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**City Developments Limited Green Finance Framework**  
Dated January 2019

City Developments Limited (“CDL” or “the Group”, Singapore Stock Code: C09) is a leading global real estate operating company with a network spanning 100 locations in 28 countries and regions. The Group’s geographically-diverse assets comprise residences, offices, hotels, serviced apartments, integrated developments and shopping malls in Singapore as well as its key overseas markets of China, UK, Japan and Australia.

With over 50 years in real estate development, investment and management, CDL has developed over 40,000 homes and owns over 18 million square feet of lettable floor area globally. The Group’s London-listed subsidiary, Millennium & Copthorne Hotels plc (“M&C”), is one of the world’s largest hotel chains with over 135 hotels worldwide.

Leveraging its deep expertise in developing and experience in managing a diversified asset base, the Group is focused on enhancing the performance of its portfolio and strengthening its recurring income streams to deliver long-term sustainable value to shareholders. Further to the Group’s core businesses, CDL is currently developing a sustainable fund management business to generate attractive long-term, risk-adjusted returns for its investors and shareholders. The fund management business targets to achieve Assets Under Management (AUM) of US\$5 billion by 2023.

Founded on the ethos of ‘Conserving as we Construct’ since 1995, CDL has a proven track record of integrating sustainability into its business and operations to create lasting value for its business, investors, stakeholders and the environment. As a developer, asset owner and corporate citizen, CDL adopts a three-pronged strategy of developing sustainable and green buildings; managing buildings in an energy and resource-efficient way; and engaging stakeholders to support CDL’s commitment to sustainability.

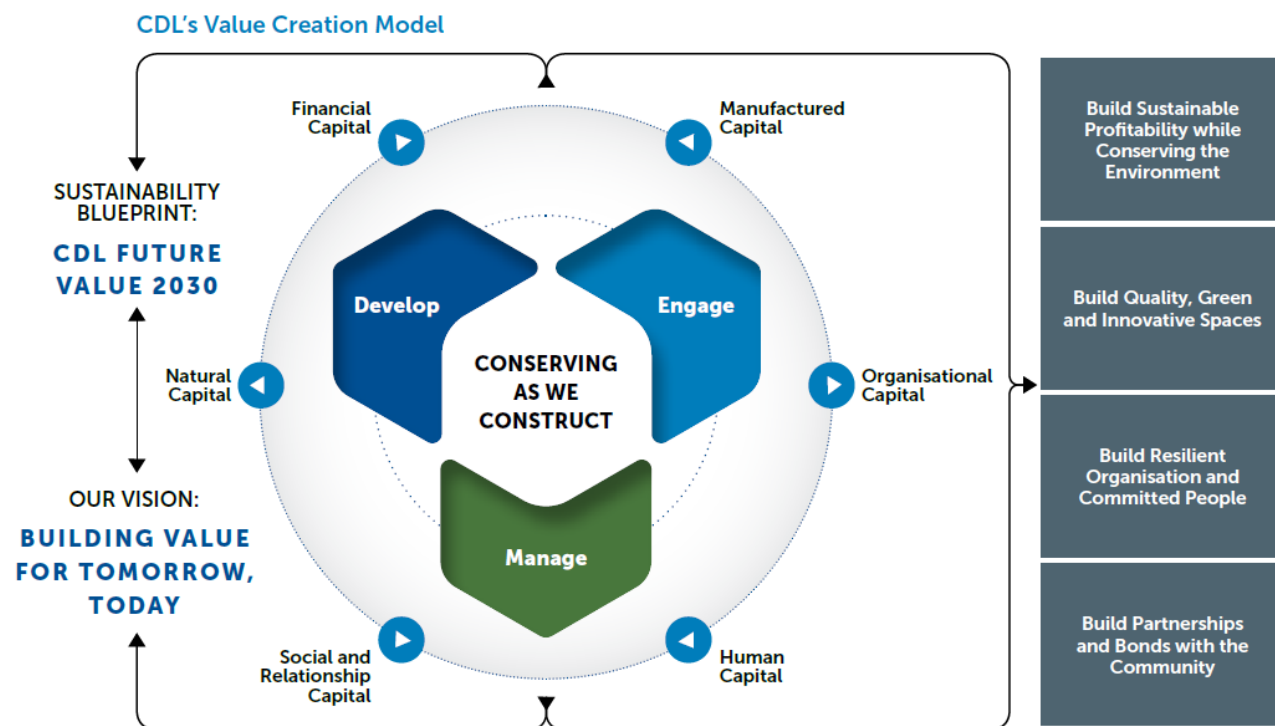
As a testament to CDL’s steadfast commitment to Environmental, Social and Governance (ESG) integration, the Group is acknowledged through inclusion in a number of respected sustainability indices including the FTSE4Good Index Series (since 2002), MSCI ESG Leaders Indexes (since 2009) – highest AAA rating, Global 100 Most Sustainable Corporations (since 2010) and Dow Jones Sustainability Indices (since 2011).

In 2017, the Group rolled out a sustainability blueprint– *CDL Future Value 2030*<sup>1</sup>. The blueprint underpins CDL’s sustainability commitment and best practices of over 20 years and sets out clear ESG goals and targets towards 2030, a milestone year for global climate agreement and sustainable development. Under the blueprint, a set of targets is clearly defined to address ESG issues which are material to CDL’s business and stakeholders, while contributing to the United Nations Sustainable Development Goals (SDGs) and Paris Agreement.

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<sup>1</sup> <https://www.cdlsustainability.com/cdl-future-value-2030/>

In 2016, CDL took the lead in embracing the SDGs into its integrated sustainability strategy and reporting. With the introduction of CDL Future Value 2030, further steps were taken to map 10 most relevant SDGs that complement CDL’s core business. The 10 SDGs are aligned with the Group’s material ESG issues and Task Force for Climate-related Financial Disclosures (TCFD) framework in CDL’s integrated sustainability business model and Integrated Sustainability Report since 2017.



### City Developments Limited Green Bond Framework and Green Finance Framework Overview

In April 2017, CDL, through its wholly-owned subsidiary CDL Properties Ltd (CDLP), launched the first green bond by a Singapore company. A Green Bond Framework was published by CDLP and the proceeds of the first green bond issuance was 100% allocated for the repayment of a S\$100 million loan extended by CDL to CDLP. As an expansion to other green finance vehicles that CDL can access, CDL is publishing a Green Finance Framework (“GFF”) that covers new developments or existing assets. This reflects CDL’s commitment to support and utilise the rapid development in the Sustainable Finance Market to finance CDL’s continued investment in its sustainable business.

This bespoke Green Finance Framework (the “Framework”) has been developed to demonstrate how CDL and its group entities intend to enter into Green Financing Transactions (“GFT”) to fund projects that will deliver environmental benefits to support the Group’s business strategy and vision. Fundraising will include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects as defined in this Framework. With respect to bonds, bonds issued under the Framework will be aligned with the Green Bond Principles, 2018<sup>2</sup> or as they may be subsequently amended. With respect to loans, loans drawn under the Framework

<sup>2</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Green-Bond-Principles---June-2018-140618-WEB.pdf>

will be aligned with the Green Loan Principles, 2018<sup>3</sup> or as they may be subsequently amended. Other forms of debt financing may conform to other sustainable or green finance principles as may have been established at the time of such financing transaction being undertaken.

Each GFT will adopt (1) Use of Proceeds (2) Project Evaluation and Selection (3) Management of Proceeds and (4) Reporting, as set out in this Framework.

## 1. Use of Proceeds

The net proceeds of each GFT will be used to fund or refinance, in whole or in part, new or existing eligible green projects that meet one or more of the following categories of eligibility as recognised in the Green Bond Principles and Green Loan Principles (“**Eligible Green Projects**”).

Project Category	Eligible Green Assets and Projects for City Developments Limited	Sample Projects
Green Buildings	<p>New development and/or re-development of existing buildings that have or will receive any one of the following certification systems:</p> <ul style="list-style-type: none"> <li>• Singapore BCA Green Mark – minimum certification of Gold<sup>Plus</sup>; or</li> <li>• BREEAM – minimum certification of Excellent or above; or</li> <li>• National Australian Built Environment Rating System (NABERS) – minimum 5 Star or above; or</li> <li>• Green Building Council of Australia (GBCA) Green Star – minimum 5 Star or above; or</li> <li>• Chinese Green Building Label – minimum certification of Two-star);</li> <li>• U.S. Leadership in Energy and Environmental Design (LEED) – minimum certification of Gold; or</li> <li>• Any other Green Building label, that is an equivalent standard as the above</li> </ul>	<p><b>CDL Group’s existing investment properties such as</b></p> <ul style="list-style-type: none"> <li>• Republic Plaza I and II (Green Mark Platinum)</li> <li>• City Square Mall (Green Mark Platinum)</li> <li>• Fuji Xerox Towers (Green Mark Platinum)</li> <li>• M Social Singapore (Green Mark Platinum)</li> </ul> <p><b>CDL’s New Developments:</b></p> <ul style="list-style-type: none"> <li>• New developments to achieve good green building standards that are globally recognized</li> <li>• Construction technologies and methods, green building design and features that will raise EHS performance</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Installation and operation of infrastructure to generate solar energy</li> </ul>	<ul style="list-style-type: none"> <li>• Any form of clean or renewable energy installation e.g. Electricity generation from solar photovoltaic panel or provision of Electric Vehicle charging facilities, etc</li> </ul>

<sup>3</sup> [https://www.lma.eu.com/application/files/9115/4452/5458/741\\_LM\\_Green\\_Loan\\_Principles\\_Booklet\\_V8.pdf](https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf)

<p>Energy Efficiency</p>	<ul style="list-style-type: none"> <li>• Projects relating to adoption of smart technologies and/or systems for optimising energy management in new and existing buildings (e.g. Lighting and motion sensors) or retrofitting projects (e.g. Replacing air-conditioning chiller or lift systems). Such projects will result in achieving a minimum 20% reduction in energy usage intensity for new and existing buildings compared to its baseline.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in raising performance of building fittings and equipment such as aircon chillers, lift systems, light fittings, glass curtain walls, ventilation and greening technologies that reduce interior heat and contribute to higher energy efficiency</li> <li>• Support of research &amp; development programmes in smart and green building technologies, innovation or solutions which can be test-bedded or applied in future developments</li> </ul>
<p>Pollution Prevention and Control</p>	<ul style="list-style-type: none"> <li>• Responsible sourcing of sustainable materials and products</li> <li>• Facilities, systems and equipment that are used for the collection, treatment, and recycling of waste (excluding landfilling)</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing building material derived from recycled content, low-carbon emissions, or certified by approved local certification body</li> <li>• Management of waste for tenants and occupants</li> </ul>
<p>Sustainable Water and Wastewater Management</p>	<ul style="list-style-type: none"> <li>• Water saving features to reduce domestic and commercial water consumption</li> <li>• Facilities, systems and equipment that are used for the collection, treatment, and recycling of wastewater</li> <li>• Such projects will result in achieving a minimum 20% reduction in water usage intensity for new and existing buildings compared to its baseline</li> </ul>	<ul style="list-style-type: none"> <li>• Water recycling system such as rainwater harvesting</li> <li>• Wastewater treatment systems to improve quality of treated wastewater</li> </ul>
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<ul style="list-style-type: none"> <li>• Preservation or restoration of natural landscapes according to the BCA Green Mark Gold<sup>plus</sup> standard</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting of Biodiversity Impact Assessment (BIA) during the planning stage of construction on voluntary basis in cities that are relevant (not a mandatory requirement in Singapore)</li> </ul>

## 2. Process for Project Evaluation and Selection

The Eligible Green Projects are identified and selected via a process that involves participants from various functional areas. Representatives from CDL's Property Development department, Asset Management department, Sustainability department and Treasury department will form a working group to review and select Eligible Green Projects according to the criteria listed above. Additional factors such as applicability to Green Mark certification, environmental impact, size, and tenant/users needs may also be considered. The shortlisted projects will be presented for joint approval from CDL's Chief Sustainability Officer from the sustainability perspective and Group Chief Financial Officer from the financial perspective. If such project is considered as an Eligible Project in accordance with this Framework, it will be earmarked for the use of proceeds of a GFT under this Framework.

## 3. Management of Proceeds

The net proceeds from each GFT will be managed by CDL's Treasury team, ensuring that a green project is not double counted towards multiple transactions. CDL will maintain an internal register managed and tracked by Group Finance Accounts with information including:

- a) **GFT:** key information including issuer/borrower entity, transaction date, principal amount of proceeds, maturity date, and interest or coupon, the ISIN number etc.;
- b) **Allocation of Use of Proceeds:**  
Information including:
  - Summary detail of Eligible Projects to which the proceeds of the GFT have been allocated in accordance with this Framework;
  - Amount of GFT proceeds allocated to each project;
  - Endorsement from CDL's Chief Sustainability Officer and Group Chief Financial Officer that the project is an Eligible Project;
  - Aggregate amount of proceeds of GFT allocated earmarked to Eligible Projects;
  - The remaining balance of unallocated proceeds yet to be earmarked;

Pending allocation, the net proceeds from the GFT(s) will be kept in CDL's general account, and invested according to the Treasury department's general liquidity guidelines for short term deployment.

## 4. Reporting

On an annual basis, CDL will disclose the allocation of the borrowed funds or the net proceeds of its GFT(s) in its Integrated Sustainability Report available on CDL's sustainability website ([www.cdlsustainability.com](http://www.cdlsustainability.com)). Such information will be provided until all the net proceeds have been allocated. The information will contain at least the following details:

- a) Summary:  
A list of all GFT(s) executed in the reporting period and outstanding at the reporting date and summary terms of each transaction. Key information to be provided will include issuer/borrower entity, transaction date, principal amount of proceeds, maturity date, and interest or coupon, the ISIN number etc.
- b) Allocation Reporting – for each GFT:
  - A list of Eligible Projects earmarked to be funded by the proceeds of the GFT;

- Amount of proceeds allocated to the various Eligible Projects;
- Description of major Eligible Projects;
- Aggregate amount of proceeds of GFT allocated earmarked to Eligible Projects;
- Lookback period of refinanced projects;
- The remaining balance of unallocated proceeds yet to be earmarked.

c) Impact Reporting – for each GFT:

Where possible, the Group will report on the environmental and social impacts (where relevant) resulting from Eligible Projects. Subject to the nature of Eligible Projects and availability of information, the Group will consider the following impact indicators:

<b>Eligible Green Asset Categories</b>	<b>Impact Indicators</b>
Green Buildings	<ul style="list-style-type: none"> <li>• Green building certification obtained</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Renewable energy generated (MWh)</li> <li>• CO<sub>2</sub> and other GHG avoided (tonnes)</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>• Energy saved (MWh)</li> <li>• CO<sub>2</sub> and other GHG avoided (tonnes)</li> <li>• Reduction in energy usage intensity for existing buildings compared to its baseline (%)</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>• Amount of waste reduced and/or diverted from landfills (tonnes)</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>• Amount of water saved (m<sup>3</sup>)</li> <li>• Efforts in providing facility for rainwater harvesting</li> <li>• Reduction in water usage intensity for existing buildings compared to its baseline (%)</li> </ul>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> <li>• Efforts to assess biodiversity impact during development planning (e.g. biodiversity impact assessment or environmental study)</li> <li>• Good practices in provision of landscape according to BCA Green Mark Gold<sup>Plus</sup> standard (2 levels above mandatory requirement)</li> </ul>

The contents of the disclosure will be reviewed and approved by CDL’s Chief Sustainability Officer and Group Chief Financial Officer. The Group will engage an independent third party to independently assure the contents of the disclosure.

**Assurance**

CDL has obtained an external review of this Framework which can be viewed in the relevant section at CDL’s sustainability website ([www.cdsustainability.com](http://www.cdsustainability.com)).