further sales of unsold units at the completed developments.

Trading conditions in the second half of 2013 for the Group's hotels in Mainland China are expected to be difficult due to weak demand and increasing supply.

Christopher Pratt
Chairman
Hong Kong, 15th August 2013

Review of Operations

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 [2] HK$M Restated	2012 [2] HK$M Restated
Turnover			
Gross Rental Income derived from			
Offices	**2,619**	2,460	5,008
Retail	**1,931**	1,761	3,675
Residential	**161**	169	332
Other Revenue [1]	**41**	44	108
Property Investment	**4,752**	4,434	9,123
Property Trading	**571**	99	4,147
Hotels	**431**	374	782
Total Turnover	**5,754**	4,907	14,052
Operating Profit/(Loss) derived from			
Property investment	**3,541**	3,262	6,867
Valuation gains on investment properties	**4,068**	7,103	12,273
Property trading	**278**	(18)	2,395
Hotels	**(44)**	7	(39)
Total Operating Profit	**7,843**	10,354	21,496
Share of Post-tax Profits from Joint Venture and Associated Companies	**717**	811	821
Attributable Profit	**6,952**	9,854	18,753

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

Additional information is provided on page 6 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 movements in the fair values of the liabilities in respect of put options in favour of the owners of non-controlling interests.

	Note	Six months ended 30th June 2013 HK$M	Six months ended 30th June 2012 HK$M Restated	Year ended 31st December 2012 HK$M Restated
Underlying Profit				
Profit attributable to the Company's shareholders per accounts		**6,952**	9,854	18,753
Adjustments in respect of investment properties:				
Revaluation of investment properties	*(a)*	**(4,732)**	(7,905)	(12,865)
Deferred tax on investment properties	*(b)*	**409**	357	664
Realised profit on sale of investment properties	*(c)*	**23**	–	176
Depreciation of investment properties occupied by the Group	*(d)*	**7**	8	15
Non-controlling interests' share of revaluation movements less deferred tax		**11**	18	17
Movements in the fair values of liabilities in respect of put options in favour of the owners of non-controlling interests	*(e)*	**142**	103	175
Underlying Profit Attributable to the Company's Shareholders		**2,812**	2,435	6,935

	Note	30th June 2013 HK$M	30th June 2012 HK$M Restated	31st December 2012 HK$M Restated
Underlying Equity				
Equity attributable to the Company's shareholders per accounts		**197,542**	184,475	192,434
Deferred tax on investment properties		**4,356**	3,638	3,949
Unrecognised valuation gains on hotels held as part of mixed-use developments	*(f)*	**2,204**	1,565	1,736
Revaluation of investment properties occupied by the Group		**691**	585	646
Cumulative depreciation of investment properties occupied by the Group		**44**	41	38
Underlying Equity Attributable to the Company's Shareholders		**204,837**	190,304	198,803
Underlying non-controlling interests		**764**	603	691
Underlying Equity		**205,601**	190,907	199,494

Notes:

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

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

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

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

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

(f) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, those hotel properties owned by subsidiaries 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

Movement in Underlying Profit

Underlying profit in the first half of 2013 increased by HK$377 million, from HK$2,435 million to HK$2,812 million. The increase principally reflected an increase in profits from property investment of HK$241 million arising from positive rental reversions from the investment property portfolio in Hong Kong and at TaiKoo Hui in Guangzhou and Taikoo Li Sanlitun in Beijing. Profit from property trading arose largely from sales of units in the AZURA residential development in Hong Kong. Performance of the hotel portfolio deteriorated as improved results in Hong Kong were more than offset by losses in Mainland China.

PORTFOLIO OVERVIEW

The aggregate gross floor area ("GFA") attributable to the Group as at 30th June 2013 was approximately 29.6 million square feet.

Out of the aggregate GFA attributable to the Group, approximately 25.2 million square feet are investment properties, comprising completed investment properties of approximately 20.8 million square feet and investment properties under development or held for future development of approximately 4.4 million square feet. In Hong Kong, this investment property portfolio comprises approximately 14.5 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, Guangzhou, Shanghai and Chengdu. These developments are expected to comprise approximately 8.4 million square feet of attributable GFA when they are all completed. Outside Hong Kong and Mainland China, the investment property portfolio comprises principally the Brickell CityCentre project in Miami 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 portfolio as at 30th June 2013.

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

	Office	Retail	Hotels (1)	Residential/ Serviced Apartments	Total
Hong Kong	10.6	2.4	0.7	0.6	**14.3**
Mainland China	2.0	3.0	0.9	0.1	**6.0**
U.S.A. and others	–	-	0.5	–	**0.5**
Total	**12.6**	**5.4**	**2.1**	**0.7**	**20.8**

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	Total
Hong Kong	–	0.1	–	0.1	**0.2**
Mainland China	0.9	1.1	0.4	–	**2.4**
U.S.A.	1.0	0.5	0.2	0.1	**1.8**
Total	**1.9**	**1.7**	**0.6**	**0.2**	**4.4**

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

	Office	Retail	Hotels (1)	Residential/ Serviced Apartments	Total
Total	**14.5**	**7.1**	**2.7**	**0.9**	**25.2**

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

The trading property portfolio comprises land, apartments and offices under development in Hong Kong, in Miami in the U.S.A. and in Mainland China, together with the remaining units at the completed developments at the ARGENTA, AZURA and 5 Star Street developments in Hong Kong and at the ASIA residential development in Miami, U.S.A.

The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio and properties held for development as at 30th June 2013.

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

	Completed	Under Development or Held for Development	Total
Hong Kong	0.1	0.8	**0.9**
Mainland China	–	0.7	**0.7**
U.S.A.	–	2.8	**2.8**
Total	**0.1**	**4.3**	**4.4**

INVESTMENT PROPERTIES – HONG KONG

OFFICES

Overview

The completed office portfolio in Hong Kong comprises an aggregate of 11.0 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK$2,575 million in the first half of 2013. As at 30th June 2013, our office properties in Hong Kong were valued at HK$127,536 million on a 100% basis. Of this amount, Swire Properties' attributable interest was HK$123,629 million.

Hong Kong Office Portfolio

	Gross Floor Area (sq.ft.) (100% Basis)	Occupancy (as at 30th June 2013)	Attributable Interest
Pacific Place	2,186,433	97%	100%
Cityplaza	1,632,930	99%	100%
TaiKoo Place Office Towers (1)	3,136,541	99%	50%/100%
One Island East	1,537,011	100%	100%
Techno Centres (2)	1,816,876	100%	100%
Others (3)	688,323	90%	20%/50%/100%
Total	**10,998,114**		

(1) Including PCCW Tower, of which Swire Properties owns 50%.
(2) The occupancy rate at 30th June 2013 excludes Somerset House as redevelopment of the property is expected to start in the second half of 2013.
(3) Others comprise One Citygate (20% owned), 625 King's Road (50% owned), 28 Hennessy Road and 8 Queen's Road East (both wholly-owned).

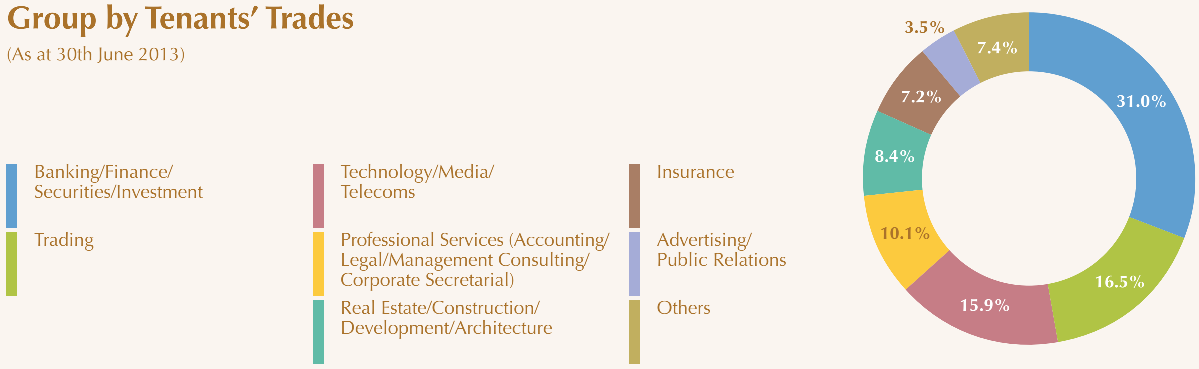
Gross rental income from the Group's Hong Kong office portfolio in the first half of 2013 increased by 5% over the first half of 2012 to HK$2,481 million, reflecting positive rental reversions, particularly at the Island East offices. As at 30th June 2013, the Hong Kong office portfolio was 98% let.

The office property at 8 Queen's Road East has been handed over to the tenant after extensive refurbishment. The entire building has been leased for a ten-year term. 28 Hennessy Road was completed in the second half of 2012. Approximately 52% of the space has been leased. The property continues to attract interest from businesses currently located in Central and Causeway Bay.

The table below shows the mix of tenants of Hong Kong office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area attributable to the Group as at 30th June 2013.

Office Area Attributable to the Group by Tenants' Trades

(As at 30th June 2013)



As at 30th June 2013, the top ten office tenants (based on rental income in the six months ended 30th June 2013) together occupied approximately 20% of the total office area in Hong Kong.

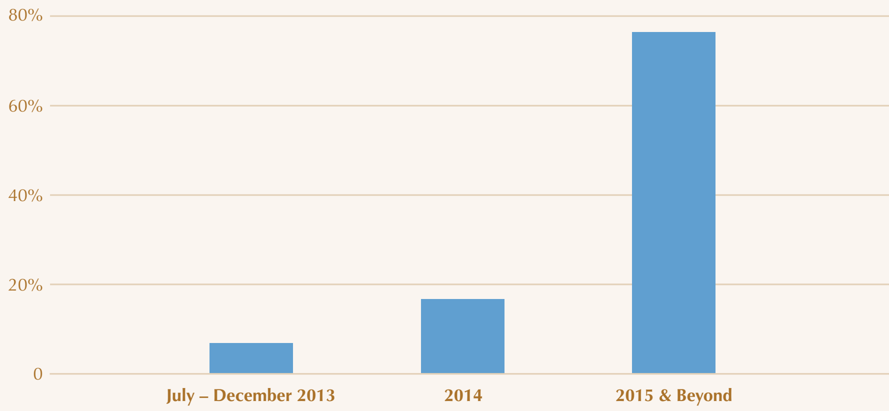
Hong Kong Office Market Outlook

Demand for the Group's office space in Hong Kong is likely to be affected by continued market weakness, particularly in the Central district of Hong Kong. At Island East, rents are expected to remain robust due to high occupancy.

The following table shows the percentage of the total rental income attributable to the Group from the office properties in Hong Kong, for the month ended 30th June 2013, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 6.9% of the rental income in the month of June 2013 are due to expire in the second half of 2013, with a further 16.7% due to expire in 2014.

Office Lease Expiry Profile

(As at 30th June 2013)



RETAIL

Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 2.8 million square feet of space on a 100% basis, principally The Mall, Pacific Place, Cityplaza in Island East, and Citygate Outlets at Tung Chung. The malls are wholly-owned by Swire Properties (except for Citygate Outlets, in which Swire Properties has a 20% interest) and are managed by Swire Properties. Total attributable gross rental income from our retail properties in Hong Kong was HK$1,322 million in the first half of 2013. As at 30th June 2013, retail properties in Hong Kong were valued at HK$51,317 million on a 100% basis. Of this amount, Swire Properties' attributable interest was HK$45,680 million.

Hong Kong Retail Portfolio

	Gross Floor Area (sq.ft.) (100% Basis)	Occupancy (as at 30th June 2013)	Attributable Interest
The Mall, Pacific Place	711,182	100%	100%
Cityplaza Mall	1,105,227	100%	100%
Citygate Outlets	462,439	100%	20%
Others [1]	530,467	100%	20%/60%/100%
Total	**2,809,315**		

(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 retail premises (20% owned).

Gross rental income from the Group's retail portfolio in Hong Kong was HK$1,277 million in the first half of 2013, an increase of 7% from the same period in 2012. Occupancy levels at the Group's malls were effectively 100% during the period.

The table below shows the mix of the tenants of Hong Kong retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area attributable to the Group as at 30th June 2013.

Retail Area Attributable to the Group by Tenants' Trades

(As at 30th June 2013)

As at 30th June 2013, the top ten retail tenants (based on rental income in the six months ended 30th June 2013) together occupied approximately 31% of our total retail area in Hong Kong.

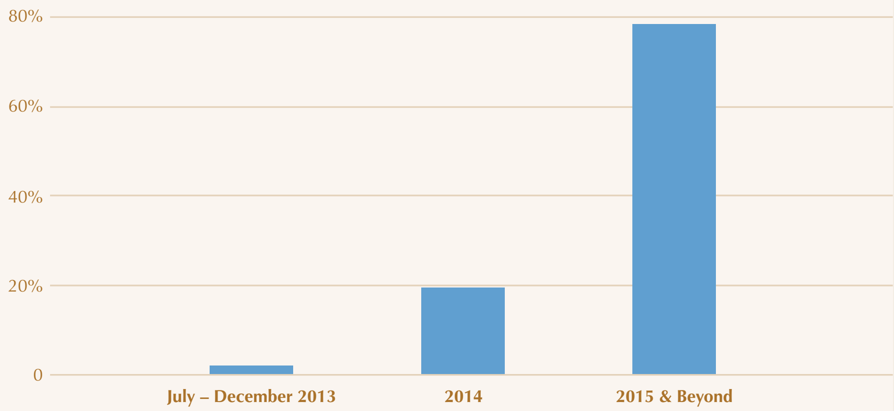
Hong Kong Retail Market Outlook

Despite caution from some retailers, demand for retail space continues to be strong at prime locations and in well-managed malls. Rents are expected to continue to increase, albeit at a more moderate pace than hitherto.

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 30th June 2013, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 2.1% of the rental income in the month of June 2013 are due to expire in the second half of 2013, with a further 19.5% due to expire in 2014.

Retail Lease Expiry Profile

(As at 30th June 2013)



RESIDENTIAL

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

Occupancy at the residential portfolio was 84% at 30th June 2013.

Performance at Pacific Place Apartments is expected to remain stable in the second half of 2013.

INVESTMENT PROPERTIES UNDER CONSTRUCTION

The property at 23 Tong Chong Street in Quarry Bay is being redeveloped into serviced apartments and is expected to be completed in 2014. The aggregate floor area upon completion will be approximately 75,000 square feet.

INVESTMENT PROPERTIES – MAINLAND CHINA

OVERVIEW

The property portfolio in Mainland China comprises an aggregate of 13.5 million square feet of space (9.1 million square feet attributable to the Group), of which 7.3 million square feet are completed properties with another 6.2 million square feet under development. Total attributable gross rental income from investment properties in Mainland China was HK$852 million in the first half of 2013. As at 30th June 2013, the investment portfolio in Mainland China was valued at HK$47,464 million on a 100% basis. Of this amount, Swire Properties' attributable interest was HK$33,412 million.

Property Portfolio [1] – Mainland China

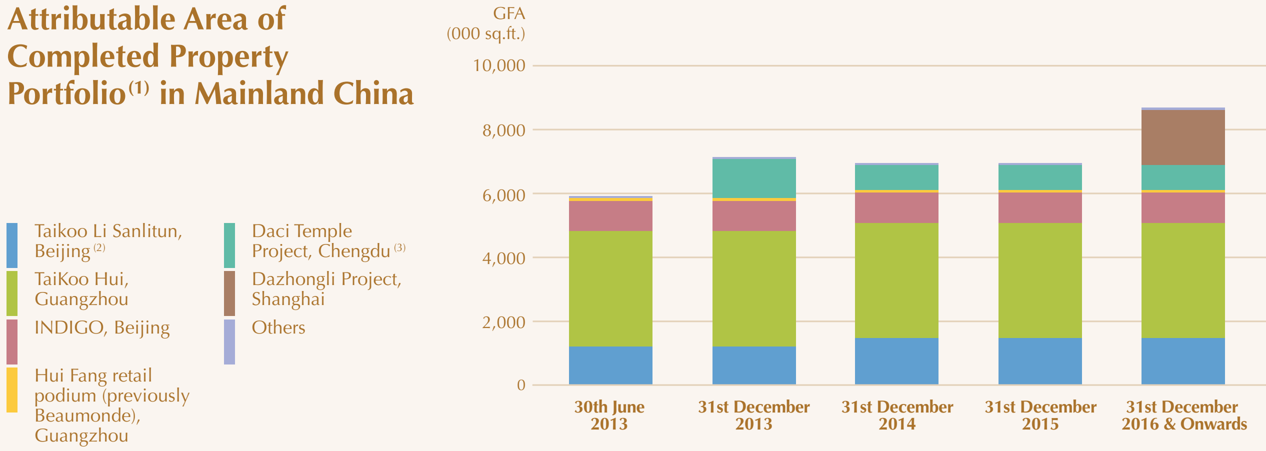
	Gross Floor Area (sq.ft.) (100% Basis)				
	Total	Investment Properties	Hotels, Trading Properties and Others	Year of Opening	Attributable Interest
Completed					
Taikoo Li Sanlitun, Beijing [2] [3]	1,465,771	1,296,308	169,463	2008	80%/100%
TaiKoo Hui, Guangzhou [4]	3,840,197	3,256,013	584,184	2011	97%
INDIGO, Beijing [5]	1,893,226	1,534,957	358,269	2011	50%
Hui Fang Retail Podium (previously Beaumonde), Guangzhou	90,847	90,847	–	2008	100%
Others [6]	29,584	2,898	26,686	N/A	100%
Sub-Total	**7,319,625**	**6,181,023**	**1,138,602**		
Under Development					
Daci Temple Project, Chengdu [7]	2,687,384	1,223,674	1,463,710	2014	50%
Dazhongli Project, Shanghai	3,469,398	2,926,204	543,194	2016	50%
Sub-Total	**6,156,782**	**4,149,878**	**2,006,904**		
Total	**13,476,407**	**10,330,901**	**3,145,506**		

(1) Including the hotel and property trading components of these projects.
(2) Taikoo Li Sanlitun North opened in 2010.
(3) Swire Properties owns 80% of the retail component of Taikoo Li Sanlitun. Subsequent to 30th June 2013, the owner of the put option over the remaining 20% equity interest in the retail component of Taikoo Li Sanlitun gave notice of its intention to exercise the option to sell that 20% interest to Swire Properties.
(4) The hotel and serviced apartments at TaiKoo Hui officially opened in January 2013.
(5) The office at INDIGO opened in 2011 while the retail mall and hotel opened in 2012.
(6) Including Longde Building and Tianhe Xinzuo residential apartments, which were acquired in 2005 and 2006 respectively.
(7) The office portion of the Daci Temple project, Pinnacle One, is being developed for trading purposes. Subsequent to 30th June 2013, approximately 1,150,000 sq.ft. (representing approximately 89% of the office's total gross floor area) was pre-sold.

Gross rental income from the Group's investment portfolio in Mainland China was HK$784 million in the first half of 2013, HK$132 million higher than the same period in 2012, reflecting improved rental performances at TaiKoo Hui in Guangzhou and Taikoo Li Sanlitun in Beijing.

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

Attributable Area of Completed Property Portfolio[1] in Mainland China



(1) Including the hotel and property trading components of these projects.
(2) Subsequent to 30th June 2013, GC Acquisitions VI Limited ("GCA"), which holds a 20% interest in the retail portion of the Taikoo Li Sanlitun development in Beijing, gave notice of its intention to exercise its option to sell that 20% interest to the Group. The sale is expected to be completed in early 2014.
(3) Subsequent to 30th June 2013, 89% of the office portion of the Daci Temple project (attributable area of approximately 575,000 sq.ft.) was pre-sold. Handover is scheduled for 2014.

OFFICES

Occupancy has steadily increased at the office portion of the TaiKoo Hui development. This is despite the challenging market conditions in Guangzhou. Occupancy was 85% at 30th June 2013. Demand for office space in Guangzhou is likely to remain weak due to oversupply.

Occupancy at One INDIGO in Beijing was 95% at 30th June 2013. The office market outside central Beijing was relatively subdued in the first half of the year following a rapid take-up of space in 2012.

RETAIL

In April 2013, Sanlitun Village was renamed Taikoo Li Sanlitun. Gross rental income growth at this development reflected continued improvement in reversionary rents. At 30th June 2013, occupancy rates were 94% at Taikoo Li Sanlitun South and 89% at Taikoo Li Sanlitun North.

Retail sales at the TaiKoo Hui development in Guangzhou continue to be encouraging. The mall was 99% leased at 30th June 2013.

The shopping mall at INDIGO, Beijing officially opened in September 2012. Tenants have committed to take 88% of the retail space. 78% of the shops in the development are open and trading. Footfall and retail sales are expected to continue to increase in the second half of the year. The project is directly linked to Beijing Metro Line 14, which is due to open in 2014.

Retail sales are expected to remain firm with particularly strong growth in Guangzhou.

INVESTMENT PROPERTIES UNDER CONSTRUCTION

Superstructure works at the Daci Temple project in Chengdu are in progress. The retail portion of the project has been named Sino-Ocean Taikoo Li Chengdu and the hotel and serviced apartment portion has been named The Temple House. The office component of the development, Pinnacle One, is intended for trading purposes. The development is expected to open in phases from 2014.

Site clearance at the development at Dazhongli in Shanghai has been completed and above ground works are in progress. The development is expected to open in phases from 2016. This mixed-use development will comprise a retail mall, offices and hotels.

INVESTMENT PROPERTIES – U.S.A.

BRICKELL CITYCENTRE, MIAMI

The 2.9 million square foot mixed-use development in Miami, Brickell CityCentre, comprises a multi-level shopping centre (with below ground parking) and office, hotel and residential elements. Swire Properties owns 100% of the office, hotel and residential portions and 87.5% of the retail portion of the development, with a 12.5% interest in the retail portion held by a local partner, Bal Harbour Shops.

Phase 1 of the development comprises the shopping centre, a hotel and serviced apartments (to be managed by Swire Hotels under the EAST brand), two office buildings and two residential towers. Construction work commenced in 2012, with completion scheduled for the latter half of 2015.

Brickell CityCentre, Miami

	Gross Floor Area (sq.ft.) (100% Basis)	Attributable Interest
Retail	505,000	87.5%
Office	982,000	100%
Serviced Apartments	102,000	100%
Hotel (1)	218,000	100%
Residential (2)	1,128,000	100%
Carpark/Circulation	2,494,000	100%
Total	**5,429,000**	

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

VALUATION OF INVESTMENT PROPERTIES

The portfolio of investment properties was valued at 30th June 2013 (96% 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$207,366 million, compared to HK$201,981 million at 31st December 2012.

The increase in the valuation of the investment property portfolio principally reflects higher rental income, particularly at the Island East offices in Hong Kong.

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

Financial Information Reviewed by Auditors
Investment Properties

	Group		
	Completed HK$M	Under Development HK$M	Total HK$M
At 1st January 2013	189,699	12,282	201,981
Translation differences	344	1	345
Additions	103	1,076	1,179
Cost written back	–	(9)	(9)
Transfer upon completion	166	(166)	–
Other net transfers to property, plant and equipment	(2)	(196)	(198)
Fair value gains/(losses)	4,070	(2)	4,068
	194,380	12,986	207,366
Add: Initial leasing costs	298	–	298
At 30th June 2013	194,678	12,986	207,664
At 31st December 2012 (including initial leasing costs)	190,014	12,282	202,296

PROPERTY TRADING

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

Property Trading Portfolio

	Gross Floor Area (sq.ft.) (100% Basis)	Actual or Expected Construction Completion Date	Attributable Interest
Completed			
Hong Kong			
– 5 Star Street [(2)]	408 [(1)]	2010	100%
– AZURA [(2)]	24,480 [(1)]	2012	87.5%
– ARGENTA [(3)]	66,765 [(1)]	2013	100%
U.S.A.			
– ASIA, Miami [(2)]	26,743 [(1)]	2008	100%
Under Development			
Hong Kong			
– DUNBAR PLACE [(4)]	76,432 [(1)]	2013	50%
– MOUNT PARKER RESIDENCES	151,954	2013	80%
– 33 Seymour Road (Phase 1)	165,792	2014	100%
– 33 Seymour Road (Phase 2)	195,531	2016	100%
– Cheung Sha, South Lantau	64,412	2015	100%
Mainland China			
– Daci Temple project, Chengdu (office portion)	1,299,882	2013	50%
U.S.A.			
– Brickell CityCentre, Miami, Florida (residential portion)	1,128,000	2015	100%
Held for Development [(5)]			
U.S.A.			
– Fort Lauderdale, Florida	787,414	N/A	75%
– South Brickell Key, Miami, Florida	421,800	N/A	100%
– North Squared, Brickell CityCentre, Miami, Florida	500,000	N/A	100%

(1) Area shown reflects Salesable Area (sq.ft.).
(2) Remaining unsold units as at 30th June 2013.
(3) As at 30th June 2013, 7 of the 30 units had been pre-sold.
(4) As at 30th June 2013, 21 of the 53 units had been pre-sold.
(5) Subsequent to 30th June 2013, Swire Properties acquired a 67,620 square foot site adjacent to the Brickell CityCentre development in Miami, Florida.

HONG KONG

Subsequent to the completion of the sales of 98 units at the AZURA development on Seymour Road in 2012, sales of a further 13 units have been completed in 2013, of which 12 units were completed in the first half of 2013 and one unit was completed in July 2013. Sales of 111 of the 126 units have been completed to date. Swire Properties holds an 87.5% interest in this development. The property is managed by Swire Properties.

Seven of the 30 units have been pre-sold at the ARGENTA development at 63 Seymour Road. The occupation permit was obtained in June 2013. Handover to purchasers is due to commence shortly. The property is managed by Swire Properties.

Pre-sales of apartments at DUNBAR PLACE, a residential development in Ho Man Tin, Kowloon, started in April 2013. These were the first pre-sales of apartments in a new residential development in Hong Kong following the coming into force of the Residential Properties (First-hand Sales) Ordinance in April 2013. 21 of the total 53 units have been pre-sold. Superstructure works are progressing at the development, with the property expected to be ready to be handed over to purchasers in the first half of 2014. Swire Properties holds a 50% interest in this development.

Superstructure works are progressing at MOUNT PARKER RESIDENCES, a residential development in Quarry Bay, Hong Kong, with completion expected in the second half of 2013. Swire Properties holds an 80% interest in this development.

Superstructure works at Phase 1 of the residential development at 33 Seymour Road are progressing on schedule, with completion expected in 2014. Foundation works have also commenced at the adjacent Phase 2 of this residential development, with completion expected in 2016.

Two adjacent residential sites at Cheung Sha, Lantau Island, are being developed into detached houses. The development is expected to be completed and available for handover to purchasers in 2015.

MAINLAND CHINA

Superstructure works at Pinnacle One, the office tower at the Daci Temple project in Chengdu, are in progress. In August 2013, approximately 1,150,000 sq.ft. (representing approximately 89% of the office's total gross floor area) was pre-sold. The tower is scheduled for handover in 2014.

U.S.A.

Profits from the sale of three units at the ASIA development in Miami were recorded in the first half of 2013. A further seven units were closed subsequent to 30th June 2013. Since the ASIA development was completed in 2008, 119 out of the 123 units have been sold.

OUTLOOK

Demand for luxury residential properties in Hong Kong is expected to remain weak following the imposition of higher levels of stamp duties. In the second half of 2013, property trading profits are expected to arise on the completion of sales of seven pre-sold units at ARGENTA and on any further sales of unsold units at the completed developments.

LEASING AND MANAGEMENT BUSINESS

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

ESTATE MANAGEMENT

Swire Properties manages 15 estates it has developed. The management services include day to day assistance for occupants and cleaning, maintenance and renovation of common areas and facilities. Swire Properties places great emphasis on maintaining good relationships with occupants.

HOTELS

OVERVIEW

Swire Hotels owns and manages hotels in Hong Kong, Mainland China and the U.K., comprising the "House Collection", "EAST" and "Chapter Hotels". The House Collection, presently comprising The Upper House in Hong Kong and The Opposite House in Beijing, is a group of small and distinctive hotels in Asia providing highly personalised experiences for guests. EAST hotels are business hotels. Chapter Hotels are local hotels in regional towns and cities in the U.K. The Group also has interests in non-managed hotels in Hong Kong, Guangzhou and Miami, Florida.

Hotel Portfolio (Managed by the Group)

	Number 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		
– Dazhongli Project (hotel), Shanghai	100	50%
– The Temple House, Chengdu (2)	142	50%
U.S.A.		
– EAST, Miami, Florida (3)	351	100%
Total	**2,290**	

(1) Headland Hotel is owned by Airline Hotel Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.
(2) Including 42 serviced apartments.
(3) Including 89 serviced apartments.

HONG KONG

Swire Properties wholly-owns and manages two hotels in Hong Kong, The Upper House, a 117-room luxury hotel at Pacific Place, and EAST, a 345-room hotel at Island East.

The wholly-owned hotels performed well in the first half of 2013, with improvements derived from steady growth in room rates and food and beverage sales.

Swire Properties has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and in the Novotel Citygate in Tung Chung. Performance at the non-managed hotels was steady.

MAINLAND CHINA

Swire Properties manages two hotels in Mainland China, The Opposite House, a 99-room luxury hotel at Taikoo Li Sanlitun, Beijing, and EAST, Beijing, a 369-room hotel at INDIGO. Swire Properties owns the whole of The Opposite House and 50% of EAST, Beijing. Swire Properties owns 97% of, but does not manage, the newly opened Mandarin Oriental at TaiKoo Hui, Guangzhou, which has 263 rooms and 24 serviced apartments.

Trading conditions in Beijing were challenging in the first half of 2013 due to a significant increase in the supply of new hotel rooms. Business softened at The Opposite House but costs were carefully managed. EAST, Beijing, has been gradually building a loyal corporate clientele since its opening in September 2012.

Occupancy at the Mandarin Oriental hotel in the TaiKoo Hui development has been disappointing since its opening in January 2013. This reflects relatively weak demand and an oversupply of hotel accommodation.

U.S.A.

Swire Properties has a 75% interest in the 326-room Mandarin Oriental hotel in Miami. The hotel performed well in the first half of 2013 with higher room and occupancy rates compared to the same period in 2012.

U.K.

Swire Properties owns four small hotels in Bristol, Exeter, Cheltenham and Brighton. Occupancy and room rates were satisfactory in the first half of 2013, showing some improvement on the prior period.

OUTLOOK

Trading conditions in the second half of 2013 for the Group's hotels in Mainland China are expected to be difficult due to weak demand and increasing supply.

CAPITAL COMMITMENTS

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure in the first half of 2013 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$829 million (first half of 2012: HK$852 million). Outstanding capital commitments at 30th June 2013 were HK$5,309 million (31st December 2012: HK$5,405 million).

Capital expenditure in the first half of 2013 on Mainland China investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK$712 million (first half of 2012: HK$1,144 million). Outstanding capital commitments at 30th June 2013 were HK$6,864 million (31st December 2012: HK$7,546 million), including the Group's share of the capital commitments of joint venture companies of HK$6,089 million (31st December 2012: HK$6,620 million). The Group is committed to funding HK$887 million (31st December 2012: HK$818 million) of the capital commitments of joint venture companies in Mainland China.

Capital expenditure in the first half of 2013 on investment properties and hotels in the U.S.A., Singapore and the U.K. amounted to HK$892 million (first half of 2012: HK$32 million). Outstanding capital commitments at 30th June 2013 were HK$2,597 million (31st December 2012: HK$2,963 million).

Profile of Capital Commitments

	Expenditure	Forecast Year of Expenditure				Commitments*
	Six months ended 30th June 2013 HK$M	Six months ended 31st December 2013 HK$M	2014 HK$M	2015 HK$M	2016 & beyond HK$M	**At 30th June 2013 HK$M**
Hong Kong	**829**	528	704	661	3,416	**5,309**
Mainland China	**712**	2,235	2,751	1,365	513	**6,864**
U.S.A. and others	**892**	408	1,940	224	25	**2,597**
Total	**2,433**	3,171	5,395	2,250	3,954	**14,770**

* The capital commitments represent the Group's capital commitments of HK$8,681 million plus the Group's share of the capital commitments of joint venture companies of HK$6,089 million. The Group is committed to funding HK$887 million of the capital commitments of joint venture companies.

Financing

SUMMARY OF CASH FLOWS

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M	2012 HK$M
Net cash from/(used by) businesses and investments			
Cash generated from operations	**4,528**	1,507	8,116
Dividends received	**196**	26	153
Profits tax paid	**(177)**	(176)	(875)
Net interest paid	**(684)**	(838)	(1,549)
Cash used in investing activities	**(1,565)**	(2,361)	(4,371)
	2,298	(1,842)	1,474
Cash paid to shareholders and net funding by debt			
Net increase in borrowings	**4,700**	4,721	8,024
(Decrease)/increase in loans due to Swire Finance Limited	**(3,100)**	1,650	(6,173)
Capital contribution from a non-controlling interest	**15**	–	–
Dividends paid	**(2,227)**	(1,057)	(2,567)
	(612)	5,314	(716)
Increase in cash and cash equivalents	**1,686**	3,472	758

Cash used in investing activities during the first half of 2013 included capital expenditure on property projects by subsidiary companies and investments in joint venture companies.

FINANCING ARRANGEMENTS WITH THE SWIRE PACIFIC GROUP

There are a number of financing arrangements between the Group and the Swire Pacific group.

Financial Information Reviewed by Auditors

On 31st March 2010, Swire Properties (Finance) Limited, the Company and Swire Finance Limited (“Swire Finance”, a wholly-owned subsidiary of Swire Pacific Limited), entered into five loan agreements (“Loan Agreements”) (as amended on 31st October 2011) to record the terms of the borrowings by the Group from Swire Finance. The Loan Agreements substantially mirror the terms and maturity profile (currently ranging, disregarding the perpetual element of the financing agreements, up to five years) of the underlying borrowings of Swire Finance from third parties. The underlying borrowings are in the form of revolving credit facilities, bonds issued under the Swire Pacific group’s medium term note programme, and perpetual capital securities. No security has been given by the Group in respect of the Loan Agreements. Upon maturity of the financing agreements provided by Swire Finance, the Group will obtain new funding (as necessary) on a stand-alone basis without recourse to the Swire Pacific group.

MEDIUM TERM NOTE PROGRAMME

In May 2012, Swire Properties MTN Financing Limited, a wholly-owned subsidiary of the Company, established a US$3 billion Medium Term Note (MTN) Programme. Notes issued under the MTN Programme are unconditionally and irrevocably guaranteed by the Company. The MTN Programme is rated A by Fitch Ratings Limited, (P)A2 by Moody's Investors Service Limited and A- by Standard & Poor's Ratings Services, in each case in respect of notes with a maturity of more than one year.

The MTN Programme enables the Group to raise money directly from the capital markets. Under the MTN Programme, notes may be issued in US dollar or in other currencies, in various amounts and for various tenors.

CHANGES IN FINANCING

Financial Information Reviewed by Auditors

Analysis of Changes in Financing

	Six months ended 30th June 2013 HK$M	Year ended 31st December 2012 HK$M
Bank loans, bonds and loans from Swire Finance		
At 1st January	**30,857**	28,879
Loans drawn and refinancing	**2,148**	4,029
Bonds issued	**3,878**	4,676
Repayment of bank loans	**(1,326)**	(681)
Decrease in loans due to Swire Finance	**(3,100)**	(6,173)
Other non-cash movements	**146**	127
	32,603	30,857
Overdrafts	**–**	4
At 30th June/31st December	**32,603**	30,861

During the first half of 2013, the Group raised HK$9,004 million. This comprised:

- an issue of medium-term notes of US$500 million
- a five-year term and revolving loan facility of HK$1,000 million
- refinancing of a term and revolving loan facility of approximately RMB200 million
- a four-year term loan facility of US$500 million

During the first half of 2013, the Group made significant repayments under the Loan Agreements in respect of bonds totalling HK$2,300 million issued under the Swire Pacific MTN programme which fell due for repayment during the period. Undrawn revolving credit facilities available under the Loan Agreements totalling HK$1,500 million expired during the first half of 2013.

Subsequent to 30th June 2013, the Group repaid a US$140 million revolving loan facility upon its maturity in July 2013. A new two-year revolving loan facility of US$50 million was arranged in the same month.

NET BORROWINGS

The Group's borrowings are principally denominated in Hong Kong dollars, Renminbi and US dollars. Outstanding borrowings as at 30th June 2013 and 31st December 2012 were as follows:

Financial Information Reviewed by Auditors

	30th June 2013 HK$M	31st December 2012 HK$M
Borrowings included in non-current liabilities		
Bank borrowings – unsecured	**6,673**	8,607
Bonds – unsecured	**8,500**	4,649
Borrowings from Swire Finance – unsecured	**12,145**	12,941
Borrowings included in current liabilities		
Bank borrowings – unsecured	**5,285**	2,365
Borrowings from Swire Finance – unsecured	**–**	2,299
Total borrowings	**32,603**	30,861
Less: cash and cash equivalents	**3,627**	1,940
Net borrowings	**28,976**	28,921

SOURCES OF FINANCE

At 30th June 2013, committed loan facilities and debt securities amounted to HK$42,004 million, of which HK$10,037 million (23.9%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK$1,287 million. Sources of funds at 30th June 2013 comprised:

Financial Information Reviewed by Auditors

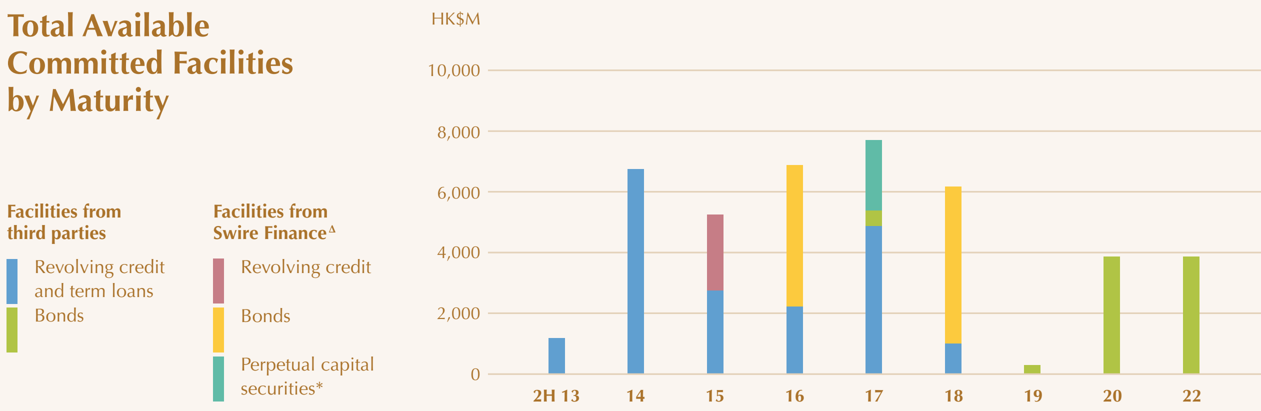
	Available HK$M	Drawn HK$M	Undrawn expiring within one year HK$M	Undrawn expiring after one year HK$M
Facilities from third parties				
Revolving credit and short-term loans	**4,461**	**998**	**88**	**3,375**
Term loans	**14,322**	**10,248**	**–**	**4,074**
Bonds	**8,557**	**8,557**	**–**	**–**
Facilities from Swire Finance				
Revolving credit	**2,500**	**–**	**–**	**2,500**
Bonds	**9,835**	**9,835**	**–**	**–**
Perpetual capital securities	**2,329**	**2,329**	**–**	**–**
Total committed facilities	**42,004**	**31,967**	**88**	**9,949**
Uncommitted facilities				
Bank loans and overdrafts	**2,112**	**825**	**1,287**	**–**
Total	**44,116**	**32,792**	**1,375**	**9,949**

Note: The figures above are stated before unamortised loan fees of HK$189 million.

MATURITY PROFILE

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

Total Available Committed Facilities by Maturity



Δ Facilities from Swire Finance under the Loan Agreements.

* The perpetual capital securities have no fixed maturity date. In the above table their maturity has been presented by reference to their first call date, 13th May 2017.

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

Financial Information Reviewed by Auditors

	30th June 2013		31st December 2012	
	HK$M		HK$M	
Bank and other borrowings due				
Within 1 year	**5,285**	**16%**	2,365	8%
1 – 2 years	**3,355**	**10%**	6,603	21%
2 – 5 years	**3,816**	**12%**	2,502	8%
After 5 years	**8,002**	**25%**	4,151	14%
Borrowings from Swire Finance due				
Within 1 year	**–**	**–**	2,299	7%
1 – 2 years	**–**	**–**	–	–
2 – 5 years	**11,204**	**34%**	7,773	25%
After 5 years	**941**	**3%**	5,168	17%
Total	**32,603**	**100%**	30,861	100%
Less: Amount due within one year included under current liabilities	**5,285**		4,664	
Amount due after one year included under non-current liabilities	**27,318**		26,197	

CURRENCY PROFILE

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

Financial Information Reviewed by Auditors

	30th June 2013		31st December 2012	
	HK$M		HK$M	
Currency				
Hong Kong dollars	**22,820**	**70%**	21,060	68%
United States dollars	**1,917**	**6%**	1,524	5%
Renminbi	**7,807**	**24%**	8,214	27%
Others	**59**	**–**	63	–
Total	**32,603**	**100%**	30,861	100%

NET FINANCE CHARGES

At 30th June 2013, 63% of the Group's gross borrowings were on a fixed rate basis and 37% were on a floating rate basis (31st December 2012: 61% and 39% respectively). Interest charged and interest earned were as follows:

Financial Information Reviewed by Auditors

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M	2012 HK$M
Interest charged on:			
Bank loans and overdrafts	**(283)**	(252)	(527)
Bonds:			
Wholly repayable within five years	**(6)**	–	(4)
Not wholly repayable within five years	**(123)**	(6)	(95)
Loans from fellow subsidiary companies	**(371)**	(478)	(925)
Loans from joint venture and related companies	**(4)**	(6)	(14)
Fair value loss on derivative instruments			
Cash flow hedges-transferred from other comprehensive income	**–**	–	(1)
Other financing costs	**(67)**	(60)	(124)
Loss on the movements in the fair values of liabilities in respect of put options in favour of the owners of non-controlling interests in subsidiaries	**(142)**	(103)	(175)
Capitalised on:			
Investment properties	**25**	57	95
Properties under development and for sale	**130**	116	244
Hotels	**6**	20	43
	(835)	(712)	(1,483)
Interest income on:			
Short-term deposits and bank balances	**7**	4	11
Loans to joint venture companies	**11**	6	13
Others	**24**	46	92
	42	56	116
Net finance charges	**(793)**	(656)	(1,367)

GEARING RATIOS AND INTEREST COVER

	30th June 2013	30th June 2012	31st December 2012
Gearing ratio*			
Per accounts	**14.6%**	16.5%	15.0%
Underlying	**14.1%**	16.0%	14.5%
Interest cover – times*			
Per accounts	**9.9**	15.8	15.7
Underlying	**5.8**	5.9	7.9
Cash interest cover – times*			
Per accounts	**8.2**	12.2	12.3
Underlying	**4.7**	4.4	6.0

* Refer to Glossary on page 55 for definition.

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 30th June 2013 and 31st December 2012:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by Swire Properties	
	30th June 2013 HK$M	31st December 2012 HK$M	**30th June 2013 HK$M**	31st December 2012 HK$M	**30th June 2013 HK$M**	31st December 2012 HK$M
Hong Kong Entities	**2,845**	1,567	**1,228**	975	**–**	–
Mainland China Entities	**3,180**	1,126	**1,590**	563	**–**	–
U.S. Entities	**559**	571	**419**	429	**471**	–
	6,584	3,264	**3,237**	1,967	**471**	–

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 16.2% and underlying gearing would rise to 15.7%.

Report on Review of Interim Accounts

To the Board of Directors of Swire Properties Limited
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed interim accounts set out on pages 29 to 51, which comprise the consolidated statement of financial position of Swire Properties Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2013 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the six-month period then ended and a summary of significant accounting policies and other explanatory notes.

The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim accounts to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The Directors of the Company are responsible for the preparation and presentation of these interim accounts in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim accounts based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim accounts consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim accounts are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15th August 2013

Consolidated Statement of Profit or Loss

for the six months ended 30th June 2013 – unaudited

	Note	Unaudited Six months ended 30th June		Audited Year ended 31st December
		2013 HK$M	2012 HK$M Restated	2012 HK$M Restated
Turnover	*4*	**5,754**	4,907	14,052
Cost of sales	*5*	**(1,377)**	(1,133)	(3,770)
Gross profit		**4,377**	3,774	10,282
Administrative expenses		**(513)**	(460)	(885)
Other operating expenses		**(86)**	(70)	(214)
Other net (losses)/gains	*6*	**(3)**	7	40
Change in fair value of investment properties		**4,068**	7,103	12,273
Operating profit		**7,843**	10,354	21,496
Finance charges		**(835)**	(712)	(1,483)
Finance income		**42**	56	116
Net finance charges	*8*	**(793)**	(656)	(1,367)
Share of profits less losses of joint venture companies		**647**	739	660
Share of profits less losses of associated companies		**70**	72	161
Profit before taxation		**7,767**	10,509	20,950
Taxation	*9*	**(756)**	(628)	(1,861)
Profit for the period		**7,011**	9,881	19,089
Profit attributable to:				
The Company's shareholders		**6,952**	9,854	18,753
Non-controlling interests		**59**	27	336
		7,011	9,881	19,089
Dividends				
First interim – declared/paid		**1,170**	1,287	1,287
Second interim – paid		**–**	–	2,223
	10	**1,170**	1,287	3,510
		HK$	HK$	HK$
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	*11*	**1.19**	1.68	3.21

	2013	2012		
	First Interim HK$	First Interim HK$	Second Interim HK$	Total HK$
Dividends per share	**0.20**	0.22	0.38	0.60

The notes on pages 34 to 51 form part of these accounts.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30th June 2013 – unaudited

	Unaudited Six months ended 30th June		Audited Year ended 31st December
	2013 HK$M	2012 HK$M Restated	2012 HK$M Restated
Profit for the period	**7,011**	9,881	19,089
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property previously occupied by the Group			
– gain recognised during the period	**17**	1	36
– deferred tax	**–**	–	(8)
Defined benefit plans			
– actuarial losses recognised during the period	**–**	–	(16)
– deferred tax	**–**	–	3
	17	1	15
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
– gains/(losses) recognised during the period	**48**	(21)	(84)
– transferred to net finance charges	**–**	–	1
– deferred tax	**(8)**	4	14
Net translation differences on foreign operations	**208**	(147)	160
Share of other comprehensive income of joint venture and associated companies	**115**	(50)	30
	363	(214)	121
Other comprehensive income for the period, net of tax	**380**	(213)	136
Total comprehensive income for the period	**7,391**	9,668	19,225
Total comprehensive income attributable to:			
The Company's shareholders	**7,331**	9,642	18,888
Non-controlling interests	**60**	26	337
	7,391	9,668	19,225

The notes on pages 34 to 51 form part of these accounts.

Consolidated Statement of Financial Position

at 30th June 2013 – unaudited

	Note	Unaudited 30th June 2013 HK$M	Audited 31st December 2012 HK$M Restated
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**7,139**	6,837
Investment properties	*12*	**207,664**	202,296
Intangible assets	*13*	**67**	8
Properties held for development		**193**	188
Joint venture companies	*14*	**15,858**	14,878
Associated companies	*15*	**472**	721
Available-for-sale assets		**10**	9
Derivative financial instruments	*17*	**14**	–
Deferred tax assets	*21*	**49**	68
		231,466	225,005
Current assets			
Properties under development and for sale		**7,657**	6,948
Stocks and work in progress		**72**	69
Trade and other receivables	*18*	**2,452**	2,930
Amount due from immediate holding company – Swire Pacific Limited	*19*	**17**	51
Cash and cash equivalents		**3,627**	1,940
		13,825	11,938
Current liabilities			
Trade and other payables	*20*	**7,715**	7,155
Taxation payable		**950**	710
Bank overdrafts and short-term loans		**825**	1,057
Long-term loans due within one year		**4,460**	1,308
Loans due to a fellow subsidiary company – Swire Finance Limited		**–**	2,299
		13,950	12,529
Net current liabilities		**(125)**	(591)
Total assets less current liabilities		**231,341**	224,414
Non-current liabilities			
Long-term loans and bonds		**15,173**	13,256
Loans due to a fellow subsidiary company – Swire Finance Limited		**12,145**	12,941
Other payables	*20*	**291**	–
Derivative financial instruments	*17*	**49**	83
Deferred tax liabilities	*21*	**5,328**	4,959
Retirement benefit liabilities		**100**	99
		33,086	31,338
NET ASSETS		**198,255**	193,076
EQUITY			
Share capital	*22*	**5,850**	5,850
Reserves	*23*	**191,692**	186,584
Equity attributable to the Company's shareholders		**197,542**	192,434
Non-controlling interests	*24*	**713**	642
TOTAL EQUITY		**198,255**	193,076

The notes on pages 34 to 51 form part of these accounts.

Consolidated Statement of Cash Flows

for the six months ended 30th June 2013– unaudited

	Unaudited Six months ended 30th June		Audited Year ended 31st December
	2013 HK$M	2012 HK$M Restated	2012 HK$M Restated
Operating activities			
Cash generated from operations	**4,528**	1,507	8,116
Interest paid	**(793)**	(850)	(1,576)
Interest received	**109**	12	27
Profits tax paid	**(177)**	(176)	(875)
	3,667	493	5,692
Dividends received from joint venture and associated companies and available-for-sale assets	**196**	26	153
Net cash from operating activities	**3,863**	519	5,845
Investing activities			
Purchase of property, plant and equipment	**(176)**	(151)	(488)
Additions of investment properties	**(1,261)**	(1,314)	(2,516)
Purchase of intangible assets	**(4)**	(1)	(5)
Purchase of available-for-sale assets	**(1)**	–	–
Proceeds from disposals of property, plant and equipment	**–**	1	16
Purchase of shares in joint venture companies	**(1)**	–	(5)
Loans to joint venture companies	**(606)**	(858)	(1,387)
Repayment of loans by joint venture companies	**389**	–	129
Repayment of loans by associated companies	**124**	–	–
Initial leasing costs incurred	**(29)**	(38)	(115)
Net cash used in investing activities	**(1,565)**	(2,361)	(4,371)
Net cash inflow/(outflow) before financing	**2,298**	(1,842)	1,474
Financing activities			
Loans drawn and refinancing	**2,148**	1,074	4,029
Bonds issued	**3,878**	3,856	4,676
Repayment of bank loans	**(1,326)**	(209)	(681)
	4,700	4,721	8,024
Capital contribution from a non-controlling interest	**15**	–	–
(Decrease)/increase in loans due to a fellow subsidiary company	**(3,100)**	1,650	(6,173)
Dividends paid to the Company's shareholders	**(2,223)**	(1,053)	(2,340)
Dividends paid to non-controlling interests	**(4)**	(4)	(227)
Net cash (used in)/generated from financing activities	**(612)**	5,314	(716)
Increase in cash and cash equivalents	**1,686**	3,472	758
Cash and cash equivalents at 1st January	**1,936**	1,179	1,179
Currency adjustment	**5**	6	(1)
Cash and cash equivalents at end of the period	**3,627**	4,657	1,936
Represented by:			
Bank balances and short-term deposits maturing within three months	**3,627**	4,661	1,940
Bank overdrafts	**–**	(4)	(4)
	3,627	4,657	1,936

The notes on pages 34 to 51 form part of these accounts.

Consolidated Statement of Changes in Equity

for the six months ended 30th June 2013 – unaudited

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2013:						
– As originally stated	**5,850**	**179,427**	**7,337**	**192,614**	**642**	**193,256**
– Impact of amendments to HKAS 19	**–**	**(180)**	**–**	**(180)**	**–**	**(180)**
– As restated	**5,850**	**179,247**	**7,337**	**192,434**	**642**	**193,076**
Profit for the period	**–**	**6,952**	**–**	**6,952**	**59**	**7,011**
Other comprehensive income	**–**	**–**	**379**	**379**	**1**	**380**
Total comprehensive income for the period	**–**	**6,952**	**379**	**7,331**	**60**	**7,391**
Dividend paid	**–**	**(2,223)**	**–**	**(2,223)**	**(4)**	**(2,227)**
Capital contribution from a non-controlling interest	**–**	**–**	**–**	**–**	**15**	**15**
At 30th June 2013 (unaudited)	**5,850**	**183,976**	**7,716**	**197,542**	**713**	**198,255**

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2012:						
– As originally stated	5,850	163,004	7,189	176,043	532	176,575
– Impact of amendments to HKAS 19	–	(157)	–	(157)	–	(157)
– As restated	5,850	162,847	7,189	175,886	532	176,418
Profit for the period	–	9,854	–	9,854	27	9,881
Other comprehensive income	–	–	(212)	(212)	(1)	(213)
Total comprehensive income for the period	–	9,854	(212)	9,642	26	9,668
Dividend paid	–	(1,053)	–	(1,053)	(4)	(1,057)
At 30th June 2012 (unaudited) (restated)	5,850	171,648	6,977	184,475	554	185,029

The notes on pages 34 to 51 form part of these accounts.

Notes to the Interim Accounts

1. SEGMENT INFORMATION

(a) Analysis of Consolidated Statement of Profit or Loss

Six months ended 30th June 2013	**External turnover HK$M**	**Inter-segment turnover HK$M**	**Operating profit after depreciation and amortisation HK$M**	**Net finance charges HK$M**	**Share of profits less losses of joint venture companies HK$M**	**Share of profits less losses of associated companies HK$M**	**Profit before taxation HK$M**	**Profit for the period HK$M**	**Profit attributable to the Company's shareholders HK$M**
Property investment	**4,752**	**5**	**3,541**	**(762)**	**121**	**–**	**2,900**	**2,505**	**2,494**
Property trading	**571**	**–**	**278**	**–**	**(17)**	**–**	**261**	**208**	**170**
Hotels	**431**	**1**	**(44)**	**(31)**	**(5)**	**69**	**(11)**	**(25)**	**(24)**
Change in fair value of investment properties	**–**	**–**	**4,068**	**–**	**548**	**1**	**4,617**	**4,323**	**4,312**
Inter-segment elimination	**–**	**(6)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**5,754**	**–**	**7,843**	**(793)**	**647**	**70**	**7,767**	**7,011**	**6,952**

Six months ended 30th June 2012 Restated	External turnover HK$M	Inter-segment turnover HK$M	Operating profit after depreciation and amortisation HK$M	Net finance charges HK$M	Share of profits less losses of joint venture companies HK$M	Share of profits less losses of associated companies HK$M	Profit before taxation HK$M	Profit for the period HK$M	Profit attributable to the Company's shareholders HK$M
Property investment	4,434	4	3,262	(638)	73	–	2,697	2,301	2,292
Property trading	99	–	(18)	2	(7)	–	(23)	(21)	(21)
Hotels	374	1	7	(20)	8	72	67	52	53
Change in fair value of investment properties	–	–	7,103	–	665	–	7,768	7,549	7,530
Inter-segment elimination	–	(5)	–	–	–	–	–	–	–
Total	4,907	–	10,354	(656)	739	72	10,509	9,881	9,854

Year ended 31st December 2012 Restated	External turnover HK$M	Inter-segment turnover HK$M	Operating profit after depreciation and amortisation HK$M	Net finance charges HK$M	Share of profits less losses of joint venture companies HK$M	Share of profits less losses of associated companies HK$M	Profit before taxation HK$M	Profit for the year HK$M	Profit attributable to the Company's shareholders HK$M
Property investment	9,123	8	6,867	(1,330)	146	–	5,683	4,914	4,896
Property trading	4,147	–	2,395	3	(14)	–	2,384	1,962	1,659
Hotels	782	2	(39)	(40)	(40)	160	41	12	14
Change in fair value of investment properties	–	–	12,273	–	568	1	12,842	12,201	12,184
Inter-segment elimination	–	(10)	–	–	–	–	–	–	–
Total	14,052	–	21,496	(1,367)	660	161	20,950	19,089	18,753

1. SEGMENT INFORMATION (continued)

(b) Analysis of Total Assets of the Group

At 30th June 2013	**Segment assets HK$M**	**Joint venture companies HK$M**	**Associated companies HK$M**	**Bank deposits HK$M**	**Total assets HK$M**
Property investment	**211,644**	**13,426**	**57**	**2,796**	**227,923**
Property trading and development	**8,012**	**1,286**	**–**	**779**	**10,077**
Hotels	**5,678**	**1,146**	**415**	**52**	**7,291**
Total	**225,334**	**15,858**	**472**	**3,627**	**245,291**

At 31st December 2012 (Restated)	Segment assets HK$M	Joint venture companies HK$M	Associated companies HK$M	Bank deposits HK$M	Total assets HK$M
Property investment	206,600	12,737	55	1,529	220,921
Property trading and development	7,272	1,063	–	345	8,680
Hotels	5,532	1,078	666	66	7,342
Total	219,404	14,878	721	1,940	236,943

(c) Analysis of Total Liabilities and Non-controlling Interests of the Group

At 30th June 2013	**Segment liabilities HK$M**	**Current and deferred tax liabilities HK$M**	**Gross borrowings HK$M**	**Total liabilities HK$M**	**Non-controlling interests HK$M**
Property investment	**6,995**	**5,758**	**26,806**	**39,559**	**590**
Property trading and development	**1,017**	**520**	**5,288**	**6,825**	**123**
Hotels	**143**	**–**	**509**	**652**	**–**
	8,155	**6,278**	**32,603**	**47,036**	**713**

At 31st December 2012 (Restated)	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Gross borrowings HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property investment	6,615	5,200	25,482	37,297	557
Property trading and development	557	469	4,688	5,714	85
Hotels	165	–	691	856	–
	7,337	5,669	30,861	43,867	642

1. SEGMENT INFORMATION (continued)

The Swire Properties Group is organised on a divisional basis: Property investment, Property trading and development, and Hotels.

The reportable segments within each of the three divisions are classified according to the nature of the business.

There has been no material change in total assets and liabilities from the amount disclosed in the last annual financial statements except for the amendments relating to HKAS 19.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

2. BASIS OF PREPARATION

(a) The unaudited condensed consolidated interim accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of The Listing Rules of The Stock Exchange of Hong Kong Limited.

The accounting policies, methods of computation and presentation used in the preparation of the interim accounts are consistent with those described in the 2012 annual accounts except for those noted in 2(b) below.

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

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

The improvements to HKFRSs 2009 to 2011 cycles consist of six amendments to five existing standards, including an amendment to HKAS 34 "Interim Financial Reporting". The amendment aligns the disclosure requirements for segment assets and liabilities in interim financial reports with those in HKFRS 8 "Operating Segments". It has had no significant impact on the results and financial position of the Group.

2. BASIS OF PREPARATION (continued)

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

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

As a result of the adoption of amendments to HKAS 19, the Group has changed its accounting policy with respect to defined benefit plans. This change in accounting policy has been applied retrospectively by restating the balances at 31st December 2012, and the results for the six months ended 30th June 2012 and year ended 31st December 2012 as follows:

	As previously reported HK$M	Effect of adopting revised HKAS 19 HK$M	As restated HK$M
Consolidated Statement of Financial Position as at 31st December 2012			
Deferred tax assets	68	–	68
Retirement benefit assets	117	(117)	–
Deferred tax liabilities	4,995	(36)	4,959
Retirement benefit liabilities	–	99	99
Reserves	186,764	(180)	186,584
Consolidated Statement of Profit or Loss for the six months ended 30th June 2012			
Administrative expenses	(450)	(10)	(460)
Income tax expense	(630)	2	(628)
Profit attributable to the Company's shareholders	9,862	(8)	9,854
Earnings per share (basic and diluted) HK$	1.69	(0.01)	1.68
Consolidated Statement of Profit or Loss for the year ended 31st December 2012			
Administrative expenses	(873)	(12)	(885)
Income tax expense	(1,863)	2	(1,861)
Profit attributable to the Company's shareholders	18,763	(10)	18,753
Earnings per share (basic and diluted) HK$	3.21	–	3.21
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30th June 2012			
Total comprehensive income attributable to the Company's shareholders	9,650	(8)	9,642
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2012			
Total comprehensive income attributable to the Company's shareholders	18,911	(23)	18,888

2. BASIS OF PREPARATION (continued)

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

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

The adoption of the other revisions, amendments and new standards has had no effect on the Group's interim financial information.

(c) The preparation of the interim accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the Group's consolidated accounts are detailed in the 2012 annual accounts.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

In the normal course of business the Group is exposed to financial risks attributable to interest rates, foreign currencies, credit and liquidity.

The interim accounts do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2012 annual accounts. There have been no changes in the Group's financial risk management structure, policies and procedures since the year end.

4. TURNOVER

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

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M	2012 HK$M
Gross rental income from investment properties	**4,711**	4,390	9,015
Property trading	**571**	99	4,147
Hotels	**431**	374	782
Rendering of other services	**41**	44	108
	5,754	4,907	14,052

5. COST OF SALES

The following table illustrates the cost of sales for the period:

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M	2012 HK$M
Direct rental outgoings in respect of investment properties	**(766)**	(720)	(1,592)
Property trading	**(214)**	(96)	(1,435)
Hotels	**(382)**	(298)	(691)
Rendering of services	**(15)**	(19)	(52)
	(1,377)	(1,133)	(3,770)

6. OTHER NET (LOSSES)/GAINS

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M	2012 HK$M
Profit on sale of investment properties	**–**	–	12
Loss on sale of property, plant and equipment	**(3)**	–	(1)
Impairment reversals on trading properties	**6**	–	4
Net foreign exchange (losses)/gains	**(22)**	2	4
Recognition of income on forfeited deposits on trading properties	**5**	–	9
Others	**11**	5	12
	(3)	7	40

7. EXPENSES BY TYPE

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

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M Restated	2012 HK$M Restated
Depreciation of property, plant and equipment (note 12)	**143**	102	222
Amortisation of			
Intangible assets (note 13)	**1**	1	3
Initial leasing costs on investment properties	**50**	41	89
Staff costs	**687**	613	1,164
Operating lease rental			
– properties	**35**	30	57

8. NET FINANCE CHARGES

Refer to page 26 for details of the Group's net finance charges.

9. TAXATION

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M Restated	2012 HK$M Restated
Current taxation			
Hong Kong profits tax	**(419)**	(348)	(1,124)
Overseas taxation	**(6)**	(6)	(11)
Over/(under) provisions in prior years	**8**	3	(4)
	(417)	(351)	(1,139)
Deferred taxation (note 21)			
Changes in fair value of investment properties	**(180)**	(178)	(252)
Origination and reversal of temporary differences	**(159)**	(99)	(470)
	(339)	(277)	(722)
	(756)	(628)	(1,861)

9. TAXATION (continued)

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

The Group's share of joint venture and associated companies' tax charges for the six months ended 30th June 2013 of HK$102 million (30th June 2012: HK$137 million; year ended 31st December 2012: HK$25 million) and HK$12 million (30th June 2012: HK$15 million; year ended 31st December 2012: HK$33 million) respectively is included in the share of profits less losses of joint venture and associated companies shown in the consolidated statement of profit or loss.

10. DIVIDENDS

	Six months ended 30th June		Year ended 31st December
	2013 HK$M	2012 HK$M	2012 HK$M
First interim dividend declared on 15th August 2013 of HK$0.20 per share (2012 first interim dividend paid on 4th October 2012: HK$0.22)	**1,170**	1,287	1,287
Second interim dividend paid on 2nd May 2013 of HK$0.38 per share	**–**	–	2,223
	1,170	1,287	3,510

11. EARNINGS PER SHARE (BASIC AND DILUTED)

Earnings per share are calculated by dividing the profit attributable to the Company's shareholders for the period ended 30th June 2013 of HK$6,952 million (30th June 2012: HK$9,854 million, as restated; 31st December 2012: HK$18,753 million, as restated) by the weighted average number of 5,850,000,000 ordinary shares in issue during the period (30th June 2012: 5,850,000,000 ordinary shares; 31st December 2012: 5,850,000,000 ordinary shares).

12. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment HK$M
Cost	
At 1st January 2013	8,346
Translation differences	(10)
Additions	235
Disposals	(21)
Revaluation surplus	17
Net transfers from investment properties	197
At 30th June 2013	8,764
Accumulated depreciation/amortisation and impairment	
At 1st January 2013	1,509
Translation differences	(8)
Charge for the period	143
Disposals	(18)
Net transfers to investment properties	(1)
At 30th June 2013	1,625
Net book value	
At 30th June 2013	7,139
At 1st January 2013	6,837

(a) During the period, certain properties occupied by the Group (together with the associated leasehold land) were transferred to investment properties following the end of occupation by the Group. The valuation increase from its carrying amount to its fair value at the date of transfer of HK$17 million has been recognised in other comprehensive income and the property revaluation reserve.

(b) Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Directors do not consider there to be any additional impairment provision required at 30th June 2013.

Refer to page 16 for details of the Group's investment properties.

13. INTANGIBLE ASSETS

	Computer Software HK$M	Others HK$M	Total HK$M
Cost			
At 1st January 2013	52	–	52
Additions	2	58	60
At 30th June 2013	54	58	112
Accumulated amortisation			
At 1st January 2013	44	–	44
Amortisation for the period	1	–	1
At 30th June 2013	45	–	45
Net book value			
At 30th June 2013	9	58	67
At 1st January 2013	8	–	8

14. JOINT VENTURE COMPANIES

	30th June 2013 HK$M	31st December 2012 HK$M
Share of net assets, unlisted	**4,624**	3,861
Loans due from joint venture companies less provisions		
– Interest-free	**10,499**	10,395
– Interest-bearing	**735**	622
	15,858	14,878

15. ASSOCIATED COMPANIES

	30th June 2013 HK$M	31st December 2012 HK$M
Share of net assets, unlisted	**420**	545
Loans due from associated companies		
– Interest-free	**52**	176
	472	721

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are measured at fair value are included in the following fair value hierarchy:

	Level 2 HK$M	Level 3 HK$M	Total HK$M
Assets as per consolidated statement of financial position			
At 30th June 2013			
Available-for-sale assets			
– Unlisted investments	10	–	10
Derivatives used for hedging (note 17)	14	–	14
Total	24	–	24
At 31st December 2012			
Available-for-sale assets			
– Unlisted investments	9	–	9
Total	9	–	9
Liabilities as per consolidated statement of financial position			
At 30th June 2013			
Derivatives used for hedging (note 17)	49	–	49
Put options in favour of non-controlling interests (note 20)	1,254	291	1,545
Total	1,303	291	1,594
At 31st December 2012			
Derivatives used for hedging (note 17)	83	–	83
Put option in favour of a non-controlling interest (note 20)	1,112	–	1,112
Total	1,195	–	1,195

Notes:

Level 2 – Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.

Level 3 – Financial instruments measured at fair value using inputs not based on observable market data.

The fair values of the put options over non-controlling interests comprise one financial instrument which is classified as Level 2 (as its value is principally based on the market value of the investment property, which is independently valued by DTZ Debenham Tie Leung, the most significant inputs being open market rents and yields) and one financial instrument which is classified as Level 3 (as it contains a number of significant non-market observable valuation inputs, including forecasts of future cash flows, the discount rate applied to these cash flows, the expected date of the opening of the development and market based assumptions of rents and yields, changes in assumptions of which will affect the value of the option).

The fair value of derivatives used for hedging in Level 2 has been determined based on quotes from market makers or alternative market participants supported by observable inputs. The most significant inputs are market interest rates, exchange rates and yields.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31st December 2012 and 30th June 2013 except for the following financial liabilities, for which their carrying amounts and fair value are disclosed below:

	At 30th June 2013		At 31st December 2012	
	Carrying amount HK$M	**Fair Value HK$M**	Carrying amount HK$M	Fair value HK$M
Long-term loans and bonds	**19,633**	**19,399**	14,564	14,162

17. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments solely for management of an underlying risk. The Group minimises its exposure to market risk since gains and losses on derivatives offset the losses and gains on the assets, liabilities or transactions being hedged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

	30th June 2013		31st December 2012	
	Assets HK$M	**Liabilities HK$M**	Assets HK$M	Liabilities HK$M
Cross-currency swaps – cash flow hedges				
– due after one year	**14**	**49**	–	83

18. TRADE AND OTHER RECEIVABLES

	30th June 2013 HK$M	31st December 2012 HK$M
Trade debtors	**180**	278
Prepayments and accrued income	**95**	186
Other receivables	**2,177**	2,466
	2,452	2,930

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

	30th June 2013 HK$M	31st December 2012 HK$M
Under three months	**168**	269
Between three and six months	**5**	6
Over six months	**7**	3
	180	278

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The Group does not grant any credit terms to its customers, except to corporate customers in the hotel business where commercial trade credit terms are given.

19. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY – SWIRE PACIFIC LIMITED

The amount due from immediate holding company is unsecured, interest free and repayable within one year.

20. TRADE AND OTHER PAYABLES

	30th June 2013 HK$M	31st December 2012 HK$M
Trade creditors	**933**	1,064
Amount due to intermediate holding company	**102**	161
Amount due to a fellow subsidiary company	**85**	79
Amount due to joint venture and associated companies	**74**	43
Interest-bearing loans from fellow subsidiary companies	**278**	–
Interest-bearing loans from joint venture and related companies	**459**	350
Advances from non-controlling interests	**271**	240
Rental deposits from tenants	**2,065**	1,953
Put option in favour of a non-controlling interest – current	**1,254**	1,112
Put option in favour of a non-controlling interest – non-current	**291**	–
Accrued capital expenditure	**699**	763
Other payables	**1,495**	1,390
	8,006	7,155
Amount due after one year included under non-current liabilities	**(291)**	–
	7,715	7,155

The analysis of the age of trade creditors is as follows:

	30th June 2013 HK$M	31st December 2012 HK$M
Under three months	**828**	970
Between three and six months	**105**	94
	933	1,064

21. DEFERRED TAXATION

The movement on the net deferred tax liabilities account is as follows:

	HK$M
At 1st January 2013:	
– as originally stated	4,927
– impact of adoption of amendments to HKAS 19	(36)
– as restated	4,891
Translation differences	41
Charged to statement of profit or loss (note 9)	339
Charged to other comprehensive income	8
At 30th June 2013	5,279
Represented by:	
Deferred tax assets	(49)
Deferred tax liabilities	5,328
	5,279

22. SHARE CAPITAL

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

23. RESERVES

	Revenue reserve* HK$M	Share premium account HK$M	Merger account reserve HK$M	Property revaluation reserve HK$M	Cashflow hedges reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2013							
– as originally stated	179,427	4,599	(1,108)	1,662	(69)	2,253	186,764
– impact of adoption of amendments to HKAS 19	(180)	–	–	–	–	–	(180)
– as restated	179,247	4,599	(1,108)	1,662	(69)	2,253	186,584
Profit for the period	6,952	–	–	–	–	–	6,952
Other comprehensive income							
Revaluation of property previously occupied by the Group							
– gain recognised during the period	–	–	–	17	–	–	17
Cash flow hedges							
– recognised during the period	–	–	–	–	48	–	48
– deferred tax	–	–	–	–	(8)	–	(8)
Share of other comprehensive income of joint venture and associated companies	–	–	–	–	–	115	115
Net translation differences on foreign operations	–	–	–	–	–	207	207
Total comprehensive income for the period	6,952	–	–	17	40	322	7,331
2012 second interim dividend	(2,223)	–	–	–	–	–	(2,223)
At 30th June 2013	183,976	4,599	(1,108)	1,679	(29)	2,575	191,692

* The revenue reserve includes HK$1,170 million representing the proposed first interim dividend for the period (31st December 2012: HK$2,223 million representing the proposed second interim dividend for 2012).

24. NON-CONTROLLING INTERESTS

	HK$M
At 1st January 2013	642
Share of profits less losses for the period	59
Share of translation differences on foreign operations	1
Share of total comprehensive income for the period	60
Dividends paid and payable	(4)
Capital contribution from non-controlling interests	15
At 30th June 2013	713

25. CAPITAL COMMITMENTS

	30th June 2013 HK$M	31st December 2012 HK$M
Outstanding capital commitments at the end of the period in respect of:		
(a) Property, plant and equipment		
Contracted for	**91**	141
Authorised by Directors but not contracted for	**457**	489
(b) Investment properties		
Contracted for	**1,230**	1,648
Authorised by Directors but not contracted for	**6,903**	7,016
	8,681	9,294
The Group's share of capital commitments of joint venture companies *		
Contracted for	**3,537**	1,755
Authorised by Directors but not contracted for	**2,552**	4,865
	6,089	6,620

* of which the Group is committed to funding HK$887 million (31st December 2012: HK$818 million).

26. CONTINGENCIES

(a) Guarantees outstanding at the end of the period in respect of bank loans and other liabilities of joint venture companies totalled HK$471 million (31st December 2012: nil). Bank guarantees given in lieu of utility deposits totalled HK$89 million at the end of the period (31st December 2012: HK$90 million).

(b) Contingent tax liabilities

Certain wholly-owned subsidiary companies of the Company have been unable to finalise their liability to profits tax in respect of the years 1997/98 to 2006/07 inclusive as a consequence of queries raised by the Hong Kong Inland Revenue Department ("IRD"). These queries relate to the deductibility, in the assessment of profits tax, of interest on borrowings of those subsidiary companies during the periods under review.

A number of discussions have taken place between these subsidiary companies and the IRD to understand the precise nature of the IRD queries. However, at this stage there is insufficient information available to determine the ultimate outcome of the IRD's review with an acceptable degree of certainty. Consequently no provision has been recognised in these interim accounts for any amounts that may fall due in regard to these queries.

There is a contingent tax liability totalling HK$579 million in respect of the IRD's queries for the years under review. The subsidiary companies involved have objected to these assessments. The IRD has agreed to hold over conditionally part of the tax in dispute in the sum of HK$42 million and one of the subsidiaries involved has purchased Tax Reserve Certificates of the same amount. The IRD has agreed to hold over unconditionally the balance of the tax in dispute in the sum of HK$537 million. In addition, the estimated interest which would be payable in respect of the Notices of Assessment totalled HK$303 million as at 30th June 2013. It is not possible, given the lack of information available, to determine the ultimate outcome of the IRD's review of this matter and consequently to make a judgement as to its materiality. Swire Pacific has undertaken to the Company that, if any subsidiary of the Company referred to in this paragraph is required to pay to the IRD any amount of tax in response or by reference to any notice of assessment referred to in this paragraph (or to any corresponding notice of assessment issued in respect of any year of assessment from the years of assessment 2007/08 to 2010/11 inclusive), Swire Pacific will pay to the Company an amount equal to the amount of such payment. This undertaking will expire on the third anniversary of the date on which the shares in the Company were listed on The Stock Exchange of Hong Kong Limited (18th January 2012) except where a provision for a relevant payment has, with the agreement of Swire Pacific, previously been made in the accounts of any such subsidiary.

27. RELATED PARTY TRANSACTIONS

There is an agreement for services ("Services Agreement"), in respect of which John Swire & Sons (H.K.) Limited ("JSSHK"), an intermediate holding company, provides services to the Company and its subsidiary companies and under which costs are reimbursed and fees payable. In return for these services, JSSHK receives annual fees calculated as 2.5% of the Group's relevant consolidated profits before taxation and non-controlling interests after certain adjustments. The current Services Agreement, which commenced on 1st January 2011 for a period of three years, will expire on 31st December 2013. For the period ended 30th June 2013, service fees payable amounted to HK$86 million (2012: HK$70 million). Expenses of HK$21 million (2012: HK$23 million) were reimbursed at cost; in addition, HK$39 million (2012: HK$38 million) in respect of shared administrative services was reimbursed.

Under a tenancy framework agreement ("JSSHK Tenancy Framework Agreement") between the Company and JSSHK dated 18th October 2011, members of the Group enter into tenancy agreements with members of the JSSHK group from time to time on normal commercial terms based on prevailing market rentals. The JSSHK Tenancy Framework Agreement is for a term of six years from 1st January 2010 to 31st December 2015. For the period ended 30th June 2013, the aggregate rentals payable to the Group under the tenancies pursuant to the JSSHK Tenancy Framework Agreement amounted to HK$39 million (2012: HK$35 million).

Under another tenancy framework agreement ("Swire Pacific Tenancy Framework Agreement") between the Company and Swire Pacific Limited dated 18th October 2011, members of the Group enter into tenancy agreements with members of the Swire Pacific group from time to time on normal commercial terms based on prevailing market rentals. The Swire Pacific Tenancy Framework Agreement is for a term of six years from 1st January 2010 to 31st December 2015. For the period ended 30th June 2013, the aggregate rentals payable to the Group under the tenancies pursuant to the Swire Pacific Tenancy Framework Agreement amounted to HK$34 million (2012: HK$32 million).

The above transactions under the Services Agreement, the JSSHK Tenancy Framework Agreement and the Swire Pacific Tenancy Framework Agreement are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

In addition, a summary of significant transactions between the Group and related parties (including transactions under the JSSHK Tenancy Framework Agreement and the Swire Pacific Tenancy Framework Agreement), which were carried out in the normal course of the Group's business, in addition to those transactions disclosed elsewhere in the accounts, is shown on page 51.

27. RELATED PARTY TRANSACTIONS (continued)

		For the six months ended 30th June									
		Joint venture companies		Fellow subsidiary companies		Immediate holding company		Intermediate holding company		Other related parties	
	Note	**2013 HK$M**	2012 HK$M	**2013 HK$M**	2012 HK$M	**2013 HK$M**	2012 HK$M	**2013 HK$M**	2012 HK$M	**2013 HK$M**	2012 HK$M
Purchases of services	*(a)*	**–**	–	**7**	4	**–**	–	**1**	–	**–**	–
Rental revenue	*(b)*	**2**	2	**36**	33	**5**	5	**32**	29	**4**	4
Revenue from hotels		**–**	–	**–**	–	**–**	–	**–**	–	**1**	1
Other revenue	*(a)*	**–**	–	**–**	–	**–**	–	**1**	1	**–**	–
Interest income	*(c)*	**11**	6	**–**	–	**–**	–	**–**	–	**–**	–
Interest charges	*(c)*	**3**	6	**371**	478	**–**	–	**–**	–	**1**	–

Notes:

(a) Purchases of goods and rendering of services from and to related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged by/to and contracted with other suppliers/customers of the Group.

(b) The Group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.

(c) Loans advanced to joint venture and associated companies are disclosed in notes 14 and 15 respectively. Advances from fellow subsidiary, joint venture, associated and related companies are disclosed in note 20. There are a number of loan agreements between the Group and the Swire Pacific group, details of which are disclosed in page 22. The loans due to Swire Finance Limited, a fellow subsidiary company, are disclosed in page 24.

Amount due from the immediate holding company as at 30th June 2013 was HK$17 million (31st December 2012: HK$51 million). These balances arise in the normal course of business, are non-interest-bearing and repayable within one year.

28. EVENTS AFTER THE REPORTING PERIOD

As referred to in Note 44 to the Company's consolidated accounts for the year ended 31st December 2012, the options in respect of the remaining part of the Group's additional interest in the Daci Temple project were extended for a further year from January 2013. Sino-Ocean Land exercised its call option and purchased 13% of the Group's interest in the Daci Temple project during July 2013. Following the completion of this transaction, the Group's interest in the project was reduced to 50% and Sino-Ocean Land's interest in the project was increased to 50%. This has no impact on the Group's accounting for its interest in the Daci Temple project, as it had previously accounted for this as a 50% interest in a joint venture. The exercise of the call option will be treated as a repayment of a secured loan in the second half of 2013.

On 7th August 2013, GC Acquisitions VI Limited ("GCA"), which holds a 20% interest in the retail portion of the Taikoo Li Sanlitun development in Beijing, gave notice of its intention to exercise its option to sell that 20% interest to a subsidiary of the Company at a fair price as at 31st December 2013 based on that percentage interest. The fair price will reflect the fair market value of the portion of Taikoo Li Sanlitun in which GCA is interested, subject to certain agreed assumptions and adjustments. The sale is expected to be completed in early 2014.

CORPORATE GOVERNANCE

The Company complied with all the code provisions set out in the Corporate Governance Code (the "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 accounting period covered by the interim 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 both the potential Director and 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") set out 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 interim 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.

The interim results have been reviewed by the Audit Committee of the Company and by the external auditors.

SHARE CAPITAL

During the period under review, the Group did not purchase, sell or redeem any of its shares.

DIRECTORS' PARTICULARS

Changes in the particulars of the Directors are set out as follows:

1. R.S.K. Lim was appointed as an additional Non-Executive Director of the Company with effect from 1st July 2013. He is Chairman of APS Asset Management Pte Limited and a Director of Government of Singapore Investment Corporation Pte Limited, Hong Leong Finance Limited, Raffles Medical Group Limited and Insurance Australia Group Limited. He has been a Member of the Singapore Parliament since 2001.

2. G.J. Ongley ceased to be Chief Operating Officer – Hong Kong and was appointed Director, Development with effect from 25th June 2013.

DIRECTORS' INTERESTS

At 30th June 2013, the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that Directors held the following interests in the shares of Swire Properties Limited and its associated corporations (within the meaning of Part XV of the SFO), John Swire & Sons Limited, Swire Pacific Limited and Hong Kong Aircraft Engineering Company Limited:

	Capacity					
	Beneficial Interest					
Swire Properties Limited	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Issued Capital (%)	Note
S.E. Bradley	700	–	–	700	0.00001	
P.K. Etchells	–	8,400	–	8,400	0.00014	
D.C.Y. Ho	14,000	–	–	14,000	0.00024	
P.A. Kilgour	3,500	–	–	3,500	0.00006	
C.D. Pratt	4,200	–	–	4,200	0.00007	
M.B. Swire	–	–	138,855	138,855	0.00237	(1)

	Capacity					
	Beneficial Interest					
John Swire & Sons Limited	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Issued Capital (%)	Note
Ordinary Shares of £1						
M.B. Swire	3,140,523	–	19,222,920	22,363,443	22.36	(1)
8% Cum. Preference Shares of £1						
M.B. Swire	846,476	–	5,655,441	6,501,917	21.67	(1)

	Capacity				
	Beneficial Interest				
Swire Pacific Limited	Personal	Family	Trust Interest	Total No. of Shares	Percentage of Issued Capital (%)
'A' shares					
S.E. Bradley	1,000	–	–	1,000	0.0001
P.K. Etchells	–	12,000	–	12,000	0.0013
P.A. Kilgour	5,000	–	–	5,000	0.0006
C.D. Pratt	41,000	–	–	41,000	0.0045
'B' shares					
D.C.Y. Ho	100,000	–	–	100,000	0.0033
C.D. Pratt	100,000	–	–	100,000	0.0033

DIRECTORS' INTERESTS (continued)

Hong Kong Aircraft Engineering Company Limited	Capacity: Beneficial Interest – Personal	Capacity: Beneficial Interest – Family	Capacity: Trust Interest	Total No. of Shares	Percentage of Issued Capital (%)
D.C.Y. Ho	6,400	–	–	6,400	0.0038

Note:
(1) M.B. Swire is a trustee of trusts which held 138,855 shares in the Company and 10,766,080 ordinary shares and 3,121,716 preference shares in John Swire & Sons Limited included under "Trust interest" and does not have any beneficial interest in those shares.

Other than as stated above, no Director or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' AND OTHER INTERESTS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 30th June 2013, the Company had been notified of the following interests in the Company's shares:

	Number of Shares	Percentage of Issued Capital (%)	Type of Interest	Note
1. Swire Pacific Limited	4,796,765,835	82.00	Beneficial owner	(1)
2. John Swire & Sons Limited	4,796,765,835	82.00	Attributable interest	(2)

Notes:
As at 30th June 2013:
(1) Swire Pacific Limited was interested in 4,796,765,835 shares of the Company as beneficial owner;
(2) John Swire & Sons Limited was deemed to be interested in a total of 4,796,765,835 shares in which Swire Pacific Limited was interested, by virtue of the John Swire & Sons Limited group's interest in shares of Swire Pacific Limited representing approximately 45.80% of the issued share capital and approximately 59.74% of the voting rights.

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 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

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

$$\text{Equity attributable to the Company's shareholders per share} = \frac{\text{Equity before non-controlling interests}}{\text{Weighted average number of shares in issue during the period}}$$

$$\text{Underlying equity attributable to the Company's shareholders per share} = \frac{\text{Underlying equity attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the period}}$$

$$\text{Interest cover} = \frac{\text{Operating profit/(loss)}}{\text{Net finance charges}}$$

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

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

Financial Calendar and Information for Investors

FINANCIAL CALENDAR 2013

Interim Report available to shareholders	29th August
Shares trade ex-dividend	4th September
Share register closed for 2013 first interim dividend entitlement	6th September
Payment of 2013 first interim dividend	3rd October
Annual results announcement	March 2014
Annual General Meeting	May 2014

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REQUEST FOR FEEDBACK

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

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