

GREEN FINANCE REPORT

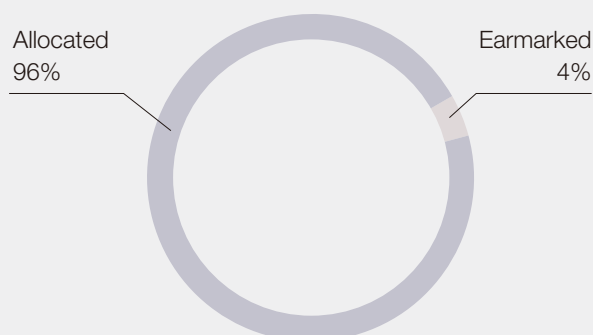
At HSH, we are committed to play a role in building a sustainable future in line with our *Sustainable Luxury Vision 2030 (Vision 2030)*. The renewed sustainability strategy places a deeper focus on business integration, placing sustainability at the heart of the company’s business model and brand. Green financing has become an instrument for financial institutions and capital providers to fund green projects and channel investments into climate solutions. In 2021, we partnered with banks to secure our first sustainability-linked loan to support general working capital which may be used to fund sustainability-related capital expenditure and projects. In 2022, we expanded our green financing to include green loans. We will continue to include sustainability elements in our future financing strategy.

Green Financing Transactions

The HSH Green Financing Framework (the “Framework” or “GFF”) was developed in August 2022 to demonstrate how the group could, with Green Financing Transactions (“GFTs”), unlock capital and fund projects that would scale positive environmental impact and foster sustainable practices in support of the group’s sustainability strategy. GFTs will include bonds, loans, and other forms of debt financing used to fund or refinance projects that fall within Eligible Projects Categories as defined in the Framework.

This inaugural Green Finance Report will provide information on the allocation of net proceeds and impacts of its GFTs from 1 January 2022 to 31 December 2022. We will continue to report on this information on an annual basis in accordance with the Framework until full allocation of net proceeds.

Loan Type	Total Facility Amount (HKD)
Sustainability-linked Loan	3,654 million
Green Loan	6,844 million



Allocation of Proceeds for Green Loan (as of 31 December 2022)

	Green Loan	Green Loan
Allocated (HKD)	499 million	6,110 million
Earmarked (HKD)	–	235 million
Project	21 Avenue Kléber	The Peninsula London and Residences
Eligible Project Category	Green Building	Green Building
Financing Status	Existing facility in 2022 ¹	Refinanced facility in 2022

¹ HSH converted an existing facility towards 21 Avenue Kléber to green loans with added green terms in 2021.

Green Project Updates



Project Name & Location	21 Avenue Kléber (Paris, France)
GFA & Building Specifications	44,218 GFA including 2 retail spaces and offices spaces located directly adjacent to The Peninsula Paris, steps away from the Arc de Triomphe
Years of Operation	Acquired since 2013
Green Building Certification	<ul style="list-style-type: none"> • Excellent level for BREEAM 2009: Europe Commercial – Offices (Shell only) • Outstanding level for HQE (Haute Qualité Environnementale)
Eligible Project Category	Green Building ²
Net Proceeds Allocated	HKD 499 million
Green Element Examples	<ul style="list-style-type: none"> • Passive building design to reduce energy consumption including enhanced insulation on roofing and facades, and automatic light dimming based on natural light • Enhanced monitoring and optimisation of energy consumption through the installation of electrical metering system connected to a centralised building management system (BMS) • Minimise water consumption through installation of water efficient equipment such as low-flow flushing and shower in sanitary facilities • Promote waste management and recovery activities to tenants by provision of waste sorting facilities throughout the building and inclusion of waste management best practice and recommendations in lease specifications • All materials used for renovation and in contact with indoor air (such as carpeting, wall painting) are devoid of carcinogenic particles and fibres harmful to human health • Diverse and non-invasive flora placed in all outdoor spaces to promote ecology and biodiversity

² Please refer to p.16 of our CRS Report for more details of our sustainable building approach.



Project Name & Location	The Peninsula London and Residences (London, U.K.)
Building Specifications	190-room hotel and 25 luxury Peninsula-branded residential apartments overlooking Hyde Park Corner and the iconic Wellington Arch
Expected Completion Date	Later in 2023
Green Building Certification	Pre-certified Excellent level for BREEAM 2011: New Construction version – hotel
Eligible Project Category	Green Building ³
Net Proceeds Allocated	HKD 6,110 million

³ Please refer to p.16 of our CRS Report for more details of our sustainable building approach.