



# INTERIM REPORT 2016

Swire Properties Limited

Stock Code: 1972

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# Financial Highlights

		Six months ended 30th June		
	Note	2016 HK\$M	2015 HK\$M	Change
<b>Results</b>				
Revenue		<b>7,886</b>	9,386	-16.0%
Operating profit		<b>6,730</b>	9,605	-29.9%
Profit attributable to the Company's shareholders				
Underlying	(a), (b)	<b>3,559</b>	3,938	-9.6%
Reported		<b>5,334</b>	8,493	-37.2%
Cash generated from operations		<b>3,964</b>	5,579	-28.9%
Net cash inflow before financing		<b>1,083</b>	2,220	-51.2%
		<b>HK\$</b>	<b>HK\$</b>	
Earnings per share				
Underlying	(c)	<b>0.61</b>	0.67	-9.0%
Reported	(c)	<b>0.91</b>	1.45	-37.2%
Dividends per share				
First interim		<b>0.23</b>	0.23	0.0%
		<b>30th June 2016 HK\$M</b>	<b>31st December 2015 HK\$M</b>	<b>Change</b>
<b>Financial Position</b>				
Total equity (including non-controlling interests)		<b>220,129</b>	217,949	+1.0%
Net debt		<b>35,074</b>	33,348	+5.2%
Gearing ratio	(a)	<b>15.9%</b>	15.3%	+0.6%pt.
		<b>HK\$</b>	<b>HK\$</b>	
Equity attributable to the Company's shareholders per share	(a)	<b>37.32</b>	36.97	+0.9%

Notes:

(a) Refer to glossary on page 55 for definition.

(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 6.

(c) Refer to Note 11 in the financial statements for the weighted average number of shares.

# Chairman's Statement

Our consolidated profit attributable to shareholders in the first half of 2016 was HK\$5,334 million, compared to HK\$8,493 million in the first half of 2015. Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, decreased by HK\$379 million from HK\$3,938 million in the first half of 2015 to HK\$3,559 million in the first half of 2016.

## Dividends

The Directors have declared a first interim dividend of HK¢23 (2015: HK¢23) per share for the year ending 31st December 2016. The first interim dividend, which totals HK\$1,346 million (2015: HK\$1,346 million), will be paid on 5th October 2016 to shareholders registered at the close of business on the record date, being Friday, 9th September 2016. Shares of the Company will be traded ex-dividend from Wednesday, 7th September 2016.

## Key Developments

In March 2016, Swire Properties opened the first of two office towers in Phase I of the Brickell City Centre development in Miami, U.S.A.

In April 2016, Swire Properties started to pre-sell units in ALASSIO, a residential development in Mid-Levels West, Hong Kong. The development consists

of a 50-storey tower of 197 residential units, and is expected to be completed in the second half of 2016 and available for handover in 2017. 184 of the 197 units had been pre-sold at 16th August 2016.

In June 2016, EAST, Miami was opened at the Brickell City Centre development in Miami, U.S.A. It has 352 rooms including 89 serviced apartments.

In July 2016, Swire Properties announced the HK\$15 billion redevelopment of Taikoo Place. Two new Grade-A office buildings, each with an aggregate gross floor area ("GFA") of around one million square feet, are to be constructed. They are expected to be completed in 2018 and 2021 respectively.

## Operating Performance

The decrease in underlying profit from HK\$3,938 million in the first half of 2015 to HK\$3,559 million in the first half of 2016 principally reflected lower trading profits from the sale of luxury residential properties in Hong Kong.

Underlying profit from property investment decreased slightly. This principally reflects a lower contribution from retail properties in Hong Kong and pre-opening expenses at Brickell City Centre in the U.S.A.

Aggregate gross rental income was little changed at HK\$5,367 million. Gross rental income from office properties in Hong Kong and Mainland China and from retail properties in Mainland China grew slightly.

There was an operating profit of HK\$525 million from property trading in the first half of 2016, compared to an operating profit of HK\$1,025 million in the first half of 2015. Profits in the first half of 2016 largely arose from the handover of 226 pre-sold units at the Reach development in the U.S.A. and from the sales of units at the AREZZO development in Hong Kong.

The increase in operating losses of the hotel division (from HK\$23 million in the first half of 2015 to HK\$89 million in the first half of 2016) principally reflects pre-opening expenses at EAST, Miami in the U.S.A.

Net finance charges in the first half of 2016 were HK\$621 million, a 2% decrease from HK\$631 million in the first half of 2015. The decrease principally reflected a reduction in the cost of borrowings in Hong Kong and Mainland China, partially offset by an increase in finance charges arising from the change in the fair value of a put option in respect of a non-controlling interest in the Brickell City Centre development.

On an attributable basis, net investment property valuation gains in the first half of 2016, after deferred tax relating to investment properties in Mainland China and the U.S.A., were HK\$1,850 million, compared to net gains in the first half of 2015 of HK\$4,610 million.

## Finance

Net debt at 30th June 2016 was HK\$35,074 million, compared with HK\$33,348 million at 31st December 2015. Gearing increased from 15.3% at 31st December 2015 to 15.9% at 30th June 2016. The increase in net debt was mainly due to expenditure on investment properties in Hong Kong and on the Brickell City Centre development in Miami, partially offset by the sales proceeds from trading properties in Hong Kong and in Miami. Cash and undrawn committed facilities were HK\$10,797 million at 30th June 2016, compared with HK\$12,193 million at 31st December 2015.

## Prospects

Given the uncertain economic outlook, demand for office space in Hong Kong is likely to be subdued in the second half of the year. However, high occupancy in our properties is likely to underpin rents.

Demand for Grade-A office space in the Tianhe business district in Guangzhou is expected to be robust despite a substantial supply of new office space. In Beijing, office rents are expected to be weak. There is reduced demand and increased supply.

The fall in retail sales in Hong Kong has made retailers more cautious. Swire Properties' retail properties in Hong Kong are fully let. We are changing the mix of retail tenants in order to accommodate changing consumer preferences and to attract new consumers.

Retail sales are expected to grow modestly in the second half of 2016 in Mainland China. Demand for high quality space in prime areas is expected to remain firm.

In Hong Kong, property buyers are cautious in light of the slowing Hong Kong economy. In Miami, the strength of the US dollar against major South American currencies since the latter part of 2015 has adversely affected demand for condominiums by non-US buyers. In the second half of 2016, property trading profits are expected to continue to be recognised on the sales of residential units in Miami and in Hong Kong.

Our hotels are expected to continue to face difficult conditions in the second half of 2016.

**John Slosar**

Chairman

Hong Kong, 18th August 2016

# Review of Operations

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
<b>Revenue</b>			
<b>Gross Rental Income derived from</b>			
Offices	3,028	2,994	5,972
Retail	2,148	2,187	4,366
Residential	191	187	378
<b>Other Revenue</b> <sup>(1)</sup>	61	65	141
<b>Property Investment</b>	5,428	5,433	10,857
<b>Property Trading</b>	1,954	3,403	4,463
<b>Hotels</b>	504	550	1,127
<b>Total Revenue</b>	7,886	9,386	16,447
<b>Operating Profit/(Loss) derived from</b>			
Property investment	3,987	4,145	8,097
Valuation gains on investment properties	2,307	4,458	7,116
Property trading	525	1,025	1,328
Hotels	(89)	(23)	(334) <sup>(2)</sup>
<b>Total Operating Profit</b>	6,730	9,605	16,207
<b>Share of Post-tax Profits from Joint Venture and Associated Companies</b>	499	753	1,241
<b>Profit Attributable to the Company's Shareholders</b>	5,334	8,493	14,072

(1) Other revenue is mainly estate management fees.

(2) Including a loss of HK\$229 million on disposal of four hotels in the U.K. in December 2015.

Additional information is provided in the following section to reconcile reported and underlying profit 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 the U.S.A., and for other deferred tax provisions in relation to investment properties. There is a further adjustment to remove the effect of the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest.

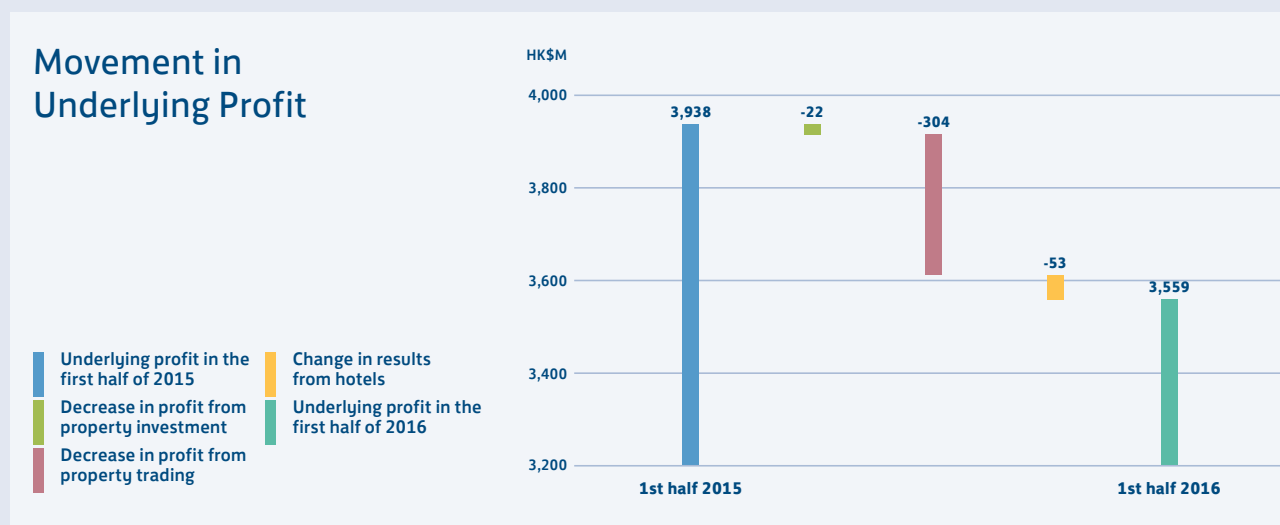
	Note	Six months ended	Year ended	
		30th June	31st December	
		2016	2015	2015
		HK\$M	HK\$M	HK\$M
<b>Underlying Profit</b>				
Profit attributable to the Company's shareholders per financial statements		<b>5,334</b>	8,493	14,072
Adjustments in respect of investment properties:				
Revaluation of investment properties	(a)	<b>(2,617)</b>	(5,202)	(8,186)
Deferred tax on investment properties	(b)	<b>660</b>	565	1,090
Realised profit on sale of properties	(c)	<b>–</b>	19	28
Depreciation of investment properties occupied by the Group	(d)	<b>9</b>	10	17
Non-controlling interests' share of revaluation movements less deferred tax		<b>107</b>	27	41
Movements in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	(e)	<b>66</b>	26	16
<b>Underlying Profit Attributable to the Company's Shareholders</b>		<b>3,559</b>	3,938	7,078
Loss on disposal of four hotels in the U.K.		<b>–</b>	–	229
<b>Adjusted Underlying Profit Attributable to the Company's Shareholders</b>		<b>3,559</b>	3,938	7,307

## 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 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 companies. These comprise deferred tax on revaluation movements on investment properties in Mainland China and the U.S.A., and deferred tax provisions made in respect of investment properties held for the long-term where it is considered that the liability will not reverse for some considerable time.
- (c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the revaluation gains were transferred from the revaluation reserve to the consolidated statement of profit or loss.
- (d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
- (e) The value of the put option in favour of the owner of a non-controlling interest is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the non-controlling interest is interested.



## Underlying Profit



The decrease in underlying profit from HK\$3,938 million in the first half of 2015 to HK\$3,559 million in the first half of 2016 principally reflected lower trading profits from the sale of luxury residential properties in Hong Kong. Underlying profit from property investment decreased slightly. This principally reflects a lower contribution from retail properties in Hong Kong and pre-opening expenses at Brickell City Centre in the U.S.A. Property trading profits in the first half of 2016 largely arose from the handover of 226 pre-sold units at the Reach development in the U.S.A. and from the sales of units at the AREZZO development in Hong Kong. Losses from hotels were higher than in the first half of 2015, principally due to pre-opening expenses at EAST, Miami in the U.S.A.

## Portfolio Overview

The aggregate GFA attributable to the Group at 30th June 2016 was approximately 30.6 million square feet.

Out of the aggregate GFA attributable to the Group, approximately 27.2 million square feet are investment properties, comprising completed investment properties of approximately 21.7 million square feet and investment properties under development or held for future development of approximately 5.5 million square feet. In Hong Kong, this investment property portfolio comprises approximately 15.8 million square feet attributable to the Group of primarily Grade-A office and retail premises, hotels, serviced apartments and luxury residential properties. 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 8.7 million square feet of attributable GFA when they are all completed. Outside Hong Kong and Mainland China, the investment property portfolio principally comprises the Brickell City Centre development in Miami, U.S.A.

The tables below illustrate the GFA (attributable to the Group) of the investment property portfolio at 30th June 2016.

<b>Completed Investment Properties (GFA attributable to the Group in million square feet)</b>						
	Office	Retail	Hotels <sup>(1)</sup>	Residential/ Serviced Apartments	Under Planning	<b>Total</b>
Hong Kong	10.2	2.5	0.7	0.6	–	<b>14.0</b>
Mainland China	2.0	3.9	1.0	0.1	–	<b>7.0</b>
U.S.A.	0.1	–	0.5	0.1	–	<b>0.7</b>
<b>Total</b>	<b>12.3</b>	<b>6.4</b>	<b>2.2</b>	<b>0.8</b>	<b>–</b>	<b>21.7</b>

<b>Investment Properties Under Development or Held for Future Development (expected GFA attributable to the Group in million square feet)</b>						
	Office	Retail	Hotels <sup>(1)</sup>	Residential/ Serviced Apartments	Under Planning	<b>Total</b>
Hong Kong	1.7	–	–	–	0.1	<b>1.8</b>
Mainland China	0.9	0.5	0.2	0.1	–	<b>1.7</b>
U.S.A. and elsewhere	0.2	0.3	–	0.1	1.4 <sup>(2)</sup>	<b>2.0</b>
<b>Total</b>	<b>2.8</b>	<b>0.8</b>	<b>0.2</b>	<b>0.2</b>	<b>1.5</b>	<b>5.5</b>

<b>Total Investment Properties (GFA (or expected GFA) attributable to the Group in million square feet)</b>						
	Office	Retail	Hotels <sup>(1)</sup>	Residential/ Serviced Apartments	Under Planning	<b>Total</b>
<b>Total</b>	<b>15.1</b>	<b>7.2</b>	<b>2.4</b>	<b>1.0</b>	<b>1.5</b>	<b>27.2</b>

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

(2) The site is accounted for under properties held for development in the financial statements.

The trading portfolio comprises a luxury residential project under development (ALASSIO) on Hong Kong Island, a residential tower under development (Rise) at the Brickell City Centre development in Miami, U.S.A., and completed developments available for sale. The principal completed developments available for sale are the MOUNT PARKER RESIDENCES, AREZZO and WHITESANDS developments in Hong Kong, the remaining portion of the office property at Sino-Ocean Taikoo Li Chengdu (Pinnacle One) in Mainland China and the Reach development at Brickell City Centre in Miami. There are also land banks in Miami and Fort Lauderdale in Florida, U.S.A.

The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio at 30th June 2016.

<b>Trading Properties (GFA (or expected GFA) attributable to the Group in million square feet)</b>			
	Completed	Under Development or Held for Development	<b>Total</b>
Hong Kong	0.1	0.2	<b>0.3</b>
Mainland China	0.3	–	<b>0.3</b>
U.S.A.	0.3	2.5	<b>2.8</b>
<b>Total</b>	<b>0.7</b>	<b>2.7</b>	<b>3.4</b>

## Investment Properties – Hong Kong

### Offices

#### Overview

The completed office portfolio in Hong Kong comprises an aggregate of 10.5 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK\$2,977 million in the first half of 2016. At 30th June 2016, the office properties in Hong Kong were valued at HK\$135,426 million. Of this amount, Swire Properties' attributable interest represented HK\$129,082 million.

<b>Hong Kong Office Portfolio</b>			
	GFA (sq.ft.) (100% Basis)	Occupancy (at 30th June 2016)	Attributable Interest
Pacific Place	2,186,433	98%	100%
Cityplaza	1,632,930	100%	100%
TaiKoo Place Office Towers <sup>(1)</sup>	3,136,717	99%	50%/100%
One Island East	1,537,011	100%	100%
Techno Centres <sup>(2)</sup>	893,516	77%	100%
Others <sup>(3)</sup>	1,077,161	100%	20%/50%/100%
<b>Total</b>	<b>10,463,768</b>		

<sup>(1)</sup> Including PCCW Tower, of which Swire Properties owns 50%.

<sup>(2)</sup> Excluding Somerset House (the redevelopment of which into a Grade-A office building commenced in 2014) and approximately 187,000 square feet in Cornwall House owned by the Hong Kong Government.

<sup>(3)</sup> Others comprise One Citygate (20% owned), 625 King's Road (50% owned), Berkshire House (50% owned), Generali Tower (wholly-owned) and 28 Hennessy Road (wholly-owned).

Gross rental income from the Hong Kong office portfolio in the first half of 2016 was HK\$2,815 million, a slight increase from the first half of 2015. Rental reversions were generally positive. Occupancy remained high at Taikoo Place, Cityplaza and Pacific Place. At 30th June 2016, the Hong Kong office portfolio (excluding Techno Centres) was 99% let.

Demand for the Group's office space in Hong Kong was strong in all districts. However, gross rental income decreased at the Techno Centres, as tenants vacated prior to the Taikoo Place redevelopment, and at Cityplaza, as floors were handed over to the Hong Kong Government.

The chart below shows the mix of tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 30th June 2016.

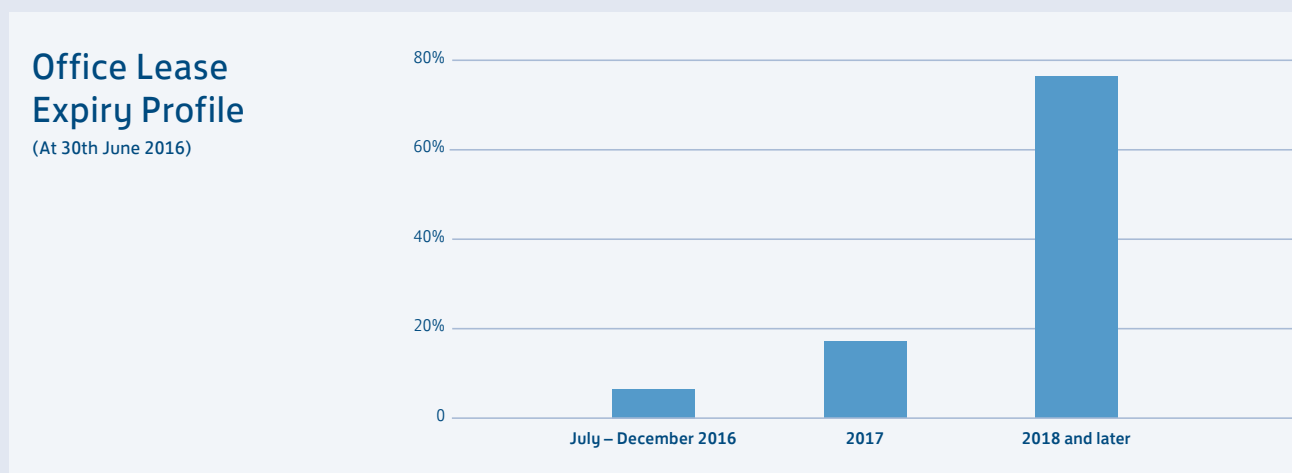


At 30th June 2016, the top ten office tenants (based on attributable gross rental income in the six months ended 30th June 2016) together occupied approximately 21% of the total attributable office area in Hong Kong.

#### Hong Kong Office Market Outlook

Given the uncertain economic outlook, demand for office space in Hong Kong is likely to be subdued in the second half of the year. However, high occupancy in our properties is likely to underpin rents.

The following chart shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 30th June 2016, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 6.5% of the attributable gross rental income in the month of June 2016 are due to expire in the second half of 2016, with tenancies accounting for a further 17.2% of such rental income due to expire in 2017.



## Retail

### Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 2.8 million square feet of space on a 100% basis. The portfolio principally consists of The Mall at Pacific Place, Cityplaza in Taikoo Shing and Citygate Outlets at Tung Chung. The malls are wholly-owned by Swire Properties (except for Citygate Outlets, in which Swire Properties has a 20% interest) and are managed by Swire Properties. Total attributable gross rental income from our retail properties in Hong Kong was HK\$1,351 million in the first half of 2016. At 30th June 2016, our retail properties in Hong Kong were valued at HK\$52,798 million. Of this amount, Swire Properties' attributable interest represented HK\$46,462 million.

The Hong Kong retail market was weak, resulting in lower retail sales at Pacific Place and Citygate. Sales were slightly lower at Cityplaza due to changes to the tenant mix.

<b>Hong Kong Retail Portfolio</b>			
	GFA (sq.ft.) (100% Basis)	Occupancy (at 30th June 2016)	Attributable Interest
The Mall, Pacific Place	711,182	100%	100%
Cityplaza	1,105,227	100%	100%
Citygate Outlets	462,428	100%	20%
Others <sup>(1)</sup>	556,818	100%	20%/60%/100%
<b>Total</b>	<b>2,835,655</b>		

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

Gross rental income from the Group's retail portfolio in Hong Kong was HK\$1,312 million in the first half of 2016, compared with HK\$1,363 million in the same period in 2015. The decrease principally reflects a change in tenant mix and lower turnover rent at The Mall at Pacific Place. Occupancy levels at the Group's malls were effectively 100% during the period.

The chart below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 30th June 2016.

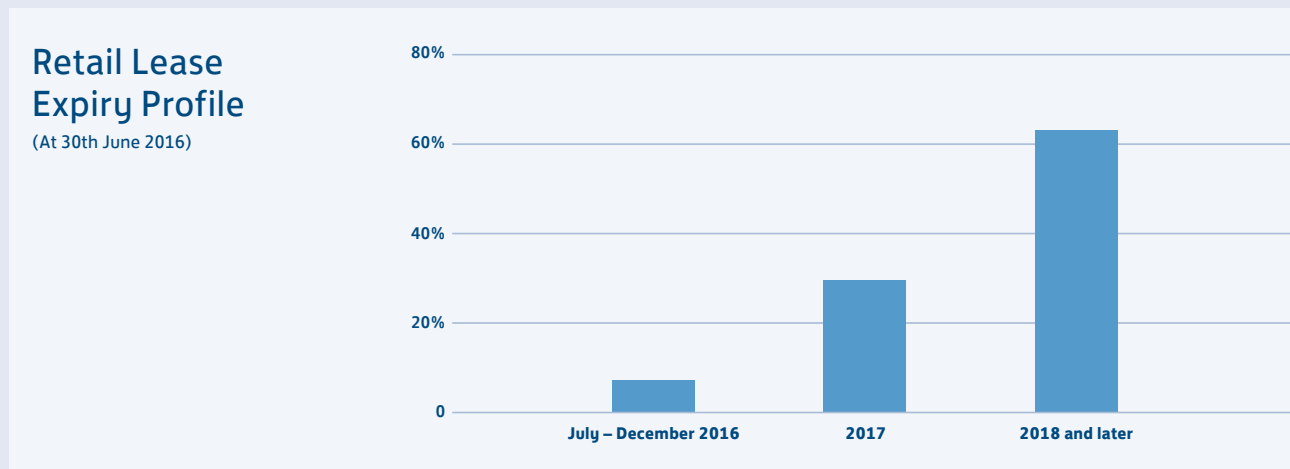


At 30th June 2016, the top ten retail tenants (based on attributable gross rental income in the six months ended 30th June 2016) together occupied approximately 25% of the total attributable retail area in Hong Kong.

### Hong Kong Retail Market Outlook

The fall in retail sales in Hong Kong has made retailers more cautious. Swire Properties' retail properties in Hong Kong are fully let. We are changing the mix of retail tenants in order to accommodate changing consumer preferences and to attract new consumers.

The following chart shows the percentage of attributable gross rental income from the retail properties in Hong Kong, for the month ended 30th June 2016, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 7.2% of the attributable gross rental income in the month of June 2016 are due to expire in the second half of 2016, with tenancies accounting for a further 29.6% of such rental income due to expire in 2017.



## Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, Taikoo Place Apartments in Taikoo Place and a small number of luxury houses and apartments on Hong Kong Island, with an aggregate GFA of approximately 546,467 square feet. Overall occupancy at the residential portfolio was approximately 84% at 30 June 2016, reflecting stable demand for Pacific Place Apartments and increasing demand for the newly opened Taikoo Place Apartments.

The residential leasing market is expected to be stable in the second half of 2016.

## Investment Properties Under Development

### **New Kowloon Inland Lot No. 6312**

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

### **Tung Chung Town Lot No. 11**

This commercial site next to Citygate Outlets is being developed into a commercial building with an aggregate retail and hotel GFA of approximately 477,000 square feet. Excavation, foundation and substructure works are in progress. The development is expected to be completed in 2018. Swire Properties has a 20% interest in the development.

### **Taikoo Place Redevelopment**

The first phase of the Taikoo Place redevelopment (the redevelopment of Somerset House) is the construction of a 50-storey office building with an aggregate GFA of approximately 1,020,000 square feet, to be called One Taikoo Place. The redevelopment is expected to be completed in 2018. The second phase of the Taikoo Place redevelopment (the redevelopment of Cornwall House and Warwick House into an office building with an aggregate GFA of approximately 1,000,000 square feet, to be called Two Taikoo Place) is being planned, with completion expected in 2021.

### **8-10 Wong Chuk Hang Road**

This commercial site at 8-10 Wong Chuk Hang Road is being developed into an office building with an aggregate GFA of approximately 382,500 square feet. Excavation and foundation works are proceeding. The development is expected to be completed in 2018. Swire Properties has a 50% interest in the development.

## Investment Properties – Mainland China

### Overview

The property portfolio in Mainland China comprises an aggregate of 13.0 million square feet of space, 9.1 million square feet of which is attributable to the Group. Completed properties amount to 9.5 million square feet, with 3.5 million square feet under development. Total attributable gross rental income from investment properties in Mainland China was HK\$1,287 million in the first half of 2016. At 30th June 2016, the investment properties in Mainland China were valued at HK\$59,604 million. Of this amount, Swire Properties' attributable interest represented HK\$42,179 million.

Mainland China Property Portfolio <sup>(1)</sup>	GFA (sq.ft.) (100% Basis)			Attributable Interest
	Total	Investment Properties	Hotels, Trading Properties and Others	
<i>Completed</i>				
Taikoo Li Sanlitun, Beijing	1,465,771	1,296,308	169,463	100%
TaiKoo Hui, Guangzhou	3,840,197	3,256,013	584,184	97%
INDIGO, Beijing	1,893,226	1,534,957	358,269	50%
Sino-Ocean Taikoo Li Chengdu <sup>(2)</sup>	2,197,666	1,376,317	821,349	50%
Hui Fang, Guangzhou	90,847	90,847	–	100%
Others	5,825	2,913	2,912	100%
<b>Sub-total</b>	<b>9,493,532</b>	<b>7,557,355</b>	<b>1,936,177</b>	
<i>Under Development</i>				
HKRI Taikoo Hui, Shanghai <sup>(3)</sup>	3,468,933	3,079,222	389,711	50%
<b>Total</b>	<b>12,962,465</b>	<b>10,636,577</b>	<b>2,325,888</b>	

(1) Including the hotel and property trading portions of these developments.

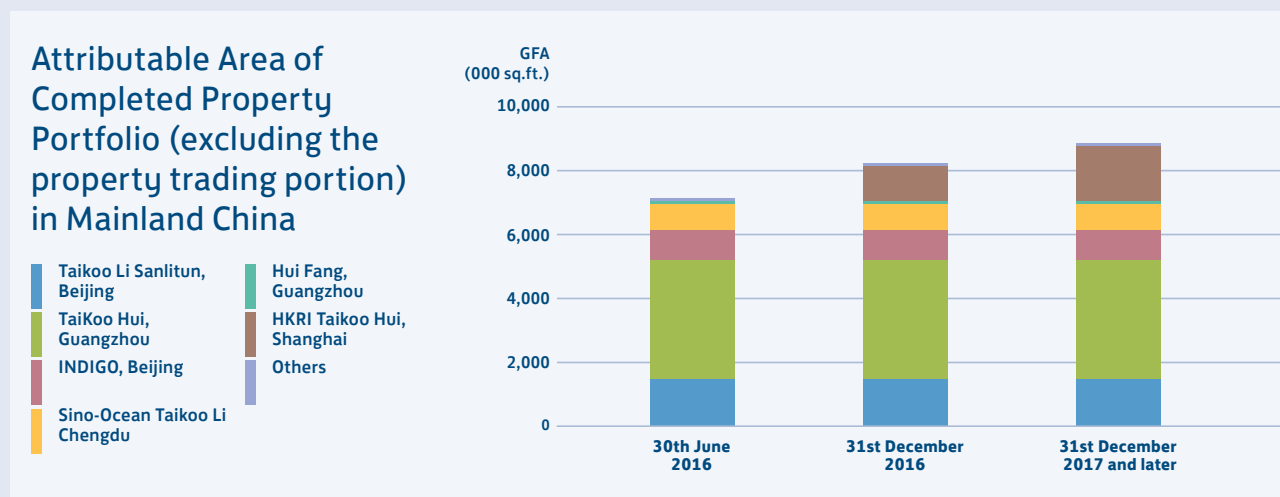
(2) The office portion of Sino-Ocean Taikoo Li Chengdu, Pinnacle One, was developed for trading purposes.

(3) HKRI Taikoo Hui is expected to open in phases from the second half of 2016.

Gross rental income from the Group's investment property portfolio in Mainland China was HK\$1,025 million in the first half of 2016, HK\$15 million higher (despite a 5% depreciation of the Renminbi against the Hong Kong dollar) than the same period in 2015, reflecting positive rental reversions and higher retail sales.



The chart below illustrates the expected growth in the attributable area of the completed property portfolio (excluding the property trading portion) in Mainland China.



## Retail

The Mainland China retail portfolio's gross rental income for the first half of 2016 was HK\$836 million. In Renminbi terms, this represents an increase of 7% compared to the same period in 2015.

Gross rental income at Taikoo Li Sanlitun in Beijing increased in the first half of 2016, as the portfolio continues to gain popularity. Retail sales increased by 4%. The overall occupancy rate was 93% at 30th June 2016.

Gross rental income at TaiKoo Hui in Guangzhou increased in the first half of 2016, reflecting in part improvements to the tenant mix. Retail sales grew by 4%. The mall was 99% let at 30th June 2016.

The mall at INDIGO in Beijing was 99% let at 30th June 2016. Retail sales increased by 13% in the first half of 2016, which supported rental growth. Continuing improvements to the tenant mix were made following the expiry of leases.

Gross rental income at Sino-Ocean Taikoo Li Chengdu increased in the first half of 2016. Retail sales increased by 113% as more shops were open than in the first half of 2015. At 30th June 2016, tenants had committed (including by way of letters of intent) to lease 91% of the space and 86% of the shops in the development were open.

Retail sales are expected to grow modestly in the second half of 2016 in Mainland China. Demand for high quality space in prime areas is expected to remain firm.

## Offices

The Mainland China office portfolio's gross rental income for the first half of 2016 was HK\$182 million. In Renminbi terms, this represents an increase of 6% compared to the same period in 2015. Occupancy at TaiKoo Hui's office towers in Guangzhou was 100% at 30th June 2016. Demand for Grade-A office space in the Tianhe business district in Guangzhou is expected to be robust in the second half of 2016 despite a substantial supply of new office space.

Occupancy at ONE INDIGO in Beijing was 91% at 30th June 2016. Demand for office space in Beijing weakened during the first half of 2016. Office rents in Beijing are expected to be weak in the second half of 2016, with reduced demand and increased supply.

## Investment Properties under Development

### Shanghai

HKRI Taikoo Hui in Shanghai will comprise a retail mall, two office buildings, two hotels and one serviced apartment tower. Structural work has been completed. Interior decoration and mechanical and electrical installation works for the office towers and the retail mall are in progress. The development is expected to open in phases from the second half of 2016.

## Investment Properties – U.S.A.

### Brickell City Centre, Miami

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

Phase I of the Brickell City Centre development consists of a shopping centre, two office buildings (Two Brickell City Centre and Three Brickell City Centre), a hotel and serviced apartments (EAST, Miami) managed by Swire Hotels and two residential towers (Reach and Rise). The residential towers are being developed for sale.

Three Brickell City Centre opened in March 2016. At 30th June 2016, its occupancy rate was 84%. EAST, Miami opened in June 2016. The shopping centre is expected to open by the end of 2016.

Swire Properties has agreements with Bal Harbour Shops and Simon Property Group to develop the retail portion of Brickell City Centre. Swire Properties remains the primary developer of Brickell City Centre.

At 30th June 2016, Swire Properties owned 100% of the office, hotel and residential portions and 60.9% of the retail portion of Phase I. The remaining interest in the retail portion is held by Simon Property Group (25%) and Bal Harbour Shops (14.1%). Bal Harbour Shops has an option, exercisable from the second anniversary of the grand opening of the retail portion, to sell its interest to Swire Properties.

Phase II of the Brickell City Centre development is planned to be an 80-storey mixed-use development comprising retail, office, hotel and residential space in one tower to be called One Brickell City Centre. Phase II will incorporate the site at 700 Brickell Avenue acquired by Swire Properties in 2013. Development of this site will connect the Brickell City Centre development with Brickell Avenue. Swire Properties owns 100% of Phase II.

At 30th June 2016, the Brickell City Centre Phase I development (excluding the hotel and residential trading portions) was valued at HK\$5,662 million.

<b>Brickell City Centre, Miami</b>	GFA (sq.ft.) <sup>(3)</sup> (100% Basis)	Attributable Interest
<b>Phase I</b>		
Retail	490,000	60.9%
Two and Three Brickell City Centres	260,000	100%
EAST, Miami – hotel <sup>(1)</sup>	218,000	100%
EAST, Miami – serviced apartments	109,000	100%
Reach and Rise <sup>(2)</sup>	834,000	100%
Carpark, roof top and circulation areas	2,706,000	100%
<b>Total Phase I</b>	<b>4,617,000</b>	
<b>Phase II</b>		
Residential	523,000 <sup>(4)</sup>	100%
Future mixed-use tower	1,444,000 <sup>(4)</sup>	100%
<b>Total Phase I and Phase II</b>	<b>6,584,000</b>	

(1) The hotel is accounted for under property, plant and equipment in the financial statements.

(2) Remaining unsold units at 30th June 2016.

(3) Represents leasable/saleable area except for the carpark, roof top and circulation areas.

(4) These developments are still being planned. The GFA is under review.

### Miami Market Outlook

Retail sales have declined since 2015. This has made retailers cautious about expansion.

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

## Valuation of Investment Properties

The portfolio of investment properties was valued at 30th June 2016 (93% of the total value by DTZ Cushman & Wakefield Limited and a further 3% by another independent valuer) on the basis of open market value. The amount of this valuation was HK\$231,238 million, compared to HK\$228,449 million at 31st December 2015.

The modest increase in the valuation of the investment property portfolio is mainly due to an increase in the valuation of the office properties in Hong Kong, partially offset by a decrease in the valuation of the retail properties 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.

## Property Trading

The trading portfolio comprises a luxury residential project under development on Hong Kong Island, a residential tower under development at the Brickell City Centre development in Miami, U.S.A., and completed developments available for sale. The principal completed developments available for sale are the MOUNT PARKER RESIDENCES, AREZZO and

WHITESANDS developments in Hong Kong, the remaining portion of the office property at Sino-Ocean Taikoo Li Chengdu (Pinnacle One) in Mainland China and the Reach development at Brickell City Centre in Miami. There are also land banks in Miami and Fort Lauderdale in Florida, U.S.A.

<b>Property Trading Portfolio</b>			
	GFA (sq.ft.) (100% Basis)	Actual/Expected Construction Completion Date	Attributable Interest
<i>Completed</i> <sup>(1)</sup>			
Hong Kong			
– 5 Star Street	408 <sup>(2)</sup>	2010	100%
– MOUNT PARKER RESIDENCES	2,748 <sup>(2)</sup>	2013	80%
– AREZZO	11,818 <sup>(2)</sup>	2015	100%
– WHITESANDS	60,647 <sup>(2)</sup>	2015	100%
Mainland China			
– Pinnacle One, Chengdu	593,139	2014	50%
U.S.A.			
– ASIA, Miami	5,359 <sup>(2)</sup>	2008	100%
– Reach, Miami	266,842 <sup>(2)</sup>	2016	100%
<i>Under Development</i>			
Hong Kong			
– ALASSIO	195,533	2016	100%
U.S.A.			
– Rise, Miami	567,000 <sup>(2)</sup>	2016	100%
<i>Held for Development</i>			
U.S.A.			
– Fort Lauderdale, Florida	825,000	N/A	75%
– South Brickell Key, Miami, Florida	550,000	N/A	100%
– Brickell City Centre, Miami, Florida – North Square site	523,000	N/A	100%

(1) Remaining unsold units/portion at 30th June 2016.

(2) Area shown reflects saleable area (square feet).

## Hong Kong

91 of the 92 units at the MOUNT PARKER RESIDENCES development in Quarry Bay had been sold at 16th August 2016. The property is managed by Swire Properties.

118 of the 127 units at AREZZO development at 33 Seymour Road had been sold at 16th August 2016. The profit from the sales of six units was recognised in the first half of 2016. The property is managed by Swire Properties.

The WHITESANDS development consists of 28 detached houses in Cheung Sha, Lantau Island. The development was completed and sales began in September 2015. Two houses had been sold at 16th August 2016. The profit from the sale of one house was recognised in the first half of 2016. The property is managed by Swire Properties.

Finishing works at ALASSIO at 100 Caine Road are in progress and the development is expected to be completed in the second half of 2016 and available for handover to purchasers in 2017. The development consists of a 50-storey tower of 197 residential units with an aggregate GFA of 195,533 square feet. Presales of the units commenced in April 2016 and 184 units had been pre-sold at 16th August 2016. The profit from the sales is expected to be recognised in 2017.

## Mainland China

At Sino-Ocean Taikoo Li Chengdu, 89% of the office's total GFA (approximately 1.15 million square feet) and 350 car park spaces were pre-sold in August 2013. In 2015, the profit from the sales of approximately 52% of the pre-sold GFA was recognised. The sale of the remaining pre-sold GFA and 350 car park spaces is being cancelled as part of the consideration has not been received according to schedule.

## U.S.A.

The residential portion of Phase I of the Brickell City Centre development is being developed for trading purposes. There are 780 units in two towers (Reach and Rise), with an aggregate saleable area of 1,134,000 square feet.

We started to sell units in Reach in June 2014 and units in Rise in November 2014. The profit from the handover of 226 pre-sold units at the Reach development was recognised in the first half of 2016. 349 units in Reach and 174 units in Rise had been sold at 16th August 2016. Reach was completed and available for handover to purchasers in April 2016. Rise is expected to be completed and available for handover to purchasers in the second half of 2016.

Since the ASIA development was completed in 2008, 122 out of the 123 units have been sold. One penthouse unit, which is not on offer, remains unsold.

## Outlook

In Hong Kong, property buyers are cautious in light of the slowing Hong Kong economy. In Miami, the strength of the US dollar against major South American currencies since the latter part of 2015 has adversely affected demand for condominiums by non-US buyers. In the second half of 2016, property trading profits are expected to continue to be recognised on the sales of residential units in Miami and in Hong Kong.

## Estate Management

Swire Properties manages 20 residential estates which it has developed. It also manages OPUS, a residential property in Hong Kong which Swire Properties redeveloped for Swire Pacific. The management services include day to day assistance for occupants, management, maintenance, cleaning, security and renovation of common areas and facilities. Swire Properties places great emphasis on maintaining good relationships with occupants.

## Hotels

### Overview

Swire Properties owns and manages (through Swire Hotels) hotels in Hong Kong, Mainland China and the U.S.A. The House Collective, comprising The Upper House in Hong Kong, The Opposite House in Beijing and The Temple House in Chengdu, is a group of small and distinctive hotels. EAST hotels are business hotels. The Group also has interests in non-managed hotels in Hong Kong, Guangzhou and Miami, Florida.

<b>Hotel Portfolio (Managed by Swire Hotels)</b>	<b>No. of Rooms (100% Basis)</b>	<b>Attributable Interest</b>
<i><u>Completed</u></i>		
Hong Kong		
– The Upper House	117	100%
– EAST, Hong Kong	345	100%
– Headland Hotel <sup>(1)</sup>	501	0%
Mainland China		
– The Opposite House	99	100%
– EAST, Beijing	369	50%
– The Temple House <sup>(2)</sup>	142	50%
U.S.A.		
– EAST, Miami <sup>(2)</sup>	352	100%
<i><u>Under Development</u></i>		
Mainland China		
– One hotel and one serviced apartment tower at HKRI Taikoo Hui, Shanghai	213	50%
<b>Total</b>	<b>2,138</b>	

<sup>(1)</sup> Headland Hotel is owned by Airline Hotel Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.

<sup>(2)</sup> Including serviced apartments in the hotel tower.

## Hong Kong

Swire Properties wholly-owns and manages (through Swire Hotels) two hotels in Hong Kong, The Upper House, a 117-room luxury hotel at Pacific Place, and EAST, Hong Kong, a 345-room hotel at Taikoo Shing.

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.

There were lower operating profits from the managed hotels in Hong Kong in the first half of 2016. Trading conditions were difficult because of a reduction in the number of visitors to Hong Kong.

## Mainland China

Swire Hotels manages three hotels in Mainland China, The Opposite House, a 99-room luxury hotel at Taikoo Li Sanlitun, EAST, Beijing, a 369-room hotel at INDIGO and The Temple House, a 142-room hotel (including serviced apartments) in Chengdu. Swire Properties owns 100% of The Opposite House, 50% of EAST, Beijing and 50% of The Temple House. Swire Properties owns 97% of, but does not manage, the Mandarin Oriental at TaiKoo Hui in Guangzhou, which has 263 rooms and 24 serviced apartments.

Occupancy improved slightly at The Opposite House and EAST, Beijing in the first half of 2016 despite difficult trading conditions. The Temple House is building up its occupancy levels and achieved satisfactory average room rates in the first half of 2016.

Occupancy and average room rates at the Mandarin Oriental, Guangzhou were steady in the first half of 2016 despite an over-supply of hotel rooms in the city.

There are one managed hotel, one managed serviced apartment tower and one non-managed hotel (all under development) at HKRI Taikoo Hui in Shanghai.

## U.S.A.

Swire Properties wholly-owns and manages (through Swire Hotels) EAST, Miami at the Brickell City Centre development. The hotel has 352 rooms including 89 serviced apartments. It opened in June 2016 and is building up its occupancy levels.

Swire Properties has a 75% interest in the 326-room Mandarin Oriental hotel in Miami. The results of the hotel were slightly worse than in the first half of 2015, due to lower average room rates.

## Swire Restaurants

Swire Hotels operates restaurants in Hong Kong. PUBLIC is a restaurant at One Island East. Ground PUBLICs are cafés at One Island East and in North Point. The Continental is a European restaurant at Pacific Place. Mr & Mrs Fox is a restaurant with an international menu in Quarry Bay. The Plat du Jour restaurants are French bistros at Pacific Place and in Quarry Bay.

## Outlook

Our hotels are expected to continue to face difficult conditions in the second half of 2016.

## Capital Commitments

### Capital Expenditure and Commitments

Capital expenditure in the first half of 2016 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK\$979 million (first half of 2015: HK\$843 million). Outstanding capital commitments at 30th June 2016 were HK\$15,741 million (31st December 2015: HK\$16,029 million), including the Group's share of the capital commitments of joint venture companies of HK\$1,283 million (31st December 2015: HK\$1,363 million). The Group is committed to funding HK\$664 million (31st December 2015: HK\$689 million) of the capital commitments of joint venture companies in Hong Kong.

Capital expenditure in the first half of 2016 on Mainland China investment properties and hotels, including the

Group's share of the capital expenditure of joint venture companies, amounted to HK\$285 million (first half of 2015: HK\$395 million). Outstanding capital commitments at 30th June 2016 were HK\$2,637 million (31st December 2015: HK\$2,520 million), including the Group's share of the capital commitments of joint venture companies of HK\$2,019 million (31st December 2015: HK\$1,885 million). The Group is committed to funding HK\$488 million (31st December 2015: HK\$501 million) of the capital commitments of joint venture companies in Mainland China.

Capital expenditure in the first half of 2016 on investment properties and hotels in the U.S.A. and elsewhere amounted to HK\$651 million (first half of 2015: HK\$950 million). Outstanding capital commitments at 30th June 2016 were HK\$1,549 million (31st December 2015: HK\$1,249 million).

	Profile of Capital Commitments					Commitments <sup>(1)</sup>
	Expenditure	Forecast Year of Expenditure				
	Six months ended 30th June 2016 HK\$M	Six months ended 31st December 2016 HK\$M	2017 HK\$M	2018 HK\$M	2019 and later HK\$M	
Hong Kong	979	3,295	3,933	2,742	5,771	15,741
Mainland China	285	958	1,215	454	10	2,637
U.S.A. and elsewhere	651	853	401	164	131	1,549
<b>Total</b>	<b>1,915</b>	<b>5,106</b>	<b>5,549</b>	<b>3,360</b>	<b>5,912</b>	<b>19,927</b>

(1) The capital commitments represent the Group's capital commitments of HK\$16,625 million plus the Group's share of the capital commitments of joint venture companies of HK\$3,302 million. The Group is committed to funding HK\$1,152 million of the capital commitments of joint venture companies.



# Financing

## Summary of Cash Flows

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
<b>Net cash from/(used by) businesses and investments</b>			
Cash generated from operations	<b>3,964</b>	5,579	10,616
Dividends received	<b>169</b>	135	235
Profits tax paid	<b>(367)</b>	(412)	(1,267)
Net interest paid	<b>(613)</b>	(713)	(1,414)
Cash used in investing activities	<b>(2,070)</b>	(2,369)	(4,425)
	<b>1,083</b>	2,220	3,745
<b>Cash (paid to)/received from shareholders and net funding by debt</b>			
Net increase in borrowings	<b>5,032</b>	1,644	2,784
Decrease in loans due to Swire Finance Limited	<b>(4,658)</b>	(1,800)	(1,800)
Capital contribution from a non-controlling interest	<b>79</b>	629	767
Dividends paid	<b>(2,880)</b>	(2,584)	(3,930)
	<b>(2,427)</b>	(2,111)	(2,179)
(Decrease)/Increase in cash and cash equivalents	<b>(1,344)</b>	109	1,566

Cash used in investing activities during the first half of 2016 included capital expenditure on property developments 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 two years) of the underlying borrowings of Swire Finance from third parties. The underlying borrowings are in the form of 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. At 30th June 2016, the MTN Programme was rated A by Fitch, (P)A2 by Moody's and A- by Standard & Poor's, 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 dollars 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 2016 HK\$M	Year ended 31st December 2015 HK\$M
<b>Bank loans, bonds and loans from Swire Finance</b>		
At 1st January	<b>37,734</b>	36,945
Loans drawn	<b>1,369</b>	3,689
Bonds issued	<b>4,279</b>	1,740
Repayment of bank loans	<b>(616)</b>	(2,645)
Decrease in loans due to Swire Finance	<b>(4,658)</b>	(1,800)
Other non-cash movements	<b>(40)</b>	(195)
At 30th June/31st December	<b>38,068</b>	37,734

During the first half of 2016, the Group raised HK\$6,029 million. This comprised:

- five-year term and revolving loan facilities of HK\$1,750 million
- medium-term notes of US\$500 million and HK\$400 million

During the first half of 2016, the Group made various repayments of debt, including of amounts due under the Loan Agreements corresponding to HK\$4,658 million medium-term notes issued by Swire Finance and maturing during the period.

## Net Borrowings

The Group's borrowings are principally denominated in Hong Kong dollars, Renminbi and US dollars. Outstanding borrowings at 30th June 2016 and 31st December 2015 were as follows:

<b>Financial Information Reviewed by Auditors</b>		<b>30th June 2016 HK\$M</b>	<b>31st December 2015 HK\$M</b>
<b>Borrowings included in non-current liabilities</b>			
Bank borrowings – unsecured		<b>5,636</b>	12,144
Bonds – unsecured		<b>15,103</b>	10,828
Borrowings from Swire Finance – unsecured		<b>5,174</b>	7,502
<b>Borrowings included in current liabilities</b>			
Bank borrowings – unsecured		<b>9,826</b>	2,602
Borrowings from Swire Finance – unsecured		<b>2,329</b>	4,658
<b>Total borrowings</b>		<b>38,068</b>	37,734
Less: short-term deposits and bank balances		<b>2,994</b>	4,386
<b>Net borrowings</b>		<b>35,074</b>	33,348

## Sources of Finance

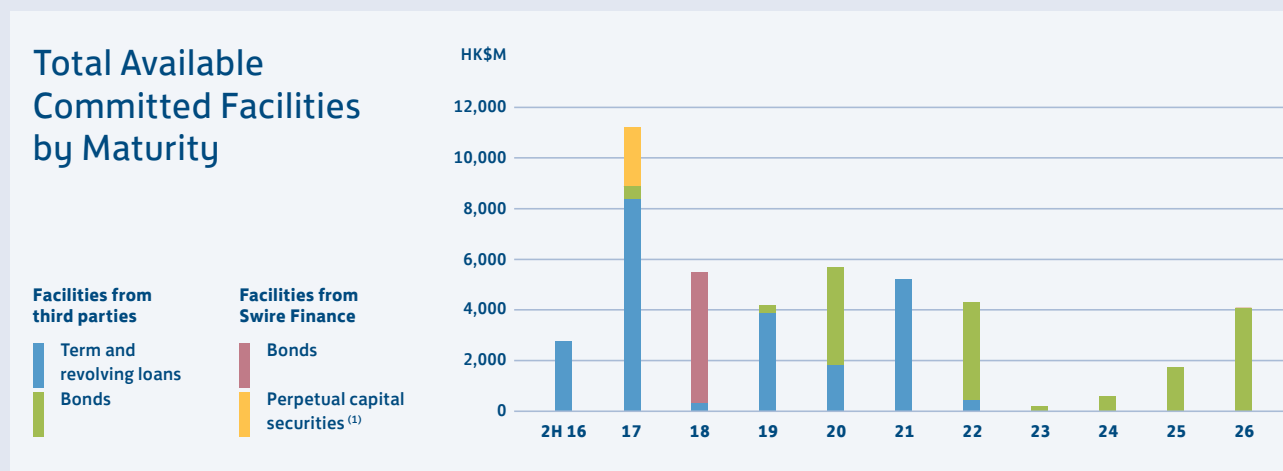
At 30th June 2016, committed loan facilities and debt securities amounted to HK\$45,453 million, of which HK\$7,803 million (17.2%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK\$1,119 million. Sources of funds at 30th June 2016 comprised:

<b>Financial Information Reviewed by Auditors</b>		<b>Available HK\$M</b>	<b>Drawn HK\$M</b>	<b>Undrawn Expiring Within One Year HK\$M</b>	<b>Undrawn Expiring After One Year HK\$M</b>
<b>Facilities from third parties</b>					
Revolving loans		<b>10,289</b>	<b>2,486</b>	<b>751</b>	<b>7,052</b>
Term loans		<b>12,480</b>	<b>12,480</b>	–	–
Bonds		<b>15,178</b>	<b>15,178</b>	–	–
<b>Facilities from Swire Finance</b>					
Bonds		<b>5,177</b>	<b>5,177</b>	–	–
Perpetual capital securities		<b>2,329</b>	<b>2,329</b>	–	–
<b>Total committed facilities</b>		<b>45,453</b>	<b>37,650</b>	<b>751</b>	<b>7,052</b>
<b>Uncommitted facilities</b>					
Bank loans and overdrafts		<b>1,711</b>	<b>592</b>	<b>1,119</b>	–
<b>Total</b>		<b>47,164</b>	<b>38,242</b>	<b>1,870</b>	<b>7,052</b>

Note: The figures above are stated before unamortised loan fees of HK\$174 million.

## Maturity Profile and Refinancing

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



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

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

Financial Information Reviewed by Auditors	30th June 2016		31st December 2015	
	HK\$M		HK\$M	
<b>Bank and other borrowings due</b>				
Within 1 year	9,826	26%	2,602	7%
1 – 2 years	802	2%	8,009	21%
2 – 5 years	8,837	23%	7,783	21%
After 5 years	11,100	29%	7,180	19%
<b>Borrowings from Swire Finance due</b>				
Within 1 year	2,329	6%	4,658	12%
1 – 2 years	4,231	11%	2,329	6%
2 – 5 years	943	3%	5,173	14%
<b>Total</b>	<b>38,068</b>	<b>100%</b>	<b>37,734</b>	<b>100%</b>
Less: Amount due within one year included under current liabilities	12,155		7,260	
Amount due after one year included under non-current liabilities	25,913		30,474	

## Currency Profile

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

	30th June 2016		31st December 2015	
	HK\$M		HK\$M	
<b>Currency</b>				
Hong Kong dollar	27,323	72%	26,718	71%
United States dollar	6,933	18%	6,917	18%
Renminbi	3,539	9%	3,858	10%
Singapore dollar	273	1%	241	1%
<b>Total</b>	<b>38,068</b>	<b>100%</b>	<b>37,734</b>	<b>100%</b>

## Finance Charges

At 30th June 2016, 59% of the Group's gross borrowings were on a fixed rate basis and 41% were on a floating rate basis (31st December 2015: 61% and 39% respectively). Interest charged and earned was as follows:

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
<b>Interest charged on:</b>			
Bank loans and overdrafts	(186)	(229)	(441)
Bonds	(251)	(164)	(337)
Loans from fellow subsidiary companies	(283)	(349)	(699)
Loans from joint venture and related companies	(3)	(4)	(8)
Fair value gain/(loss) on derivative instruments			
Cash flow hedges – transferred from other comprehensive income	4	–	(2)
Other financing costs	(72)	(74)	(148)
Loss on the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	(108)	(26)	(16)
Interest capitalised on:			
Investment properties	138	90	199
Properties under development and for sale	83	74	150
Hotels	5	5	11
	<b>(673)</b>	<b>(677)</b>	<b>(1,291)</b>
<b>Interest income on:</b>			
Short-term deposits and bank balances	17	14	28
Loans to joint venture companies	35	32	67
Others	–	–	1
	<b>52</b>	<b>46</b>	<b>96</b>
<b>Net finance charges</b>	<b>(621)</b>	<b>(631)</b>	<b>(1,195)</b>

## Gearing Ratio and Interest Cover

	30th June		31st December
	2016	2015	2015
Gearing ratio <sup>(1)</sup>	<b>15.9%</b>	15.7%	15.3%
Interest cover – times <sup>(1)</sup>			
Per financial statements	<b>10.8</b>	15.2	13.6
Underlying	<b>8.6</b>	8.6	7.8
Cash interest cover – times <sup>(1)</sup>			
Per financial statements	<b>7.9</b>	12.0	10.4
Underlying	<b>6.0</b>	6.7	5.9

<sup>(1)</sup> 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 2016 and 31st December 2015:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by Swire Properties	
	30th June 2016 HK\$M	31st December 2015 HK\$M	30th June 2016 HK\$M	31st December 2015 HK\$M	30th June 2016 HK\$M	31st December 2015 HK\$M
	Hong Kong Entities	<b>2,877</b>	2,987	<b>1,615</b>	1,641	<b>975</b>
Mainland China Entities	<b>11,018</b>	10,098	<b>5,509</b>	5,049	–	1,803
U.S.A. Entities	<b>539</b>	568	<b>404</b>	426	<b>489</b>	493
	<b>14,434</b>	13,653	<b>7,528</b>	7,116	<b>1,464</b>	3,271

If the attributable portion of the net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 19.4%.

# Report on Review of Condensed Interim Financial Statements

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

## Introduction

We have reviewed the condensed interim financial statements set out on pages 30 to 51, which comprise the consolidated statement of financial position of Swire Properties Limited (the “Company”) and its subsidiaries (together, the “Group”) at 30th June 2016 and the related consolidated statement of profit or loss, consolidated statement of 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 financial statements 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 financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim financial statements 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 financial statements 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 financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

## **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 18th August 2016

# Interim Financial Statements

## Consolidated Statement of Profit or Loss

For the six months ended 30th June 2016 – unaudited

	Note	Unaudited Six months ended 30th June		Audited Year ended 31st December
		2016 HK\$M	2015 HK\$M	2015 HK\$M
Revenue	4	<b>7,886</b>	9,386	16,447
Cost of sales	5	<b>(2,781)</b>	(3,587)	(5,781)
Gross profit		<b>5,105</b>	5,799	10,666
Administrative and selling expenses		<b>(653)</b>	(558)	(1,166)
Other operating expenses		<b>(102)</b>	(119)	(215)
Other net gains/(losses)	6	<b>73</b>	25	(194)
Change in fair value of investment properties	13	<b>2,307</b>	4,458	7,116
Operating profit		<b>6,730</b>	9,605	16,207
Finance charges		<b>(673)</b>	(677)	(1,291)
Finance income		<b>52</b>	46	96
Net finance charges	8	<b>(621)</b>	(631)	(1,195)
Share of profits less losses of joint venture companies		<b>426</b>	686	1,100
Share of profits of associated companies		<b>73</b>	67	141
Profit before taxation		<b>6,608</b>	9,727	16,253
Taxation	9	<b>(1,163)</b>	(1,134)	(2,057)
Profit for the period		<b>5,445</b>	8,593	14,196
Profit attributable to:				
The Company's shareholders		<b>5,334</b>	8,493	14,072
Non-controlling interests		<b>111</b>	100	124
		<b>5,445</b>	8,593	14,196
Dividends				
First interim – declared/paid		<b>1,346</b>	1,346	1,346
Second interim – paid		<b>–</b>	–	2,808
	10	<b>1,346</b>	1,346	4,154
		<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	11	<b>0.91</b>	1.45	2.41

The notes on pages 35 to 51 form part of these financial statements.



## Consolidated Statement of Other Comprehensive Income

For the six months ended 30th June 2016 – unaudited

	Unaudited Six months ended 30th June		Audited Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
<b>Profit for the period</b>	<b>5,445</b>	8,593	14,196
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of properties previously occupied by the Group			
– gains recognised during the period	–	13	13
Defined benefit plans			
– remeasurement losses recognised during the period	–	–	(79)
– deferred tax	–	–	13
	–	13	(53)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedges			
– gains/(losses) recognised during the period	<b>252</b>	(103)	(110)
– transferred to net finance charges	<b>(4)</b>	–	2
– deferred tax	<b>(41)</b>	17	18
Share of other comprehensive (losses)/income of joint venture and associated companies	<b>(199)</b>	8	(462)
Net translation differences on foreign operations			
– movement during the period	<b>(472)</b>	(12)	(1,168)
– reclassification to profit or loss on disposal of four hotels in the U.K.	–	–	142
	<b>(464)</b>	(90)	(1,578)
<b>Other comprehensive losses for the period, net of tax</b>	<b>(464)</b>	(77)	(1,631)
<b>Total comprehensive income for the period</b>	<b>4,981</b>	8,516	12,565
Total comprehensive income attributable to:			
The Company's shareholders	<b>4,877</b>	8,416	12,460
Non-controlling interests	<b>104</b>	100	105
	<b>4,981</b>	8,516	12,565

The notes on pages 35 to 51 form part of these financial statements.

## Consolidated Statement of Financial Position

At 30th June 2016 – unaudited

	Note	Unaudited 30th June 2016 HK\$M	Audited 31st December 2015 HK\$M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	8,269	8,052
Investment properties	13	231,369	228,640
Intangible assets	14	153	127
Properties held for development		1,278	942
Joint venture companies	15	19,503	19,392
Associated companies	16	503	534
Available-for-sale assets		6	6
Derivative financial instruments	18	177	–
Deferred tax assets	22	80	90
		<b>261,338</b>	<b>257,783</b>
<b>Current assets</b>			
Properties under development and for sale		6,976	7,615
Stocks and work in progress		84	72
Trade and other receivables	19	3,033	2,848
Amount due from immediate holding company – Swire Pacific Limited	20	13	20
Short-term deposits maturing after three months		3	28
Cash and cash equivalents		2,991	4,358
		<b>13,100</b>	<b>14,941</b>
<b>Current liabilities</b>			
Trade and other payables	21	7,326	8,943
Tax payable		758	541
Bank overdrafts and short-term loans		592	592
Long-term loans due within one year		9,234	2,010
Loans due to a fellow subsidiary company – Swire Finance Limited		2,329	4,658
		<b>20,239</b>	<b>16,744</b>
		<b>(7,139)</b>	<b>(1,803)</b>
<b>Net current liabilities</b>			
<b>Total assets less current liabilities</b>			
		<b>254,199</b>	<b>255,980</b>
<b>Non-current liabilities</b>			
Long-term loans and bonds		20,739	22,972
Loans due to a fellow subsidiary company – Swire Finance Limited		5,174	7,502
Other payables	21	658	509
Derivative financial instruments	18	–	84
Deferred tax liabilities	22	7,315	6,787
Retirement benefit liabilities		184	177
		<b>34,070</b>	<b>38,031</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Share capital	23	10,449	10,449
Reserves	24	207,867	205,798
<b>Equity attributable to the Company's shareholders</b>			
<b>Non-controlling interests</b>			
	25	1,813	1,702
<b>TOTAL EQUITY</b>			
		<b>220,129</b>	<b>217,949</b>

The notes on pages 35 to 51 form part of these financial statements.

## Consolidated Statement of Cash Flows

For the six months ended 30th June 2016 – unaudited

	Unaudited Six months ended 30th June		Audited Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
<b>Operating activities</b>			
Cash generated from operations	3,964	5,579	10,616
Interest paid	(663)	(760)	(1,510)
Interest received	50	47	96
Profits tax paid	(367)	(412)	(1,267)
	<b>2,984</b>	4,454	7,935
Dividends received from joint venture and associated companies	169	135	235
<b>Net cash from operating activities</b>	<b>3,153</b>	4,589	8,170
<b>Investing activities</b>			
Purchase of property, plant and equipment	(201)	(210)	(558)
Additions to investment properties	(1,939)	(1,560)	(3,616)
Purchase of intangible assets	(8)	(5)	(18)
Purchase of available-for-sale assets	–	(4)	(4)
Proceeds from disposals of property, plant and equipment	1	–	1
Proceeds from disposals of investment properties	40	4	34
Proceeds from disposal of subsidiary companies – U.K. hotels	–	–	373
Proceeds from disposal of an associated company	–	–	1
Proceeds from disposal of an available-for-sale asset	–	–	98
Loans to joint venture companies	(124)	(593)	(836)
Repayment of loans by joint venture companies	175	57	167
Repayment of loans by associated companies	–	–	31
Decrease/(Increase) in deposits maturing after three months	24	(50)	(28)
Initial leasing costs incurred	(38)	(8)	(70)
<b>Net cash used in investing activities</b>	<b>(2,070)</b>	(2,369)	(4,425)
<b>Net cash inflow before financing</b>	<b>1,083</b>	2,220	3,745
<b>Financing activities</b>			
Loans drawn and refinancing	1,369	2,474	3,689
Bonds issued	4,279	600	1,740
Repayment of loans	(616)	(1,430)	(2,645)
	<b>5,032</b>	1,644	2,784
Capital contribution from a non-controlling interest	79	629	767
Decrease in loans due to a fellow subsidiary company	(4,658)	(1,800)	(1,800)
Dividends paid to the Company's shareholders	(2,808)	(2,574)	(3,920)
Dividends paid to non-controlling interests	(72)	(10)	(10)
<b>Net cash used in financing activities</b>	<b>(2,427)</b>	(2,111)	(2,179)
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(1,344)</b>	109	1,566
Cash and cash equivalents at 1st January	4,358	2,874	2,874
Currency adjustment	(23)	(1)	(82)
<b>Cash and cash equivalents at end of the period</b>	<b>2,991</b>	2,982	4,358
<b>Represented by:</b>			
Bank balances and short-term deposits maturing within three months	2,991	2,982	4,358

The notes on pages 35 to 51 form part of these financial statements.

## Consolidated Statement of Changes in Equity

For the six months ended 30th June 2016 – unaudited

	Attributable to the Company's shareholders			Non-controlling interests HK\$M	Total equity HK\$M	
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M			Total HK\$M
<b>At 1st January 2016</b>	<b>10,449</b>	<b>204,380</b>	<b>1,418</b>	<b>216,247</b>	<b>1,702</b>	<b>217,949</b>
<b>Profit for the period</b>	–	<b>5,334</b>	–	<b>5,334</b>	<b>111</b>	<b>5,445</b>
<b>Other comprehensive losses</b>	–	–	<b>(457)</b>	<b>(457)</b>	<b>(7)</b>	<b>(464)</b>
<b>Total comprehensive income for the period</b>	–	<b>5,334</b>	<b>(457)</b>	<b>4,877</b>	<b>104</b>	<b>4,981</b>
<b>Dividends paid</b>	–	<b>(2,808)</b>	–	<b>(2,808)</b>	<b>(72)</b>	<b>(2,880)</b>
<b>Capital contribution from a non-controlling interest</b>	–	–	–	–	<b>79</b>	<b>79</b>
<b>At 30th June 2016 (unaudited)</b>	<b>10,449</b>	<b>206,906</b>	<b>961</b>	<b>218,316</b>	<b>1,813</b>	<b>220,129</b>

	Attributable to the Company's shareholders			Non-controlling interests HK\$M	Total equity HK\$M	
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M			Total HK\$M
<b>At 1st January 2015</b>	<b>10,449</b>	<b>194,278</b>	<b>2,964</b>	<b>207,691</b>	<b>856</b>	<b>208,547</b>
<b>Profit for the period</b>	–	<b>8,493</b>	–	<b>8,493</b>	<b>100</b>	<b>8,593</b>
<b>Other comprehensive losses</b>	–	–	<b>(77)</b>	<b>(77)</b>	–	<b>(77)</b>
<b>Total comprehensive income for the period</b>	–	<b>8,493</b>	<b>(77)</b>	<b>8,416</b>	<b>100</b>	<b>8,516</b>
<b>Dividends paid</b>	–	<b>(2,574)</b>	–	<b>(2,574)</b>	<b>(10)</b>	<b>(2,584)</b>
<b>Capital contribution from a non-controlling interest</b>	–	–	–	–	<b>629</b>	<b>629</b>
<b>At 30th June 2015 (unaudited)</b>	<b>10,449</b>	<b>200,197</b>	<b>2,887</b>	<b>213,533</b>	<b>1,575</b>	<b>215,108</b>

The notes on pages 35 to 51 form part of these financial statements.

# Notes to the Interim Financial Statements

## 1. Segment Information

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

### (a) Analysis of Consolidated Statement of Profit or Loss

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(loss) 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 of associated companies HK\$M	Profit/(loss) before taxation HK\$M	Profit/(loss) for the period HK\$M	Profit/(loss) attributable to the Company's shareholders HK\$M
<b>Six months ended 30th June 2016</b>									
Property investment	5,428	17	3,987	(601)	188	–	3,574	3,040	3,035
Property trading	1,954	–	525	(4)	(1)	–	520	493	493
Hotels	504	1	(89)	(16)	(10)	73	(42)	(45)	(44)
Change in fair value of investment properties	–	–	2,307	–	249	–	2,556	1,957	1,850
Inter-segment elimination	–	(18)	–	–	–	–	–	–	–
<b>Total</b>	<b>7,886</b>	<b>–</b>	<b>6,730</b>	<b>(621)</b>	<b>426</b>	<b>73</b>	<b>6,608</b>	<b>5,445</b>	<b>5,334</b>

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(loss) 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 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
<b>Six months ended 30th June 2015</b>									
Property investment	5,433	9	4,145	(610)	109	–	3,644	3,102	3,086
Property trading	3,403	–	1,025	1	(2)	–	1,024	846	788
Hotels	550	1	(23)	(22)	(8)	67	14	8	9
Change in fair value of investment properties	–	–	4,458	–	587	–	5,045	4,637	4,610
Inter-segment elimination	–	(10)	–	–	–	–	–	–	–
<b>Total</b>	<b>9,386</b>	<b>–</b>	<b>9,605</b>	<b>(631)</b>	<b>686</b>	<b>67</b>	<b>9,727</b>	<b>8,593</b>	<b>8,493</b>

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(loss) 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 of associated companies HK\$M	Profit/(loss) before taxation HK\$M	Profit/(loss) for the year HK\$M	Profit/(loss) attributable to the Company's shareholders HK\$M
<b>Year ended 31st December 2015</b>									
Property investment	10,857	23	8,097	(1,150)	274	–	7,221	6,255	6,231
Property trading	4,463	–	1,328	(3)	57	–	1,382	1,151	1,089
Hotels	1,127	3	(334)	(42)	(59)	141	(294)	(306)	(303)
Change in fair value of investment properties	–	–	7,116	–	828	–	7,944	7,096	7,055
Inter-segment elimination	–	(26)	–	–	–	–	–	–	–
<b>Total</b>	<b>16,447</b>	<b>–</b>	<b>16,207</b>	<b>(1,195)</b>	<b>1,100</b>	<b>141</b>	<b>16,253</b>	<b>14,196</b>	<b>14,072</b>

**1. Segment Information** (continued)

## (b) Analysis of Total Assets of the Group

	Segment assets HK\$M	Joint venture companies HK\$M	Associated companies HK\$M	Bank deposits HK\$M	Total assets HK\$M
<b>At 30th June 2016</b>					
Property investment	235,868	17,477	–	2,567	255,912
Property trading and development	9,115	776	–	300	10,191
Hotels	6,455	1,250	503	127	8,335
<b>Total</b>	<b>251,438</b>	<b>19,503</b>	<b>503</b>	<b>2,994</b>	<b>274,438</b>
	Segment assets HK\$M	Joint venture companies HK\$M	Associated companies HK\$M	Bank deposits HK\$M	Total assets HK\$M
<b>At 31st December 2015</b>					
Property investment	232,986	17,307	–	3,901	254,194
Property trading and development	9,093	815	–	401	10,309
Hotels	6,333	1,270	534	84	8,221
<b>Total</b>	<b>248,412</b>	<b>19,392</b>	<b>534</b>	<b>4,386</b>	<b>272,724</b>

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

	Segment liabilities HK\$M	Current and deferred tax liabilities HK\$M	Gross borrowings HK\$M	Total liabilities HK\$M	Non-controlling interests HK\$M
<b>At 30th June 2016</b>					
Property investment	6,109	7,815	31,735	45,659	1,565
Property trading and development	1,898	258	5,485	7,641	227
Hotels	161	–	848	1,009	21
<b>Total</b>	<b>8,168</b>	<b>8,073</b>	<b>38,068</b>	<b>54,309</b>	<b>1,813</b>
	Segment liabilities HK\$M	Current and deferred tax liabilities HK\$M	Gross borrowings HK\$M	Total liabilities HK\$M	Non-controlling interests HK\$M
<b>At 31st December 2015</b>					
Property investment	7,287	7,089	32,212	46,588	1,395
Property trading and development	2,217	239	4,655	7,111	286
Hotels	209	–	867	1,076	21
<b>Total</b>	<b>9,713</b>	<b>7,328</b>	<b>37,734</b>	<b>54,775</b>	<b>1,702</b>

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 financial statements 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 financial information relating to the year ended 31st December 2015 that is included in the Interim Report 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the “Ordinance”)) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2015 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. An auditor’s report has been prepared on those specified financial statements. That report was not qualified or otherwise modified, did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 406(2) or 407(2) or (3) of the Ordinance.

The accounting policies, methods of computation and presentation used in the preparation of the interim financial statements are consistent with those described in the 2015 annual financial statements except for those noted in 2(b) below.

- (b) The following amendments were required to be adopted by the Group effective from 1st January 2016:

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 1 (Amendment)	Disclosure Initiative
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations

The adoption of these amendments has had no significant impact on the Group’s financial statements.

- (c) The preparation of the interim financial statements 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 financial statements are detailed in the 2015 annual financial statements.

### 3. Financial Risk Management

#### Financial risk factors

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

The interim financial statements 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 2015 annual financial statements. There have been no changes in the Group's financial risk management structure, policies and procedures since the year end.

### 4. Revenue

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

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
Gross rental income from investment properties	5,367	5,368	10,716
Property trading	1,954	3,403	4,463
Hotels	504	550	1,127
Rendering of other services	61	65	141
	<b>7,886</b>	<b>9,386</b>	<b>16,447</b>

### 5. Cost of Sales

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
Direct rental outgoings in respect of investment properties	936	896	1,960
Property trading	1,336	2,187	2,733
Hotels	493	485	1,052
Rendering of other services	16	19	36
	<b>2,781</b>	<b>3,587</b>	<b>5,781</b>



## 6. Other Net Gains/(Losses)

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
Loss on disposal of four hotels in the U.K.	–	–	(229)
Profit on disposal of investment properties	51	13	13
Net foreign exchange gains/(losses)	15	(1)	(12)
Recognition of income on forfeited deposits on trading properties	4	10	12
Others	3	3	22
	<b>73</b>	25	(194)

## 7. Expenses by Nature

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

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
Depreciation of property, plant and equipment (note 12)	140	134	266
Amortisation of			
– Intangible assets (note 14)	5	4	12
– Initial leasing costs on investment properties	34	37	67
Staff costs	861	761	1,474
Operating lease rental			
– properties	25	39	68
– plant and equipment	2	2	3

## 8. Net Finance Charges

Refer to the table with the heading “Financial Information Reviewed by Auditors” on page 27 for details of the Group’s net finance charges.

## 9. Taxation

	Six months ended 30th June		Year ended 31st December
	2016 HK\$M	2015 HK\$M	2015 HK\$M
Current taxation			
Hong Kong profits tax	438	644	1,107
Overseas taxation	122	100	196
Under/(Over)-provisions in prior years	26	1	(2)
	586	745	1,301
Deferred taxation (note 22)			
Changes in fair value of investment properties	494	290	592
Origination and reversal of temporary differences	83	99	164
	577	389	756
	1,163	1,134	2,057

Hong Kong profits tax is calculated at 16.5% (2015: 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 for tax.

The Group's share of joint venture and associated companies' tax charges for the six months ended 30th June 2016 of HK\$79 million (30th June 2015: HK\$187 million; year ended 31st December 2015: HK\$251 million) and HK\$15 million (30th June 2015: HK\$14 million; year ended 31st December 2015: HK\$29 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
	2016 HK\$M	2015 HK\$M	2015 HK\$M
First interim dividend declared on 18th August 2016 of HK\$0.23 per share (2015 first interim dividend paid on 5th October 2015: HK\$0.23)	1,346	1,346	1,346
Second interim dividend paid on 5th May 2016 of HK\$0.48 per share	–	–	2,808
	1,346	1,346	4,154

The Directors have declared a first interim dividend of HK\$0.23 (2015: HK\$0.23) per share for the year ending 31st December 2016. The first interim dividend, which totals HK\$1,346 million (2015: HK\$1,346 million), will be paid on 5th October 2016 to shareholders registered at the close of business on the record date, being Friday, 9th September 2016. Shares of the Company will be traded ex-dividend as from Wednesday, 7th September 2016.

The register of members will be closed on Friday, 9th September 2016, 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, 8th September 2016.

## 11. Earnings Per Share (Basic and Diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders for the period ended 30th June 2016 of HK\$5,334 million (30th June 2015: HK\$8,493 million; 31st December 2015: HK\$14,072 million) by the weighted average number of 5,850,000,000 ordinary shares in issue during the period (30th June 2015 and 31st December 2015: 5,850,000,000 ordinary shares).

## 12. Property, Plant and Equipment

	Property, plant and equipment HK\$M
<b>Cost:</b>	
At 1st January 2016	9,936
Translation differences	(62)
Additions	205
Disposals	(10)
Transfers from investment properties	197
Transfer to deferred expenditure	(7)
<b>At 30th June 2016</b>	<b>10,259</b>
<b>Accumulated depreciation and impairment:</b>	
At 1st January 2016	1,884
Translation differences	(24)
Charge for the period	140
Disposals	(10)
<b>At 30th June 2016</b>	<b>1,990</b>
<b>Net book value:</b>	
<b>At 30th June 2016</b>	<b>8,269</b>
At 1st January 2016	8,052

Properties occupied by the Group (together with the associated leasehold land) of HK\$197 million were transferred from investment properties to property, plant and equipment following the commencement of occupation by the Group.

Property, plant and equipment is 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 2016.

### 13. Investment Properties

	Completed HK\$M	Under Development HK\$M	Total HK\$M
At 1st January 2016	199,380	29,069	228,449
Translation differences	(569)	48	(521)
Additions	137	1,298	1,435
Transfer upon completion	1,069	(1,069)	–
Transfer to properties held for development	–	(303)	(303)
Transfer from deferred expenditure	7	61	68
Other transfers to property, plant and equipment	(165)	(32)	(197)
Fair value gains	1,092	1,215	2,307
	200,951	30,287	231,238
Add: Initial leasing costs	131	–	131
<b>At 30th June 2016</b>	<b>201,082</b>	<b>30,287</b>	<b>231,369</b>
At 31st December 2015 (including initial leasing costs)	199,506	29,134	228,640

### 14. Intangible Assets

	Computer Software HK\$M	Others HK\$M	Total HK\$M
<b>Cost:</b>			
At 1st January 2016	98	99	197
Additions	7	24	31
<b>At 30th June 2016</b>	<b>105</b>	<b>123</b>	<b>228</b>
<b>Accumulated amortisation:</b>			
At 1st January 2016	70	–	70
Amortisation for the period	5	–	5
<b>At 30th June 2016</b>	<b>75</b>	<b>–</b>	<b>75</b>
<b>Net book value:</b>			
<b>At 30th June 2016</b>	<b>30</b>	<b>123</b>	<b>153</b>
At 1st January 2016	28	99	127

### 15. Joint Venture Companies

	30th June 2016 HK\$M	31st December 2015 HK\$M
Share of net assets, unlisted	5,991	5,829
Loans due from joint venture companies less provisions		
– Interest-free	12,255	12,277
– Interest-bearing	1,257	1,286
	<b>19,503</b>	<b>19,392</b>

## 16. Associated Companies

	<b>30th June 2016 HK\$M</b>	31st December 2015 HK\$M
Share of net assets, unlisted	<b>503</b>	534

## 17. 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
<b>Assets as per consolidated statement of financial position</b>			
<b>At 30th June 2016</b>			
<b>Derivatives used for hedging (note 18)</b>	<b>177</b>	–	<b>177</b>
<b>Available-for-sale assets – Unlisted investments</b>	–	<b>6</b>	<b>6</b>
<b>Total</b>	<b>177</b>	<b>6</b>	<b>183</b>
At 31st December 2015			
Available-for-sale assets – Unlisted investments	–	6	6
Total	–	6	6
<b>Liabilities as per consolidated statement of financial position</b>			
<b>At 30th June 2016</b>			
<b>Put option in favour of a non-controlling interest (note 21)</b>	–	<b>658</b>	<b>658</b>
<b>Total</b>	–	<b>658</b>	<b>658</b>
At 31st December 2015			
Derivatives used for hedging (note 18)	84	–	84
Put option in favour of a non-controlling interest (note 21)	–	509	509
Total	84	509	593

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.

There were no transfers of financial instruments between the levels in the fair value hierarchy.

**17. Fair Value Measurement of Financial Instruments** (continued)

The following table presents the changes in Level 3 financial instruments for the period ended 30th June 2016:

	Put option over non-controlling interest HK\$M	Unlisted investments HK\$M
At 1st January 2016	509	6
Additions	41	–
Change in fair value recognised as net finance charges	108	–
At 30th June 2016	658	6
Total losses for the period included in profit or loss in respect of financial instruments held at 30th June 2016	108	–

There has been no change in valuation techniques for Level 2 and Level 3 fair value hierarchy classifications.

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

The fair value estimate of the put option in favour of a non-controlling interest in the retail portion of Brickell City Centre classified as Level 3 is determined using a discounted cash flow valuation technique and contains a number of significant unobservable inputs, including the expected fair value of the investment property at the expected exercise date, the expected exercise date itself and the discount rate used. Changing these unobservable inputs based on reasonable alternative assumptions would change the valuation of the put option.

The investment property's fair value at the expected exercise date is itself subject to a number of unobservable inputs which are similar to the inputs for the Group's other already completed investment properties, including the expected fair market rent and the expected capitalisation rate. If the investment property's expected fair value at the exercise date is higher, the fair value of the put option would also be higher at 30th June 2016. If the expected exercise date is later or if the discount rate is higher, then the fair value of the put option would be lower. The opposite is true for an earlier exercise date or a lower discount rate.

## (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 at 30th June 2016 and 31st December 2015 except for the following financial liabilities, for which their carrying amounts and fair value are disclosed below:

	30th June 2016		31st December 2015	
	Carrying amount HK\$M	Fair value HK\$M	Carrying amount HK\$M	Fair value HK\$M
Long-term loans and bonds	29,973	30,960	24,982	25,309

## 18. 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 2016		31st December 2015	
	Assets HK\$M	Liabilities HK\$M	Assets HK\$M	Liabilities HK\$M
Cross-currency swaps – cash flow hedges – due after one year	177	–	–	84

## 19. Trade and Other Receivables

	30th June 2016 HK\$M	31st December 2015 HK\$M
Trade debtors	592	293
Prepayments and accrued income	370	488
Other receivables	2,071	2,067
	<b>3,033</b>	<b>2,848</b>

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

	30th June 2016 HK\$M	31st December 2015 HK\$M
Under three months	587	287
Between three and six months	3	4
Over six months	2	2
	<b>592</b>	<b>293</b>

There is no concentration of credit risk with respect to trade and other 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 division, where commercial trade credit terms are given.

## 20. 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.

**21. Trade and Other Payables**

	<b>30th June 2016 HK\$M</b>	31st December 2015 HK\$M
Trade creditors	<b>833</b>	1,210
Amount due to intermediate holding company	<b>102</b>	96
Amount due to a fellow subsidiary company	<b>81</b>	76
Amount due to an associated company	<b>30</b>	70
Interest-bearing advances from fellow subsidiary companies	<b>140</b>	382
Interest-bearing advances from joint venture and related companies	<b>233</b>	239
Advances from a non-controlling interest	<b>34</b>	34
Rental deposits from tenants	<b>2,410</b>	2,389
Put option in favour of a non-controlling interest – non-current	<b>658</b>	509
Accrued capital expenditure	<b>527</b>	1,171
Other payables	<b>2,936</b>	3,276
	<b>7,984</b>	9,452
Amount due after one year included under non-current liabilities	<b>(658)</b>	(509)
	<b>7,326</b>	8,943

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

	<b>30th June 2016 HK\$M</b>	31st December 2015 HK\$M
Under three months	<b>812</b>	1,210
Between three and six months	<b>19</b>	–
Over six months	<b>2</b>	–
	<b>833</b>	1,210



## 22. Deferred Taxation

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

	HK\$M
At 1st January 2016	6,697
Translation differences	(80)
Charged to statement of profit or loss (note 9)	577
Charged to other comprehensive income	41
<b>At 30th June 2016</b>	<b>7,235</b>
Represented by:	
Deferred tax assets	(80)
Deferred tax liabilities	7,315
	<u>7,235</u>

## 23. Share Capital

	Company	
	<b>30th June 2016 HK\$M</b>	31st December 2015 HK\$M
<b>Issued and fully paid:</b>		
At 30th June 2016 and 31st December 2015		
5,850,000,000 ordinary shares	<b>10,449</b>	10,449

During the period, the Company did not purchase, sell or redeem any of its shares.

## 24. Reserves

	Revenue reserve* HK\$M	Merger reserve HK\$M	Property revaluation reserve HK\$M	Cash flow hedge reserve HK\$M	Translation reserve HK\$M	Total HK\$M
At 1st January 2016	204,380	(1,108)	1,689	(66)	903	205,798
Profit for the period	5,334	–	–	–	–	5,334
Other comprehensive income						
Cash flow hedges						
– gains recognised during the period	–	–	–	252	–	252
– transferred to net finance charges	–	–	–	(4)	–	(4)
– deferred tax	–	–	–	(41)	–	(41)
Share of other comprehensive income of joint venture and associated companies	–	–	–	(2)	(197)	(199)
Net translation differences on foreign operations	–	–	–	–	(465)	(465)
Total comprehensive income for the period	5,334	–	–	205	(662)	4,877
2015 second interim dividend	(2,808)	–	–	–	–	(2,808)
<b>At 30th June 2016</b>	<b>206,906</b>	<b>(1,108)</b>	<b>1,689</b>	<b>139</b>	<b>241</b>	<b>207,867</b>

\* The revenue reserve at 30th June 2016 includes HK\$1,346 million representing the proposed first interim dividend for the year ending 31st December 2016 (31st December 2015: HK\$2,808 million representing the proposed second interim dividend for 2015).

## 25. Non-controlling Interests

	HK\$M
At 1st January 2016	1,702
Share of profits less losses for the period	111
Share of translation differences on foreign operations	(7)
Share of total comprehensive income for the period	104
Dividends paid and payable	(72)
Capital contribution from a non-controlling interest	79
<b>At 30th June 2016</b>	<b>1,813</b>

The capital contribution from a non-controlling interest relates to the 25% interest in the retail portion of the Brickell City Centre development, held by Simon Property Group.

## 26. Capital Commitments

	<b>30th June 2016 HK\$M</b>	31st December 2015 HK\$M
Outstanding capital commitments at the end of the period in respect of:		
Property, plant and equipment		
Contracted for	–	154
Authorised by Directors but not contracted for	<b>29</b>	80
Investment properties		
Contracted for	<b>6,744</b>	3,186
Authorised by Directors but not contracted for	<b>9,852</b>	13,130
	<b>16,625</b>	16,550
The Group's share of capital commitments of joint venture companies at the end of the period *		
Contracted for	<b>1,454</b>	411
Authorised by Directors but not contracted for	<b>1,848</b>	2,837
	<b>3,302</b>	3,248

\* of which the Group is committed to funding HK\$1,152 million (31st December 2015: HK\$1,190 million).

## 27. Contingencies

Guarantees outstanding at the end of the period in respect of bank loans and other liabilities of joint venture companies totalled HK\$1,464 million (31st December 2015: HK\$3,271 million). Bank guarantees given in lieu of utility deposits and other liabilities totalled HK\$181 million at the end of the period (31st December 2015: HK\$177 million).

## 28. 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 commenced on 1st January 2014 and will last for three years until 31st December 2016. For the period ended 30th June 2016, service fees payable amounted to HK\$102 million (2015: HK\$119 million). Expenses of HK\$34 million (2015: HK\$29 million) were reimbursed at cost; in addition, HK\$36 million (2015: HK\$32 million) in respect of shared administrative services was reimbursed.

Under a tenancy framework agreement (the “Tenancy Framework Agreement”) between JSSHK, Swire Pacific Limited and the Company dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JSSHK group and members of the Swire Pacific group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was for an initial term of two years ending on 31st December 2015 and was renewed on 1st October 2015 for a term of three years from 1st January 2016 to 31st December 2018. For the six months ended 30th June 2016, the aggregate rentals payable to the Group by members of the JSSHK group and members of the Swire Pacific group under the tenancies subject to the Tenancy Framework Agreement amounted to HK\$52 million (2015: HK\$49 million) and HK\$46 million (2015: HK\$44 million) respectively.

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

In addition, the following is a summary of significant transactions between the Group and related parties (including transactions under the 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 financial statements.

**28. 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		2016 HK\$M	2015 HK\$M	2016 HK\$M	2015 HK\$M	2016 HK\$M	2015 HK\$M	2016 HK\$M	2015 HK\$M	2016 HK\$M	2015 HK\$M	
	Purchases of services	(a)	–	–	<b>10</b>	10	–	–	–	–	–	–
	Rental revenue	(b)	–	2	<b>48</b>	46	<b>6</b>	6	<b>44</b>	41	<b>6</b>	5
	Revenue from hotels		–	–	–	–	–	–	–	<b>1</b>	<b>1</b>	
	Other revenue	(a)	–	–	<b>3</b>	3	–	1	<b>1</b>	1	–	–
	Interest income	(c)	<b>35</b>	32	–	–	–	–	–	–	–	–
	Interest charges	(c)	–	–	<b>283</b>	349	–	–	–	–	<b>3</b>	4

## 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 companies at 30th June 2016 are disclosed in note 15. Advances from fellow subsidiary, joint venture, associated and related companies are disclosed in note 21. There are a number of loan agreements between the Group and the Swire Pacific group, details of which are disclosed on page 23. The loans due to Swire Finance Limited, a fellow subsidiary company, are disclosed on page 25.

Amount due from the immediate holding company at 30th June 2016 was HK\$13 million (31st December 2015: HK\$20 million). These balances arise in the normal course of business, are non-interest-bearing and repayable within one year.

# Supplementary Information

## 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 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. D.C.Y. Ho resigned as an Executive Director of the Company with effect from 14th April 2016.
2. G.J. Ongley retired as an Executive Director of the Company at the conclusion of the 2016 annual general meeting held on 10th May 2016.

## Directors' Interests

At 30th June 2016, 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 and Swire Pacific Limited:

Swire Properties Limited	Capacity			Total No. of Shares	Percentage of Voting Shares (%)	Note
	Beneficial Interest		Trust Interest			
	Personal	Family				
S.E. Bradley	700	–	–	700	0.00001	
P.K. Etchells	–	8,400	–	8,400	0.00014	

John Swire & Sons Limited	Capacity			Total No. of Shares	Percentage of Issued Share Capital (comprised in the class) (%)	Note
	Beneficial Interest		Trust Interest			
	Personal	Family				
<b>Ordinary Shares of £1</b>						
M.B. Swire	3,205,023	–	19,222,920	22,427,943	22.43	(1)
<b>8% Cum. Preference Shares of £1</b>						
M.B. Swire	846,476	–	5,655,441	6,501,917	21.67	(1)

Swire Pacific Limited	Capacity			Total No. of Shares	Percentage of Voting Shares (comprised in the class) (%)	Note
	Beneficial Interest		Trust Interest			
	Personal	Family				
<b>'A' shares</b>						
S.E. Bradley	1,000	–	–	1,000	0.0001	
P.K. Etchells	–	12,000	–	12,000	0.0013	

Note:

(1) M.B. Swire is a trustee of trusts which held 7,899,584 ordinary shares and 2,237,039 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 at 30th June 2016 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

Long position	Number of Shares	Percentage of Voting Shares (%)	Type of Interest (notes)
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:

At 30th June 2016:

(1) Swire Pacific Limited was interested in 4,796,765,835 shares of the Company as beneficial owner.

(2) John Swire & Sons Limited ("Swire") and its wholly-owned subsidiary John Swire & Sons (H.K.) Limited were deemed to be interested in the 4,796,765,835 shares of the Company, in which Swire Pacific Limited was interested, by virtue of the Swire group being interested in 54.67% of the equity of Swire Pacific Limited and controlling 63.16% of the voting rights attached to shares in Swire Pacific Limited.



# 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.

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

**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

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

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

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

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

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

# Financial Calendar and Information for Investors

## Financial Calendar 2016

Interim Report available to shareholders	5th September
Shares trade ex-dividend	7th September
Share register closed for 2016 first interim dividend entitlement	9th September
Payment of 2016 first interim dividend	5th October
Annual results announcement	March 2017
Annual General Meeting	May 2017

## Registered Office

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

## Registrars

Computershare Hong Kong Investor Services Limited  
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183 Queen's Road East  
Hong Kong

Website: [www.computershare.com](http://www.computershare.com)

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BNY Mellon Shareowner Services  
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International callers: 1-201-680-6825

## Stock Code

Hong Kong Stock Exchange 1972  
ADR SWROY

## Auditors

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