



OUE Limited

Second-Party Opinion – Green Bond

Excellent
Good
Aligned
Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> Proceeds from OUE Limited's (OUE) green bond will be allocated towards four buildings certified under the Singapore Building and Construction Authority (BCA) Green Mark 2021 scheme. Three are existing buildings that have obtained Gold certification, while one is a new development that OUE aims to achieve Platinum Zero Energy (ZE) certification for. Sustainable Fitch considers green buildings certified under Green Mark 2021 to meet the green criteria of the Singapore-Asia taxonomy for real estate.
Use of Proceeds – Other Information	Good	<ul style="list-style-type: none"> There is a clear exclusion list of environmentally and socially harmful projects, providing assurance that the selected projects do not cause environmental or social harm. Most proceeds will be allocated to refinancing of green assets, which limits the additionality of the instrument.
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> OUE's green finance committee (GFC) consists of a combination of executives with financial and sustainability expertise to provide a mix of expertise and perspectives.
Management of Proceeds	Good	<ul style="list-style-type: none"> OUE's approach of earmarking proceeds within the company's general account and to managing unallocated proceeds is aligned with market standards. It has a mechanism to replace projects that cease to meet the eligibility criteria.
Reporting and Transparency	Excellent	<ul style="list-style-type: none"> The company has committed to reporting on allocation and impact annually until full allocation. It will disclose the allocation and impact information at the instrument level.

Relevant UN Sustainable Development Goals



Instrument Type	Green
Alignment	<ul style="list-style-type: none"> ✓ Green Bond Principles 2021 (ICMA) ✓ ACMF ASEAN Green Bond Standards 2018
Date assigned	30 September 2024
See Appendix B for definitions.	

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Key Debt Details

Instrument	Issue Date	Currency	Amount	Coupon	Maturity Date	Type ^a
Bond	Around October 2024	SGD	To be confirmed	Fixed rate, to be confirmed close to pricing date	To be confirmed close to pricing date	Green

^aAs defined by issuer.

Use of Proceeds Summary

Green Green buildings

Source: OUE green finance framework

Instrument Highlights

We consider this green bond, which will be issued in line with OUE's green finance framework, to be aligned with the ICMA Green Bond Principles and the ASEAN Capital Markets Forum's (ACMF) ASEAN Green Bond Standards (hereinafter collectively referred to as the green finance principles).

The framework includes the four relevant pillars of the green finance principles: UoP, evaluation and selection, management of proceeds, and reporting and transparency.

All proceeds of this bond, which will be issued around October 2024, will be allocated to the financing and refinancing of green buildings. We view these projects to have a positive environmental impact, as they have or will obtain Green Mark 2021 certifications.

We have also provided our views on the alignment of OUE's green bond against the Singapore-Asia taxonomy (2023 edition). We consider the UoP to be aligned; all four green buildings certified under Green Mark 2021 meet the green criteria of the Singapore-Asia taxonomy for the construction of new buildings and the acquisition and ownership of buildings.

The assets refinanced and financed by this bond are directly owned by OUE REIT, of which OUE is the manager. OUE has confirmed it has operational control of OUE REIT and can ensure that the instrument aligns with the green finance principles regarding UoP, evaluation and selection, management of proceeds, and reporting.

Source: Sustainable Fitch, OUE green finance framework

Entity Highlights

OUE is a real estate and healthcare facilities owner and developer headquartered in Singapore and listed on the Singapore Stock Exchange (SGX). Its portfolio includes commercial, hospitality, retail, residential and healthcare assets across Singapore, Japan, Indonesia and China.

OUE manages two SGX-listed REITs: OUE REIT (formerly known as OUE Commercial REIT), a diversified REIT, and First REIT, a healthcare REIT in Singapore.

OUE REIT's commercial and hospitality portfolio at end-2023 consisted of six properties in Singapore and one in Shanghai. First REIT's portfolio consisted of 32 properties, comprising 11 hospitals, two integrated hospitals and malls, an integrated hospital and hotel, and a hotel and country club in Indonesia; three nursing homes in Singapore; and 14 nursing homes in Japan.

Hospitality is the group's largest segment, accounting for 33.18% of its 2023 total reportable segment revenue. This is followed by its Singapore segment (29.17%), healthcare segment (25.79%), other operations (10.31%) and property development (1.56%).

Its other operations mainly comprise the operation of food and beverage outlets and consumer-related investments.

OUE's sustainability strategy includes aligning its sustainability performance with international benchmarks, such as green building standards and sustainable taxonomies, and decarbonising its operations in line with a 1.5 °C pathway.



The group prepares its sustainability report in accordance with the Global Reporting Initiative, which is the standard market practice for international issuers of green bonds, as it supports transparency for investors. It tracks progress on environmental metrics such as energy intensity, Scopes 1 and 2 emissions, water intensity, and waste, which are also typically covered by peer issuers in the real estate sector. It currently does not disclose Scope 3 emissions, which typically account for the majority of total emissions in the real estate sector.

Source: Sustainable Fitch, OUE green finance framework, OUE annual report 2023



Use of Proceeds – Eligible Projects

Alignment: Good

Company Material

Sustainable Fitch’s View

Green buildings

- Investments and expenditures in buildings that meet the following national, regional or internationally recognised green building standards or certifications, and have in place a valid green building certificate, such as but not limited to:
 - Singapore BCA Green Mark – Gold and above;
 - LEED Gold and above;
 - NABERS (National Australian Built Environment Rating System) Energy rating 5 star and above;
 - BREEAM Excellent and above;
 - EDGE (all levels);
 - Indonesia GREENSHIP Gold and above; and
 - any other green building certification that is equivalent of the above standards.
- Certificate validity is limited to five years if the certification does not impose a limit, or has one that is longer than five years.
- Investments and expenditures in buildings that are, or are expected to be, within the top 15% best-performing buildings in the local market based on absolute emissions or primary energy demand (PED).
- Eligible green buildings could include project features and expenses as stated below:
 - renovations or refurbishment of existing buildings;
 - installation or replacement of equipment in buildings such as LED lighting; smart metering; and heating, ventilation and air conditioning systems to improve energy efficiency and reduce energy consumption;
 - projects that remove the combustion of natural gas from buildings and facilitate buildings to be fossil fuel free in their normal operation;
 - projects in renewable energy generation (such as solar panels), transmission, and storage projects for the property portfolio and related infrastructure;
 - projects that replace hydrofluorocarbon (HFC) refrigerants with non-HFC refrigerants or refrigerants with a global warming potential less than 150, or technologies and processes that reduce refrigerant leak rates;
 - projects that prevent and reduce waste and pollution for the property portfolio;
 - projects that improve water efficiency and wastewater management for the property portfolio;
 - projects to provide clean transportation infrastructure for the property portfolio, for example, installation of charging facilities for electric vehicles; and
 - projects that create and enhance urban green spaces in their property portfolio.

- We consider this UoP to be aligned with the green buildings category of the green finance principles.
- OUE intends to fully allocate its proceeds towards four green buildings in Singapore.
- These include the refinancing of acquisition and ownership of One Raffles Place Tower 1, One Raffles Place Tower 2, and Crowne Plaza Changi Airport, existing buildings in Singapore which have obtained Gold under the Green Mark 2021 certification scheme, developed by the BCA of Singapore.
- It also includes the financing and refinancing of construction of Hotel Indigo Changi Airport, a future building in Singapore that OUE aims to achieve Platinum ZE for under the Green Mark 2021 certification scheme.
- Buildings certified under Green Mark 2021 must meet or exceed Singapore’s mandatory energy-efficiency standards. Gold-certified buildings, which have the lowest certification level, must minimally comply with the prevailing code, while Platinum ZE-certified buildings, which reflect the best performance under this scheme, need to achieve at least 40% energy savings and use 100% renewable energy for the remaining needs.
- The green buildings certified under Green Mark 2021 are eligible under the Singapore-Asia taxonomy criteria for construction of new buildings, and acquisition and ownership of buildings, as the taxonomy recognises the prevailing Green Mark certification as green. Existing buildings with international green building certifications outside of Green Mark 2021 are not included as a criterion under acquisition and ownership of buildings.
- The EU taxonomy currently refers to specific energy performance indicators rather than green building certification schemes in its definition of environmentally sustainable buildings that contribute to climate change mitigation. For the construction of new buildings, it requires the building to have a 10% lower PED than nearly zero-energy buildings.
- The alignment of buildings that are within the top 15% of buildings in the local market based on GHG emissions or PED differs depending on the green taxonomy referenced. For instance, existing buildings that meet this criterion are eligible under the Singapore-Asia taxonomy but are not fully aligned to the EU taxonomy, which does not include emissions performance for the acquisition and ownership of buildings as a criterion.
- To meet the EU taxonomy substantial contribution criteria for the acquisition and ownership of buildings, buildings built before 2021 should be within the top 15% of PED performance, or have an energy performance certificate rating A.



Source: OUE green finance framework

Source: Sustainable Fitch



Use of Proceeds – Other Information

Company Material

- All net proceeds raised from each green finance transaction (GFT) will be applied exclusively to finance or refinance, in whole or in part, new or existing eligible green projects that meet eligibility criteria as recognised in the ICMA Green Bond Principles and the LMA, LSTA and APLMA Green Loan Principles.
- In any case, eligible assets or projects will exclude the type of activities listed below:
 - fossil fuels, fossil fuel electric power generation projects, and energy efficiency improvement projects for fossil fuel-based electric power generation;
 - vehicles powered through fossil fuel combustion;
 - non-certified sustainable palm oil;
 - nuclear energy;
 - lethal defence goods;
 - weaponry;
 - gambling;
 - online gaming and equivalent enterprises;
 - adult entertainment and related facilities;
 - high interest-rate lending, including payday loans, and pawn shops;
 - capturing, trading, using and/or consuming endangered or critically endangered animals, fungi and plant species;
 - alcoholic beverages;
 - tobacco products;
 - conflict minerals; and
 - activities or projects associated with child labour or forced labour.
- The exclusion criteria only apply to the activities of OUE and do not extend to the activities of the tenants of eligible green buildings.
- Furthermore, it is intended that eligible assets or projects shall adhere to internationally recognised principles and guidelines, namely the UN Guiding Principles on Business and Human Rights, as well as applicable national laws and regulations in their respective jurisdictions.

Source: OUE green finance framework

Alignment: Good

Sustainable Fitch’s View

- OUE has not specified the lookback period. A short lookback period would limit expenditures to only more recent existing projects, enhancing the additionality of the instrument.
- The group has a clearly defined exclusion list, which provides additional assurance that the proceeds will not be allocated towards projects that contribute to environmental or social harm.
- The framework does not commit to a specific share of financing and refinancing. However, for this bond, the group has communicated that most of proceeds will be for refinancing. We view the bond to have limited additionality, as most proceeds would be allocated towards existing projects or to pay off existing debt.

Source: Sustainable Fitch

Evaluation and Selection

Company Material

- Project evaluation and selection is a key process in ensuring that the green and social projects financed by the GFTs meet the eligibility criteria set out in the framework.
- A GFC that comprises the CEO, deputy CEO, chief financial officer, and representatives from finance and sustainability teams will be set up at OUE.
- During the bond issuance period and annually thereafter, the GFC will determine the allocation to eligible green projects and ensure the selected projects are allocated in alignment with the overall sustainability roadmap of OUE and contribute to Singapore’s net-zero emissions by 2050 target, ensure the allocated eligible green projects will meet the eligibility and exclusion criteria, and ensure there will not be any overlapping of the selected eligible green projects.
- The finance team will review and select eligible green projects to be included in a green project register according to the eligibility and exclusion criteria. It may also consult with other internal organisations, including OUE’s sustainability steering committee and sustainability taskforce, for further guidance and support. The eligible green project list will be submitted for the GFC’s approval.
- The finance team will regularly review the eligibility of existing identified projects. Should a project be considered by the finance team to no longer meet the criteria detailed within the framework, projects can be

Alignment: Excellent

Sustainable Fitch’s View

- OUE has a clear evaluation and selection process that is aligned with the requirements of the green finance principles.
- We positively view the GFC’s composition of a combination of executives, with financial and sustainability expertise, as it provides a mix of expertise and perspectives to ensure that balanced decisions are made. Also, having members with sustainability expertise in the committee helps facilitate a robust screening and selection process that aligns with the defined eligibility criteria.
- Projects are selected by the finance team, whose members are also part of the GFC that approves the eligible projects. We view this as a single-layer evaluation and selection process. A better practice is to have a process with at least two layers, where the project proposers are separated from the approvers.



<p>removed and/or substituted on a best-efforts basis upon obtaining approval from the GFC, to ensure the full amount of proceeds is allocated to eligible green projects.</p> <ul style="list-style-type: none"> The GFC will be responsible for approving any future updates of the framework, including any expansion of the eligibility criteria. Any changes to the framework will be approved by the board and published on OUE's website. 	<p>Source: OUE green finance framework</p>	<p>Source: Sustainable Fitch</p>
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Management of Proceeds

Alignment: Good

Company Material	Sustainable Fitch's View
<ul style="list-style-type: none"> The proceeds from each GFT instrument issued will be managed by the finance team with oversight by the GFC. As long as there are outstanding GFTs, the green project register will be managed through its internal system, and the balance of the tracked proceeds will be periodically monitored by the finance team. The proceeds of each GFT instrument can be used for both financing and/or refinancing of eligible projects. OUE will provide an estimate of the share of financing versus refinancing. OUE will strive to maintain a level of allocation for the green project register that matches or exceeds the balance of net proceeds from its outstanding GFTs. If any eligible project ceases to fulfil the eligibility criteria or if there are any overlapping eligible green projects, OUE will on a best-effort basis remove it from the green project register as soon as reasonably practicable. Where necessary, additional projects will be added to the green project register following the process outlined in section 2.2 of the framework to ensure sufficient and timely allocation of the incremental net GFT proceeds. Any unallocated net proceeds may be invested at the discretion of OUE in cash or cash-equivalent instruments until they are fully allocated to eligible green projects. OUE will strive to fully allocate all proceeds within the tenor of the loan facility and/or bond. For avoidance of doubt, any unallocated amount will not be used to directly finance projects or activities, or knowingly invested in any securities, which may primarily contribute to any carbon-intensive activities or facilities. 	<ul style="list-style-type: none"> OUE has committed to tracking the proceeds in line with the requirements of green finance principles. The company's earmarking of proceeds within its general account is in line with standard market practice. Best practice would be to set up a separate bank account for the GFTs, as physically segregating the proceeds prevents comingling with the funds that are allocated to activities not aligned with the requirements of the framework. OUE intends to invest unallocated proceeds as company liquidity. This is in line with standard market practice. We consider using the temporary investment within a restricted pool of assets, specifically those that have green investment characteristics, as market best practice. Doing so allows the proceeds to align with the sustainability commitment throughout the bond term. We positively view that the GFC will monitor projects throughout their life cycles and will remove and replace projects that no longer meet the criteria from the pool of eligible projects with other eligible projects. OUE REIT, which is managed by OUE, has also issued green bonds, the proceeds of which are invested in the REIT's portfolio of buildings. OUE is also planning to invest green proceeds in the same portfolio, so we specifically highlight the importance of OUE ensuring that there will be no overlapping with respect to investment of green proceeds.
<p>Source: OUE green finance framework</p>	<p>Source: Sustainable Fitch</p>

Reporting and Transparency

Alignment: Excellent

Company Material	Sustainable Fitch's View
<ul style="list-style-type: none"> OUE is committed to transparently report on its GFTs and is committed to closely interact with OUE REIT and the manager to integrate sustainability considerations into eligible green projects. For green bonds, OUE will disclose the information such as net proceeds of its GFTs in its annual report on its website. Such information will be provided on an annual basis, and on a timely basis should there be any material developments in the green finance principles or pertaining to the eligible project, until all the net proceeds have been fully allocated. A list of all GFTs executed in the reporting period and outstanding as of the reporting date and summary terms of each transaction are to be provided. Key information to be provided will include the issuer or borrower entity, transaction date, principal amount of proceeds, maturity date, etc. The allocation report will cover the following information. <ul style="list-style-type: none"> Where possible and subject to data availability and confidentiality, the list of eligible green projects financed by green bonds or green loans to which proceeds of the GFTs have been allocated, including brief descriptions and allocated amounts. Allocation amount by geographical distribution. Proportion between financing and refinancing. Project examples, subject to confidentiality. 	<ul style="list-style-type: none"> OUE has committed to publishing its allocation and impact reports, in line with the requirements of the green finance principles. It intends to annually publish its allocation and impact reports until full allocation, and in the event of any material changes thereafter. We view this as best practice, as this ensures that investors are kept up to date with material changes throughout the life of the instrument. OUE will disclose the amounts for its allocated and unallocated proceeds and its impact metrics at the instrument level. OUE also intends to report on the allocation and impact metrics at the project level where possible, although this is not a firm commitment. We positively view a commitment to reporting granular information within the allocation and impact report, as it provides clarity on the impact associated with the UoP. The impact metrics are quantitative and measurable, and the group has committed to reporting on environmental and social impact indicators recommended by the ICMA and renowned green building councils. OUE has committed to seek external verification on the allocation and impact report for green bonds. Post-issuance verification would provide greater assurance on the claims made by the group. However, OUE has not committed to seek external verification to the reports for green loans.



- Amount of unallocated proceeds, if any, and its temporary treatment.
- Where possible and subject to data availability and confidentiality, OUE will report the environmental impact of the projects using relevant indicators as suggested and where possible, with reference to the ICMA Harmonised Framework for Impact Reporting and the guide Financing Transformation, A Guide to Green Building for Green Bonds and Green Loans.
- Examples of impact indicator include the following.
 - For final energy use in new developments, retrofitted buildings and building in operation: stipulate whether “whole building” or “primary energy use”; annual energy intensity by floor area including split of energy type; energy savings (percentage of by floor area intensity) from historical baseline (retrofit), or versus local baseline or building code (new development); and percentage of renewable energy generated on site.
 - For green building certification details: type of scheme and certification level; and total floor area of certified green buildings.
 - For carbon performance: operational emissions intensity of buildings; and annual GHG emissions reduced or avoided from historic baseline (retrofit), or versus local baseline or building code (new development).
 - For water efficiency and savings: annual water saving by floor area; absolute (gross) water use before and after the project (for retrofitted building); and percentage water reduced or avoided versus local baseline or building code (new development).
- For green loans, OUE will make the information readily available to the lenders upon request.
- For bonds, OUE intends to engage an independent third party to conduct post-issuance verification annually on the allocation of proceeds and impact reporting, starting one year after issuance and up to full allocation.

Source: OUE green finance framework

Source: Sustainable Fitch



UoP – List of Projects

Green buildings	One Raffles Place Towers 1 and 2; Crowne Plaza Changi Airport; and Hotel Indigo Changi Airport
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Source: OUE green finance framework



Relevant UN Sustainable Development Goals

- **9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



Source: Sustainable Fitch, UN



Alignment with Singapore-Asia Taxonomy

The environmental objectives of the Singapore-Asia taxonomy are: climate change mitigation (Objective 1); climate change adaptation (Objective 2); protect healthy ecosystems and biodiversity (Objective 3); promote resource resilience and circular economy (Objective 4), and pollution prevention and control (Objective 5).

The Singapore-Asia taxonomy lists out eligible economic activities; these must contribute to at least one environmental objective. We assess whether an activity, or project category to be financed with sustainable debt, is aligned to the Singapore-Asia taxonomy and whether it meets the technical screening criteria (TSC) defined in the taxonomy. The Singapore-Asia taxonomy currently sets out TSC only in respect of Objective 1. TSC relating to other environmental objectives will be established in the future.

Our taxonomy alignment assessment also considers do no significant harm (DNSH) criteria and compliance with minimum safeguards. An economic activity can only be classified as sustainable if, in addition to contributing to at least one environmental objective, it does not cause significant harm to the other objectives. We deem a green finance framework or transaction to be aligned with the Singapore-Asia taxonomy based on eligible activities only, and do not consider social or green activities not yet included in the taxonomy in this assessment.

Use of Proceeds	Green buildings				
	We have provided an assessment of the alignment of OUE's green bond issuance around October 2024 to the Singapore-Asia taxonomy (2023 edition) in this table. OUE intends to fully allocate proceeds to four assets with Green Mark 2021 certifications.				
	These include One Raffles Place Tower 1, One Raffles Place Tower 2 and Crowne Plaza Changi Airport, existing buildings in Singapore which have obtained Gold under the Green Mark 2021 certification scheme. It also includes Hotel Indigo Changi Airport, a future building in Singapore which will be certified under the Green Mark 2021 certification scheme.				
Contribution to environmental objective	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5
	Yes	n.a.	n.a.	n.a.	n.a.
Technical Screening Criteria (TSC)	Yes. OUE intends to fully allocate proceeds from its green bond issuance around October 2024 to four assets, which meet the green criteria under the Singapore-Asia taxonomy.				
	Three of these assets (One Raffles Place Tower 1, One Raffles Place Tower 2 and Crowne Plaza Changi Airport) are existing buildings that have obtained Gold under the Green Mark 2021. OUE aims for the Hotel Indigo Changi Airport to achieve Green Mark Platinum ZE.				
	We consider buildings certified by Green Mark 2021 to meet the green criteria of construction of new buildings and acquisition and ownership of buildings under the Singapore-Asia taxonomy, which recognises such buildings with the prevailing Green Mark certification as eligible green activities that contribute to climate change mitigation (Objective 1).				
Do No Significant Harm (DNSH)	Partial. The Singapore-Asia taxonomy has stringent DNSH criteria on the other environmental objectives for the activities of construction of new buildings and of acquisition and ownership of buildings.				
	For both of these activities, the DNSH criteria for climate change adaptation (Objective 2) require the activity to reduce all material physical climate risks and to ensure that it does not negatively affect the adaptation efforts of other people, nature and assets. This involves implementing measures from risks identified through a climate risk assessment. OUE does not conduct climate risk assessments for these buildings. However, certain governmental agencies in Singapore carry out the identification of physical climate risks at the national level and require buildings to implement corresponding adaptation measures. Singapore's national water agency, the Public Utilities Board, identifies flood-prone areas in Singapore and requires buildings to implement safeguards against flood risks.				
	A DNSH criterion to protect healthy ecosystems and biodiversity (Objective 3) requires new construction to occur outside protected natural areas or habitat of endangered flora or fauna species. Currently, there is no information on whether an environmental impact assessment will be conducted for Hotel Indigo Changi Airport, which would determine if the development site hosts endangered species. However, Hotel Indigo Changi Airport will be developed in an urban area next to Changi Airport Terminal 2, providing greater assurance that it meets this criterion. There is also a DNSH criterion on the use of timber products, where at least 80% used in construction have to be recycled or reused, or sourced from sustainability managed forests. There is currently no information on the share of such timber products, so we are unable to determine if the construction of Hotel Indigo Changi Airport meets this criterion.				
	The DNSH criteria for pollution prevention and control (Objective 5) prohibit the use of asbestos and high-concern substances in building materials, adhering to national and international standards. New construction on potentially contaminated sites must undergo contamination assessment. Additionally, non-road mobile machinery used must comply with relevant standards. Green Mark-certified buildings are required to comply with regulatory requirements set in Singapore, which provides assurance that OUE's activities meet these criteria.				
	The construction of new buildings is also subject to DNSH criteria for promoting resource resilience and circular economy (Objective 4), which requires the reuse, recycling or recovery of at least 80% of non-hazardous construction and demolition				



(C&D) waste from construction activities, as well as having all water appliances be water efficient in line with national or international standards. We understand from communication with OUE that it meets the requirements for C&D waste; in Singapore, most C&D waste is recycled, with a 99% recycling rate in 2021 and 2022 according to the National Environmental Agency of Singapore. All water fittings supplied in Singapore must have a 2-tick rating or higher under the Public Utility Board's Mandatory Water Efficiency Labelling Scheme, which ranges from 1-tick (least efficient) to 4-tick (most efficient). These fittings must meet specific flow rate and water consumption thresholds, with 4-tick fittings meeting the strictest standards. We therefore consider the construction of Hotel Indigo Changi Airport to meet these criteria.

**Minimum Social
Safeguard**

Yes. The Singapore-Asia taxonomy requires the issuer to be compliant with the OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. OUE integrates these considerations into its code of business conduct and ethics, and its other social policies. As of the analysis date, we have not identified any controversies related to OUE's corporate governance, workers or human rights issues.

Source: Sustainable Fitch, OUE green finance framework, OUE REIT annual report 2023

Appendix A: Principles and Guidelines

Type of Instrument: Green

Four Pillars

1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider

Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)

UoP as per Green Bond Principles (GBP)

Renewable energy	No
Energy efficiency	No
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	No
Sustainable water and wastewater management	No
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

2) Project Evaluation and Selection

Evaluation and Selection

Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for green bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability

Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds

Tracking of Proceeds

Green bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.



Additional Disclosure

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	Yes
Allocation to a portfolio of disbursements	No
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported

Allocated amounts	Yes
Sustainability bond-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)

GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Other ESG indicators	Percentage of renewable energy generated on site; green building certification details

Impact Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure

Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes



Other	n.a.
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Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer’s green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, “alignment” should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch



SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

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