
Investa Spearheads Change in Australian Property Green Debt Market, Securing \$500m in Green Loans

A year on from its first green loan, Investa continues to capitalise on its ESG performance and sustainability leadership to drive the property industry's demand for green debt.

Investa Commercial Property Fund ('ICPF' or 'the Fund') has now closed almost \$500 million in green loans, with green debt making up an increasing proportion of the Fund's total debt pool.

ICPF finalised Australia's first property green loan with ANZ for A\$170 million in January 2019, before closing a second green loan with HSBC for A\$100m 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.

"The expansion of ICPF's green debt demonstrates Investa's leadership and support for the growth of the sustainable finance market and following our initial loan with ANZ we're pleased to have secured the certified facilities with CBA, HSBC and Westpac, who share our commitment to transitioning to a low carbon economy," said Mr Jason Leong, ICPF Fund Manager.

Nina James, General Manager Responsible Investment & Corporate Sustainability said Investa will continue to build on its previous successes in 2020, looking for new opportunities to further green its portfolio.

"Importantly, ICPF is now able to leverage its impressive track record as an ESG leader to create financial opportunity," she explained.

"The ongoing commitment to pursuing and certifying green debt, enables the Fund to access capital and support the development of the sustainable finance sector in Australia. The benefits of green debt include access to a diversified investor base, and leadership opportunities. We have also observed competitive pricing in the green debt space.

"Each of ICPF's loans were 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.

"The intention is to continually up-cycle our existing vanilla debt into green debt, to finance green buildings," said Nina James.

The global green loan sector was worth close to USD5bn in 2019. Green bonds at the end of the same period totalled USD62.8b, representing an increase of 87% year on year.

Market momentum in the green debt space is being fuelled in part, by regulatory changes in Europe, which require investors to make mandatory disclosures around the climate change risks in their portfolios

Katharine Tapley, Head of Sustainable Finance at ANZ said the green debt market has evolved rapidly in Australia since Investa secured its first loan in 2019.

"Investa kicked off the development of Australian's green debt market with the announcement of their first green loan. Since that time, we have seen significantly more interest in green loans and more recently in sustainability linked loans," she said.

“The increased momentum in sustainable financing in both bond and loan formats reflects the desire amongst companies in Australia to link their funding to their strategies, to deal with the real risk of climate change.”

Dan Mclean, Head of Real Estate Finance at HSBC Australia said: “This loan is part of HSBC Group’s pledge to provide US\$100 billion in sustainable financing and investment by 2025, to combat climate change.”

Mark Peacock, Head of Sustainable Finance at CBA noted the bank’s commitment to championing sustainable finance initiatives.

“Commonwealth Bank is committed to partnering with our clients to support the responsible transition to a net zero emissions economy by 2050 and recognise the role that sustainable finance plays in addressing the challenge of climate change.

“We are pleased to support Investa in their efforts to transition to a low carbon economy,” he said.

Eliza Mathews, Director, Sustainable Finance, Westpac Institutional Bank said interest in green debt products is increasing.

“Westpac has a long history of action on climate change and is pleased to support our customers through innovative green finance. Investa has been a leader in sustainability and the Australian sustainable finance market and we were particularly pleased to partner with them on their most recent green loan.

“We are seeing similar interest from our other customers, particularly in the loan space – both green label and sustainability-linked,” she explained.

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For more information

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About Investa Commercial Property Fund (ICPF)

ICPF is a core prime office fund for institutional investors which aims to optimise total returns with a low-risk investment approach, concentrating on Premium-grade office assets in the major Australian CBD markets. With more than \$5.7 billion in assets under management, ICPF is well-diversified by market, tenant and industry type, with an active capital management approach and a conservative gearing profile. The fund’s portfolio of assets includes interests in some of Australia’s leading office buildings, including Sixty Martin Place, Deutsche Bank Place at 126 Phillip Street, Sydney, 420 George Street, Sydney and 120 Collins Street, Melbourne.

About Investa

Investa is a commercial real estate management and development service provider in the Australian office sector. With close to \$13 billion in assets under management, we maximise the value of Australian workplaces for our tenants, investors and the community through our office management expertise and by consistently delivering a superior customer experience, while remaining an industry leader in sustainable building management and responsible property investment.