



GREEN FINANCE REPORT 2021



Swire Properties' Green Finance Portfolio

Swire Properties is committed to integrating sustainability considerations into our financing mechanisms. By obtaining green financing through green bonds and green loans, we not only support the transition to a low-carbon, more resource efficient and sustainable economy, but also reaffirm our commitment to sustainable development, and to designing and developing sustainable projects that improve the wellbeing of building occupants and local communities.

We established our [Green Bond Framework](#) and launched our first green bond in January 2018. The net proceeds of the green bond(s) are used to fund or refinance, in whole or in part, new or existing eligible green projects that relate to green building, energy efficiency, renewable energy, sustainable water and wastewater management, or climate change adaptation.

As part of our ongoing commitment to furthering the development of green financing in Hong Kong, the [Green Finance Framework](#) was created to extend the scope of our Green Bond Framework to cover green loans in July 2020. This Green Finance Framework has taken into account the core components recommended in the Green Loan Principles issued by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association in December 2018 ("2018 GLP") and the 2018 Green Bond Principles issued by the International Capital Market Association ("ICMA").

At 30th September 2021, a total of five green bonds in HKD and USD and one HKD green loan were raised.

Green Bonds

Year Issued	Issuer	ISIN Number	Currency	Principal Amount	Coupon	Maturity Date
2018	Swire Properties MTN Financing Limited	XS1743657683	USD	500,000,000	3.50%	10th January 2028
2020	Swire Properties MTN Financing Limited	HK0000596020	HKD	604,000,000	2.55%	2nd April 2030
2020	Swire Properties MTN Financing Limited	HK0000596301	HKD	200,000,000	2.55%	14th April 2030
2020	Swire Properties MTN Financing Limited	HK0000611761	HKD	750,000,000	2.40%	18th June 2027
2020	Swire Properties MTN Financing Limited	HK0000611902	HKD	380,000,000	2.45%	22nd June 2028

Green Loan

Year Executed	Borrower	Currency	Facility Amount	Drawn Amount	Maturity Date
2020	Swire Properties (Finance) Limited	HKD	1,000,000,000	300,000,000	4th August 2025

Use of Proceeds

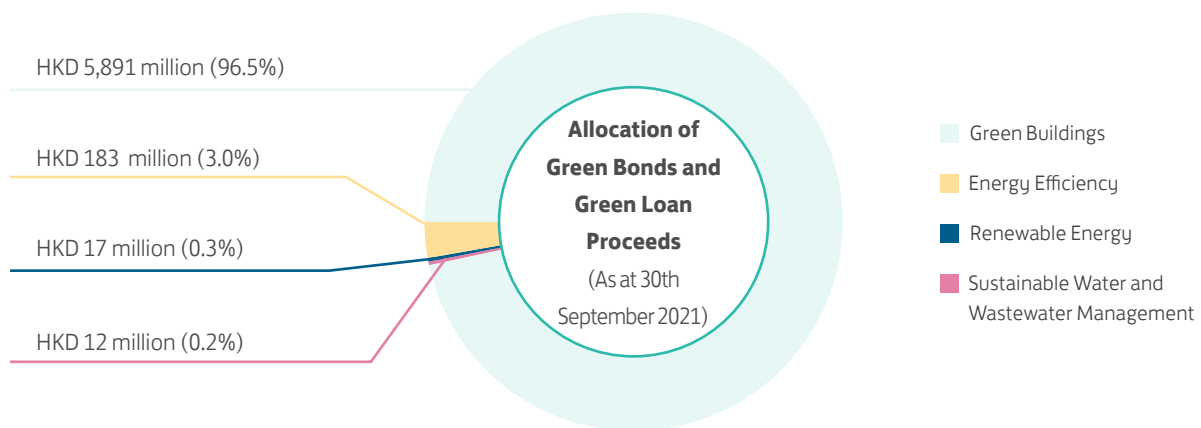
	Allocated Proceeds				Total Allocated Proceeds ¹
	Green Buildings	Energy Efficiency	Renewable Energy	Sustainable Water and Wastewater Management	
Green Bonds ² Issued In:					
2018	HKD 3,720 m	HKD 147 m	HKD 13 m	HKD 11 m	HKD 3,891 m
2020	HKD 1,880 m	HKD 36 m	HKD 4 m	HKD 1 m	HKD 1,921 m
Grand Total	HKD 5,600 m	HKD 183 m	HKD 17 m	HKD 12 m	HKD 5,812 m
Green Loan Executed In:					
2020	HKD 291 m	-	-	-	HKD 291 m
Grand Total	HKD 5,891 m	HKD 183 m	HKD 17 m	HKD 12 m	HKD 6,103 m ³
	96.5%	3.0%	0.3%	0.2%	100.0%

¹ As at 30th September 2021

² The proceeds from issue of green bonds have been fully utilised.

³ An independent assurance provider, PricewaterhouseCoopers has issued a limited assurance report. Please refer to pages 8 to 11 of this report for further details.

Allocation of Green Bonds and Green Loan Proceeds (As at 30th September 2021)



Reporting Criteria

- A green bond/green loan is added to the Use of Proceeds section when it was raised and drawn during the reporting period.
- A green bond/green loan is removed from the Use of Proceeds section when it has been fully repaid.
- Allocation and use of proceeds for each eligible green project are made according to the approval of the Sustainable Development Steering Committee or the Executive Committee of Swire Properties Limited.

Green Project Updates

One Taikoo Place

Gross floor area
1,013,368 sq. ft.

Stores Occupancy rate*
48 100%

Occupation Permit (OP) date
September 2018

*As at 30th September 2021



Project Name	One Taikoo Place		
Location	Quarry Bay, Hong Kong		
GFA	1,013,368 sq.ft.		
Certification	<ul style="list-style-type: none"> • Final Platinum for LEED BD+C: Core and Shell Version 2009 • Final Platinum for BEAM Plus New Buildings Version 1.2 • Final Platinum for WELL v1 Core and Shell Certification Scheme 		Certification Date June 2020 March 2020 November 2019
Net Proceeds Allocated	HKD 3,505 million		
Highlights of Green Elements	<div> <div> Renewable Energy <ul style="list-style-type: none"> • Dual-level roof fitted with an integrated solar photovoltaics (PV) system and green roof • Bio-diesel tri-generation system to supply heating, cooling and electricity. Used cooking oil from tenants is converted into biodiesel by third-party recyclers to power this system </div> <div> Energy Efficiency⁵ <ul style="list-style-type: none"> • Air handling units with electronically commutated (EC) plug fans to enhance efficiency • Highly optimised chiller control system with powerful data analytics • Energy efficient lighting and control system </div> <div> Sustainable Water and Wastewater Management <ul style="list-style-type: none"> • Harvest rainwater for irrigation and recycle grey water for flushing • Low-flow sanitary fittings </div> </div> <div> Estimated Environmental Impact <ul style="list-style-type: none"> • Total renewable energy generated annually: 468,300 kWh, which is equivalent to an annual carbon emissions avoidance⁴ of 375 tonnes of CO₂e • Annual energy savings exceeding BEAM Plus⁶ and LEED⁷ baseline performance by 33% and 28% respectively • Freshwater savings exceeding BEAM Plus baseline performance by >40% </div>		

⁴ Calculated by using the 2017 emission factor of Hong Kong Electric

⁵ Expenditures relating to energy efficiency element of One Taikoo Place are included in "Green Buildings" Category

⁶ Based on Building Energy Code 2012 Edition as baseline

⁷ Based on ASHRAE 90.1-2007 as baseline (LEED 2009 for Core and Shell Development)

Two Taikoo Place

Gross floor area
Approximately 1 million sq. ft.

Storeys
42

Expected completion date
2022



Artist Impression

Project Name	Two Taikoo Place	
Location	Quarry Bay, Hong Kong	
GFA	Approximately 1 million sq.ft.	
Certification	<ul style="list-style-type: none"> • Pre-certified Platinum for WELL v1 Core and Shell Certification Scheme • Provisional Platinum for BEAM Plus New Buildings Version 1.2 • Pre-certified Platinum for LEED BD+C: Core and Shell Version 2009 	Certification Date
		<p>March 2019</p> <p>February 2019</p> <p>December 2018</p>
Net Proceeds Allocated	HKD 2,213 million	
Highlights of Green Elements	<div> <div> Estimated Environmental Impact </div> <div> <p>Renewable Energy</p> <ul style="list-style-type: none"> • Dual-level roof fitted with an integrated solar photovoltaics (PV) system and green roof • Bio-diesel tri-generation system to supply heating, cooling and electricity. Used cooking oil from tenants is converted into biodiesel by third-party recyclers to power this system • Vertical axis wind turbine installed at roof </div> </div> <div> <div> <p>Energy Efficiency⁹</p> <ul style="list-style-type: none"> • Air handling units with electronically commutated (EC) plug fans to enhance efficiency • Highly optimised chiller control system with powerful data analytics • Energy efficient lighting and control system • Innovative energy efficient ventilation device at sky garden </div> <div> <p>Sustainable Water and Wastewater Management</p> <ul style="list-style-type: none"> • Harvest rainwater for irrigation and recycle grey water for flushing • Recycle process water from central cooling tower to reduce make-up water consumption • Low-flow sanitary fittings </div> </div> <div> <ul style="list-style-type: none"> • Total renewable energy generated annually: 522,250 kWh, which is equivalent to an annual carbon emissions avoidance⁸ of 418 tonnes of CO₂e • Annual energy savings exceeding BEAM Plus¹⁰ and LEED¹¹ baseline performance by 27% • Freshwater savings exceeding BEAM Plus baseline performance by >46% </div>	

⁸ Calculated by using the 2018 emission factor of Hong Kong Electric

⁹ Expenditures relating to energy efficiency element of Two Taikoo Place are included in "Green Buildings" Category

¹⁰ Based on Building Energy Code 2015 Edition as baseline

¹¹ Based on ASHRAE 90.1-2007 as baseline (LEED 2009 for Core and Shell Development)

46-56 Queen's Road East

Gross floor area
223,303 sq. ft.

Storeys
32

Expected completion date
2023



Project Name	46-56 Queen's Road East		
Location	Wan Chai, Hong Kong		
GFA	223,303 sq. ft.		
Certification	<ul style="list-style-type: none"> • Provisional Platinum for BEAM Plus New Buildings Version 2 • Pre-certified Platinum for LEED v4 BD+C: Core and Shell • Pre-certified Platinum for WELL v1 Core 		Certification Date November 2020 September 2020 September 2020
Net Proceeds Allocated	HKD 201 million		
Highlights of Green Elements	<div> <div> Renewable Energy <ul style="list-style-type: none"> • High efficiency solar photovoltaics (PV) system on top roof and main roof </div> <div> Energy Efficiency¹³ <ul style="list-style-type: none"> • Air handling units with electronically commutated (EC) plug fans to enhance efficiency • Highly optimised chiller control system with powerful data analytics • Energy efficient lighting and control system </div> <div> Sustainable Water and Wastewater Management <ul style="list-style-type: none"> • Harvest rainwater for irrigation • Low-flow sanitary fittings </div> </div>		
	Estimated Environmental Impact <ul style="list-style-type: none"> • Total renewable energy generated annually: 45,250 kWh, which is equivalent to an annual carbon emissions avoidance¹² of 37 tonnes of CO₂e • Annual energy savings exceeding BEAM Plus¹⁴ and LEED¹⁵ baseline performance by 22% and 19% respectively • Freshwater savings exceeding BEAM Plus baseline performance by >40% 		

¹² Calculated by using the 2019 emission factor of Hong Kong Electric

¹³ Expenditures relating to energy efficiency element of the project are included in "Green Buildings" Category

¹⁴ Based on Building Energy Code 2018 Edition as baseline

¹⁵ Based on ASHRAE 90.1-2010 as baseline (LEED v4 for Core and Shell Development)



Taikoo Place



Pacific Place



Cityplaza

Project Name	Energy Efficiency projects – Taikoo Place, Pacific Place and Cityplaza		
Net Proceeds Allocated	HKD 183 million		
Highlights of Green Elements	Estimated Environmental Impact		
	<ul style="list-style-type: none">• High efficiency chiller systems at Taikoo Place, Pacific Place and Cityplaza• EC motor plug fans in air handling units at Taikoo Place and Pacific Place, which can reduce the estimated use of fan energy by up to 30%• Carpark ventilation system optimization at Pacific Place• Enhanced chiller plant optimization control systems at Pacific Place• Energy efficient lightings including LED lights at Taikoo Place, Pacific Place and Cityplaza• Variable speed drives (VSD) for condensing water pumps at Taikoo Place and Cityplaza	<ul style="list-style-type: none">• Annual energy savings: Taikoo Place: 5,673,870 kWh Pacific Place: 5,647,300 kWh Cityplaza: 471,600 kWh Total: 11,792,770 kWh• Annual carbon emissions avoided¹⁶: Taikoo Place: 4,028 tonnes of CO₂e Pacific Place: 4,010 tonnes of CO₂e Cityplaza: 335 tonnes of CO₂e Total: 8,373 tonnes of CO₂e	

Project Name	Sustainable Water and Wastewater Management projects – Taikoo Place and Pacific Place	
Green Bond Proceeds Allocated	HKD 1 million	
Highlights of Green Elements	Estimated Environmental Impact	
	<ul style="list-style-type: none"> • Grey water treatment and recycling system at Oxford House, Taikoo Place, which collects, treats and reuses pantry wastewater from office tenants for cleaning purposes • Optimise cooling tower water use in Three Pacific Place, 8 Queen's Road East and 28 Hennessey Road • Water flow regulators on faucets in tenants' pantries in Taikoo Place and Pacific Place • Smart water meters to monitor water consumption 	<ul style="list-style-type: none"> • Annual recycling volume: 300 m³ • Annual water savings: 6,000 m³

¹⁶ Calculated by using the 2020 emission factor of Hong Kong Electric



Independent practitioner's assurance report

To the Board of Directors of Swire Properties Limited

We have been engaged to perform a limited assurance engagement on the selected information described below and identified by footnote 3 on page 3 of the Green Finance Report of Swire Properties Limited (the "Company") as at 30 September 2021 (the "Selected Information").

Selected Information

The scope of our work was limited to assurance over the Selected Information described as "amounts of proceeds allocated to the eligible green projects" set out in footnote 3 on page 3 of the Green Finance Report as at 30 September 2021.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Green Finance Report as at 30 September 2021.

Reporting Criteria

The criteria used by the Company to prepare the Selected Information is set out in Appendix of this report (the "Reporting Criteria").

Directors' Responsibilities

The directors of the Company are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Green Finance Report as at 30 September 2021.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent practitioner's assurance report

To the Board of Directors of Swire Properties Limited

Practitioner's Responsibilities

It is our responsibility to express a conclusion on the Selected Information based on our work performed 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.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on the practitioner's judgment and our assessment of the engagement risk. Within the scope of our work we performed amongst others the following procedures:

- made enquiries of the Company's management, including those with involved in providing information relating to the Green Finance Report as at 30 September 2021;
- checked the approval of allocation of proceeds by the Sustainable Development Steering Committee or the Executive Committee of Swire Properties Limited to the Company's proposal for eligible use of proceeds relating to the transactions; and
- checked, on a sample basis, the use of proceeds as approved by the Sustainable Development Steering Committee or the Executive Committee of Swire Properties Limited to capital expenditure supporting payment documents and ensured that these are for approved projects.

Our work did not include reviewing the effectiveness of systems, processes and controls that generated the Selected Information. Thus, our work was not performed for the purposes of expressing an opinion on the effectiveness and performance of the Company's management systems, processes and controls, and not for the purposes of expressing an opinion on any statutory financial statements.

Inherent Limitation

We draw attention to the fact that the Reporting Criteria includes certain inherent limitations that can influence the reliability of the information. The Selected Information needs to be read and understood together with Reporting Criteria, which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 30 September 2021.

Independent practitioner's assurance report
To the Board of Directors of Swire Properties Limited

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information as at 30 September 2021 is not prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction on Use

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of the report.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 21 December 2021

Appendix: Reporting Criteria

- A green bond/green loan is added to the Use of Proceeds section when it was raised and drawn during the reporting period.
- A green bond/green loan is removed from the Use of Proceeds section when it has been fully repaid.
- Allocation and use of proceeds for each eligible green project are made according to the approval of the Sustainable Development Steering Committee or the Executive Committee of the Company.