



GREEN BOND REPORT

2019

SWIRE PROPERTIES' GREEN BOND

The issuance of our first 10-year green bond is part of our SD 2030 Strategy. It reaffirms our ongoing commitment to sustainable development, and designing and developing green projects that improve the wellbeing of building occupants and local communities. It also helps to further the development of green capital markets in Hong Kong.

We launched our first green bond in January 2018, raising US\$500 million at a coupon rate of 3.5 %, due 2028. The 10-year green bond was issued under our US\$4 billion Medium Term Note Programme and was rated A2 by Moody's Investors Service and A by Fitch Ratings.

Part of the proceeds have been used to finance our newest Grade-A office development, One Taikoo

Place and Two Taikoo Place, core components of our HK\$15 billion Taikoo Place redevelopment project.

Swire Properties' 10-year green bond is the first in Hong Kong to obtain Pre-issuance Stage Certification under the Green Finance Certification Scheme by the Hong Kong Quality Assurance Agency (HKQAA).

Details of First Green Bond

Size	US\$500 million
Tenor	10-year
Issue Date	10th January 2018
Coupon	3.5%
Issue Price	99.566%
Ranking	Senior Unsecured
Joint Lead Managers & Bookrunners / Joint Green Advisors	Bank of America Merrill Lynch HSBC
Ratings	A – Fitch A2 – Moody's
Certification	First Green Bond in Hong Kong to obtain Green Finance Certification from HKQAA 
Second Party Opinion Provider	 SUSTAINALYTICS
Inclusion in Green Bond Indices	Bloomberg Barclays MSCI Green Bond Index ICE BofAML Green Bond Index



Our [Green Bond Framework](#) is available online. Net proceeds are used to fund green projects meeting one or more of the following categories of eligibility recognised in the [Green Bond Principles](#).



Renewable Energy



Energy Efficiency



Sustainable Water and Wastewater Management



Climate Change Adaptation



Green Buildings

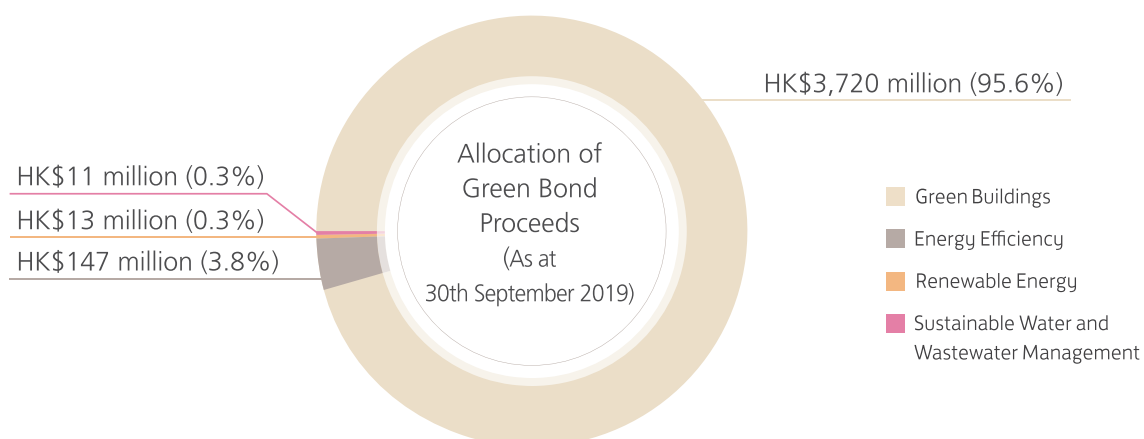
ALLOCATION OF GREEN BOND PROCEEDS

The net proceeds from the green bond of HK\$3,891 million have been fully allocated to the following green projects:

Category	Projects	Green Bond Proceeds Allocated ¹	
Green Buildings	One Taikoo Place and Two Taikoo Place	HK\$3,720 million	95.6%
Energy Efficiency	Cityplaza, Pacific Place and Taikoo Place	HK\$147 million	3.8%
Renewable Energy	One Taikoo Place	HK\$13 million	0.3%
Sustainable Water and Wastewater Management	Taikoo Place, including One Taikoo Place	HK\$11 million	0.3%
Total allocated proceeds		HK\$3,891 million ²	100%

¹ As at 30th September 2019

² An independent assurance provider, PricewaterhouseCoopers has issued a limited assurance report. Please refer to pages 7 to 9 of this report for further details.



Reporting Criteria

- Total proceeds of HK\$3,891 million represent the US\$500 million raised from the issuance of the green bond, details of which are set out in page 2 of this report.
- A green bond is added to the Green Bond Report when it was issued during the reporting period.
- A green bond is removed from the Green Bond Report 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 million sq. ft.

Storeys Occupancy rate*

48 100%

Occupation Permit (OP) date

September 2018

*As at 30th September 2019

Project Name	One Taikoo Place	
Location	Quarry Bay, Hong Kong	
GFA	1 million sq.ft.	
Certification	• Pre-certified Platinum for LEED BD+C: Core and Shell Version 2009 • Provisional Platinum for BEAM Plus New Buildings Version 1.2 • Final Platinum for WELL v1 Core & Shell Certification Scheme	Certification Date December 2015 October 2017 November 2019
Green Bond Proceeds Allocated	HK\$3,334 million	
Highlights of Green Elements	Renewable Energy • Dual-level roof fitted with an integrated solar photovoltaics (PV) system and green roof • Biodiesel 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 Energy Efficiency⁴ • 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 Sustainable Water and Wastewater Management • Harvest rainwater for irrigation and recycle grey water for flushing • Low-flow sanitary fittings	Estimated Environmental Impact • Total renewable energy generated annually: 468,300 kWh, which is equivalent to an annual carbon emissions avoidance³ of 375 tonnes of CO₂e • Annual energy savings exceeding BEAM Plus⁵ and LEED⁶ baseline performance by 33% and 28% respectively • Freshwater savings exceeding BEAM Plus baseline performance by >40%

³ Calculated by using the 2018 emission factor of Hong Kong Electric

⁴ Expenditures relating to Energy Efficiency element of One Taikoo Place are included in "Green Buildings" category

⁵ Based on Building Energy Code 2012 Edition as baseline

⁶ Based on ASHRAE 90.1-2007 as baseline (LEED 2009 for Core and Shell Development)



Artist Impression

Two Taikoo Place

Gross floor area

1 million sq. ft.

Storeys

42

Expected completion date

2021 or 2022

Project Name	Two Taikoo Place	
Location	Quarry Bay, Hong Kong	
GFA	1 million sq. ft.	
Certification	• Pre-certified Platinum for LEED BD+C: Core and Shell Version 2009 • Provisional Platinum for BEAM Plus New Buildings Version 1.2 • Pre-certified Platinum for WELL v1 Core and Shell Certification Scheme	Certification Date December 2018 February 2019 March 2019
Green Bond Proceeds Allocated	HK\$409 million	
Highlights of Green Elements	Renewable Energy • Dual-level roof fitted with an integrated solar photovoltaics (PV) system and green roof • Biodiesel 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 Energy Efficiency⁸ • 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 Sustainable Water and Wastewater Management • Harvest rainwater for irrigation and recycle grey water for flushing • Low-flow sanitary fittings	Estimated Environmental Impact • Total renewable energy generated annually: 519,890 kWh, which is equivalent to an annual carbon emissions avoidance⁷ of 416 tonnes of CO₂e • Annual energy savings exceeding BEAM Plus⁹ and LEED¹⁰ baseline performance by 23% and 26% respectively • Freshwater savings exceeding BEAM Plus baseline performance by >70%

⁷ Calculated by using the 2018 emission factor of Hong Kong Electric

⁸ Expenditures relating to Energy Efficiency element of Two Taikoo Place are included in "Green Buildings" category

⁹ Based on Building Energy Code 2015 Edition as baseline

¹⁰ Based on ASHRAE 90.1-2007 as baseline (LEED 2009 for Core and Shell Development)



Pacific Place



Cityplaza



Taikoo Place

Project Name	Energy Efficiency projects – Cityplaza, Pacific Place and Taikoo Place	
Green Bond Proceeds Allocated	HK\$147 million	
Highlights of Green Elements	• High efficiency chiller systems at Taikoo Place and Pacific Place • 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% • 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	Estimated Environmental Impact • Annual energy savings: Cityplaza: 212,850 kWh Taikoo Place: 3,932,390 kWh Pacific Place: 4,217,410 kWh Total: 8,362,650 kWh • Annual carbon emissions avoided¹¹: Cityplaza: 170 tonnes of CO₂e Taikoo Place: 3,146 tonnes of CO₂e Pacific Place: 3,374 tonnes of CO₂e Total: 6,690 tonnes of CO₂e
Project Name	Sustainable Water and Wastewater Management projects - Taikoo Place	
Green Bond Proceeds Allocated	HK\$1 million	
Highlights of Green Elements	• Grey water treatment and recycling system, which collects, treats and reuses pantry wastewater from office tenants for irrigation and cleaning purposes	Estimated Environmental Impact • Annual recycling volume: 300 m³

¹¹ Calculated by using the 2018 emission factor of Hong Kong Electric



Independent Limited 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 2 on page 3 of the Green Bond Report of Swire Properties Limited (the “Company”) as at 30 September 2019.

Selected Information

The scope of our work was limited to assurance over the Selected Information marked by footnote 2 on page 3 of the Green Bond Report as at 30 September 2019 as summarised below:

- amounts of proceeds allocated to the eligible green projects.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Green Bond Report as at 30 September 2019.

Reporting Criteria

The criteria used by the Company to prepare the Selected Information is set out in Appendix 1 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 Bond Report as at 30 September 2019.

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.

Our 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 whether the Selected Information is free from material misstatement.

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 Bond Report as at 30 September 2019;
- 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

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 2019.

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 2019 has not been 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, 10 December 2019

Appendix 1 Reporting Criteria

- A Green Bond is added to the Green Bond Report when it was issued during the reporting period.
- A Green Bond is removed from the Green Bond Report when it has been fully repaid.
- Allocation and use of proceeds for each eligible green projects are made according to the approval of the Sustainable Development Steering Committee or the Executive Committee of the Company.