

Second-Party Opinion

City Developments Limited Green Finance

Evaluation Summary

Sustainalytics is of the opinion that the City Developments Limited (CDL) Green Finance Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018, and the Green Loan Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Green Buildings, (ii) Renewable Energy, (iii) Energy Efficiency, (iv) Pollution Prevention and Control, (v) Sustainable Water and Wastewater Management, and (vi) Environmentally Sustainable Management of Living Natural Resources and Land Use - are aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018. Sustainalytics considers the eligible green project categories to have positive environmental impact and advance the UN Sustainable Development Goals, specifically 6, 7, 11, 12, and 15.



PROJECT EVALUATION / SELECTION CDL's internal process for evaluating and selecting projects will involve a cross-functional team consisting of members from various departments, including Property Development, Treasury, Asset Management, and Sustainability, as well as the joint approval from the Group's Chief Sustainability Officer and the Group Chief Financial Officer. This is in line with market best practice.



MANAGEMENT OF PROCEEDS CDL will track the net use of proceeds through an internal register. The proceeds of the transaction will be deposited in CDL's general account and earmarked for allocation in the register. Pending allocation, proceeds will be held in accordance with CDL's general liquidity guidelines for short-term deployment. This is in line with market practice.



REPORTING CDL intends to disclose the information in its Integrated Sustainability Report published within its sustainability website on an annual basis. The allocation reporting will include, among other things, the aggregate amount allocated to eligible projects, as well as the balance of unallocated proceeds. The impact reporting will include relevant metrics. Sustainalytics views CDL's allocation and impact reporting as aligned with market practice.

Evaluation date	January, 2019
Issuer Location	Singapore

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Introduction

City Developments Limited (“CDL”, the “Issuer”, or the “Group”) operates as a listed property arm of Hong Leong Group Singapore. CDL’s geographically-diverse portfolio comprises of residences, offices, hotels, serviced apartments, integrated developments and shopping malls. CDL has developed over 40,000 homes and owns over 18 million square feet of lettable floor area globally and has growth platforms in five key international markets – China, United Kingdom (UK), Japan and Australia.¹ The company was founded in 1963 and is headquartered in Singapore.²

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 were 100% allocated to 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 sustainable development. Under this framework, CDL will issue Green Financing Transactions (“GFT”), the proceeds of which will be used to refinance or finance, in whole or in part, existing or new eligible projects that provide clear environmental benefits.

The Framework defines eligibility criteria in the following six areas:

1. Green Buildings- certified in accordance with the following green building standard systems:
 - a. Singapore BCA Green Mark (Gold^{Plus} or above)
 - b. BREEAM (Excellent or above)
 - c. NABERS (5-stars or above)
 - d. GBCA Green Star (5-stars Green Star or above)
 - e. Chinese Green Building Evaluation Label (2-stars or above)
 - f. LEED (Gold or above), or other equivalent standards
2. Renewable Energy
3. Energy Efficiency
4. Pollution Prevention and Control
5. Sustainable Water and Wastewater Management
6. Environmentally Sustainable Management of Living Natural Resources and Land Use

CDL engaged Sustainalytics to review the Green Finance Framework and provide a second-party opinion on the framework’s environmental credentials, as well as its alignment with the Green Bond Principles 2018 (the “GBP”),³ as administered by the International Capital Market Association (the “ICMA”),⁴ and the Green Loan Principles 2018 (the “GLP”), as administered by the Loan Market Association (the “LMA”), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA)⁵. This Framework has been published in a separate document.⁶

As part of this engagement, Sustainalytics held conversations with various members of CDL’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of CDL Green Finance Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the CDL Green Finance Framework and should be read in conjunction with that Framework.

¹ CDL, Corporate Profile: <http://www.cdl.com.sg/index.php/the-company/corporate-profile>

² Bloomberg, City Developments Limited: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=410611>

³ Sustainability Bonds are aligned with the four core components of both the Green Bond Principles and Social Bond Principles, with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects.

⁴ ICMA’s Green Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁵ Green Loan Principles, December 2018 https://www.lma.eu.com/application/files/91115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

⁶ CDL, Green Financing: <https://www.cdlsustainability.com/green-financing/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the CDL Green Finance Framework

Summary

Sustainalytics is of the opinion that the CDL Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP 2018, and the GLP 2018. Sustainalytics highlights the following elements of the CDL Green Finance Framework:

- Use of Proceeds:
 - The six green categories eligible for the use of proceeds are recognized as impactful by the GBP 2018, and the GLP 2018.
 - The eligible projects under the green use of proceeds will provide meaningful environmental contributions in terms of improved access to green buildings, increase in renewable energy and energy efficiency, enhanced pollution prevention and control, and sustainable water and wastewater management, as well as environmentally sustainable management of living natural resources and land use.
 - CDL's green buildings eligibility criteria are based on third-party certification standards such as Singapore BCA Green Mark (Gold^{Plus} or above), BREEAM (Excellent or above), NABERS (5-stars or above), GBCA Green Star (5-stars Green Star or above), Chinese Green Building Evaluation Label (2-stars or above), LEED (Gold or above), or other equivalent standards. Sustainalytics has conducted an evaluation of the certifications and views the Group's focus on the highest levels of certification as industry best practice (refer to Appendix 1 for additional information on the certification schemes).
 - Under energy efficiency projects, CDL has set a minimum of 20% reduction of energy usage intensity for new and existing buildings compared to its baseline through equipment upgrades, or installation of smart technologies. Sustainalytics recognizes that CDL aligns with market practice by setting the minimum thresholds for improvements in energy efficiency.
 - Additionally, under the Sustainable Water and Wastewater Management category, CDL commits to 20% reduction in water use intensity for new and existing buildings compared to its baseline. Sustainalytics recognizes that CDL aligns with market best practice by setting the minimum thresholds for improvements in water efficiency.
 - For the project category of Environmentally Sustainable Management of Living Natural Resources and Land Use, CDL is voluntarily seeking to conduct a Biodiversity Impact Assessment (BIA) during the planning stage of property development with a focus on the preservation or restoration of natural landscapes in accordance with BCA Green Mark Gold^{Plus} standard. Sustainalytics is of the opinion that this assessment will provide an additional layer of assurance for the environmental conservation and the mitigation of any possible negative impacts associated with property development.
- Project Evaluation and Selection:
 - CDL's project selection process involves initial project identification by a working group consisting of CDL's various business representatives from the Treasury department, Property Development department, Asset Management department, and the Sustainability department, followed by review and joint approval by the Group's Chief Sustainability Officer and the Group Chief Financial Officer.
 - Sustainalytics considers that the collaboration between relevant business units and C-level involvement is likely to strengthen the implementation of the Framework and is in line with market best practice.
- Management of Proceeds:
 - CDL will maintain an internal register to record the ongoing allocation of net proceeds for each GFT. All GFT will be deposited in CDL's general account and earmarked within the register for allocation against the eligible projects endorsed by the Group's Chief Sustainability Officer and the Group Chief Financial Officer.
 - CDL has confirmed to Sustainalytics that for any revolving credit facilities funded, CDL will assess loan drawdowns according to the Eligible Projects criteria.
 - The unallocated proceeds will be invested in accordance with CDL's general liquidity guidelines for short-term deployment. CDL's process with respect to the management of proceeds is robust and in line with market practice.

- Reporting:
 - CDL has committed to annually disclose allocation and impact reporting in its Integrated Sustainability Report. This is in line with market practice.
 - The allocation reporting will include relevant transaction data such as the list of eligible projects to be funded, the description of major eligible projects, the aggregate amount allocated to eligible projects, the lookback period of refinanced projects, and the balance of unallocated proceeds.
 - The impact reporting will include environmental indicators such as green building certifications obtained, renewable energy generated, GHG emissions avoided, energy saved, waste reduced or diverted from landfills, water saved, the reduction in energy and water usage intensities for existing buildings over its baseline and good practices and efforts for biodiversity impact assessment, which is considered to be aligned with market practice.

Alignment with Green Bond Principles 2018 and Green Loan Principles 2018

Sustainalytics has determined that CDL's Green Finance Framework aligns with the four core components of the GBP 2018, and the GLP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of the CDL Green Finance Framework to the Group's sustainability strategy

Sustainalytics believes that CDL's commitment to integrate environmental, social and governance considerations into the company's business strategy and operations, its transparent 'Sustainability Governance Structure' with a company-wide Sustainability Committee, as well as its environmental initiatives, strengthen CDL's position to issue green bonds and loans which will help the company to advance its sustainability strategy. CDL has set quantifiable 2030 targets for its sustainability strategy and demonstrated its commitment to mitigate climate change in its Integrated Sustainability Report (ISR) 2018⁷ through the following efforts:

- CDL has committed to develop all of its new property with a minimum of BCA Green Mark Gold^{Plus} certification standard, moving beyond the legislative requirements while mitigating the environmental impacts associated with buildings.⁸
- CDL has established Singapore's first major sustainability training & capacity building (zero-energy) facility– Singapore Sustainability Academy– in support of the SDGs and Singapore's climate change goals.
- CDL has committed to reduce its Scope 1 and 2 greenhouse gas (GHG) emissions per square metre across its Singapore operations by 59% by 2030 from 2007 levels.⁹ It has set its carbon reduction targets that were assessed and validated by the Science Based Targets Initiative,¹⁰
- CDL has set up, since 2008, a company-wide Sustainability Committee led by the Chief Sustainability Officer with functional oversight from senior management to integrate the following ESG initiatives into their business operations and corporate objectives: (i) the environment, (ii) corporate governance and fair operating practices, (iii) labour practices and human rights, (iv) stakeholder engagement and consumer issues, and (v) community involvement and development.
- CDL has pledged to publish climate-related financial disclosures in its ISR 2018 in four key areas as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). CDL is also listed on 13 leading sustainability indices, including FTSE4Good Index Series, MSCI ESG Leaders Indexes (with highest 'AAA' rating), Global 100 Most Sustainable Corporations, and Dow Jones Sustainability Indices.

⁷ CDL, Integrated Sustainability Report 2018: <https://www.cdlsustainability.com/>

⁸ CDL, Environmental Conservation: <http://www.cdl.com.sg/sustainabilityreport2016/11-natural-capital-f-env-consrv.html>

⁹ CDL News Release, CDL Accelerates Climate Change Strategy: http://media.corporate-ir.net/media_files/IROL/60/60774/2018/News%20Release%20-%20CDL%20Accelerates%20Climate%20Change%20Strategy.pdf

¹⁰ Science Based Targets Initiative: <https://sciencebasedtargets.org/about-the-science-based-targets-initiative/> A collaborative initiative between the CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) which helps companies establish and validate science-based carbon reduction targets that support limiting global warming to well below 2 degrees Celsius

- CDL has committed to meeting several SDGs through internal targets defined under “CDL Future Value 2030 Goals,” including (i) “building sustainable cities and communities” comprised of Green Mark certification and CDL Green Lease Partnership Programme targets, and (ii) “reducing environmental impact” through reduction of carbon emissions, waste, energy and water consumption. CDL has already achieved reductions of 32.8% in carbon emissions intensity and 27.3% in energy use intensity in 2017 from 2007 levels.

Sustainalytics is of the opinion that CDL’s sustainability strategy and actions demonstrate the importance the Group places on achieving positive environmental impacts. Sustainalytics also believes that CDL’s Green Finance Framework is aligned with the Groups’ overall sustainability efforts and the Group is therefore well positioned to issue green bonds and loans which will advance the CDL’s sustainability strategy and support the transition towards a sustainable and low-carbon economy.

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the proceeds from CDL’s Framework will be directed towards Eligible Projects that are recognized by market norms (GBP, and GLP) to have positive impact, Sustainalytics is aware that such projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the Eligible Projects are pollution control in construction and development projects, increased exposure of local communities to adverse effects, and biodiversity loss.

Sustainalytics is of the opinion that CDL can mitigate such risks through the oversight of its company-wide Sustainability Committee, its Enterprise Risk Management (ERM) framework,¹¹ and the following elements of its strategy and operations:

- The establishment of Enterprise Innovation Committee (EIC) to embrace innovation through research and adoption of initiatives related to new technologies, products, and processes, as well as the creation of Climate Change Policy and EHS Policy for internal and external stakeholders.
- The voluntary subscription to the BCA Construction Quality Assessment System (CONQUAS)¹² which assesses the quality of structural, architectural and mechanical and electrical elements of building projects through site inspections.
- The implementation of ISO 14001 (Environmental Management System), ISO 50001 (Energy Management System) and OHSAS 18001 (Occupational Health & Safety Assessment System) across all key operations in Singapore. The standard addresses operational issues related to climate change, energy, water, and material supply, as well as implementation of CDL 5-Star EHS Assessment System to monitor contractors’ onsite environmental, health and safety performance;
- The adoption of a Prefabricated, Prefinished Volumetric Construction (PPVC) method that aims to reduce construction waste from large-scale residential. CDL also adopted a Construction and Demolition Waste Policy for sustainable construction practices, as well as the identification of materials for reuse or recycle under the BCA Demolition Protocol; and
- The development of Green Procurement guidelines with a 2030 target of 100% responsible sourcing from suppliers certified by recognized EHS standards.

Overall, due to all above-mentioned systems and processes, Sustainalytics believes that CDL has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the projects funded by the green bonds and loans.

Section 3: Impact of Use of Proceeds

All six use of proceeds categories are recognized as impactful by the GBP 2018, and the GLP 2018, a few of which have particular relevance in the local context as outlined below:

¹¹ CDL, Annual Report 2017, Risk Management: <http://www.cdl.com.sg/annualreport2017/#page=59>

¹² BCA Construction Quality Assessment System: https://www.bca.gov.sg/Professionals/IQUAS/conquas_abt.html

Importance of green buildings, and waste management for achieving sustainable development in Singapore

The Inter-Ministerial Committee on Sustainable Development (IMCSD) for Singapore's Built Environment has set a key target of achieving at least 80% green buildings in Singapore by 2030.¹³ Under Singapore's Ministry of National Development, the Building and Construction Authority (BCA) agency has launched its 3rd Green Building Masterplan, noting that presently green buildings under BCA Green Mark certification scheme comprise a gross floor area equivalent of 25% of Singapore's total built-up area (equivalent of about 29% of Singapore's buildings).¹⁴ Sustainalytics believes that CDL's GFT for green buildings will support Singapore's progress towards reaching its 2030 target for green buildings, thereby, complementing the initiatives under the Green Building Masterplan that aim to track such progress.

Furthermore, the Sustainable Singapore Blueprint¹⁵ published by Singapore's Ministry of the Environment and Water Resources briefly mentions Singapore's plan to become a 'Zero-Waste Nation' by reducing the consumption of materials and reusing & recycling. CDL's intention to finance Eligible Projects including (i) collection, treatment and recycling of waste, and (ii) sustainable sourcing of materials that are either derived from recycled content or low-carbon sources with environmental certifications provided by BCA-approved bodies, reinforce its effective resource management to save energy while reducing waste. This strategy aligns with Singapore's plans to enhance the country's national energy efficiency performance and become a nation with minimal to zero waste.

Sustainalytics believes that CDL's GFT for green buildings, pollution prevention and control, and sustainable water and wastewater management will create positive environmental impacts while supporting Singapore's green building targets and the Zero-Waste Nation plan.

Importance of renewable energy for Singapore's transition to a low-carbon economy

Singapore's Intended Nationally Determined Contribution (INDC)¹⁶ states its intention to reduce GHG emissions intensity by 36% by 2030 from 2005 levels. Although Singapore is among the best 20% of countries (out of 140 countries) in terms of GHG emissions intensity,¹⁷ as of 2015, over 90% of Singapore's electricity is generated through natural gas,¹⁸ while the country is exploring alternative energy options to further reduce emissions. Sustainalytics considers that CDL's GFT for renewable energy will contribute to enhancing Singapore's position as a low-carbon economy.

Importance of sustainable water and wastewater management in Singapore

Due to its geography, Singapore faces unique challenges in adequately meeting its water needs. According to the World Resource Institute, Singapore is one of the four most water-stressed countries in the world.¹⁹ Currently, water consumption is approximately 430 million gallons per day, and it is projected that this demand could double by 2060.²⁰ To meet these needs, Singapore's Public Utility Board (PUB) has embraced a strategy of 'Four National Taps': water captured from rainfall in the local catchment, water imported from neighbouring Malaysia, reclaimed water (NEWater), and desalinated water.²¹ NEWater currently supplies 40% of the local demand for water, and it is the policy of the PUB to increase this amount to 55% by 2060. Given this context, it is expected that the need for rainwater harvesting and reclaimed water will continue to grow. Therefore, Sustainalytics views that the CDL Green Finance Framework use of proceeds category sustainable water and wastewater management will positively contribute to Singapore's 'Four National Taps' strategy and create environmental benefits through the financing of assets for water use reduction & recycling, and wastewater treatment.

¹³ BCA Green Mark: https://www.bca.gov.sg/GreenMark/others/BCA_Green_Mark_10th_Anniversary_Commemorative_Book.pdf

¹⁴ BCA Green Mark, Green Building Masterplan: https://www.bca.gov.sg/GreenMark/others/3rd_Green_Building_Masterplan.pdf

¹⁵ Ministry of National Development, Sustainable Singapore Blueprint: <https://www.clc.gov.sg/docs/default-source/books/ssbcombined-cover-text.pdf>

¹⁶ Singapore's Ministry of Foreign Affairs, Singapore's Intended Nationally Determined Contribution (INDC): <https://www.mfa.gov.sg/content/dam/mfa/images/om/geneva/Appendix%20I%20Singapore%27s%20INDC.pdf>

¹⁷ Singapore's Ministry of Foreign Affairs, International Comparison of Emissions Intensity: <https://www.mfa.gov.sg/content/dam/mfa/images/om/geneva/Appendix%20II%20International%20Comparison%20of%20Emissions%20Intensity.pdf>

¹⁸ Singapore's Submission to the United Nations Framework Convention on Climate Change (UNFCCC): https://www.mfa.gov.sg/content/mfa/overseasmission/geneva/press_statements_speeches/2015/201507/press_20150703.html

¹⁹ World Resource Institute, Technical Note: <http://wriorg.s3.amazonaws.com/s3fs-public/aqueduct-water-stress-country-rankings-technical-note.pdf>

²⁰ Singapore's Public Utilities Board, Singapore Water Story: <https://www.pub.gov.sg/watersupply/singaporewaterstory>

²¹ Singapore's Public Utilities Board, Four National Taps: <https://www.pub.gov.sg/watersupply/fournationaltaps>

Alignment with/contribution to SDGs

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

Use of Proceeds	SDG	SDG target
Green Buildings	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, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Energy Efficiency		7.3 By 2030, double the global rate of improvement in energy efficiency.
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.9 Integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.

Conclusion

CDL has developed the Green Finance Framework under which it is planning to issue Green Financing Transactions which will include green bonds and loans. The proceeds will be used to refinance or finance, in whole or in part, existing or new Eligible Projects that provide clear environmental benefits. CDL has described a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for the allocation and impact reporting. These processes and commitments are viewed by Sustainalytics to be aligned with market practice.

Sustainalytics believes that the Eligible Projects funded by the green bonds and loans are aligned with the Group's overall sustainability strategy and will also contribute to the advancement of the UN Sustainable Development Goals, specifically 6, 7, 11, 12, and 15. Additionally, Sustainalytics views that CDL has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the Eligible Projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that CDL is well-positioned to issue green bonds and loans, and that the CDL Green Finance Framework is robust, transparent, and in alignment with the GBP 2018, and the GLP 2018.

Appendices

Appendix 1: Comparison of Green Building Certification Schemes

	Singapore BCA Green Mark	BREEAM	NABERS	GBCA Green Star	China Green Building Evaluation Label	LEED
Background	The BCA Green Mark Scheme provides real estate certifications in Singapore to promote sustainability in the built environment during project conceptualisation and design, as well as during construction.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	The National Australian Built Environment Rating System (NABERS) is a performance rating tool for existing buildings in Australia. It is administered by the NSW Office of Environment and Heritage, and is used to measure building's energy efficiency, carbon emissions, water consumed, waste produced, and compare it with similar buildings.	Green Star is an environmental (design) rating system developed by the Green Building Council of Australia (GBCA). Based on the elements of BREEAM as well as LEED, Green Star was developed with tailored considerations to the local climate and the building standards and regulations. It assesses several environmental factors related to the building design.	The Chinese 3 - Star Green Building Evaluation Standard is a Certification System used in China for residential and public buildings (including commercial, hotel and government - owned) that was introduced in 2006 by MOHURD (Ministry of Housing and Urban - Rural Development)	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.
Certification levels	Certified Gold Gold ^{Plus} Platinum	Pass Good Very Good Excellent Outstanding	1-star (Poor) 2-stars (Below Average) 3-stars (Average) 4-stars (Good) 5-stars (Excellent) 6-stars (Market Leading)	<i>For existing buildings only (new buildings can achieve 4-6 Star Green Star certifications only):</i> 1-star Green Star (Minimum Practice) 2-stars Green Star (Average Practice) 3-stars Green Star (Good Practice) 4-stars Green Star (Best Practice)	1-Star 2-Star 3-Star	Certified Silver Gold Platinum

City Developments Limited Green Finance

				5-stars Green Star (Australian Excellence) 6-stars Green Star (World Leadership)		
Areas of Assessment	<ul style="list-style-type: none"> Climate Responsive Design Building Energy Performance Resource Stewardship Smart and Healthy Buildings Advanced Green Efforts 	<p>Management (Man) addresses various aspects:</p> <ul style="list-style-type: none"> Project management Deployment Minimal environmental disturbance worksite Stakeholder engagement <p>Environmental Performance of the building:</p> <ul style="list-style-type: none"> Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation 	<p>There are several ratings available based on the type of building and the applicant (building tenant, or owner and/or manager). The rating tools available for office buildings are:</p> <ul style="list-style-type: none"> Energy (without Greenpower) Energy (with Greenpower) Carbon Neutral Waste Water Indoor Environment 	<ul style="list-style-type: none"> Management Indoor environmental quality Energy Transport Water Materials Land use and ecology Emission Innovation 	<ul style="list-style-type: none"> Land savings and outdoor environment; Energy savings and utilisation; Water savings and utilisation; Material savings and utilisation; Indoor environment; Operations and management 	<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
Requirements	<p>Prerequisites (independent of level of certification) and point score.</p> <p>Prerequisites for each performance area to demonstrate minimum criteria met.</p> <p>Numerical scores achieved in accordance with the criteria</p>	<p>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item²² and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a</p>	<p>NABERS ratings for office buildings and tenancies are based on 12 months of (real) operational data, rather than potential performance estimate.</p> <p>There is a Carbon Neutral Certification available, as an extension to NABERS Energy rating, for</p>	<p>There are conditional as well as minimum requirements in several credits, based on the rating tool, that are required to be selected for compliance.</p> <p>There are several rating tools within Green Star. Each rating tool is</p>	<p>Prerequisites:</p> <p>The system functions on a checklist basis, with 1-Star buildings meeting 26 criteria, 2-Star with an additional 43 items and 3-Star on a further 14 items. Criteria and weighting differ for public and residential buildings, more</p>	<p>Prerequisites (independent of level of certification) and point score.</p> <p>Buildings must meet minimum requirements in a number of categories. Each category assessed has certain point score. These points are then added together to obtain the</p>

²² BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

	<p>in each performance area. Performance Areas have different weights.</p> <p>Depending on the level of building performance and numerical score achieved in performance area, building's level of certification is determined.</p> <p>Assessment of compliance with Green Mark criteria is done by the Singapore Building and Construction Authority (BCA).</p>	<p>percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>buildings of NABERS Energy rating of 4-stars or above.</p> <p>There are rating system for different types of buildings, including apartment buildings, office buildings, office tenancies, shopping centers, data centres, and hotels.</p>	<p>designed to apply to a specific sector with specific eligibility criteria for each of them (e.g. Green Star – Design & As Built; Green Star – Interiors; and Green Star – Performance)</p>	<p>weight is given to energy and material savings, while the standard for residential buildings places greater importance on urban land saving and outdoor environments.</p>	<p>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>Performance display</p>						

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	City Developments Limited
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	CDL Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	03 January, 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the 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> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – (i) Green Buildings, (ii) Renewable Energy, (iii) Energy Efficiency, (iv) Pollution Prevention and Control, (v) Sustainable Water and Wastewater Management, and (vi) Environmentally Sustainable Management of Living Natural Resources and Land Use - are aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018. Sustainalytics considers the eligible green project categories to have positive environmental impact and advance the UN Sustainable Development Goals, specifically 6, 7, 11, 12, and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

A dedicated Board Sustainability Committee will oversee CDL's internal process for evaluating and selecting projects will involve a cross-functional team consisting of members from various departments, including Property Development, Treasury, Asset Management, and Sustainability, as well as the joint approval from the Group's Chief Sustainability Officer and the Group Chief Financial Officer. This is in line with market best practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
 In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

CDL will track the net use of proceeds through an internal register. The proceeds of the transaction will be deposited in CDL's general account and earmarked for allocation in the register. Pending allocation, proceeds will be held in accordance with CDL's general liquidity guidelines for short-term deployment. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

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

4. REPORTING

Overall comment on section (if applicable):

CDL intends to disclose the information in its Integrated Sustainability Report published within its sustainability website on an annual basis. The allocation reporting will include, among other things, the aggregate amount allocated to Eligible Projects, as well as the balance of unallocated proceeds. The impact reporting will include relevant metrics. Sustainalytics views CDL's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
 Linkage to individual bond(s)
 Other (*please specify*):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
 Other (*please specify*): List of Eligible Projects to be funded, Description of major Eligible Projects; Balance of unallocated proceeds; Lookback Period of refinanced projects.

Frequency:

- Annual
 Semi-annual
 Other (*please specify*):

Impact reporting:

- Project-by-project
 On a project portfolio basis
 Linkage to individual bond(s)
 Other (*please specify*):

Frequency:

- Annual
 Semi-annual
 Other (*please specify*):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
 Decrease in water use
 Other ESG indicators (*please specify*): Green building certifications obtained; Reduction in energy and water usage intensities for existing buildings over its baseline; Renewable energy generated; Waste reduced or diverted; Biodiversity impact assessment efforts.

Means of Disclosure

- Information published in financial report
 Information published in sustainability report

- Information published in ad hoc documents
 Other (please specify): Published in Integrated Sustainability Report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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.)

CDL's sustainability website: www.cdlsustainability.com

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 INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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Sustainalytics

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For more information, visit www.sustainalytics.com

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