

SWIRE PROPERTIES GREEN BOND FRAMEWORK

SECOND-PARTY OPINION BY SUSTAINALYTICS

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1. INTRODUCTION

Swire Properties Limited (“Swire Properties” or “the company”) is one of Hong Kong’s leading property developers and investors. The company is involved in the design, development, leasing, and management of commercial, retail, and residential properties; the development, construction, and sale of residential apartments; and operation of hotels. The company was founded in 1972 and is headquartered in Hong Kong.

Swire Properties has developed a Green Bond Framework¹ (“Green Bond Framework”) under which it intends to issue green bonds. Proceeds of the bonds will be used to finance or refinance expenditures related to investments in Swire Properties’ real estate assets or properties with the view of improving their environmental performance, specifically projects relating to: (i) Renewable Energy; (ii) Energy Efficiency; (iii) Sustainable Water and Wastewater Management; (iv) Climate Change Adaptation; and (v) Green Buildings (LEED® Gold / Platinum and BEAM Plus Gold / Platinum).

Swire Properties has engaged Sustainalytics to provide a second-party opinion on its Green Bond Framework and on the framework’s environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of Swire Properties’ management, treasury and sustainability teams to understand the sustainability impact of their activities, and the planned use of proceeds, management of proceeds and reporting aspects of the Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion on the Green Bond Framework and should be read in conjunction with that framework.

2. SUSTAINALYTICS’ OPINION

Section 1: Sustainalytics’ Opinion on the Green Bond Framework

Overall, Sustainalytics is of the opinion that the Green Bond Framework is transparent and robust and aligns with the four pillars of ‘The Green Bond Principles 2017’ (“Green Bond Principles”).² In addition, Sustainalytics views the following elements of the Green Bond Framework positively:

- Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Climate Change Adaptation, and Green Buildings are recognized by the Green Bond Principles as project categories with clear environmental benefits, and Sustainalytics views these projects as having a positive impact (for additional information on impact see Section 3).
- Swire Properties’ Green Buildings eligibility criterion is based on third-party certification standards, specifically LEED and BEAM Plus. Sustainalytics has conducted an evaluation of the

¹ The Green Bond Framework will be hosted at <http://www.swireproperties.com/en/sustainability.aspx>

² “The Green Bond Principles 2017”, dated 2 June 2017, issued by the International Capital Market Association (ICMA)

certifications, and views the focus on the top levels of certification as industry best practice (see Appendix 1 for additional details on the certification schemes). Moreover, due to its comprehensive approach to sustainability, Swire Properties aims to achieve an additional certification focused on the health and wellbeing of its tenants (WELL Building Standard™). Sustainalytics considers that this is additional evidence of the company's leading practices and commitment to sustainability.

- Swire Properties involves members of various functional areas to identify and evaluate Eligible Green Projects³ ("Eligible Green Projects"). The company's Sustainable Development Steering Committee or the Executive Committee are in charge of the final approval of such projects. Both Committees have 'C-level' involvement, which Sustainalytics views as a market best practice.
- Swire Properties' disclosure and processes with respect to the management of proceeds are in line with market practice.
- Swire Properties demonstrates a commitment to transparent reporting. Allocation of proceeds will be reviewed by an independent accountant. This is in line with market best practice. Where feasible, Swire Properties will report on the environmental performance of the Eligible Green Projects funded. Examples of environmental performance indicators include energy consumption reduction (kWh) and carbon emission reduction (tonnes of CO₂e). Sustainalytics recommends that Swire Properties make best efforts to always provide information on the environmental performance achieved.

Alignment with the Green Bond Principles

Sustainalytics has determined that the Green Bond Framework aligns to the four pillars of the Green Bond Principles. For detailed information please refer to Appendix 3: Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Swire Properties

Contribution of the proceeds of the green bonds to Swire Properties' Sustainable Development 2030 Strategy

Sustainalytics considers that Swire Properties has a strong sustainability strategy and governance structure due to the following reasons:

- (i) Explicit commitment to be a leading sustainable development performer globally in the real-estate sector by 2030;⁴
- (ii) C-level Sustainable Development Steering Committee which reviews and is accountable for the implementation of the company's Sustainable Development 2030 Strategy ("SD 2030 Strategy");
- (iii) Clear SD 2030 Strategy developed around five strategic pillars: Places, People, Partners, Environmental Performance⁵ and Economic Performance;

³ As defined in the Green Bond Framework

⁴ Swire Properties Sustainable Development Report 2016

⁵ Environmental Performance includes the following impact areas: Climate Change, Energy, Waste, Water, Biodiversity, Occupant Wellbeing and Building /Asset Investments.

- (iv) To achieve its sustainability vision for the Environmental Performance pillar, Swire Properties has defined a carbon accounting framework with strict targets for 2020 to decarbonize its operations and catalyse the adoption of renewable energy and the intelligent management of energy and waste. An overview of Swire Properties' Climate Change, Energy Management, Waste Management and Green Building 2020 targets are disclosed in Appendix 2; and
- (v) Swire Properties has shown leadership in the achievement of green building certifications. It has set a 2020 goal to target the highest environmental building assessment scheme rating⁶ for all projects under development.⁷ As of December 2016, 32 of the company's buildings⁸ had BEAM or BEAM Plus certifications. Swire Properties has disclosed to Sustainalytics that re-certification is being conducted for a significant number of its existing green buildings. Updated information on green building certification will be provided on the company's annual Sustainable Development Report.

Sustainalytics also highlights the company's positive track record in energy consumption and energy intensity reduction. Swire Properties reported that, in 2016, it achieved an 18.9% reduction in the energy consumption rates for its Hong Kong portfolio⁹ (in comparison to 2001), an achievement seen positively by Sustainalytics, given that the company increased its gross floor area by 16.1% during the same period. Swire Properties also extended its carbon management reduction programmes beyond the Hong Kong boundaries and, in 2016, it reported a 32% reduction in the energy intensity of the operations in its Mainland China portfolio (2010–2016 period).

Overall, Sustainalytics is confident that Swire Properties is well positioned to issue green bonds and that the issuance of green bonds aligns with and positively contributes to the company's SD 2030 Strategy and will help to catalyse operational leadership.

Well positioned to mitigate common environmental and social risks associated with green buildings

In addition to complying with regulation, Swire Properties has implemented the following policies, which explicitly include requirements relating to the management of social and environmental risks:

- (i) Health and Safety Policy,¹⁰ which is supported by a Safety Management System allowing the company to better manage and reduce the social risks across its operations;
- (ii) Environmental Policy,¹¹ which requires the company to identify environmental impacts associated with the company's activities and set targets to continually improve its environmental performance and minimise any potential negative impacts; and
- (iii) Sustainable Development Policy,¹² in which the company commits to a) being a good steward of the natural resources and biodiversity under its influence and ensure that all potential adverse impacts its operations might have on the environment are identified and

⁶ BEAM Plus/LEED/China Green Building Design Label/WELL Certification

⁷ Swire Properties Sustainable Development Report 2016

⁸ "Buildings" for this purpose refers to buildings which were built after BEAM was established in 1996 and which are either managed or at least half owned by Swire Properties. Small-scale low-rise buildings in the same development are counted as one building.

⁹ For the Hong Kong portfolio, consult Swire Properties Sustainable Development Report 2016

¹⁰ <http://www.swireproperties.com/en/sustainability/policies/health-and-safety-policy.aspx>

¹¹ <http://www.swireproperties.com/en/sustainability/policies/environmental-policy.aspx>

¹² <http://www.swireproperties.com/en/sustainability/policies/sustainable-development-policy.aspx>

appropriately managed, and b) operating as far as is reasonably practicable in a manner which safeguards the health and safety of all its stakeholders.

Based on the above, Sustainalytics is of the opinion that Swire Properties is well prepared to identify and mitigate social and environmental risks associated with Eligible Green Projects.

Section 3: Impact of Use of Proceeds

Importance of climate change adaptation in Hong Kong

Hong Kong's maritime and geographical position exposes the city and its real estate to climate change risks, such as regionally specific extreme weather events (typhoons and cyclones), heat waves and flooding. Moreover, the increasing number and intensity of heatwaves and water evaporation are likely to affect water availability and increase demand for water in general.¹³ Swire Properties has identified these climate risks and it is currently undergoing a comprehensive study to assess climate risks to determine which measures should be implemented to increase the resilience of its global portfolio to climate change. In Sustainalytics' view, Swire Properties' climate risk assessment study is a leading practice. Depending on findings of the study, improvements such as equipping its new and old buildings with flood defence systems and storm water management systems may be financed. Given this context, Sustainalytics considers that the use of proceeds will have positive climate adaptation impacts.

Importance of reducing carbon emissions

Hong Kong's commercial and residential buildings accounted for 64% of the total energy consumption in Hong Kong from 2005 to 2015.^{14,15} The consumption of energy generates a large amount of greenhouse gas (GHG) emissions. In 2015, 90% of the total GHG emissions in Hong Kong originated from the consumption of energy, with buildings representing an important part of the overall emissions. Swire Properties commits to reducing the climate impact and optimising resource efficiency of its buildings. In Sustainalytics' opinion, Swire Properties' efforts to improve the energy efficiency of its buildings and expand renewable energy capacity will contribute to reducing the city's carbon footprint and to achieving emissions reductions targets set by the Government of Hong Kong.¹⁶

In the Green Bond Framework, Swire Properties discloses that, in addition to energy management investments (e.g. smart systems), proceeds from the green bonds may be used to finance the upgrades of existing equipment to higher efficiency models, to achieve at least a 10% improvement in energy efficiency. Sustainalytics recognizes that, with respect to investments in energy efficiency, best practice in the green bond market is to invest in technologies that ensure a minimum of 20-30% performance improvement in energy efficiency. However, Swire Properties has clarified to Sustainalytics that extensive energy efficiency measures have been implemented over the past years which have rendered great improvements. At this stage, more challenging measures need to be implemented, which will originate

¹³ http://www.csr-asia.com/report/report_cc_challenges_hk.pdf

¹⁴ Energy Efficiency Office Electrical & Mechanical Services Department (EMDS), Hong Kong Energy End-Use Data 2017, September 2017

¹⁵ The remaining energy consumption is assigned to Transport (31%) and Industrial (5%) sectors.

¹⁶ The Government of Hong Kong demonstrated proactiveness in dealing with climate-related risks and it set carbon intensity reduction targets and thresholds for absolute carbon emissions. Hong Kong has committed to reduce its carbon intensity by around 50% by 2020 and by 65% to 70% by 2030 (2005 as the baseline year).

https://www.climate-ready.gov.hk/files/report/en/HK_Climate_Action_Plan_2030+_booklet_En.pdf

smaller, but still significant energy efficiency gains. Given this context, Sustainalytics sees these energy reduction efforts as positive, and necessary for Swire Properties to continue to improve its overall energy performance and reducing carbon emissions in its buildings.

Assessment of Green Building Certifications

Swire Properties’ Green Buildings eligibility criterion is based on third-party certification standards, specifically LEED® Gold or Platinum and BEAM Plus Gold or Platinum. Sustainalytics believes that these certification schemes are credible and ensure an integration of environmental considerations during all stages of a building’s life cycle. Sustainalytics has conducted an evaluation of these certifications and views the focus on the top levels of certification as industry best practice (see Appendix 1). Overall, Sustainalytics considers that green building investments will therefore render environmental benefits.

Assessment of the impact of water conservation and wastewater treatment projects

Swire Properties clarified to Sustainalytics that the company’s primary objective for Wastewater Management investments is the enhancement of water conservation solutions in the group’s buildings. For example, in 2016, Swire Properties installed a small-scale biological microfiltration treatment plant in one of its properties, which allowed to collect and treat wastewater from tenants’ pantries. The treated wastewater was then used for irrigation, and to clean the building’s car park. Swire Properties reports that this investment reduced water consumption in the property by approximately 17% (from September to December 2016). Overall, Sustainalytics is confident that similar water conservation initiatives will positively contribute to decrease the group’s water footprint, and recommends that Swire Properties reports on the environmental performance and benefits achieved by the water conservation and wastewater treatment projects to demonstrate their positive environmental impact.

Contribution to the United Nations (“UN”) Sustainable Development Goals

The UN Sustainable Development Goals (“SDGs”) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. Swire Properties’ Green Bond Framework advances the following SDG goals and targets:

Use of Proceeds	UN SDG	SDG target
Renewable Energy, Energy Efficiency	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.
Green Buildings, Climate Change Adaptation	11. Sustainable Cities and Communities	11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters.
Energy Efficiency, Sustainable water and Wastewater Management	12. Responsible production and consumption	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

<p>Green Buildings, Climate Change Adaptation</p>	<p>13. Climate Action</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>While Sustainalytics recognizes that SDG13 is mostly suited to governmental institutions, given the importance of buildings to achieving the Hong Kong Government’s climate action targets, as well as Swire Properties’ focus on energy performance and climate adaptation, Sustainalytics considers that Swire Properties indirectly contributes to SDG13.</p>
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Conclusion

Swire Properties has developed a Green Bond Framework under which it intends to issue green bonds. Proceeds of the bonds will be used to finance or refinance expenditures related to investments in Swire Properties’ real estate assets or properties with a view to improving their environmental performance, specifically projects relating to: (i) Renewable Energy; (ii) Energy Efficiency; (iii) Sustainable Water and Wastewater Management; (iv) Climate Change Adaptation; and (v) Green Buildings (LEED® Gold / Platinum and BEAM Plus Gold / Platinum).

Sustainalytics is of the opinion that the use of third-party green building certification schemes ensures the integration of environmental considerations, and views positively Swire Properties’ commitment to achieving the highest certification levels.

Overall, the Green Bond Framework displays best practices in (i) alignment of the eligibility criteria with projects recognized by the Green Bond Principles as having clear environmental benefits, (ii) C-level involvement in the approval of Eligible Green Projects, and (iii) allocation reporting externally verified. Additionally, Sustainalytics is of the opinion that projects funded by the proceeds of the green bond will positively contribute to achieving Swire Properties’ SD 2030 Strategy and are well aligned with the company’s targets to decarbonize its operations.

Based on the above, Sustainalytics is confident that Swire Properties is well positioned to issue Green Bonds and that its Green Bond Framework is transparent, credible, and aligned with the four pillars of the Green Bond Principles.

APPENDICES




Appendix 1: Overview and comparison of Real Estate Certification Schemes

	LEED ¹⁷	BEAM Plus ¹⁸	WELL Building Standard ¹⁹
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BEAM Society Limited (BSL) developed the Building Environmental Assessment Method (“BEAM”), namely the BEAM Plus assessment - a green building assessment tool tailor-made for the high-rise, high density built environment of sub-tropical climate in Hong Kong. BEAM Plus assessment is Hong Kong’s leading initiative to offer assessments of building sustainability performance, with the Hong Kong Green Building Council being its certification body.	WELL Building Standard (“WELL”) is a building certification issued by the International WELL Building Institute (IWBI); Comprehensive, third-party verified standard targeting the commercial and institutional office buildings. The WELL standards measure the health, well-being, productivity and the happiness of building occupants.
Certification levels	Certified Silver Gold Platinum	Bronze Silver Gold Platinum	Silver Gold Platinum
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Site Aspects (location and design of building, emissions from the site, site management) • Materials Aspects (selection of materials, efficient use of materials, waste disposal and recycling) • Energy Use (annual CO₂ emissions or energy use, energy efficient systems and equipment, energy management) 	<ul style="list-style-type: none"> • Air • Water • Nourishment • Light • Fitness • Comfort • Mind

¹⁷ www.usgbc.org/LEED

¹⁸ www.hkgbc.org.hk

¹⁹ The WELL standard is not considered to be a Green certification as it focuses on the health and wellness of the tenants. However, given Swire Properties’ comprehensive approach to sustainability, the company commits to WELL certification in addition to green building certifications. www.wellcertified.com

		<ul style="list-style-type: none"> • Water Use (water quality, water conservation, effluent discharges) • Indoor Environmental Quality • Innovations and additions 	
Requirements	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites for each performance area + Credits with associated points</p> <p>Detailed compliance with legal requirements is a prerequisite for the award of credits.</p> <p>For every performance area BEAM prescribes different prerequisites. Every applicable prerequisite in every BEAM category must be achieved for the project to be assessed.</p> <p>Credits are allocated for each performance area, and every area is weighted as per international consensus.²⁰ The Overall Assessment Grade is determined by the percentage (%) of the applicable credits gained under each performance category and its weighting factor.</p> <p>Verification of compliance with BEAM criteria is done by an independent BEAM assessor.</p>	<p>The building has to meet a minimum of 5 preconditions to receive the Silver Certification, a minimum of 7 preconditions to receive the Gold certification or a minimum of 9 to receive the Platinum certification. The preconditions comprise 102 KPIs for the following quality indicators: Air, Water, Nourishment, Light, Fitness, Comfort, Mind</p>
Performance display			

²⁰ <https://www.beamsociety.org.hk/files/download/download-20130724174420.pdf>

Appendix 2: Swire Properties' Environmental Performance Targets

Swire Properties 2020 Environmental Performance Targets:²¹

Area	2020 Target
Climate Change and Energy	<ul style="list-style-type: none"> - Complete pilot study to measure carbon emissions from construction activities and embodied carbon from major building and construction materials used in One Taikoo Place - 27% carbon intensity reduction (tonnes of CO₂e/m²) for the Hong Kong portfolio^{22,23} - 26% annual energy reduction (equivalent of 64 million kWh/ year) for the Hong Kong portfolio²⁴ - 29% energy intensity reduction (kWh/m²/year)²⁵ for the Hong Kong portfolio - 23 million kWh/year²⁶ energy consumption reduction for the Mainland China portfolio - Formulate a strategy to increase the use of renewable energy where possible, by on-site generation, purchase from renewable sources and other methods - Implement pilot energy management automation projects in four selected properties
Waste	<ul style="list-style-type: none"> - 25% commercial waste diversion rate for the Hong Kong portfolio - 80% demolition waste diversion rate from landfills for the Hong Kong projects under development - 60% construction waste diversion rate from landfills for the Hong Kong projects under development
Water	<ul style="list-style-type: none"> - Complete water risk assessment for Mainland China portfolio
Building / Asset Investments	<ul style="list-style-type: none"> - Target the highest environmental building assessment scheme rating²⁷ for all projects currently under development

²¹ Selection of targets that are most relevant for the Green Bond Framework. An overview of all targets is available in the company's Sustainable Development Report 2016.

²² "CO₂e" means carbon dioxide equivalent, a unit of measurement allowing the six types of greenhouse gas emissions stipulated by the Kyoto Protocol to be compared on a like-for-like basis relative to carbon dioxide ("CO₂")

²³ Compared to the 2008 baseline year and excluding Swire Properties' hotels in the Hong Kong portfolio

²⁴ Compared with the 2008 business as usual baseline

²⁵ Compared with the 2008 energy consumption intensity level

²⁶ Compared with the business as usual amount in the first complete calendar year in which energy consumption data are collected from each project

²⁷ BEAM Plus/LEED/China Green Building Design Label/WELL Certification

Appendix 3: Green Bond Programme External Review Form

Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Swire Properties Limited

Green Bond ISIN or Issuer Green Bond Framework Name: Swire Properties Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: January 2, 2018

Publication date of review publication: January 2, 2018

Section 2. Review overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|------------------------------------------------------------|----------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---------------------------------------------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to the Swire Properties Green Bond Framework, October 2017, available at <http://www.swireproperties.com/en/sustainability.aspx> and the Second Opinion Document above.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section (if applicable):
Proceeds of the green bonds will be used to finance or refinance expenditures related to investments in Swire Properties’ real estate assets or properties with the view of improving their environmental performance, specifically projects relating to: (i) Renewable Energy; (ii) Energy Efficiency; (iii) Sustainable Water and Wastewater Management; (iv) Climate Change Adaptation; and (v) Green Buildings (LEED® Gold / Platinum and BEAM Plus Gold / Platinum).

Sustainalytics is of the opinion that the use of third-party green building certification schemes ensures the integration of environmental considerations, and views positively Swire Properties’ commitment to the highest certification levels.

Overall, Sustainalytics is confident that projects funded by the proceeds of the green bonds will positively contribute to achieving Swire Properties’ Sustainable Development Strategy (SD 2030), are well aligned with the company’s targets to decarbonize its operations, and contribute to SDGs 7, 11, 12 and 13.

Use of proceeds categories as per GBP:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input checked="" type="checkbox"/> Other (please specify): Green Buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):
Swire Properties involves members of various functional areas to identify and evaluate Eligible Green Projects. The company’s Sustainable Development Steering Committee or the Executive Committee are in charge of the final approval of such projects. Both Committees have ‘C-level’ involvement, which Sustainalytics views as a market best practice.

Additionally, based on a review of the company's policies, Sustainalytics is of the opinion that Swire Properties is well prepared to identify and mitigate social and environmental risks associated with Eligible Green Projects.

Evaluation and selection

- | | |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Swire Properties' disclosure and processes with respect to the management of proceeds are in line with market practice.

Tracking of proceeds:

- | |
|-------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

Swire Properties demonstrates a commitment to transparent reporting.

Allocation reporting

Swire Properties will provide information on the allocation of the net proceeds of its green bond(s) on Swire Properties' website and in its Sustainable Development Reports. Such information will be provided on an annual basis until all the net proceeds have been allocated. Allocation of proceeds will be reviewed by an independent accountant. This is in line with market best practice.

Impact reporting

Where feasible, Swire Properties will report on the environmental performance of the Eligible Green Projects funded. Examples of indicators include energy consumption reduction (kWh) and carbon emission reduction (tonnes of CO₂e). Sustainalytics recommends that Swire Properties make best efforts to always provide information on the environmental performance achieved.

Use of proceeds reporting:

- | | |
|--------------------------------------------------------|------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|-------------------------------------------------------|----------------------------------------------------------------|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--------------------------------------------------------|------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

GHG Emissions / Savings Energy Savings

Other ESG indicators (please specify):
Water consumption reduction (m³), Amount of waste diverted from landfills (tonnes)

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify): Website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Allocation Reporting

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

<http://www.swireproperties.com/en/sustainability.aspx>
http://www.swireproperties.com/~media/Images/Swireproperties/SiteImages/SustainabilityReports/PDFs/SDR2016_EN.ashx

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
- Verification / Audit Rating
- Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer’s Green Bond framework. “Second opinions” may fall into this category.
- (ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.

- (iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

Disclaimer

All rights reserved. No part of this second party opinion (the "Opinion") may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.

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