



23 August 2018

Ho Bee Land Secures Singapore's First Green Loan

Singapore property investment and development company, Ho Bee Land Limited (Ho Bee), in conjunction with HSBC, today announced the completion of a £200 million bridged Green Loan – the first of its kind in Singapore.

Earlier this year, Ho Bee appointed HSBC as its green structuring advisor in the commissioning and development of its Green Finance Framework. The Framework is part of Ho Bee's goal of enhancing its business into a sustainable one. The framework has been successfully certified by third-party sustainability certifier, Sustainalyticsⁱ.

The first transaction executed under the Framework is the bridging loan, provided by HSBC, as part of the acquisition of Ropemaker Place (a 21-storey commercial development in London with LEED Platinum pre-certified, BREEAM Excellent rating).

Whilst Singapore has seen a string of green bonds and sustainability-linked loans over 2017 and 2018ⁱⁱ, this deal is the first green loan in Singapore and also the first that aligns to the LMA/APLMA Green Loan Principles (*See Editor Notes for details on difference between sustainability-linked loans and green loans and the APLMA Green Principles*).

Mr Chua Thian Poh, Chairman and Chief Executive Officer of Ho Bee said, "As part of our Green Finance Framework, we are pleased to secure Singapore's first green loan through HSBC. We have always pride ourselves in developing and investing into quality properties and now, we are able to tap onto green financing to fund projects that are both environmentally friendly and sustainable."

"With this inaugural green loan, it affirms Ho Bee's position as a forward-looking company and its strong commitment towards building a sustainable business model," Mr Chua added.

Commenting on the experience of developing the Ho Bee Green Finance Framework, **Alan Turner, Head of Commercial Banking, HSBC Singapore**, said: "HSBC is proud to have partnered with Ho Bee in this inaugural green loan in Singapore. By setting up its Green Finance Framework, Ho Bee has been able to realise its green vision and ambitions as well as provide it with the necessary infrastructure to tap green financing in future. Moreover, the deal is good news for Singapore's green financing credentials as it sets the template for other corporates seeking similar green transactions in the future."

Speaking on the deal: **Trisha Taneja, Product Manager for Sustainable Finance Solutions at Sustainalytics** said: "We are excited to see HSBC and Ho Bee Land complete the work on Singapore's first Green loan, which is aligned with the APLMA green loan principles. The HSBC loan to Ho Bee Land expands the green financing label to debt instruments other than green bonds, and is a significant step to scale the flow of capital to environmentally impactful projects. Sustainalytics is honored to have been selected as the second opinion provider to assess the quality of loan."

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Editor Notes:

HSBC as Ho Bee's green structuring advisor

HSBC was appointed by Ho Bee to act as its **green structuring advisor**, which involves HSBC:

- (1) Developing and preparing the Green Finance Framework with Ho Bee which sets out and articulates how Ho Bee – as a company - will be compliant with the Green Loan Principles and the Green Bond Principles when it enters into fund raising activities for specific green projects in future (see below for details on the Green Loan Principles)
- (2) Partnering with green assurance provider, Sustainalytics (whom Ho Bee commissioned), to test the veracity/credibility of Ho Bee's Green Finance Framework
- (3) With the establishment of the Ho Bee Land Green Finance Framework and the completion of Second Party Opinion assessment by Sustainalytics, the loan for the acquisition of Ropemaker Place by Ho Bee Land becomes an eligible transaction under the Ho Bee Land Green Finance Framework.

Green Loan Principles

To comply with the Green Loan Principles, companies could develop and publically publish a "Framework" setting out their intention to raise Green Loans, how these loans will meet the four pillars of the Green Loan Principles, and how they will obtain an external review to verify that their actions match their claims.

On 21 March 2018 the Loan Market Association and the Asia Pacific Loan Market Association jointly issued the Green Loan Principles to formalise what constitutes a green loan. These set out 4 key criteria that a Green Loan should adopt being:

1. **Use of Proceeds:** that the loan is exclusively used for green projects and that the environmental benefits, which will be assessed and reported, are articulated in the finance documents
2. **Project Selection and Evaluation:** The development of a company framework stating the borrower's environmental sustainability objectives; the process to determine how projects fit within the eligible categories set; and how they will identify and manage environmental risks associated with proposed projects that they wish to seek green funding. Borrowers are also encouraged to disclose any green standards or certifications
3. **Management of Proceeds:** The proceeds of a green loan should be credited to a dedicated account otherwise tracked by the borrower in an appropriate manner; and establish internal governance process for the tracking of funds towards designated green projects
4. **Reporting:** Borrowers will articulate how they maintain in real-time information on the use of proceeds for all green projects under finance including the amounts allocated and their expected impact.

Actions of Singapore government in supporting sustainable financing

- **Green Bond Grant scheme launched in May 2017.** This grant will offset 100% of the costs of obtaining an external review for qualifying issuances, up to S\$100,000 per issuance.
- Singapore government aims to have at least 80% of the nation's buildings be green by 2030. To encourage this, the Building and Construction Authority (BCA) has initiatives like the \$50 million BCA Green Mark Incentive Scheme for Existing Buildings to encourage energy efficiency.ⁱⁱⁱ
- As of Jan 2018, the BCA says Singapore has "greened" more than a third of its total gross floor area (at 100 million m² GFA) translating to over 3,300 buildings^{iv}.
- In addition to BCA's incentive schemes¹, there's also a building-rating tool that encourages such improvements as sun-shading exteriors, water-efficient fittings, computer modelling of energy flows and carbon emissions, and highly efficient air conditioning and ventilation systems.
- At the Singapore 2018 Budget, it was announced that all facilities producing 25,000 tonnes or more of greenhouse gas emissions in a year will have to pay a carbon tax from 2020. The carbon tax will initially be \$5 per tonne of greenhouse gas emissions from 2019 to 2023^v.

The difference between a green loan and sustainability-linked loans

- Sustainability-linked loans can be used for everyday corporate purposes, are linked to broader corporate performance against Environmental as well as Social and Governance criteria. The corporate's ability to meet its pre-set out ESG criteria will have an impact on the interest that is applied to the loan

¹ 2015 Guide to Singapore Government Funding and Incentives for the Environment

- With green loans, the proceeds can only fund specific projects with positive environmental benefits as defined in the Green Loan Principles. The types of projects include shifting to renewable energy, pollution prevention and control, sustainable natural resources management, biodiversity conservation, climate change adaptation and green buildings.

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About Ho Bee Land Limited

Ho Bee Land Limited was listed on the Mainboard of the Singapore Exchange in 1999. Headquartered in Singapore, Ho Bee also has property investments and developments in Australia, China and United Kingdom. The real estate development and investment company has a portfolio that covers many quality residential, commercial and high-tech industrial projects since its establishment in 1987.

In Singapore, apart from being the leading developer of luxury homes in the exclusive residential enclave of Sentosa Cove, its portfolio of investment properties includes the commercial landmark in the one-north precinct, The Metropolis. Other buildings in its portfolio of investment properties include 1 St Martin's Le Grand, 60 St Martin's Lane, 39 Victoria Street, 110 Park Street, Apollo & Lunar House, 67 Lombard Street and Ropemaker Place in London.

More information about the company can be found on the company's website at www.hobee.com.

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ⁱ <https://www.sustainalytics.com/about-us/>

ⁱⁱ **Examples of Singapore green deals**

- CDL Properties' S\$100 million green bondⁱⁱ
- Manulife's S\$500 million green bondⁱⁱ.
- DBS's US\$500 million green bondⁱⁱ.
- Olam International secured a US\$500 million sustainability-linked green loanⁱⁱ.

ⁱⁱⁱ https://www.bca.gov.sg/Newsroom/pr01092014_3GBM.html

^{iv} https://www.bca.gov.sg/Publications/BuildGreen/others/BGreen_12_2017.pdf

^v <https://www.straitstimes.com/singapore/singapore-budget-2018-carbon-tax-of-5-per-tonne-of-greenhouse-gas-emissions-to-be-levied>