

Modern Land (China) Co., Limited - Green Bond Framework

31 August 2016

Modern Land (China) Co., Limited (“Modern Land”) is responsible for the preparation and fair presentation of this Green Bond Framework as of 31 August 2016.

Purpose

This Green Bond Framework has been developed to demonstrate how Modern Land (China) Co. Ltd will issue Green Bonds to fund new and existing projects and businesses with environmental benefits in alignment with the *Green Bond Principles, 2016*¹.

Assertions from management

For each Green Bond issued, Modern Land (China) Co. Ltd Management asserts that it will adopt: (A) Use of Proceeds and (B) Policies and Internal Control Procedures in respect of each of (i) Project Evaluation and Selection (ii) Management of Proceeds and (iii) Reporting, as set out in this Framework.

1. Use of Proceeds

With reference to the *Green Bond Principles, 2016*, the proceeds of each Green Bond will be used exclusively for the financing or the re-financing of “Eligible Projects”, including without limitation, the refinancing of existing debt in relation to such projects.

“**Eligible Projects**” refer to projects funded, in whole or in part, by Modern Land that promotes the transition to low-carbon and climate resilient growth as determined by Modern Land. Eligible Projects target climate mitigation and include investment in the development of sustainable properties.

Eligible Projects are any project that fulfils the following (i) criteria 1 and 2 or (ii) criterion 3 below.

1. Commercial and residential buildings environmentally certified in accordance with any one of the following selected certification systems: (‘Environmental certification’)
 - ✓ New construction or renovation of existing buildings
 - Chinese Green Building Label (minimum certification “2 Star” for Green Building Design Label or Green Building Operation Label); or
 - LEED (minimum certification “Gold”); or
 - Any other equivalent Green Building label, that is an equivalent standard as the above
2. Additional energy saving / performance data for projects mentioned above. Such data shall be anticipated by the management team before project completion and evidenced through 3rd party energy reports as soon as practicable following the completion of the relevant project. Such energy saving / performance data shall provide at least: (‘Energy performance data’)

¹ <http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/green-bond-principles/>

- ✓ New construction of buildings
 - 15% energy performance improvement or greater
 - ✓ Renovation of existing of buildings
 - 30% energy performance improvement, depending on location and other justifiable building benefits
3. R&D covering energy efficiency design and technologies for housing and construction (max 10% of issuance)

2. Policies and Internal Control Procedures

(i) Project Evaluation and Selection

Eligible Projects are selected by the Modern Land Treasury department together with the Green Building Research and Development department.

Modern Land will review Green Building certification and energy performance data for its projects. If such project is compliant with the criteria listed above, it may be earmarked as the use of proceed of Green Bonds issued under this framework, including by way of using the proceeds of the Green Bonds to refinance debt in relation to such projects.

Modern Land may commission a qualified third party to investigate and report on building energy performance and therefore determine eligibility for Modern Land Green Bond.

(ii) Management of Proceeds

Modern Land will establish a Green Bond eligible investment Register for the Green Bond(s) issued. The Register will contain, for each Green Bond issued, information including:

1. **Green Bond details:** Including details such as ISIN, issue date, maturity date, principal amount and coupon.
2. **Eligible green investment project list:** information including:
 - Confirmation that earmarked projects conform to Modern Land Green Bond Framework
 - Member within Modern Land (China) Co Ltd group that owns the project
 - Environmental certification (including source and date)
 - Energy Performance data (including source and date)
 - Project location
 - Amount of investment (state currency)
 - Date of investment
 - Progress / construction status
 - Any other necessary information so that the aggregate of issuance proceeds earmarked to Eligible Projects is recorded.

Any balance of issuance proceeds not earmarked to fund eligible green investments will be held in accordance with Modern Land's normal treasury or liquidity management policy.

(iii) Reporting

Modern Land will provide an annual update report including:

1. Details of the Green Bonds issued including details such as ISIN, issue date, maturity date, principal amount and coupon.
2. Confirmation of aggregate amount of proceeds earmarked to Eligible Projects;
3. The remaining balance of Green Bond proceeds yet to be earmarked;
4. A list of Eligible Projects earmarked to be funded by the proceeds of the Green Bonds, including information such as building certifications and energy performance data; and
5. A selection of more detailed project examples (where competition and confidentiality considerations allow)

The green bond update report will be available on Modern Land's webpage or included in its annual report.