

Green Debt Framework

ICPF

14.03.2024



Table of Contents

Table of Contents	2
Section 1. Introduction	3
1.1 Purpose	3
1.2 Background	3
Section 2. Framework	5
2.1 Use of proceeds	5
2.2 Process for evaluation and selection	6
2.3 Management of proceeds	7
2.4 Reporting	7
Appendix 1: Inclusion of USPP debt in this Framework	9
Appendix 2. Earmarked asset register as at 30 June 2023	10
Appendix 3: Listing of Green Debt issued	12
Appendix 4: Assurance statement	13
Policy Information	14
Policy Framework Review	14
Policy Framework Information	14

Section 1. Introduction

1.1 Purpose

The purpose of this Green Debt Framework (**Framework**) is to:

- Set out the approach for the issuance of green bonds¹ and green loans² (**Green Debt**) by or on behalf of Investa Commercial Property Fund (**ICPF**); and
- Provide an overview of the procedures which have been implemented to support and maintain Green Debt issued after the date of this Framework.

1.2 Background

Investa Management Holdings Pty Limited (**IMH**) is the parent company for the Investa management platform, Investa Management Pty Limited (**IM**). IM is a wholly owned subsidiary of IMH and is the primary employing entity of the business.

IMH and its subsidiaries (**Investa**) operate a management platform that provides investment, asset, property, facilities and development management services to the investment portfolios of various funds, joint ventures, external mandates and private clients in the real estate sector. Investa is the appointed investment manager for ICPF.

Investa's Transform Tomorrow ESG strategy³ seeks to transform the future of real estate through ESG. ICPF has adopted the Transform Tomorrow ESG strategy. The strategy sets ambitious environmental asset performance, carbon reduction and climate resilience targets in building operation and development. The strategy recognises the potential of the green bond and green loan markets to:

- Reinforce ICPF's ESG leadership, and IM's commitment to transition to a low carbon economy, specifically IM's target of net zero in operations (scope 1 and 2 emissions) by 2025;
- Respond to investor ambitions in regards to climate change; and
- Broaden the flexibility of the ICPF funding program by opening up investment opportunities.

As such, the strategy includes the target of 100% Green Debt by 2025. For the purposes of this target, 100% Green Debt means that all debt issued on or on behalf of ICPF is determined to align with the certification criteria set out by the Climate Bonds Initiative.

¹ Under the ICMA Green Bond Principles June 2021, Green Bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the GBP. The definition of 'green bonds' adopted for this Framework draws on the ICMA Green Bond Principles June 2021 and 'green bonds' means any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, the projects/assets referred to in section 2.1 of this Framework.

² Under the APLMA Green Loan Principles February 2023, Green Loans are any type of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) made available exclusively to finance, re-finance or guarantee, in whole or in part, new and/or existing eligible Green Projects and which are aligned to the four core components of the GLP. The definition of 'green loans' adopted for this Framework draws on the APLMA Green Loan Principles February 2023 and 'green loans' means any type of loan instruments and/or contingent facilities made available exclusively to finance, re-finance or guarantee, in whole or in part, the projects/assets referred to in section 2.1 of this Framework.

³ Investa Transform Tomorrow Strategy can be viewed at <https://www.investa.com.au/esg/>

The intention is for the Framework and related activities to operate in unison with ICPF's broader policies and operational processes with respect to matters such as sustainability, funds management, treasury, finance and legal, in which ICPF has aligned. Where the provisions of this Framework conflict with the existing policies or procedures that apply to ICPF, the existing policies or procedures that apply to ICPF will prevail.

This revision of the Framework has been updated to include ICPF's United States Private Placement (USPP) debt facilities. Refer to Appendix 1 for further details.

Section 2. Framework

The Framework is aligned to the International Capital Markets Association (**ICMA**) Green Bond Principles June 2021 (**GBP**)⁴ which are a set of voluntary guidelines used in green bond issuances globally, and the Green Loan Principles (**GLP**)⁵, which are similar guidelines but relating to loans, updated by the Asia Pacific Loan Market Association in February 2023.

The Framework adopts the four key pillars of the GBP and GLP as follows:

- Use of proceeds;
- Process for project evaluation and selection;
- Management of proceeds; and
- Reporting.

The Framework and use of proceeds under it are with reference to the Climate Bonds Initiative (**CBI**) sector criteria relating to Commercial Low Carbon Buildings (**CLCB**)⁶ and the Climate Bonds Standard v4, supported by the external assurance process undertaken of the Framework (Refer to Section 2.4.2).

This Framework has been drafted on the basis that ICPF is a debt issuer investing in real estate assets only. The Framework applies to the core portfolio of commercial buildings owned (in full or part) by ICPF identified as buildings that are aligned with the CLCB criteria⁷ (**low carbon buildings**). These are all existing and stabilised buildings and excludes develop-to-core and strategic assets (**earmarked assets**). Earmarked assets at the time of writing of this Framework are listed in Appendix 2.

2.1 Use of proceeds

ICPF plans to apply Green Debt proceeds to:

- Strategic/development projects to be in the category of "green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance" as part of the GBP and GLP.
- The earmarked assets.

Proceeds from Green Debt facilities are used for activities including the following:

⁴ [ICMA Green Bond Principles June 2021](#)

⁵ As per the requirements of the [APLMA Green Loan Principles February 2023](#):

- The [APLMA Green Loan Principles February 2023](#) applies to transactions completed subsequent to 9 March 2023.

All transactions completed prior to 9 March 2023 will be exempt from following the [APLMA Green Loan Principles February 2023](#), and instead should be reviewed in conjunction with the version of the GLP in force at the time of origination, extension or refinancing of the loan, as applicable.

⁶ "The Low Carbon Buildings Criteria pertain to eligible assets and projects related to building investments, encompassing both commercial and residential properties with the potential to meet the stringent standards set forth in the Climate Bonds Criteria" (<https://www.climatebonds.net/standard/buildings>).

⁷ www.climatebonds.net/climate-bonds-standard-v4; Commercial Buildings Criteria Overview | Climate Bonds Initiative.

- To fund the acquisition of assets intended to become earmarked assets
- To support the delivery of strategic/development assets and projects
- To refinance facilities used to fund green assets.

The Green Debt instruments that may be used in this manner will include:

- Green bonds including but not limited to issuances in the A\$ Medium Term Note (**A\$MTN**) and USPP markets;
- Green loans including but not limited to borrowings undertaken through syndicated, revolving or bilateral facilities; and
- Any other financing instruments that are eligible for certification under the Climate Bonds Standard, meet the requirements in the CLCB criteria, as determined by CBI or GLP, or are authorised in writing by the CBI.

2.2 Process for evaluation and selection

In order to govern the Framework and to evaluate the use of Green Debt proceeds as issuances are contemplated:

- Investa's management will monitor performance of Green Debt against this Framework and report this performance to the Investment Review Committee (IRC) annually, at minimum.
- The status of Green Debt will form part of the periodic Fund Manager's report to the responsible entity board of ICPF, Investa Wholesale Fund Management Limited (IWFML) including a listing of current facilities and drawn status. Details in relation to the composition of the responsible entity board can be found on the Investa website, www.investa.com.au.

Earmarked assets are required to have:

- Their annual emissions intensity meet the targets set out in the CLCB criteria as in force from time to time; and
- Their combined book value exceed the cumulative face value of all outstanding Green Debt at all times, thus providing significant headroom for the management of unallocated proceeds.

The earmarked assets will be required to meet the CLCB criteria on a weighted average basis, in line with requirements of the CBI Climate Bonds Standard certification. The CLCB criteria that the earmarked assets are required to meet will be the weighted average emissions intensity figure calculated using the issue and maturity dates of any one Green Debt facility that has not yet been repaid. The portfolio average will be calculated using the weighted average net lettable area of the earmarked assets.

Strategic/development assets, as defined by ICPF strategy, may be determined as low carbon buildings during the due diligence and development phases for the asset. Strategic/development assets will not automatically be included as earmarked assets. ICPF will, monitor occupancy and operational performance for a set period of time post practical completion. At the appropriate time, it will deem a strategic/development asset to be an earmarked asset, at which time it will be required to meet the CLCB criteria on a weighted average basis. Earmarked assets and their most recent emissions intensity performance at the time of writing of this Framework are listed in Appendix 2.

ICPF invests in real estate assets only and intends to maintain this over time. ICPF will make annual confirmations as to its continuing status as a debt issuer investing in real estate assets only. In the event that this is no longer the case, Revolving Credit Facilities need to be allocated across all assets (earmarked and non-earmarked). ICPF intends that those revolving facilities allocated to earmarked assets would remain classified as "green", where components in the GLP are satisfied. Revolving facilities allocated to non-earmarked facilities would not be classified as "green" in accordance with the GLP recommendations.

2.3 Management of proceeds

Investa will continue to track the receipt and use of proceeds of Green Debt on ICPF's behalf via its internal information systems. This will include:

- Seeking to ensure that loan proceeds are appropriately credited to the relevant bank account; and
- Investing unallocated proceeds if they arise, following the process set out below.

Green Debt proceeds are tagged in Investa's financial accounting system upon initial receipt. The funds are then used in accordance with section 2.1, including to repay existing debt facilities or to fund green projects.

Investa will maintain a register of ICPF's earmarked assets, and satisfaction of the following requirements, which will be monitored on an annual basis via internal information systems:

- Their annual emissions intensity continues to meet the targets set out in the CLCB criteria as in force from time to time; and
- The combined book value of ICPF's earmarked assets continues to exceed the cumulative face value of all outstanding Green Debt i.e., the green coverage ratio⁸ is maintained above 1.0 at all times.

Where the value of the Green Debt outstanding exceeds the value of the earmarked assets, unallocated proceeds will exist. If unallocated proceeds exist, Investa will review the ICPF portfolio to identify whether any other eligible low carbon buildings are available to be included in the portfolio of earmarked assets. If there are no other available eligible low carbon buildings, Investa's Treasury Team will seek to ensure unallocated proceeds are:

- Invested in temporary investment instruments that are cash, or cash equivalent instruments; or
- Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to earmarked assets.

2.4 Reporting

2.4.1 Disclosure

ICPF recognises investor interest in transparency and intends to provide information to investors and lenders in line with a financial year reporting program. ICPF will disclose:

- The current ICPF Green Debt Framework on the Investa website.
- Annual reporting and assurance statements on compliance with this Framework will be provided in accordance with contractual reporting requirements. All other requests will be considered upon written request to the ICPF Fund Manager.

2.4.2 Assurance

ICPF has engaged a professional assurance services company to provide independent assurance on this Framework. Assurance is provided in respect of this Framework's compliance with the GBP, GLP and CBI. Refer to Appendix 4 for the assurance statement.

⁸ The combined book value of ICPF's earmarked assets divided by the cumulative face value of all outstanding Green Debt.

ICPF has chosen to issue its Green Debt on the basis that it will seek assurance on annual reporting either in the form of a second party opinion or a verified third party certification.

With regards to the latter, the CBI provides Climate Bonds Standard Certification of bonds on the basis of prescriptive standards with assessment criteria against specific asset classes. CBI requires verification from an approved assurer that the standards and criteria are met before providing Climate Bonds Certification to a bond issuer.

2.4.3 Frequency of assurance

ICPF will pursue a programmatic assurance process, where compliance of all Green Debt to this Framework is assured on an annual basis, in line with the yearly data assurance program.

2.4.4 Record retention

All records of disclosure will be stored within Investa's electronic filing system. Records can be made available to investors and lenders.

Appendix 1: Inclusion of USPP debt in this Framework

In December 2016, ICPF issued 12-Year and 15-Year notes in the US Private Placement (USPP) market.

The use of proceeds of the USPP Debt aligns with the use and management of proceeds outlined in Section 2 of this Framework.

It is also confirmed that the earmarked assets (refer to Appendix 2), are included in the USPP facility and meet the emissions threshold requirements of the CBI set out in the CLCB criteria as at the time of writing of this Framework.

Pre-issuance assurance has been undertaken, for the addition of the USPP debt into the ICPF Green Debt Framework, to demonstrate that it meets the requirements of the framework and Climate Bond Initiative Certification.

Appendix 2. Earmarked asset register as at 30 June 2023

Asset	Sector	Net Lettable Area (m ²)	Emission intensity (kgCO _{2-e} /m ²) ^{1,2, 3}	CBI Threshold (kgCO _{2-e} /m ²) ⁴	Headroom (%)
1 Market Street, Sydney	Commercial Buildings (Office)	29,154	9.24	69.20	87%
117 Clarence Street, Sydney	Commercial Buildings (Office)	11,516	11.22	69.20	84%
120 Collins Street, Melbourne	Commercial Buildings (Office)	62,987	52.19	67.65	23%
126 Phillip Street, Sydney	Commercial Buildings (Office)	41,667	15.53	69.20	78%
135 King Street, Sydney	Commercial Buildings (Office)	27,263	8.71	69.20	87%
201 Kent Street, Sydney	Commercial Buildings (Office)	38,994	7.10	69.20	90%
220 London Circuit, Canberra	Commercial Buildings (Office)	23,773	5.27	45.60	88%
250 St Georges Terrace, Perth	Commercial Buildings (Office)	61,119	37.79	53.11	29%
259 Queen Street, Brisbane	Commercial Buildings (Office)	24,754	54.27	68.27	21%
40 Mount Street, North Sydney	Commercial Buildings (Office)	28,461	8.50	69.20	88%
420 George Street, Sydney	Commercial Buildings (Office)	37,559	11.49	69.20	83%
567 Collins Street, Melbourne	Commercial Buildings (Office)	54,068	25.67	67.65	62%
60 Martin Place, Sydney	Commercial Buildings (Office)	39,274	13.98	69.20	80%
Total		480,589	23.38	65.56	64%

¹ As at 30 June 2023.

² Note that 220 London Circuit, Canberra was acquired by ICPF in 2022. A full year of data in FY23 has not been reported on in FY23.

³ Emissions intensity is based on the [reporting guidance and/or protocol/s established by CBI](#).

⁴ As at 30 June 2023, the USPP Green Debt did not form part of the ICPF Green Debt Framework and therefore the CBI thresholds were not required to be calculated including the USPP Debt. The CBI thresholds within this table are stated to include the USPP Green Debt, and have been provided reference only.

Appendix 3: Listing of Green Debt issued

As at 30 June 2023

Facility name	Financial close / Settlement date	Maturity date	CBI Weighted average threshold (kgCO2e/m ² /year)
2017 Green Bond	21/04/2017	21/04/2027	69.2
2019 Westpac Green Loan	18/10/2019	9/10/2024	70.4
2021 Green Bond	11/10/2021	11/10/2030	60.5
2021 NAB Green Loan	30/11/2021	30/11/2025	66.7
2021 ANZ Green Loan (1)	21/12/2021	21/12/2024	67.9
2021 ANZ Green Loan (2)	21/12/2021	21/12/2025	66.7
2021 BOC Green Loan	23/12/2021	23/12/2026	65.5
2022 CBA Green Loan	25/10/2022	25/10/2024	66.7
2022 CBA Green Loan	25/10/2022	25/10/2027	63.0
2023 CBA Green Loan	29/03/2023	29/03/2028	60.5
2023 ANZ Green Loan	19/04/2023	19/04/2028	60.5
Total current			

As at 30 June 2023, the USPP Green Debt did not form part of the ICPF Green Debt Framework. This revision of the Framework includes the USPP Green Debt as outlined within Appendix 1.

Appendix 4: Assurance statement



Independent Limited Assurance Report to the Management and Directors of Investa Commercial Property Fund

Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by Investa Management Pty Ltd to undertake a limited assurance engagement as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the Subject Matter defined below for the year ended 30 June 2023. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria defined below.

What our review covered

We reviewed the following Subject Matter: Investa Commercial Property Finance's (ICPF) pre-issuance process as described in ICPF's Green Debt Framework.

Criteria applied by ICPF Finance Pty Limited

In preparing the Green Debt Framework, ICPF applied the following Criteria:

- ▶ Climate Bonds Standard v4.0 and the Climate Bond Standard Sector for Low Carbon Buildings - Commercial Buildings Criteria
- ▶ Green Bond Principles (June 2021) published by ICMA
- ▶ Green Loan Principles (February 2023) published by LSTA
- ▶ ICPF's Updated Green Debt Framework, such Criteria were specifically designed for ICPF; as a result, the subject matter may not be suitable for another purpose.

Key responsibilities

EY's responsibility and independence

Our responsibility is to express a conclusion on the Subject Matter based on our review.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

ICPF's responsibility

ICPF is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and the terms of reference for this engagement as agreed with Investa Management Pty Ltd on 20 June 2023. That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other review procedures.

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material

misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- ▶ Conducted interviews with personnel to understand the business and reporting process
- ▶ Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- ▶ Assessed that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Assessed eligibility of the nominated project for inclusion in ICPF's asset pool against the criteria.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our review conclusion.

Inherent limitations

Procedures performed in a review engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a review engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to assessing aggregation or calculation of data within IT systems.

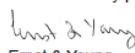
The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Other matters

Our report does not extend to any disclosures or assertions made by ICPF relating to future performance plans and/or strategies disclosed in ICPF's Green Debt Framework and supporting disclosures online.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than the Directors of ICPF or for any purpose other than that for which it was prepared.


Ernst & Young
Sydney, Australia
14 March 2023

Policy Information

Policy Framework Review

The Framework will be reviewed by Investa annually.

Material amendments to the Framework may only be amended with the approval of the IRC.

Policy Framework Information

Responsibility: Fund Manager

Date Created: March 2017

Review Frequency: Annually

Revision History:

Version	Date Released	Accountable	Description
1.0	17.09.2021	General Manager, Corporate Sustainability & COO, Real Estate	
2.0	14.03.2024	Fund Manager	Updated for currency. Updated to include USPP debt in Framework. External legal review.