

Sustainable Development Strategy and 2016 Highlights



SWIRE PROPERTIES SUSTAINABLE DEVELOPMENT VISION



Our vision is to be the leading sustainable development performer in our industry globally by 2030.

Guy Bradley
Chief Executive



To help us achieve our sustainable development (SD) vision, we have launched the SD 2030 Strategy which is built on five strategic pillars: **Places, People, Partners, Performance (Environment) and Performance (Economic)**. It is underpinned by the concepts of innovation and experimentation as well as communication and engagement.

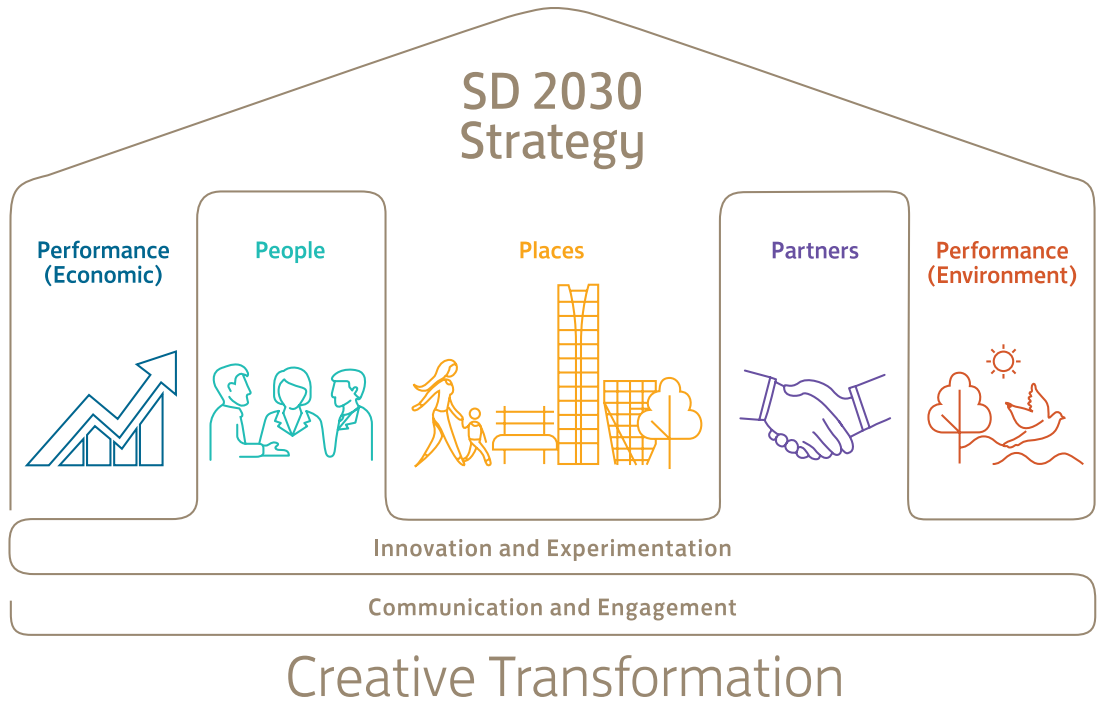
Places is at the heart of our SD 2030 Strategy. Through a process of Creative Transformation, we aim to explore new perspectives, to unlock unrealised potential in places, and to create and transform places into vibrant and high quality, sustainable communities. This will, in turn, create long term value for our shareholders, our business partners and the communities in which we operate.

We believe that an inclusive management approach will ensure that our SD 2030 Strategy is fully integrated across our operations. This is reflected in our new sustainable development management structure, which includes employees with diverse backgrounds and expertise and with different levels of work experience.

The following pages introduce our SD strategy, selected 2020 key performance indicators (KPIs), and highlights of our performance in 2016.

For a full account of our SD strategy, KPIs and 2016 performance, please refer to the Swire Properties Sustainable Development Report 2016.

Sustainable Development (SD) 2030 Strategy Framework



To ensure that our SD 2030 Strategy is properly integrated across business units, functions, levels, portfolios, and geographies, we have developed a robust sustainable development management structure. The key elements of this management structure are captured below.

Sustainable Development Steering Committee	Working Groups	Communication and Engagement Committee
<p>Our Chief Executive, who chairs the SD Steering Committee, reports relevant sustainable development matters directly to the Board of Directors. The SD Steering Committee is responsible for reviewing and overseeing the implementation of our SD 2030 Strategy.</p>	<p>Each pillar is supported by a working group that is responsible for recommending specific KPIs for achievement by 2020 and 2030 within their respective focus areas. Membership of the working groups is cross-functional and cross-geographical.</p>	<p>Our SD communication and engagement committee is responsible for overseeing the internal and external communications and engagement plans.</p>

PLACES



Through effective placemaking and long-term placekeeping, we aim to continue to transform the places in which we invest so as to create value, while retaining their character, supporting our communities and enhancing people’s lives.

Placemaking describes our approach to transforming urban areas in which our properties are located and creating integrated and vibrant places. It guides us to balance the aesthetic, functional, ecological and cultural impacts of the design and construction of our properties.

Placekeeping describes our approach to maintaining and managing our assets to the high standards that we believe have become synonymous with our brand.

SD 2030 Focus Areas and Performance Categories

We have identified five focus areas to help us measure and manage the effectiveness of our Placemaking and Placekeeping activities. Performance categories within each of these focus areas reflect our specific commitments. In 2017, we will continue to assess how to develop and refine our approach.

FOCUS AREAS	PERFORMANCE CATEGORIES
Master Planning	<ul style="list-style-type: none"> Stakeholder Engagement City Development
Supporting Communities & Local Revitalisation	<ul style="list-style-type: none"> Community Engagement Heritage Preservation & Enhancement Social Integration & Regeneration Community Investments Visual Perception
Supporting Local Economy	<ul style="list-style-type: none"> Local Jobs & Commerce Local Visitors
Liveability	<ul style="list-style-type: none"> Visitor & Occupant Safety Health & Wellbeing Quality Public Spaces
Connectivity	<ul style="list-style-type: none"> Public Transport Accessibility Electric Vehicle Support Barrier-free Access Virtual Connectivity Accessibility to International Transport Hubs Cycle-ability & Walkability Connectivity to Points of Interest

Places is central to the achievement of our SD 2030 Strategy and relies on the contribution and performance of each of the other four pillars.

Highlights of Our Developments

HONG KONG

Pacific Place, Cityplaza and Citygate

Our Hong Kong shopping malls sit atop strategic transportation hubs. In these retail-led properties, we invite our tenants in these malls to implement green measures through the Green Shop Alliance programme.

Taikoo Place

We transformed Taikoo Place from the old Taikoo dockyard and sugar refinery into a commercial centre. It is home to over 300 international companies and serves over 26,000 office workers with green spaces, a wide range of restaurants and other amenities.

MAINLAND CHINA

Sino-Ocean Taikoo Li Chengdu

Sino-Ocean Taikoo Li Chengdu wraps around the 1,400 year-old Daci Temple. Throughout project design and construction, special care was taken to preserve and enhance existing heritage structures.

TaiKoo Hui

TaiKoo Hui is a lifestyle destination in the Tianhe District of Guangzhou. We invite our office tenants to implement targeted sustainability initiatives through our Green Pledge Programme.

Taikoo Li Sanlitun

Our first completed project in Mainland China, Taikoo Li Sanlitun, was inspired by Beijing's traditional "hutong" architecture. Home to over 200 retail outlets, 40 restaurants, an array of public art and a boutique hotel, we transformed the area into a lifestyle destination.

INDIGO

INDIGO is a retail-led, mixed-use development featuring contemporary architecture, green features and quality public spaces. INDIGO was recently rated by a social media platform as one of the two best performing malls in Beijing in terms of indoor air quality.

HKRI Taikoo Hui

Our HKRI Taikoo Hui project is located on Shanghai's West Nanjing Road. Both office towers received pre-certification for LEED Platinum (Core & Shell Version 2.0) from the U.S. Green Building Council and the retail mall achieved pre-certification for LEED Gold.

MIAMI

Brickell City Centre

Brickell City Centre, our landmark mixed-use development in Miami, U.S.A. obtained Leadership in Energy and Environmental Design ("LEED") Gold certification for Neighborhood Development (Stage 2), a rating system that promotes the integration of smart growth, urbanism and green buildings into neighbourhood design as part of city development.

PEOPLE



We aim to create an environment where our employees will be healthier, happier and more productive. We aim to invest in our employees and provide rewarding career paths so as to develop a diverse and industry-leading team.

SD 2030 Focus Areas and Performance Categories

FOCUS AREAS	PERFORMANCE CATEGORIES
Talent Attraction	<ul style="list-style-type: none"> • Employer Branding • Recruitment Process • Compensation & Benefits
Talent Retention	<ul style="list-style-type: none"> • Learning & Development • Incentive Structure • Performance Development Review • Working Environment
Safety, Health & Wellbeing	<ul style="list-style-type: none"> • Safety • Health & Wellbeing • Satisfaction
Diversity & Inclusion	<ul style="list-style-type: none"> • Policy, Strategy & Governance • Disclosure • Culture
Volunteering	<ul style="list-style-type: none"> • Community Ambassador Programme • Community Caring Fund

Looking Forward: Highlights of Selected Key Performance Indicators (KPIs)

The contributions of our employees are critical for our success and implementation of our SD 2030 Strategy. Selected KPIs that we aim to achieve by 2020 include:

Talent Retention

- Incorporate elements of SD 2030 Strategy into employees' annual performance goals
- Achieve 25% increase in annual training hours per employee as compared to 2016

Safety, Health & Wellbeing

- Conduct compulsory health & safety training via e-learning platform for 100% of employees

Volunteering

- Increase participation in our Community Ambassador Programme by
 - 20% for tenants in Hong Kong and other Swire group companies compared to 2016
 - 20% for employees in Mainland China compared to 2016

2016 Performance*

Volunteering

1,500

Community ambassadors volunteered 75,200 hours of service¹

¹Accumulative figures for 15 years

650 Community activities benefited around

75,000

people¹



Talent Retention

>65,000

Total training hours



Safety, Health & Wellbeing

0

Workplace fatalities (employees)

Lost day rate²

41% ↓

vs 2015

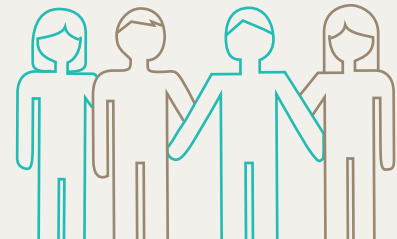
² Number of lost scheduled working days per 100 employees per year



Diversity & Inclusion

50%

of Director positions held by women



* Performance data is reported on a 100% basis from operations (i) over which we have management control, and (ii) that have been fully operating for a complete calendar year at 31st December 2016. As the Brickell City Centre, Miami, U.S.A. has operated for less than a complete calendar year, its data is not included above.

#SDStartswithMe



In May 2016, we launched a seven-week Yammer campaign introducing our SD 2030 Strategy to our employees. To capture their attention, we posted a series of short videos featuring our top management exchanging ideas with children of employees about the meaning and importance of sustainable development for our business. In the words of our Chief Executive, Guy Bradley, ***“It’s quite simply everybody’s responsibility. We need to hear from everybody. We want suggestions, we want ideas, and if we don’t get those then this isn’t going to fly.”***



PARTNERS



We aim to continue to develop long-term, mutually beneficial relationships with our business partners and other key parties so as to improve our environmental, social, and economic performance.

SD 2030 Focus Areas and Performance Categories

FOCUS AREAS	PERFORMANCE CATEGORIES
Suppliers	<ul style="list-style-type: none"> • Supply Chain Policy • Supply Chain Improvement • Monitoring (Compliance)
Tenants	<ul style="list-style-type: none"> • Programme Development • Tenant Satisfaction • Tenant Engagement
Customers	<ul style="list-style-type: none"> • Retail • Hotels • Office Workers
Residential	<ul style="list-style-type: none"> • Engagement (Owner, Occupier & Serviced Apartment)
Government	<ul style="list-style-type: none"> • Government Engagement
NGOs	<ul style="list-style-type: none"> • NGO Engagement
Joint Venture ("JV") Partners	<ul style="list-style-type: none"> • JV Partners Engagement • Partner Selection & Company Formation

Looking Forward: Highlights of Selected KPIs

We value the contributions of our partners and recognize that successful collaborations with them provide important opportunities for us to experiment and innovate. We are working continuously to strengthen engagement with suppliers and tenants on SD issues. Selected KPIs for 2020 include:

Suppliers

- Implement green procurement system across all business operations in Hong Kong and Mainland China

Tenants

- Introduce sustainability guidelines for commercial tenants undertaking new fit-outs and renovations of leased spaces
- Review and expand the Green Pledge Programme to include the majority of office tenants
- Conduct tenant satisfaction surveys in office and retail portfolios in Hong Kong

2016 Performance*

Suppliers

Procured over

HK\$280 million
worth of green products¹

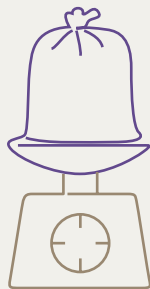


¹Products that meet specific environmental criteria, including green certification or accreditation by reputable, independent third parties.

Tracked **12** types of building materials, building services equipment and office supplies through green procurement monitoring system

Government and NGOs

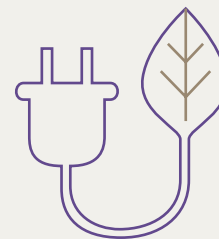
Worked with HKSAR government and NGOs to evaluate waste generation of tenants and prepare for future implementation of a municipal solid waste charging scheme



Tenants

Free energy audits offered to Hong Kong office tenants since 2008, identifying potential annual energy savings of

~2.8 million kWh



Free energy audits offered to tenants at Taikoo Li Sanlitun, Beijing and TaiKoo Hui, Guangzhou, identifying potential annual energy savings of

~3.5 million kWh²

Green Pledges signed with tenants occupying

~53%

of office space in TaiKoo Hui, Guangzhou²

²At 31st December 2016

*Performance data is reported on a 100% basis from operations (i) over which we have management control, and (ii) that have been fully operating for a complete calendar year at 31st December 2016. As the Brickell City Centre, Miami, U.S.A. has operated for less than a complete calendar year, its data is not included above.

Green Shop Alliance

In June 2016, we became the first property developer to support the Green Shop Alliance, which is a forum through which landlords and tenants work together to promote sustainability initiatives in the retail industry in Hong Kong. Forty-seven of our retail tenants have joined the alliance and pledged to adopt green measures aimed at reducing energy and water use and managing waste. Together, we are working to embed sustainability measures into our tenants' operations.



PERFORMANCE (ENVIRONMENT)



We aim to continue to design, construct and manage high quality developments that contribute positively to the communities in which we operate and the environment.

SD 2030 Focus Areas and Performance Categories

FOCUS AREAS	PERFORMANCE CATEGORIES
Climate Change	<ul style="list-style-type: none"> • Policy • Decarbonisation <ul style="list-style-type: none"> • Carbon Management & Accounting
Energy	<ul style="list-style-type: none"> • Energy Reduction • Renewable Energy <ul style="list-style-type: none"> • Intelligent Energy & Facility Management System
Waste	<ul style="list-style-type: none"> • Policy <ul style="list-style-type: none"> • Waste Diversion
Water	<ul style="list-style-type: none"> • Policy <ul style="list-style-type: none"> • Risk Assessment
Biodiversity	<ul style="list-style-type: none"> • Policy <ul style="list-style-type: none"> • Integration
Occupant Wellbeing	<ul style="list-style-type: none"> • Indoor Air Quality
Building / Asset Investments	<ul style="list-style-type: none"> • Environmental Building Assessment Schemes* <p><small>*BEAM Plus / LEED / China Green Building Design Label / WELL Certification</small></p>

Looking Forward: Highlights of Selected KPIs

We have always taken great care to develop high quality buildings, and as part of our SD 2030 Strategy we seek to continually improve our environmental performance. Our focus extends beyond the direct impacts of our buildings by seeking to mitigate climate impacts and to optimise resource efficiency.

Selected KPIs we aim to achieve by 2020 include:

- Climate Change**
 - Establish climate change policy and conduct climate risk assessment for all portfolios
 - Establish a comprehensive carbon accounting framework for reporting and management purposes
 - Achieve 27% carbon intensity reduction for Hong Kong portfolio compared to baseline year of 2008
- Energy**
 - Achieve 26% annual energy reduction for Hong Kong portfolio compared to 2008 business-as-usual baseline
 - Achieve 29% energy intensity reduction for Hong Kong portfolio compared to 2008 business-as-usual baseline
- Waste**
 - Establish waste management policy
 - Achieve 25% commercial waste diversion rate for Hong Kong portfolio (including hotels)
 - Achieve 80% demolition waste diversion rate for Hong Kong projects under development
- Water**
 - Establish water management policy
 - Complete water risk assessment for Mainland China portfolio

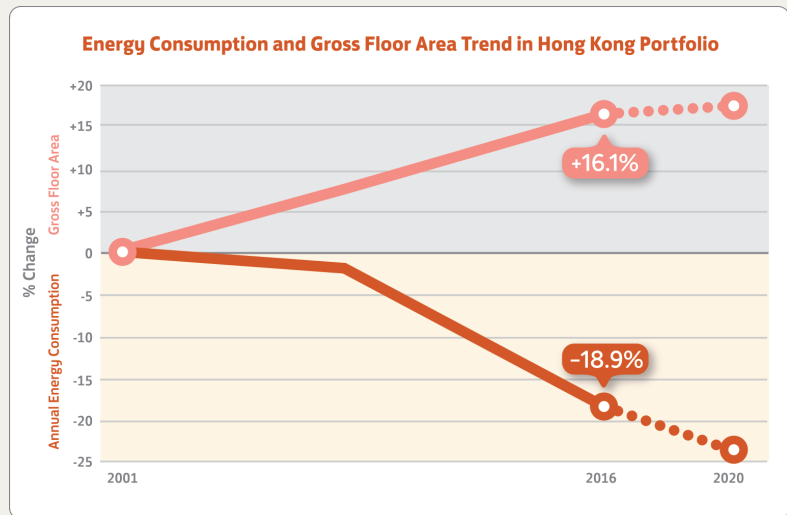
2016 Performance*

Energy

18.9% ↓

in energy consumption¹ achieved despite 16.1% increase in gross floor area of our Hong Kong portfolio (from 2001 to 2016)

¹ Energy consumption refers to electricity consumption for the provision of shared services for and in the common parts of our buildings.



Waste

3,317

tonnes of waste recycled in Hong Kong commercial portfolio



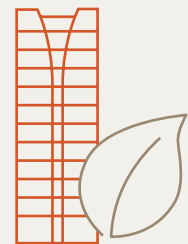
Building / Asset Investments²

32

buildings have obtained BEAM³ or BEAM Plus certification

12

buildings have obtained LEED⁴ certification



² Accumulative figures at 31st December 2016

³ Building Environmental Assessment Method

⁴ Leadership in Energy and Environmental Design

*Performance data on “Energy” and “Waste” is reported on a 100% basis from operations (i) over which we have management control, and (ii) that have been fully operating for a complete calendar year at 31st December 2016. As the Brickell City Centre, Miami, U.S.A. has operated for less than a complete calendar year, its data is not included above.

Green Building Leadership



In 2016, we received the Grand Award in the new Green Building Leadership Category of the Green Building Awards from the Hong Kong Green Building Council and the Professional Green Building Council.

The assessment panel praised our integrated design approach and our knowledge-based energy management system, specifically the application of real operational data from other existing buildings to build up KPIs for new developments.

PERFORMANCE (ECONOMIC)



We aim to deliver sustainable economic performance coupled with good corporate governance and high ethical standards.

SD 2030 Focus Areas and Performance Categories

FOCUS AREAS	PERFORMANCE CATEGORIES
Financial Performance	<ul style="list-style-type: none"> Underlying Profit Gearing Ratio / Credit Rating Dividends % Trading Income VS Rental Income
SD / Green Financing	<ul style="list-style-type: none"> SD / Green Bonds Venture Investment Internal Fund
Corporate Governance	<ul style="list-style-type: none"> Whistleblowing Policy Responsible Investment External SD Advisory Committee Anti-bribery & Anti-corruption Executive Compensation
Risk Management	<ul style="list-style-type: none"> Enterprise Risk Management System Business Recovery Plan
Disclosure & Reporting	<ul style="list-style-type: none"> Integrated Reporting Disclosure Benchmarks & SD Indices
Investor Relations	<ul style="list-style-type: none"> Direct Indirect

Looking Forward: Highlights of Selected KPIs

Selected KPIs for 2020 from 3 of our 6 focus areas are highlighted below. These KPIs reinforce our commitment to creating shareholder value.

- Risk Management**
- Integrate SD factors into corporate risk analysis
 - Review Enterprise Risk Management system including corporate risk identification, review and mitigation processes
- SD / Green Financing**
- Support small businesses and innovation through blueprint initiatives
 - Explore the applicability of green bonds to Swire Properties' financing
- Corporate Governance**
- Establish external SD Advisory Committee
 - Incorporate environmental, social and governance ("ESG") / SD criteria into investment assessment process

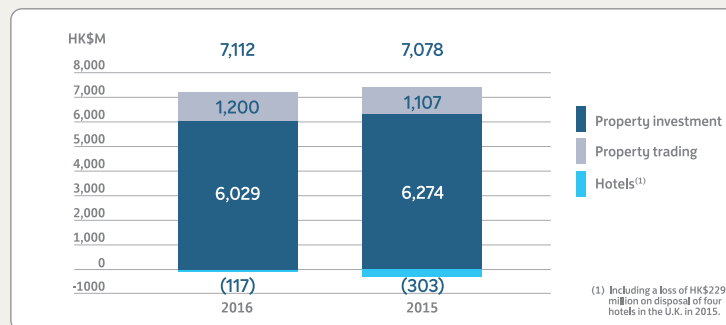
2016 Performance

Underlying Profit Attributable to Shareholders

HK\$ 7,112
million

2015: HK\$7,078 million

Underlying Profit / (Loss) by Segment



Gearing Ratio*

15.6%

Credit Rating*

Fitch **A** Moody's **A2** S&P **A-**

*At 31st December 2016

For further details of our financial performance, including key business strategies and review of operations, please refer to the Swire Properties Annual Report 2016.

Leadership in Sustainability Indices

In 2016, we were listed in five leading global or regional sustainability indices or rankings, including the Dow Jones Sustainability Asia Pacific Index, the Hang Seng Corporate Sustainability Index and, for the first time, the FTSE4Good Index. In addition, the 2016 Channel NewsAsia Sustainability Ranking recognised us as one of the 100 most sustainable corporations in Asia and one of the top three sustainable corporations in Hong Kong. Our SD performance was recognised as being within the top 15% of companies in the real estate industry globally, according to RobecoSAM's *The Sustainability Yearbook 2017*.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM


FTSE4Good

 Hang Seng Corporate
Sustainability Index
Series Member 2016-2017

 2016 Constituent
MSCI Global
Sustainability Indexes

 CHANNEL NEWSASIA
SUSTAINABILITY
RANKING

¹Disclaimer: www.swireproperties.com/sd/awards/mscidisclaimer.html

SUSTAINABLE DEVELOPMENT IN ACTION

Taikoo Place Redevelopment

Our Taikoo Place redevelopment project exemplifies many important elements of our SD 2030 Strategy. It involves the phased construction of two triple Grade-A office towers, namely One Taikoo Place and Two Taikoo Place, an elevated air-conditioned walkway linking the surrounding buildings, the creation of two new open public spaces and streetscape enhancement works.

Through this project, we aspire to create a more connected, people-friendly commercial centre featuring high performance, sustainable buildings and green spaces, while retaining the neighbourhood's distinctive character and providing vibrant public spaces to benefit the local community.

PLACES

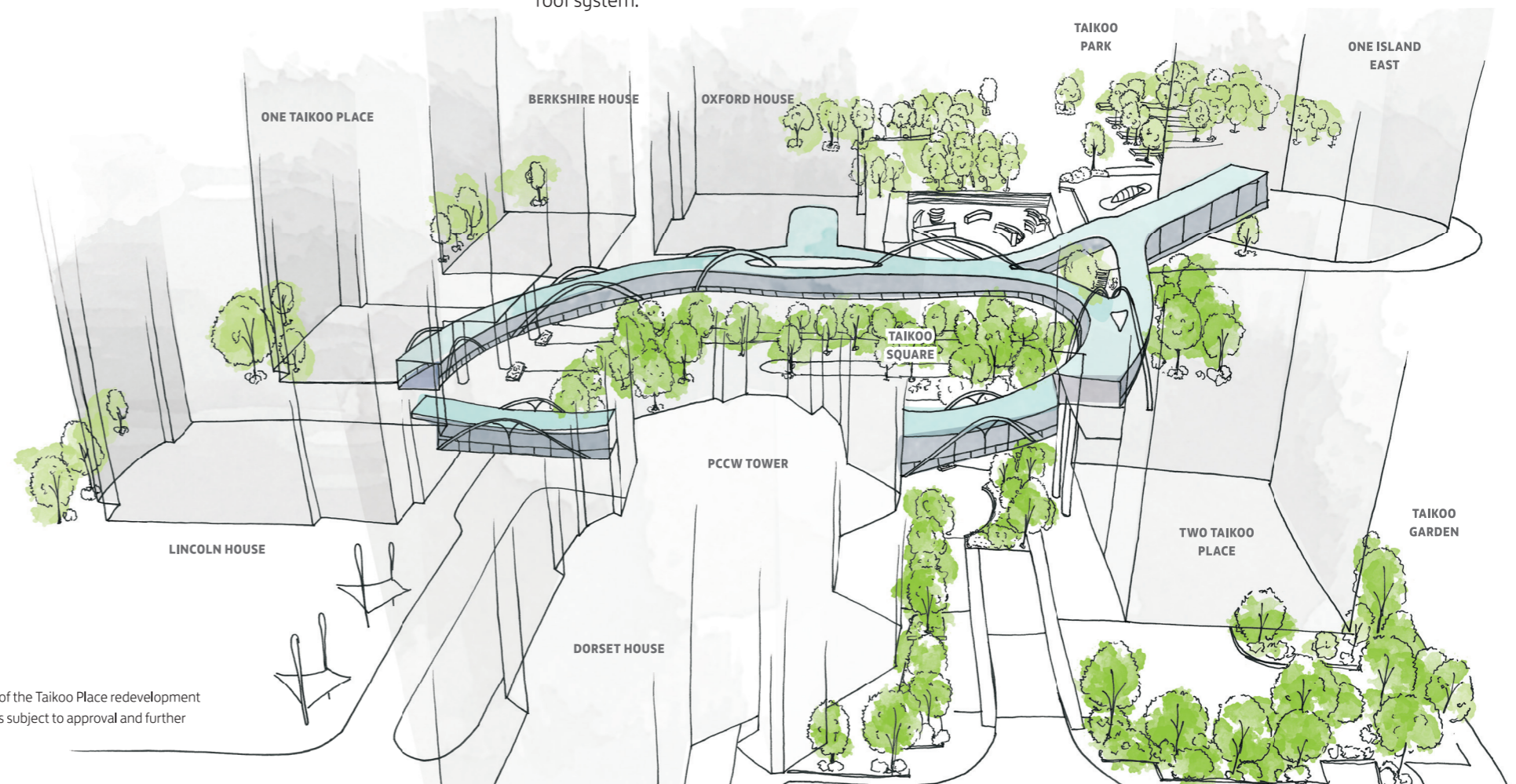


PERFORMANCE (ENVIRONMENT)



- Connecting Places:** Pedestrian-friendly, elevated walkways and improved streetscapes will enhance existing connections to surrounding buildings and transport hubs.
- Liveability:** Inviting green spaces and outdoor seating areas will offer places for people to gather, and have been carefully designed and positioned to reduce urban heat island effects and improve micro-climate.
- Natural Ventilation:** Buildings have been situated to create new wind corridors that will introduce natural ventilation and cooling breezes.
- Capitalising on Data Analytics:** Analysis of over 10 years of energy data collected from our portfolios will make it possible to achieve energy savings of up to 9.7% at One Taikoo Place through implementation of an efficient and highly optimised chiller control system.
- Waste to Energy:** A bio-diesel tri-generation and adsorption chiller system will supply combined heating, cooling and power generation, contributing up to 2% of building energy. Used cooking oil generated by tenants will be converted into biodiesel by third-party recyclers to help power the system.
- Green Technology:** Air handling units with electrically-commutated (EC) plug fans will be adopted to achieve greater reliability and energy savings of 5.7% in our building cooling systems.

- Optimising Resource Efficiency:** Reuse of approximately 1/3 of existing caisson pilings in the new building foundation will save approximately 1,400m³ of concrete, 54,300kg of rebar and 10,100 GJ of embodied energy.



The above graphic is an artist's impression of the Taikoo Place redevelopment and is shown for general reference only. It is subject to approval and further revision.

PARTNERS



PEOPLE



PERFORMANCE (ECONOMIC)



- Integrated Design Approach:** The project team has worked collaboratively from the outset to achieve sustainability goals. Applying a life cycle approach, the project team has taken into account not only the design and construction of the building but also how it will be operated and maintained in the future.
- Partnering on Innovation:** We are working closely with the National University of Singapore and the Hong Kong Polytechnic University to implement a dual-level roof fitted with a combined green roof and solar PV system. This is expected to be one of the first commercial projects in Hong Kong to adopt a combined roof system.
- Employee Contributions:** In 2016, the Hong Kong Labour Department and Occupational Safety & Health Council awarded a senior building supervisor at Taikoo Place a merit award in recognition for his work on the trial and development of our e-patrol security system.
- Long-term Investment:** The Taikoo Place redevelopment represents a HK\$15 billion investment. Together, the two new buildings will offer approximately 2 million sq ft of new Grade-A office space.

About Swire Properties

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

About this Publication

This publication introduces our SD strategy, selected 2020 KPIs, and highlights of our performance in 2016.

For a full account of our SD strategy, KPIs and 2016 performance, please refer to the Swire Properties Sustainable Development Report 2016 available at www.swireproperties.com.



We welcome your feedback on our sustainable development performance and reporting. You can contact us by email at sustainabledevelopment@swireproperties.com or write to us:

Technical Services and Sustainability Department
18/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay, Hong Kong

