

Republic Plaza Green Bond – Final Report

Background

In April 2017, City Developments Limited (CDL), through its wholly-owned subsidiary CDL Properties Ltd (CDLP), launched the first green bond by a Singapore company. The two-year senior secured green bond raised S\$100 million at 1.98% fixed rate, due April 2019. The proceeds were allocated to the repayment of a S\$100 million loan extended by CDL to CDLP which owns Republic Plaza.

Completed in 1996, Republic Plaza is one of Singapore’s tallest skyscrapers and a premium Grade A office building in the heart of Singapore’s Central Business District. Since its completion, Republic Plaza has continuously undergone upgrading, including the major retrofitting of chiller plants and installation of energy efficient lightings with motion sensors, to improve the building’s energy efficiency. In 2012, Republic Plaza was awarded by the Building and Construction Authority (BCA) with the highest Green Mark Platinum rating.

CDL’s maiden green bond issuance complements the Singapore Government’s target of greening at least 80% of the country’s building stock by 2030¹. For taking the lead in green bonds, CDL received the “New Countries Taking Green Bonds Global” accolade at the Climate Bonds Initiative’s 3rd Annual Green Bond Pioneer Awards in March 2018.



Issuer	Issue Date	Tenor (in years)	Nominal Value (in millions)	Currency	Project	Allocation as of 31/12/17
CDL Properties Ltd	18/04/2017	2	100	SGD	Republic Plaza	100%

External verification

Pre-issuance

The green bond was issued under the CDL Green Bond Framework, which was prepared in accordance to the Green Bond Principles, a set of voluntary guidelines encouraging transparency and disclosure of a bond’s use of proceeds; project evaluation and selection criteria; management of proceeds; and ongoing impact reporting commitments.

KPMG was engaged to provide limited assurance based on the Pre-Issuance Requirements of the Climate Bonds Standard, which includes checking the list of type of projects which are

¹ 3rd Green Building Masterplan by the Building & Construction Authority (BCA)

proposed to be associated with the green bond and their conformance with eligibility requirements specified in Part B of the Climate Bonds Standard.

Sustainalytics, a leading global provider of Environmental, Social and Governance (ESG) and corporate governance ratings and research, provided a second party opinion on the robustness of the CDL Green Bond Framework and its environmental credentials. Sustainalytics considered the CDL green bond to be robust and credible. Climate Bonds Certification of this issuance was verified by KPMG using the Climate Bonds Standard developed by the Climate Bonds Initiative (CBI).

[CDL Green Bond Framework Overview and Second Opinion Report by Sustainalytics](#)

[KPMG Verification Report](#)

[Climate Bond Initiative Certificate](#)

Post-issuance

In April 2018, CDL engaged KPMG to provide limited assurance on the post-issuance and Bond Allocation Report for the period 6 April 2017 to 31 December 2017. As all proceeds were allocated towards loan payment immediately at issuance, KPMG verified that as at the end of financial year 2017, 100% of the bond proceeds were allocated to the repayment of the S\$100 million loan extended by CDL to CDLP, which includes financing of retrofit and upgrading projects for Republic Plaza.

[Post-issuance Assurance by KPMG](#)

[Post-issuance Certification by the Climate Bonds Standard Board](#)

Allocation Reporting

At bond issuance in April 2017, 100% of the bond proceeds were allocated to the repayment of the S\$100 million loan extended by CDL to CDLP, which includes financing of retrofit and upgrading projects for Republic Plaza.

Given that all proceeds were allocated immediately, allocation reporting was disclosed all at once at the end of 2017.

Impact Reporting

Retrofit projects have been undertaken for Republic Plaza between 2010 and 2015 and together, they are estimated to reduce approximately 2,939 tonnes CO₂ per year. This is a reduction of approximately 34% as compared to the building's baseline emissions in 2009 (8,553 tonnes CO₂)². Thus meeting the target defined under the Climate Bonds Standard Version 2.1 for Upgrade projects in Low Carbon Buildings.

² As per KPMG Post-issuance Assurance Report

The complete list of the eligible upgrading and retrofit initiatives for Republic Plaza undertaken from 2010 to 2015, that has resulted in substantial energy savings and their corresponding estimated carbon emissions savings, are shown below.

Examples of Key Upgrading and Retrofit Project for Republic Plaza

Year of work	Description / Main Objectives Achieved	Estimated Energy Savings (kWh per year)	Estimated Emission Savings (kgCO₂ per year)
2010	Lift Interior Lights: Replacement of halogen lights with T5 energy efficient lights that emit less heat. User comfort raised and energy usage reduced.	26,981	13,418
2011	Toilet Lights Upgrade: Infra-red motion sensors installed in toilets. Reduced energy usage effectively.	170,938	85,007
2011	Retrofitting of Chiller Plants (Phase 1): Significantly raised energy efficiency of air conditioning of the building	3,329,574	1,655,797
2012	Lobby Low Ceiling Lighting at Level 1 & 2 of Tower 1: Small scaled upgrading but some energy savings achieved	5,157	2,565
2012	High Ceiling Lighting Upgrades: Replaced various CDM-T metal halide lamps with various types of LED	4,555	2,265
2012	Carpark Lighting Upgrades: Adoption of LED lights with motion sensor significantly raised energy efficiency	169,585	84,335
2013	Atrium Lighting Upgrading: Raised level of comfort for visitors and tenants, and increased energy efficiency	39,070	19,430
2013	Air Handling Unit (AHU): Adoption of AHU upgrading works raised energy efficiency tremendously (Air Side)	172,299	85,684
2015	Retrofitting of Chiller Plants (Phase 2) for Air Conditioning: Further raised energy efficiency.	1,946,720	968,104
2015	Façade Crown Lighting from Neon to LED: Raised energy efficiency and gave a more modern and dynamic look to the building	45,005	22,381
TOTAL		5,909,885	2,938,986

Moving Forward

In the same year that the CDL green bond was issued, the [CDL Future Value 2030 sustainability blueprint](#) was launched. A forward-looking action plan, the sustainability blueprint sets out three long-term ESG goals and targets towards 2030 – a milestone year for global sustainable development, climate agreement and green building movement. The targets are clearly defined to contribute towards the UN Sustainable Development Goals (SDGs) and Paris Agreement, addressing ESG issues that are material to its business and stakeholders.

CDL is confident that more opportunities can be unlocked through green financing and will continue to leverage on its strengths and leadership in sustainability integration, green buildings and a low carbon economy to explore alternative streams of financing (e.g. sustainability-linked loans and green loans) to advance its vision of building sustainable cities and communities.

More information can be found in <https://www.cdlsustainability.com/>

This report is reviewed and approved by

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