

Green Debt Framework

Indi Footscray

1.12.22



Table of Contents

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| Table of Contents | 2 |
| Section 1. Background & Purpose | 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 | 6 |
| 2.4 Reporting | 7 |
| Appendix 1. Roles and Responsibilities | 9 |

Section 1. Background & Purpose

1.1 Purpose

The Purpose of the Green Debt Framework ("Framework") is to document the approach for issuance of Green Bonds, Green Loans and Green Guarantees ("Green Debt") by Investa Property Group ("Investa") and Oxford Properties Group ("Oxford") to finance the construction of Indi Footscray and to define the policies and procedures which have been implemented to ensure successful issuance on an on-going basis and maintenance of issuance integrity throughout the life of all Green Debt subsequently issued.

1.2 Background.

1.2.1 Sustainability Credentials

Investa is a leading owner, manager and developer of institutional grade real estate in Australia with a vision to create Australia's most valued working places and communities. With a proven track record of more than ten years of continual performance improvement, Investa remains a global leader in sustainability. Since 2018, Investa has been committed to a carbon reduction strategy, "*Getting to Zero*", which sets ambitious carbon reduction targets, in alignment with the 2015 Paris Conference of Parties global commitment to limit global warming to well below 2°C, preferably to 1.5°C, compared with pre-industrial levels. The Strategy outlines a path to a net zero emissions target by 2040, delivering both an industry leadership position, and ensuring the portfolio of assets are continually reducing emission intensities. The target has been underpinned by the Science Based Targets framework and models, which ensure emissions reductions are in alignment with climate science and the Paris Climate Agreement.

Oxford is a leading global property company, managing over \$80 billion (with its businesses) of assets focused on operating world class, global real estate investments, development and management platforms that deliver sustainable income and capital returns.

In November 2020 Oxford purchased a 50% interest in the Investa Management Platform with ICPF retaining its 50% interest. The strong partnership between the two leading global property companies will deliver growth, high-performance, and innovation outcomes for people and planet.

1.2.2 Green Debt Objectives

A key factor in implementing the Investa and Oxford's sustainability objectives is funding. There is growing momentum behind investor demand for low/zero carbon economy investment opportunities, particularly in the wake of the Paris Agreement. To continue to attract investment, property companies must position themselves not only as viable, responsible investment options, but as leaders in sustainability.

Investa and Oxford therefore applaud the growth of the Green Bond and Green Loan markets and views engagement in it as a means to:

- Reinforce corporate sustainability leadership, and commitment to a transition to a low carbon economy
- Support the growth of the sustainable/green finance market generally
- Respond to a rapidly increasing investor awareness of the climate change imperative, and the role of finance in avoiding catastrophic impacts

- Future-proof funding by opening up investment opportunities for a wider group of investors/lenders and ensuring continued support from banking partners.

Investa and Oxford's broad environmental objective of issuing Green Debt is to catalyse the construction of new commercial stock which meets high environmental and social standards. Specifically, the construction of Indi Footscray.

1.2.3 Indi Footscray Development

The Indi Footscray development will create 702 build to rent apartments in the inner western suburb of Footscray, 15 minutes from the Melbourne CBD. The development is comprised of three residential buildings (21-storey, 18-storey and 8 storeys) providing a blend of 1-, 2- and 3-bedroom apartments. The development includes residential amenities such as resident rooftop BBQ and dining areas, cinema, fitness centre, private dining rooms and onsite entertainment facilities, a centrally located public plaza and retail tenancies.

Indi Footscray is located directly adjacent major transport routes and close to bars, restaurants, entertainment options and the Footscray retail precinct.

Indi Footscray received initial development approval on 4 May 2012 and subsequent amendments 16 October 2016 and 17 February 2022 to the development approval and is due for completion in late 2024.

Upon completion, the build to rent development is targeting the following sustainability credentials:

- 5 Star Green Star Buildings

Launched by the Green Building Council of Australia ("GBCA"), Green Star is a voluntary internationally recognised sustainability rating system for buildings in Australia which assesses the sustainability of projects at all stages of the built environment life cycle.

- 7 Star NatHERS

The Nationwide House Energy Rating Scheme ("NatHERS") measures a home's energy efficiency. NatHERS uses a star rating system to assess the thermal performance of dwellings across Australia. The National Construction Code ("NCC") references these star ratings specifying a minimum number of star levels for all new houses built in Australia.

- 100% electric building

Designed for carbon neutral operations, a fully electric building will remove the use of fossil fuels when coupled with onsite renewable energy generation and renewable energy procurement.

Indi Footscray will achieve these targets through initiatives such as energy and water efficient fittings, services and appliances; incorporation of passive design measures; advanced metering and extensive sub-metering; rainwater capture and reuse; best practice commission and tuning; and monitoring and reporting for improved operational performance.

Section 2. Framework

The Framework is aligned to the International Capital Markets Association (“ICMA”) Green Bond Principles (“GBP”) last updated in July 2022¹ which are a set of voluntary guidelines used in green bond issuances globally, and the Green Loan Principles (“GLP”)² which are similar guidelines but relating to loans, updated by the Asia Pacific Loan Market Association, Loan Market Association and Loan Syndications & Trading Association last updated in February 2021. The Framework adopts the four core components of the GBP and GLP as follows:

- Use of Proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting.

This Framework has been drafted on the basis that Investa and Oxford will issue Green Debt to finance the construction of Indi Footscray which will meet one or more of the criteria outlined under section 2.1 below (“Green Eligibility Criteria”), as supported by the clear sustainability targets embedded into the construction planning process. In the event this basis does not come to fruition, the debt issued to fund the construction of Indi Footscray will no longer be considered Green Debt. Investa and Oxford will provide annual confirmation that the construction is on track to meet one or more of the below Green Eligibility Criteria and that Indi Footscray meets one or more of the below Green Eligibility Criteria once construction is completed.

2.1 Use of Proceeds

Proceeds raised under the Green Debt Framework will be used to exclusively finance the construction of Indi Footscray. The construction of Indi Footscray is identified as an eligible green asset under the ‘green buildings’ category of the GLP and the GBP. This is because, based on assessment of the existing sustainability targets and initiatives embedded into the construction planning process, Indi Footscray will meet one or more of the following Green Eligibility Criteria once construction is complete:

- 1) 5 Star Green Star [Design and As-Built] Buildings Rating; and/or
- 2) 7 Star NatHERS; and/or
- 3) Residential Low Carbon Building Criteria (“RLCBC”) ³ under the Climate Bonds Standards (“CBS”) and Certification Scheme v3⁴

The CBS and Certification Scheme is a globally recognised labelling scheme for bonds, loans & other debt instruments that are considered to be ‘green’. The RLCBC lays out the specific energy and emissions related requirements residential single and multifamily homes must meet to be eligible for inclusion in a Climate Bonds Certified green instrument.





¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² https://www.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf and <https://stage.aplma.com/microsites/categories/3/pages/11>

³ [Location Specific Criteria for Residential Buildings & Calculator | Climate Bonds and Initiative](https://www.climatebonds.net/files/files/CBI_Building_Crit_Australia_NSW_Victoria_Tasmania_Sept2020%282%29.pdf)https://www.climatebonds.net/files/files/CBI_Building_Crit_Australia_NSW_Victoria_Tasmania_Sept2020%282%29.pdf

⁴ <https://www.climatebonds.net/climate-bonds-standard-v3>

By meeting these criteria, the construction of Indi Footscray contributes to achieving the goals of the Paris Climate Agreement as well as key United Nations Sustainable Development Goals ("SDGs") outlined below.

| GLP Eligible Category | Green Star Rating | NatHERS Energy Rating | CBS Sector Criteria | SDG Alignment |
|-----------------------|-------------------|-----------------------|---|--|
| Green Buildings | 5 Stars | 7 Stars | Residential Low Carbon Buildings Criteria |     |

2.2 Process for Evaluation and Selection

As all proceeds raised under the Green Debt Framework will be used to finance the construction of Indi Footscray, a traditional process for Evaluation and Selection does not apply. Furthermore, the Green Debt Progress yearly agenda item will include a review of the following items:

- management of the Framework;
- management of Green Debt instruments on issue;
- proceeds raised do not exceed funding required for construction of Indi Footscray;
- construction is on track to meet one or more of the Green Eligibility Criteria and meets one or more of the Green Eligibility Criteria once construction is completed;
- other matters relevant to the Green Debt Framework and Green Eligibility Criteria; and
- any legislative or regulatory changes which may impact the Green Debt Framework.

Note: the Framework and related activities will be undertaken in unison with Investa's extensive policy suite and operational processes with respect to matter such as sustainability, fund management, finance and legal. It will not override any existing policies or procedures.

2.3 Management of Proceeds

The Green Debt instruments that may be issued under this Framework include:

- Green Bonds including but not limited to issuances in A\$MTN
- Green Loans including but not limited to borrowings undertaken through syndicated, revolving, or bilateral facilities
- Any other green financing instruments approved by the CBI.

Receipt and use of Green Debt proceeds will be tracked as follows:

- Upon receipt of funds from Green Debt, the funds will be tagged in REVEL, (Investa's accounting system) as proceeds from the Green Debt.
- Investa's Treasury Team will then apply the funds as received or drawn upon, to fund Indi Footscray construction.
- Payments made for the purpose of Indi Footscray construction will be tagged via journal entry as use of the Green Debt proceeds.

If Unallocated Proceeds exist, Investa's Treasury Team will ensure Unallocated Proceeds are invested in:

- temporary investment instruments that are cash, or cash equivalent instruments; or
- temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or
- applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Earmarked Assets.

In any case, any Green Debt proceeds will be allocated to Eligible Assets within [36] months of issuance of that Green Debt. Proceeds will not be used to fund excluded categories under the CBI.

The robust tracking process outlined above will work to ensure that the policies and procedures in relation to Management of Proceeds will be followed.

2.4 Reporting

2.4.1 Disclosure and Reporting

Investa recognises interest in transparency and intends to provide information to lenders and its bank lending group (or relevant bank lender, in the case of bilateral Green Loans) in keeping with its end of financial year reporting programme. For Green Debt issued under the Green Debt Framework, Investa will disclose:

- the Framework prior to the first Green Debt issuance and provide any updates to Green Debt lenders as amended from time to time;
- the Second Party Opinion and Verification Report received pre-issuance and provide to Green Debt lenders (or the extent allowed by the report provider);
- all annual post-issuance Verification Reports received during the life of Green Debt issued under the Framework, and provide to Green Debt lenders (to the extent allowed by the Assurer);
- all annual certifications sought either pre-issuance or during the life of Green Debt issued under the Framework, including annual CBI certification (if required), and provide to Green Debt lenders (to the extent allowed by the certifier); and
- annual reporting on the Use of Proceeds, including details of funded Indi Footscray Construction, an update regarding whether Indi Footscray is on track to meet one or more of the Green Eligibility Criteria, confirmation that proceeds raised do not exceed funding required for Indi Footscray Construction, and any other material changes or information (if applicable). At the end of construction, annual reporting will include confirmation that Indi Footscray meets the one or more of the Green Eligibility Criteria.

Where appropriate and based on availability of information, Investa will also report against environmental impact indicators, which may include those mentioned below. Impact indicators will be reported on in full once Indi Footscray is operational.

| GLP Eligible Category | Potential Environmental Impact Indicators |
|-----------------------|--|
| Green Buildings | <ul style="list-style-type: none"> • GBCA Green Star Design & As-Built Ratings certifications • NatHERS 7-star certification • Greenhouse gas emissions savings of building/s (in tonnes of CO2-e) • On-site renewable energy generation (MWh) • Energy efficient savings of building/s (MWh) • Water efficient savings and/or recycling (L) |

Where applicable, the relevant benchmarks and calculation methodologies will be described. Investa will also engage an independent third party to assure the contents of the disclosure. Investa has committed to best practice reporting for any Green Debt issued under this Framework in line with market best practice set out within the GLP and GBP.

2.4.2 Assurance

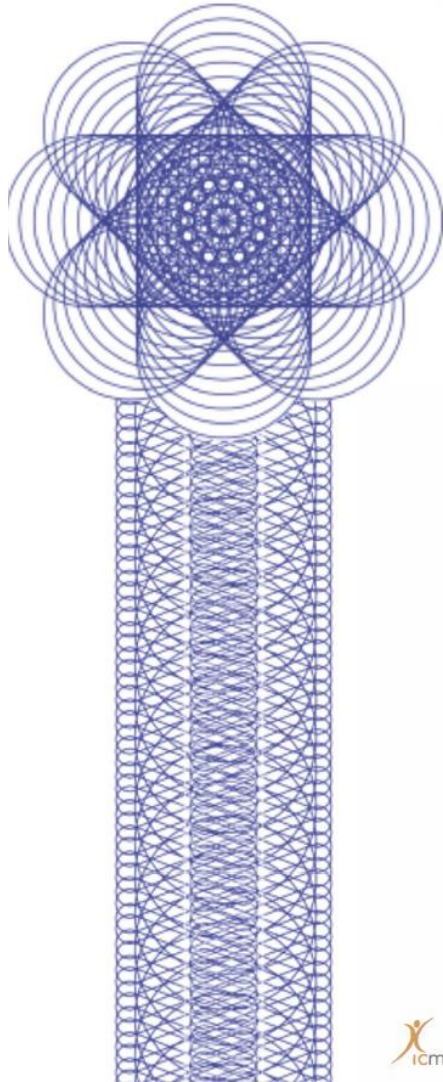
EY, a provider of Environmental, Social and Governance advisory and assurance services, has been engaged to provide an independent Second Party Opinion and Verification Report on this Green Debt Framework. EY evaluated the alignment of this Framework against the GLP, GBP and Climate Bonds Standard version 3.0, and has concluded that the Green Debt Framework and any Green Debt to be issued under the Green Debt Framework is credible, impactful and aligns with the four components of the GLP and GBP.

Independent third-party assurance will be sought on an annual basis to provide a post-issuance annual Verification Report confirming the ongoing compliance of Green Debt issuance with the Green Debt Framework and ongoing alignment of the Green Debt Framework with the GLP, GBP and CBI certification requirements (as appropriate). This will include confirmation that, while in construction, Indi Footscray is on track to meet one or more of the Green Eligibility Criteria and, at the end of construction, that Indi Footscray meets one or more of the Green Eligibility Criteria.

Appendix 1. Roles and Responsibilities

| ROLES & RESPONSIBILITIES | | | | | | |
|-------------------------------------|---|------------------------|---|------------------------------------|---|----------------------------|
| TYPE | TASK | OBLIGED TO | METHOD | RESPONSIBILITY | OCCURRENCE | SECTION REFERENCED |
| External Verification | Seek assurance & verification | Investors/Bank Lenders | independent pre- and post- issuance assurance / CBI applications and approvals NatHERS and GBCA can provide third party verification of achievements upon receipt of certification | IOM Sustainability Manager | Pre and post trade | 2.4 External Review |
| Green Loan Documentation | Incorporate Green Debt details into standard loan documentation | CBI / Lenders | Facility Agreement | Assistant Treasurer | Financial Close | NA |
| Reporting | Asset value against aggregate Green Debt Face Value | Bank Lenders | Annual Report | Fund Manager | Annual | 2.3 Management of Proceeds |
| | Provide yearly compliance statement | Bank Lenders | Annual Sustainability Report | IOM General Manager Sustainability | Annual | 2.4 External Review |
| | Non-compliance notification | CBI / Bank Lenders | Letter | Fund Manager | As and when required by CBI / External Verification | NA |

Appendix 2. CBI Certification



Certification



This is to certify that the

Indi Footscray Green Debt Framework

Issued by

BTR TC I Pty Ltd as trustee for 3 McNab Avenue Trust

Has met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative

21 Dec 2022

SEAN KIDNEY
Chair of the Climate Bonds Standard Board

