

Green Debt Framework

Indi Sydney

31.10.2024



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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 loans¹ (collectively referred to as **Green Debt**) by or on behalf of OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust (**Trustee**), as owner of Indi Sydney, a build-to-rent (**BTR**) residential tower located at 298 Pitt Street, Sydney; 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 Indi Sydney.

Oxford Properties Group (**Oxford**), the owner of Indi Sydney, has appointed **Investa** as investment manager to manage Indi Sydney on behalf of **Oxford**. **Oxford** and **Investa** have developed this Green Financing Framework (**Framework**) to outline the governance framework under which the Trustee will execute and manage Green Debt.

The Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classifications.

Investa's Transform Tomorrow ESG strategy² seeks to transform the future of real estate through ESG and the Trustee has aligned with 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 loan markets to:

- Establish ESG leadership in the BTR sector, 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; and
- Respond to investor and lender ambitions in regard to climate change.

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

¹ <https://www.aplma.com/microsites/categories/3/pages/11/content/172>

² Investa Transform Tomorrow Strategy can be viewed at <https://www.investa.com.au/esg/>

Section 2. Framework

The Framework is aligned to the International Capital Markets Association (**ICMA**) Green Loan Principles (**GLP**)³, 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 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 the Trustee is a debt issuer investing in real estate assets only. The Framework applies to the Indi Sydney asset.

The specific roles and responsibilities applicable to this Framework are to be undertaken by Investa on behalf of the Trustee.

2.1 Use of proceeds

Amounts drawn under Green Loans issued under the Framework will be used solely for the purpose of financing or refinancing assets or expenditures that meet the Eligibility Criteria as defined in the table below, to qualify as "Eligible Assets". The identification of Eligible Assets is subject to the process outlined within section 2.2 below.

Eligibility criteria for green Eligible Assets

Green Loan Categories	Eligibility Criteria and examples of eligible projects and assets	SDG Alignment
Green Buildings	<p>Green buildings are new, existing, or refurbished buildings which meet regional, national or internationally recognised standards or certifications, including the below:</p> <ul style="list-style-type: none"> • 5 Star Green Star Design & As Built rating, and/or • 30% BASIX Energy score; and/or • Green Star Performance rating; and/or • any certification or standard relevant to the BTR sector specified in the Green Building Council Australia (GBCA) industry guide titled 'Unlocking the value' dated November 2023, or any supplementary or subsequent paper published by the GBCA 	<p>SDG 11 Sustainable Cities and Communities</p> <p>SDG 13: Climate Action</p>

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

- Green loans, including but not limited to borrowings undertaken through syndicated, revolving or bilateral facilities; and
- Any other financing instruments that may be eligible for certification as determined by GLP.

2.2 Process for project 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 Investment Manager's report to the Trustee, including a listing of current facilities and drawn status.

Investa is responsible in identifying and selecting Eligible Assets to be earmarked against the use of proceeds. All proceeds raised under the Green Debt Framework will be used to finance the earmarked asset that are required to have:

³ As per the requirements of the <https://www.aplma.com/microsites/categories/3/pages/11/content/172>

- conformance with the GLP;
- alignment with the eligibility criteria outlined in section 2.1; and
- their combined book value exceeding the cumulative face value of all outstanding Green Debt at all times, thus providing significant headroom for the management of unallocated proceeds.

2.3 Management of proceeds

Investa's Treasury Team will continue to track the receipt and use of proceeds of Green Debt on behalf of the Trustee 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 monitor the following requirements on an annual basis via internal information systems:

- Elements of the Eligibility Criteria (in section 2.1) are being met, where relevant; and
- The combined book value of the earmarked assets continues to exceed the cumulative face value of all outstanding Green Debt i.e., the green coverage ratio⁴ is maintained above 1.0 for the duration of the loan.

Should any Green Debt proceeds be temporarily unallocated to Eligible Assets, 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 any indebtedness of a revolving nature before being redrawn for investments or disbursements to Eligible Assets.

Investa will in any case ensure that any unallocated proceeds from Green Debt shall be allocated within 12 months following the issuance of that Green Debt.

2.4 Reporting

2.4.1 Disclosure

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

- Annual reporting on compliance with this Framework and green certifications will be provided in accordance with contractual reporting requirements. All other requests will be considered upon written request to Investa, as the investment manager as defined in the Framework.

2.4.2 External Review

The Trustee has engaged a professional assurance services company to provide independent assurance on this Framework. External assurance is provided in respect of this Framework's compliance with the GLP. Refer to Appendix 1 for the assurance statement.

2.4.3 Record retention

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

⁴ The combined book value of earmarked assets divided by the cumulative face value of all outstanding Green Debt.

Appendix 1: Assurance statement



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working world**

Independent Limited Assurance Report to the Management and Directors of OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust

Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by Investa Management Pty Ltd (on behalf of OPG TC VII Pty Ltd as trustee of OPG Pitt Street South Trust) 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 2024. 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 OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust's Green Debt pre-issuance process, as described in the Green Debt Framework (the 'Subject Matter' or the 'Framework').

Criteria applied by OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust

In preparing the Subject Matter, OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust applied the following Criteria:

- ▶ Green Loan Principles (February 2023) jointly published by the Asia Pacific Loan Market Association (APLMA)
- ▶ Indi Sydney City's Green Debt Framework, such Criteria were specifically designed for OPG TC VII Pty Ltd as trustee of OPG Pitt Street South Trust; as a result, the subject matter may not be suitable for another purpose.

Key responsibilities

OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust's responsibility

OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust's management 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.

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.

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* ('ASAE3000') and the terms of reference for this engagement as agreed with OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust on 10 May 2024. 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:

- ▶ Reviewing the policies and procedures established by OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust related to the Framework to assess whether they were aligned to the requirements detailed in the Criteria
- ▶ Conducting interviews with key personnel to understand key issues related to OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust's relevant policies and procedures
- ▶ Understanding the systems planned to be in place to support the reporting requirements stipulated in the Framework
- ▶ Seeking management representation on key assertions.



Ernst & Young
Sydney, Australia
31 October 2024

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.

Other matters

We have not performed assurance procedures in respect of any information relating to prior reporting periods, including those presented in the Subject Matter. Our report does not extend to any disclosures or assertions made by OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust relating to future performance plans and/or strategies disclosed in the 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 management and the Directors of OPG TC VII Pty Ltd as trustee for OPG Pitt Street South Trust, or for any purpose other than that for which it was prepared.

Framework Information

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.

Framework Information

Responsibility: Fund Manager

Date Created: October 2024

Review Frequency: Annually

Revision History:

Version	Date Released	Accountable	Description
1.0	31.10.2024	General Manager, Corporate Sustainability & COO, Real Estate	New framework for Indi Sydney City as the asset commences operations