



GREEN FINANCE REPORT 2020

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.

Swire Properties established our [Green Bond Framework](#) and launched our first green bond in January 2018. The net proceeds of the green bond(s) will be used to fund or refinance, in whole or in part, new or existing eligible green projects that relate to green buildings, 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 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 2020, a total of five green bonds, denominated in either HKD or USD, and one HKD green loan were raised.

Green Bonds

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

Green Loan

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

¹ As at 30th September 2020, the green loan has not been drawn and therefore is not included in the following analysis of use of proceeds.

Use of Proceeds

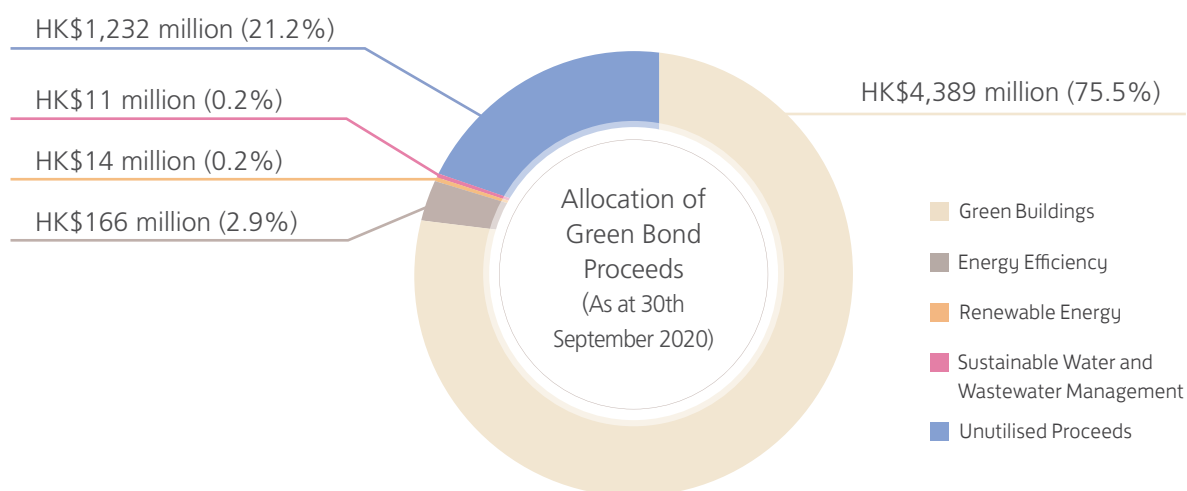
	Allocated Proceeds					Unutilised Proceeds ³	Total Net Proceeds
	Green Buildings	Energy Efficiency	Renewable Energy	Sustainable Water and Wastewater Management	Total Allocated Proceeds ²		
Green Bonds							
Issued In:							
2018	HKD 3,720 m	HKD 147 m	HKD 13 m	HKD 11 m	HKD 3,891 m	-	HKD 3,891 m
2020	HKD 669 m	HKD 19 m	HKD 1 m	-	HKD 689 m	HKD 1,232 m	HKD 1,921 m
Grand Total	HKD 4,389 m 75.5%	HKD 166 m 2.9%	HKD 14 m 0.2%	HKD 11 m 0.2%	HKD 4,580 m⁴ 78.8%	HKD 1,232 m⁴ 21.2%	HKD 5,812 m 100%

² As at 30th September 2020

³ The unallocated proceeds may be invested in cash or cash equivalents, or used to repay existing borrowings under general credit facilities.

⁴ An independent practitioner, PricewaterhouseCoopers has issued a limited assurance report on these numbers. Please refer to pages 8 to 11 of this report for further details.

Allocation of Green Bond Proceeds (As at 30th September 2020)



Reporting Criteria

- A green bond/green loan is added to the Green Finance Report when it was raised and drawn during the reporting period.
- A green bond/green loan is removed from the Green Finance Report when it has been fully repaid.
- Allocation and use of proceeds of 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 2020

Project Name	One Taikoo Place	
Location	Quarry Bay, Hong Kong	
GFA	1 million sq.ft.	
Certification	• 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
Green Bond Proceeds Allocated	HK\$3,403 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 Efficiency⁶ • 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 avoidance⁵ of 375 tonnes of CO₂e • Annual energy savings exceeding BEAM Plus⁷ and LEED⁸ baseline performance by 33% and 28% respectively • Freshwater savings exceeding BEAM Plus baseline performance by >40%

⁵ Calculated by using the 2017 emission factor of Hong Kong Electric

⁶ Expenditures relating to Energy Efficiency element of One Taikoo Place are included in "Green Buildings" Category

⁷ Based on Building Energy Code 2012 Edition as baseline

⁸ 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
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\$927 million	
Highlights of Green Elements	Renewable Energy • Dual-level roof fitted with an integrated solar 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 Efficiency¹⁰ • Air handling units with 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 Sustainable Water and Wastewater Management • 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	Estimated Environmental Impact • Total renewable energy generated annually: 519,890 kWh, which is equivalent to an annual carbon emissions avoidance⁹ of 416 tonnes of CO₂e • Annual energy savings exceeding BEAM Plus¹¹ and LEED¹² baseline performance by 23% and 26% respectively • Freshwater savings exceeding BEAM Plus baseline performance by >70%

⁹ Calculated by using the 2018 emission factor of Hong Kong Electric

¹⁰ Expenditures relating to energy efficiency element of Two Taikoo Place are included in "Green Buildings" Category

¹¹ Based on Building Energy Code 2015 Edition as baseline

¹² Based on ASHRAE 90.1-2007 as baseline (LEED 2009 for Core and Shell Development)



46-56 Queen's Road East, 1A-11 Landale Street and 2A-12 Anton Street

Gross floor area
218,000 sq. ft.

Storeys
31

Expected completion date
2023

Artist Impression

Project Name	46-56 Queen’s Road East, 1A-11 Landale Street and 2A-12 Anton Street		
Location	Wan Chai, Hong Kong		
GFA	218,000 sq.ft.		
Certification	• Pre-certified Platinum for LEED v4 BD+C: Core and Shell • Provisional Platinum for BEAM Plus New Buildings Version 2 • Pre-certified Platinum for WELL v1 Core and Shell Certification Scheme		Certification Date September 2020 December 2020 October 2020
Green Bond Proceeds Allocated	HK\$83 million		
Highlights of Green Elements	Renewable Energy		Estimated Environmental Impact
	• High efficiency solar PV system on top roof		• Total renewable energy generated annually: 45,250 kWh, which is equivalent to an annual carbon emissions avoidance¹³ of 37 tonnes of CO₂e
	Energy Efficiency¹⁴		
	• Air handling units with EC plug fans to enhance efficiency • Highly optimised chiller control system with powerful data analytics • Energy efficient lighting and control system		• Annual energy savings exceeding BEAM Plus¹⁵ and LEED¹⁶ baseline performance by 22% and 19% respectively
	Sustainable Water and Wastewater Management		
	• Harvest rainwater for irrigation • Low-flow sanitary fittings		• Freshwater savings exceeding BEAM Plus baseline performance by >40%

¹³ Calculated by using the 2019 emission factor of Hong Kong Electric

¹⁴ Expenditures relating to energy efficiency element of the project are included in "Green Buildings" Category

¹⁵ Based on Building Energy Code 2018 Edition as baseline

¹⁶ Based on ASHRAE 90.1-2010 as baseline (LEED v4 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\$166 million	
Highlights of Green Elements	• High efficiency chiller systems at Taikoo Place and Pacific Place • EC 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: 220,600 kWh Taikoo Place: 5,130,100 kWh Pacific Place: 5,063,100 kWh Total: 10,413,800 kWh • Annual carbon emissions avoided¹⁷: Cityplaza: 179 tonnes of CO₂e Taikoo Place: 4,155 tonnes of CO₂e Pacific Place: 4,101 tonnes of CO₂e Total: 8,435 tonnes of CO₂e
Project Name	Sustainable Water and Wastewater Management projects – Taikoo Place and Pacific Place	
Green Bond Proceeds Allocated	HK\$1 million	
Highlights of Green Elements	• 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 • Water flow regulators on faucets in tenants’ pantries in Taikoo Place • Water meters to monitor water consumption	• Annual recycling volume: 300 m³ • Annual water savings: 830 m³

¹⁷ Calculated by using the 2019 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 4 on page 3 of the Green Finance Report of Swire Properties Limited (the "Company") as at 30 September 2020 (the "Selected Information").

Selected Information

The scope of our work was limited to assurance over the Selected Information identified by footnote 4 on page 3 of the Green Finance Report as at 30 September 2020 as summarised below:

- amounts of proceeds allocated to the eligible green projects, and
- the remaining balance of unallocated proceeds as at 30 September 2020.

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 2020.

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 Finance Report as at 30 September 2020.

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 2020;
- 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 2020.

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 2020 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 2020

Appendix 1 Reporting Criteria

- A green bond/green loan is added to the Green Finance Report when it was raised and drawn during the reporting period.
- A green bond/green loan is removed from the Green Finance 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.