

Responsible Investment Case Study

Green Debt Strategy

Background

Investa's sustainability leadership position continues to contribute to the growth of the Australian sustainable finance sector. Investa proactively responds to investor demand for low carbon economy investment opportunities by redefining sustainability to better align market forces with the interests of sustainable development, conscious capitalism and a more robust ethical discourse. To stay on track, Investa has a comprehensive Sustainability Strategy, adding value via universal management of environmental, social and governance risks and opportunities. Our Sustainability Strategy focusses on four key pillars; Being first in tenant choice, demonstrating leadership in governance, optimising operational performance and superior research and innovation.



A key part of Investa's commitment to investing responsibly and greening its portfolio of assets is the use of green debt in its portfolio. Green debt now makes up an increasing proportion of Investa Commercial Property Fund's (ICPF) total debt pool. As of January 2020, the Fund had closed almost \$500 million in green loans. ICPF finalised Australia's first property green loan with ANZ for A\$170 million in January 2019. It closed a second green loan with HSBC for A\$100 million in late 2019. This was followed by a A\$100 million green loan with Commonwealth Bank of Australia (CBA) and most recently, a further A\$100 million green loan with Westpac.

Responsible Investment Case Study

Green Debt Strategy

Challenges

Within the **real estate/asset management sector**, sustainability and ESG integration into investment is increasingly seen as a differentiating factor to provide a competitive advantage and improve long-term performance. Investa's challenge is to connect sustainability to the defining notions of ethics and culture that are at the heart of how the business operates, makes decisions, and drives responsible investment.

One of the methods identified to achieve this is for Investa to increase its portfolio of green debt. The benefits of green debt include access to a diversified investor base, and leadership opportunities. Investa has also observed competitive pricing in the green debt space. One of ICPF's visions for sustainable finance in the future is that APRA introduce a new tier of capital for sustainable finance. This would enable banks to price sustainable debt differently.



Responsible Investment Case Study

Green Debt Strategy

Key activities

- Investa seeks to position itself not only as a viable responsible investment option, but as a leader in allocating capital (debt and equity) in a responsible and ethical manner
- ICPF successfully applied to be part of a working group of the Australian Sustainability Finance Initiative – an unprecedented collaboration of leaders and senior executives of Australia’s major banks, superannuation funds, insurance companies, corporates, civil society and academia, to set out a roadmap for realigning the finance sector to support greater social, environmental and economic outcomes for the country.
- Investa has a carbon reduction strategy which outlines the pursuit of carbon building projects that meet the criteria set out in the Climate Bonds Standard.
- Each of ICPF’s green loans was certified by the globally recognised Climate Bonds Initiative (CBI). ICPF’s high performing portfolio of commercial buildings allowed it to comfortably meet the CBI carbon emission thresholds to achieve certification on day one.

Proof points

- ICPF announced a 10-year, A\$100 million Australian dollar, Green Bond issuance, with a semi-annual, fixed coupon of 4.25% and a maturity of April 21, 2027;
- ICPF secured Australia’s first ever Green Loan, in January 2019. This loan was certified by the Climate Bonds Initiative