

Sustainability *Report 2017*





Net Zero

Net Zero Carbon by 2040

At Investa a *sustainable approach* to how we operate is one of the common threads that binds us as an organisation.

We recognise our *responsibilities* for the impact we have on the *businesses* we work with, our *people*, and the *community* at large.

2017 was a year of *big steps* for Investa where we again advanced our market leadership position:

-
- Set a Net Zero carbon target
-
- Issued 1st \$AUD certified Green Bonds \$250M
-
- Secured \$110M mandate Clean Energy Finance Corporation
-
- Set diversity targets
-

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Highlights of FY17

Carbon reduction strategy

2°

Net zero carbon by
2040 in line with a two
degree future



4%

Reductions in emissions
intensity since FY16



58%

Reductions in emissions
intensity since 2004 levels

41%

Senior management roles
are held by women

17,400+

Tonnes of carbon avoided
due to onsite trigeneration
of electricity since 2011

Clean Energy Finance Corporation investment

\$110m

Investa ESG performance delivers
investment and collaboration
partnership with the Clean Energy
Finance Corporation¹

1. The Clean Energy Finance Corporation (CEFC) is an Australian Government clean energy financier mandated to increase the flow of capital into clean energy supply and technology.

GRESB Score

3%

Both Investa Funds ranked
in the top 3% in the global
FY17 GRESB survey

NABERS ratings



4.67stars

Weighted average
NABERS Energy Rating
(up from 2.6 in 2004)

Continued focus on environmental
portfolio performance



3.85stars

Weighted average
NABERS Water Rating
(up from 3 in 2004)

Gender Diversity Target

Minimum 40% female,
minimum 40% male,
20% variable gender
diversity target

40

40

20

44%

Reduction in water
intensity since 2004

57%

Of staff access
flexible working
arrangements



Green bonds

1st \$250m

Proud to issue Australia's
first certified property
Green Bonds



Safety Rating

5stars

NSCA safety rating



Letter from the CEO



Once again, we've enjoyed a year of global leadership in responsible investment, continued environmental performance improvement and built valuable relationships with our tenants and community.

4%

We proudly achieved a 4% carbon emission intensity reduction this year, contributing to a total of 58% reduction since 2004

Investa has been reporting our sustainability progress since 2004, and it strikes me that we have come so far in that time. What started with a business case for efficiency delivering broad business benefits, has truly become a whole of business strategy and enabled us to thrive.

Responding to the Paris Agreement, and recognising our role in Australia meeting its global commitments, we defined a roadmap to net zero carbon emissions by 2040. Our strategy; *Getting to Zero*, is an ambitious signal to the market that we are committed to a zero carbon economy. With the confidence and experience of more than ten years of continuous emission reductions, we are intrepid in achieving our target. Pleasingly we have achieved a 4% emission intensity reduction this year, contributing to a total 58% reduction since 2004. These reductions supported both ICPF and IOF achieving a top 3% GRESB global score. This is a profound result, and one that reflects the expertise and commitment of our talented team.

This year has been significant in terms of the finance sector moving to address risks associated with climate change and investment exposure. The Task Force on Climate Related Financial Disclosure recommendations and the Hutley memorandum are clear indicators of sectorial direct response. Leveraging this opportunity, Investa issued Australia's first certified property Green Bonds (A\$250M). We are incredibly proud to support the development of the responsible finance market in Australia and look forward to future issuances.

In addition, underpinned secured by our ESG credentials, we welcomed the Clean Energy Finance Corporation (CEFC) into our investor family with an initial \$110M equity investment into ICPF, and a cooperation agreement which aligns our commitments to a zero carbon economy. This demonstrates a new level of investor engagement and partnership in shared value.

The partnership model continues to expand our boundary of influence and impact. This year our work with the Australian Business Roundtable for Disaster Resilience and Safer Communities focused on resilient infrastructure and quantifying the total long term social costs of natural hazard events. Our work continues to call for recognition of resilience in planning policy, to ensure we can keep our tenants safe during a catastrophic event.

Our continued partnership with the Sir David Martin Foundation remains a fundamental anchor in our community outreach programmes. To date, we have helped the Foundation raise \$1.8M to fund their youth rehabilitation programmes.

Investa has continued to thrive in FY17. I'm very proud of the Investa team and their enormous achievements this year. Looking ahead, we will focus on our net zero target, partnering with our broader community to solve the global challenges of climate change, whilst driving value with our expert team around the country.

It's with great pleasure I share our annual Sustainability Report covering Our Business; Our Strategy; and Our Performance. I look forward to your feedback.

A handwritten signature in black ink, appearing to read 'J. Callaghan', with a stylized flourish at the end.

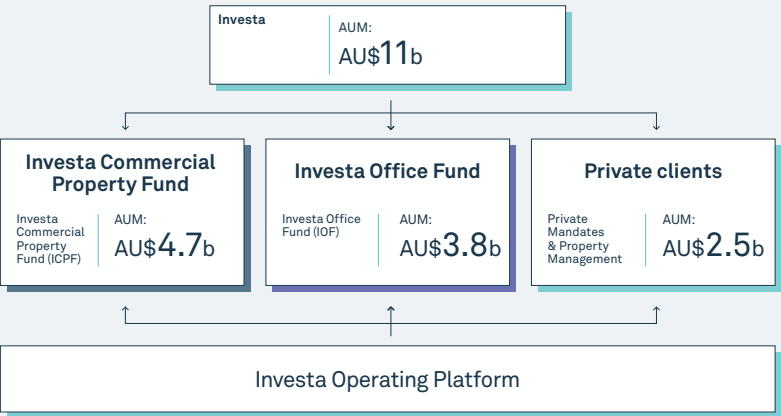
Jonathan Callaghan, Executive Director IOMPL, ILFML, IWFML and Chief Executive Officer

Embedding sustainable management

Investa manages commercial office buildings worth more than \$11 billion on behalf of 12,998 institutional and retail investors.

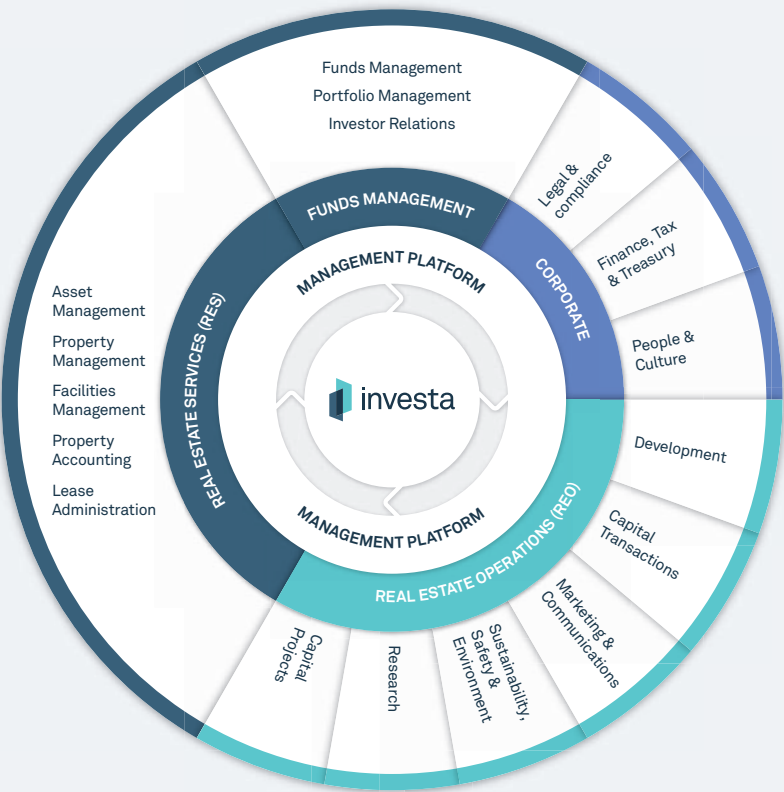
Investa’s in house management platform ensures a holistic approach to ESG matters, with sustainability permeating all facets of business performance. This inclusive approach solidifies Investa’s position as one of Australia’s leading commercial real estate companies and a global leader in responsible investment.

Investa group structure



Figures current to 30/06/17

Operational structure



Figures current to 30/06/17

\$11b
worth of commercial office
buildings managed by Investa



Our business

200+

team members
across Australia



A positive impact

As a commercial real estate company, we recognise our impact is broader than our buildings. Year on year, we seek to quantify the social, environmental and financial impact of our operations.



\$330m

Opex and Capex invested into the Australian economy

ESG drives operational efficiency, fosters strong business culture and enables innovation to thrive across the business.

Jason Leong, Group Executive & Fund Manager, ICPF



750+

Businesses we provide working spaces for



37

assets under management



3.85stars

Weighted average NABERS Water Rating



12k+

Investors



200+

Talented team
members across
Australia



In FY17 we demonstrated
ESG leadership through
our commitment to net
zero emissions and by
successfully issuing
the first \$AUD certified
property Green Bond.

Peter Menegazzo,
Chief Investment
Officer Investa

\$11b

Assets under
management

55%

Male



45%

Female



\$250k

In charitable donations



4.67 stars

Weighted average
NABERS Energy Rating

Our assets

Our assets



Energy ratings

Sydney, NSW

Total lettable area 509,994m²



4.74 stars
NABERS Energy Rating
weighted portfolio



3.68 stars
NABERS Water Rating
weighted portfolio

Melbourne, Vic

Total lettable area 225,221m²



4.19 stars
NABERS Energy Rating
weighted portfolio



4.17 stars
NABERS Water Rating
weighted portfolio

Brisbane, QLD

Total lettable area 134,694m²



4.84 stars
NABERS Energy Rating
weighted portfolio



4.89 stars
NABERS Water Rating
weighted portfolio

Perth, WA

Total lettable area 87,359m²



4.95 stars
NABERS Energy Rating
weighted portfolio



4.0 stars
NABERS Water Rating
weighted portfolio

Canberra, ACT

Total lettable area 13,330m²



5.0 stars
NABERS Energy Rating
weighted portfolio



4.5 stars
NABERS Water Rating
weighted portfolio

Weighted average



4.67 stars
NABERS Energy Rating
weighted portfolio



3.85 stars
NABERS Water Rating
weighted portfolio

About us

Brand Refresh

Following the purchase of the Investa Office Management Platform in early 2016 by Investa Wholesale Funds Management Pty Ltd, Investa's executive team, with the support of the new IOM Board, set about defining a strategy to guide the future direction of the business.

Following broad engagement with Investa's 200+ staff, with a view to continuing to leverage Investa's proven, specialist expertise in Australian office, the new strategic vision and renewed values for the business were defined. Four key pillars were identified as key strategic drivers for the future direction of the business, being: Innovation, Investor and Customer Engagement, People and Culture and New Revenue Streams.

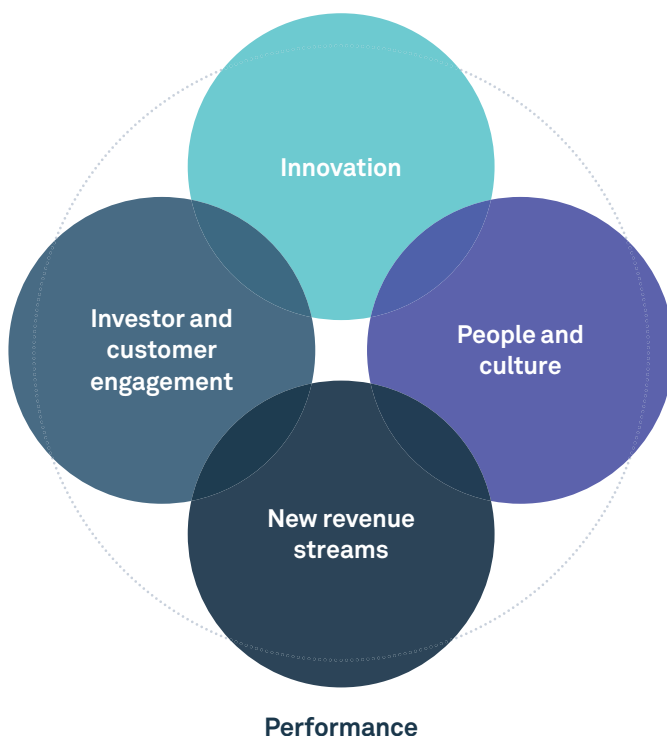
In conjunction with the new business strategy, Investa looked to align its vision and identity via a brand refresh. This was important, as it would help ensure that the way the business delivers the strategy is consistent with the experience Investa's tenants, investors and stakeholders have when they interact with Investa's service, people and work places.

To ensure the brand refresh was informed by a broad spectrum of views, qualitative research was conducted with representatives from Investa's key stakeholder groups, including investors, asset consultants, tenants, leasing agents, tenant representatives, and our teams.

Research insights resulted in the clarification of our competitive advantage being our people and culture, and the unique proven ability of the Investa team to build enduring relationships by being professional, living Investa values, acting openly and transparently, and consistently delivering a great customer experience.

This has informed Investa's new brand strategy and identity, and established our position as an office service provider, sector specialist and thought leader in the Australian property market.

Four key strategic drivers





Our people and our culture

Profiling our people

Investa continues to promote flexible work arrangements with over half of our employees enjoying flexibility – either through formally arranged channels, or informally agreed with managers at work. Research conducted by the World Green Building Council and the British Council for Offices has found that flexible working helps staff feel more in control of their workload, and engenders trust and loyalty, thus resulting in increased productivity. The comfort of our staff at their place of work is incredibly important to Investa and we will continue to promote these practices to ensure all staff are able to work productively and effectively.

Gender Diversity 40:40:20

Investa reaffirmed its commitment to gender diversity during the year with the establishment of a 40:40:20 (i.e. minimum of 40% female, minimum 40% male, 20% balance variable) gender balance target for all managerial and professional role categories. This target was linked to the short-term incentive (STI) compensation outcomes of all executives and employees across the Group, reinforcing the importance of this target to Investa's strategy. Targeting gender balance at all levels of leadership helps Investa to ensure a steady inflow and retention of female talent, who are ready to take on senior leadership roles. Pleasingly, in FY17 Investa achieved this target in four out of five categories, representing a substantial improvement from 2016. This target remains in place for FY18 and is once again a key focus area for Management.

The Workplace Gender Equality Agency (WGEA) reports Australia's full time gender pay gap at 15.3%. In support of our comprehensive focus on gender diversity, Investa has strengthened its practices in relation to gender pay equity analysis, integrating this into annual remuneration review and performance review processes. In addition, in late 2016 Investa commissioned an external gender pay equity study facilitated by Aon Hewitt. Leveraging the insights from this analysis, any areas of concern in relation to pay parity were addressed promptly as part of the annual remuneration review process in June 2017. Pay equity analysis will be conducted on an annual basis to ensure our people continue to be remunerated fairly for their contribution and performance.

Gender Diversity	Current (%)		Baseline (%)	
	30 June 17		30 June 16	
Role Category	Female	Male	Female	Male
CEO	0.00	100.00	0.00	100.00
Key Management Personnel	36.36	63.64	30.00	70.00
General Managers	40.00	60.00	0.00	100.00
Senior Management	45.83	54.17	45.83	54.17
Other Managers	40.48	59.52	33.30	66.70
Professional	49.06	50.94	41.27	58.73
Clerical & Administrative	80.56	19.44	83.33	16.67
Technicians & Trade	6.25	93.75	3.33	96.67
Total	44.61	55.39	42.50	57.50

40:40:20

Minimum 40% female, minimum 40% male, 20% variable gender diversity target is a key pillar of our business strategy



Our people and our culture

96%

Of employees have professional qualifications



14%

Of employees care for or support someone due to age, disability or ill health



72%

of employees are under 44 years of age

5%

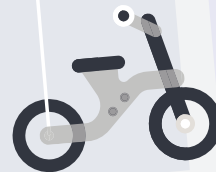
of employees identify as LGBTI



The LGBTI diversity committee delivered a progressive and educational communications campaign at the time of the Sydney Gay and Lesbian Mardi Gras, designed to raise understanding and awareness of issues facing the LGBTI community

58%

Of employees are parents



46%

Of senior management roles are held by women

Domestic and Family Violence training was conducted for all people leaders across the group

CEO Jonathan Callaghan continued to champion gender diversity issues in his role as a Property Male Champion of Change

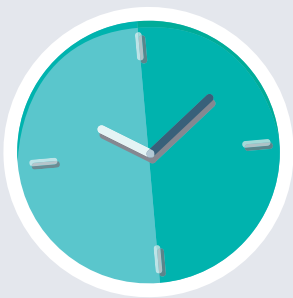
58%
Of employees have at least one parent born overseas



63%
Of employees identify as non-Australian



100%
Have access to flexible working arrangements
over
50%
Access this on a regular basis



Our communities



\$250k

Donation by our
charity programme



Supporting our communities

100+

young people helped annually

Investa continues to demonstrate a commitment to our community year on year, with increased generosity, and eagerness to get in and make a positive difference. This year, Investa refined its *Donation and Sponsorship Policy*, to focus our efforts on three key issues;

- Homelessness in our cities
- Youth at risk
- Emergency Recovery.

Again in 2017, we sought to partner with charitable organisations aligned with our policy, including the Sir David Martin Foundation, OzHarvest, and The Property Industry Foundation and the Cancer Council. Together we donated more than \$250,000 to our charity programmes. Beyond our own donations, our efforts helped to raise a further \$250,000. Our community support also includes support in kind, to assist our partner organisations with their broader charity and fundraising efforts.

Abseil for Youth

Investa continues to support the wonderful work of the Sir David Martin Foundation's Triple Care Farm (TCF). The program run at the TCF helps young Australians overcome addictions to substances like ice, cares for their physical and mental health, develop living skills and provides education and training to assist them in achieving their goals for a safe and positive future.

Following the 12 week residential program, young people are supported for an additional 6 months through the Aftercare Program, assisting them as they return home and integrate back into the community. Funds raised through Investa's Abseil for Youth event supports Triple Care Farm directly. Funds raised through Investa's annual event Abseil for Youth supports Triple Care Farm directly, ensuring young people in crises are provided with the very best care, treatment, and support they need.

Recent studies have demonstrated that for every \$1 invested into Triple Care Farm, \$3 of social return is generated – Triple Care Farm not only helps young people, but also families, friends and broader communities.

Close to \$1.8M has been raised through Abseil for Youth over the last 7 years, directly helping young people in crisis. Investa has hosted the event at our asset 1 Market Street Sydney for the last 4 years.



\$27,000 needed to support a young person through the Triple Care Farm and Aftercare support programs

+100 young people helped annually

\$1 = \$3 Social Impact on Investment

Approx \$1.8M raised over 7 years

\$250K raised in 2016

\$77K raised by Investa staff

“

The CEO CookOff provides a beautiful opportunity for the business community to take leadership to the next level. Thank you Jonathan, for cooking for, and breaking bread with those in need and for fundraising for OzHarvest to deliver more goodness.

Ronni Kahn, CEO OzHarvest

\$180k

direct donations and in-kind via office space support by Investa to the Property Industry Foundation

OzHarvest

Some 3 million Australians are living in poverty, with over 100,000 experiencing homelessness and irregular meals. Whereas up to \$10B worth of food gets sent to landfill each year. Every day OzHarvest collects quality excess food from commercial outlets and delivers it, direct and free of charge, to 800 charities providing much needed assistance to vulnerable men, women and children.

Investa CEO Jonathan Callaghan participated in this year's OzHarvest CEO Cook Off in Sydney. Jonathan was one of 125 CEOs joining 40 chefs to roll up their sleeves to create, serve and share a meal with over 1,000 vulnerable Australians.

Coupled with a presentation from OzHarvest CEO Ronni Kahn to Investa, the event brought awareness to the 3 million Australians who experience some degree of food insecurity every day.

Jonathan was able to raise \$15,617 for this very worthy cause, the equivalent of over 30,000 meals to be served by OzHarvest.

Cancer Council

Investa again hosted the annual Biggest Morning Tea in Sydney, Brisbane and Melbourne on 25th May, to support the Cancer Council.

Talented bakers from across the business brought in an array of delectable desserts, with some hotly contested prizes awarded after thorough taste testing by our esteemed judges.

Investa raised just under \$2,000 with the help of the executive team that matched donations dollar for dollar, to contribute toward preventative cancer care programmes, and is again proud to be an active supporter of this worthy cause this year.



Property Industry Foundation

Investa continues to support the Property Industry Foundation's (PIF) mission to make a tangible difference to the serious and persistent problem of youth homelessness. Each year, PIF hosts several events across the country, which Investa and staff actively support. Like Investa, PIF supports the Sir David Martin Foundation and the Triple Care Farm as well as many other charities focussed on youth homelessness. This year Investa contributed;

\$27,590 Direct Donations to PIF

\$153,140 in kind via office space support



Investa and Oz Harvest CEOs Jonathan Callaghan and Ronni Kahn at the Investa event.



Investa Sydney team morning tea to raise awareness and funds for the Cancer Council.

Our strategy

A photograph of a modern office lounge. In the foreground, a large white '3%' is overlaid on the image. The lounge features a brown tufted sofa, several armchairs, and a coffee table. Large windows with a perforated metal screen look out onto a cityscape. A man in a dark hoodie is seated at a desk on the right, working on a laptop. A sign on the desk reads 'VIRG'. The floor is covered in a patterned rug, and the ceiling has recessed lights.

3%

Investa ranked in the top three percent in the global FY17 GRESB¹ survey and continues to lead the world in commercial property responsible investment benchmarking and efficiency as a building manager

1. GRESB: Global Real Estate Sustainability Benchmark



The pillars of our strategy

Our Sustainability Strategy ensures Investa remains *a global leader* in responsible investment, adding value via universal management of environmental, social and governance (ESG) risks and opportunities



The Investa Sustainability Strategy is guided by four core pillars;

1

First choice for tenants

Meeting tenants needs and harnessing human capital

By improving communication and services to tenants, we aim to deliver a better occupant experience and add greater value as a building manager.

2

Research & innovation

Adding value through research and innovation

Strategic industry, government and business partnerships deliver improved performance and drive change.



Sydney CBD Skyline with Investa's
60 Martin Place development featured
– due for completion in late 2019

3

Leadership in responsible investment

Focus on targets and alignment of strategies across the business

We maintain the highest standards of corporate governance and ethical conduct.

4

Optimising operational performance

Active management to deliver environmental out performance

Through experience, research and technical expertise, buildings are actively managed to operate at their optimum level.

First choice for tenants

With a single-minded focus on our tenants, our experienced cross-functional teams go the extra mile – identifying and understanding their business needs and delivering flexible workplaces and services.

Yoga at The Hive

The Hive, our business lounge at 259 Ann Street, Brisbane hosted weekly Hatha and Vinyasa style yoga classes for all tenants within Investa's 140 Creek Street Complex. Based on physical postures and mindfulness, these classes gave tenants a chance to get out from behind their desk and get active, conveniently within their own building, and amongst their fellow tenant community.

Olympic fever at 737 Bourke Street

Tenants at 737 Bourke Street, Melbourne were invited to attend a month-long event with activities in the foyer throughout August, thereby supporting Australian athletes at the Rio Olympics. A viewing lounge was set up where tenants were able to come down, relax in the lounge area and watch the live action. Investa's building management team hosted a Brazilian themed lunch where tenants were able to test their athletic ability by jumping on a bike to blend their own tasty smoothies!

98.4%

NSCA Compliance Score (up from 98.1% FY16)





5star

Investa retains the highest
NSCA Star Rating

Refresh to Insite

After two years of the Insite tenant engagement program being live, Investa recently undertook an important journey to refresh and upgrade to achieve a better user experience. A new and improved portal was launched to our tenants with changes including a fresh new look and feel as well as improvements functionality. The latter made it easier than ever for our occupants to register, order their coffee and continue to reap the rewards available exclusively to Insite users. The refresh of the portal also provides tenants with access to many more service conveniences, which enable them to save time and combine work, play, meals and fitness more easily into their day.

insite
by investa

Health & Wellbeing launch

Another exciting phase in the Insite journey was the launch of our new Health & Wellbeing program, available exclusively to Investa tenants. Investa knows that a healthier workforce is a happier one. We recognise the fundamental purpose of managing office buildings is to provide a productive and effective place for people to work. Our customised Health & Wellbeing program, delivered in partnership with Bupa, provides our tenants with the tools they need to lead a healthy, more balanced life throughout their working day and beyond. The program includes tools and tips on nutrition, wellbeing and fitness, as well as on-site seminars, health checks, and massages, all offered complimentary to Investa tenants.

Workplace health & safety

Investa Office's safety platform underwent further review during FY17. Improvements to our system included certification of the Investa Safety Health and Environment Management System for the operation of commercial office buildings, as compliant to AS/NZS 4801:2001 Occupational Health and Safety Management Systems.

All staff participated in the formal safety awareness training program and Investa Office's audit compliance score against the National Safety Council of Australia (NSCA) 5 Star criteria remains a 5 Star Rating with our compliance score increasing from 8.1% to 98.4%.

In FY16, there were over 1.74 million hours of work undertaken by staff and contractors across buildings managed by Investa and within its development projects. During the period there were 146 incidents reported, 10 of which resulted in medical treatment (TRIFR¹ of 5.7). There were four (4) incidents which resulted in lost time (LTIFR² of 2.3).

¹ TRIFR: Total Recordable Injury Frequency Rate is calculated as the number of Recordable Injuries* per million hours of work undertaken.

² LTIFR: Lost Time Injury Frequency Rate is calculated as the number of Injuries resulting in a worker not being able to return to work the day following the incident.

*Recordable Injury: A Recordable Injury is any injury requiring medical treatment (other than medical observation), and any injuries requiring alternative duties to be provided to allow a worker to return to work. This statistic includes injuries sustained by staff, workers (including contractors), building occupants or the public visiting our buildings.

Research and Innovation

Low Carbon Strategy

The Road to Zero

Since launching the net zero by 2040 target, Management have been refining the delivery framework, focused on the three key pillars of Operational Efficiency, Building Materiality and Renewable Energy.

Management is pleased to report achieving a 4% carbon intensity reduction against a 4% annual target.

Operational Efficiency

For more details on Investa's commitment to operational efficiency, please see the Optimising Operational Performance section of this report on page 34.

Building Materiality

In assessing Investa's carbon footprint, tenancy fitout and de-fit was identified as a major contributor, accounting for 28% of Investa's embodied carbon.

Proactively addressing this process, Management have designed an online tenant engagement toolkit, to encourage a broader commitment to a transition to a low carbon, healthy and productive workplace. Best practice fit out information is served to our tenants to assist in smart investment and management decisions, to ultimately reduce carbon footprint, and avoid wholesale landfill disposal.

Sentient Ambient Monitoring of Buildings in Australia (SAMBA):

Investa continues its cornerstone research partnership with The University of Sydney's IEQ Lab. The IEQ Lab (headed by Prof. Richard de Dear) has created the world's most compact real-time monitoring system to measure a range of Indoor Environment Quality (IEQ) parameters which drive comfort and productivity within office buildings. Investa has had a number of units operating within its own tenancy space at Deutsche Bank Place for over 12 months and will shortly be implementing the SAMBA units across a select number of properties in its national portfolio (and all buildings within 2 years). The data will be used to explore how Investa can provide greater comfort, productivity, occupant engagement, and energy efficiency for building occupants.



The Australian Business Roundtable for Disaster & Safer Communities

The Australian Business Roundtable for Disaster Resilience & Safer Communities (the Roundtable) works collectively to advocate for investment into community resilience. Joining our national partners WESTPA, IAG, Munich RE, Red Cross, and Optus, Investa's contribution ensures that Investa is at the forefront of policy development in Australia.

This year, the Roundtable commissioned two reports, *Building Resilient Infrastructure*, and *The Economic Cost of the Social Impact of Natural Disasters*. According to the two reports, the total annual cost of natural disasters in Australia is expected to increase from \$9 billion to \$33 billion by 2050. The reports, delivered the first economic analysis of the social impact of natural disasters, and the benefits of ensuring infrastructure assets are more resilient to extreme weather events. This year the Roundtable will focus on State Government level costs, funding, and barriers to investment in resilience.





Embedding Innovation

As recognised by the CEFC investment and cooperation agreement, Investa is widely identified as an innovative leader in sustainability. As a key pillar of the business strategy, this year the Investa Executive team sought to further entrench innovation via the establishment of an Innovation Committee.

Employing an innovative approach to consistently improving our customer experience and business processes, Innovation Champions are charged with creating a culture where innovation thrives, bringing ideas to the table, focussing specifically on the following three areas;

- Preparing for future markets;
- Enabling better relationships between Investa and its partners; and
- Improving Investa's assets and services.

The work of the committee will ensure Investa continues to grow sustainably, leading sector disruption and market shifts through innovative problem solving and embedding an innovation culture throughout the business.

Energy Production and Procurement

Investa is exploring offsite opportunities to include large scale renewable power in our electricity procurement tender. Primarily focused on investigation of 'Power Purchasing Agreements' which would leverage Investa's size and purchasing ability to procure renewable electricity for an extended tenure at a rate highly competitive with grid pricing.

Recent market fluctuations have strengthened the business case for innovative purchasing schemes, with positive financial outcomes supporting the environmental savings. Management continues to monitor market conditions, including making a submission to the Federal Government's Finkel Review (via the Property Council of Australia) emphasising the need for stable Government policy to provide certainty to investors whilst simultaneously reducing emissions.

As a key pillar of the business strategy, this year the Investa Executive team sought to further entrench innovation via the establishment of an Innovation Committee.

Leadership in responsible investment

Investa remains committed to creating Australia's most valued workplaces, thereby building long term value for our investors. Investa's Sustainability Strategy ensures we remain a global leader in responsible investment, adding value via universal management of environmental, social and governance (ESG) risks and opportunities.

Getting the economics right is a foundational element in addressing climate change collectively. Investa remains committed to a transition to a zero-carbon economy. Globally, FY17 has been a particularly significant year in terms of responsible investment, with the introduction of the Task Force on Climate Related Financial Disclosure Recommendations and the Huntley position on fiduciary duty. Investa has enjoyed several key milestones including welcoming the Clean Energy Finance Corporation cooperation agreement and issuing Australia's first certified property Green Bonds.

Responsible Investment; the Global Picture

Investa continues to track the global response to climate change, with particular focus on the rapidly increasing investor awareness of climate change exposure.

In June of this year, the Financial Stability Board (FSB) was asked by the G20 to review how the financial sector should take account for climate related risk. The FSB's Task Force on Climate-related Financial Disclosure (TCFD) was established to develop a clear set of recommendations for clear, consistent climate-related financial disclosure. The recommendations establish guidance for corporations to disclose clear, comparable and consistent information relating to the financial risks and opportunities presented by climate change.

Domestically, Noel Hutley SC's memorandum of opinion contended that climate change risks present corporate opportunity and risks to a company, and as such, is related to a Director's duty of care and diligence under the Corporations Act. The Australian Prudential Regulatory Authority confirmed that "some climate risks are distinctly 'financial' in nature. Many of these risks are foreseeable, material and actionable now."

As such, Investa has engaged key stakeholders in determining key transitional and physical risks and opportunities associated with climate change. Management intends to report against these in the FY18 reporting suit.



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This CEFC commitment – our largest new commercial property commitment to date – establishes a landmark co-operation agreement that will promote the increased uptake of energy efficiency design principles and technologies in the built environment. We see this agreement as being of immense value to the property sector generally, through its potential for collaboration with early stage development of technology solutions.

Rory Lonergan, CEFC Investment Funds lead

“

Investa is meeting the highest of international standards for green property bonds with this certified bond. They are demonstrating to the Australian commercial property market where the best practice bar now sits.

Sean Kidney, CEO Climate Bonds Initiative

CEFC Co-operation agreement

In response to Investa’s global ESG leadership credentials, the Clean Energy Finance Corporation invested A\$110 million in Investa’s flagship wholesale fund, Investa Commercial Property Fund (ICPF). The equity investment was accompanied by a landmark co-operation agreement to partner in driving innovation in clean energy technology.

The CEFC agreement provides an unprecedented opportunity to partner in the identification and advancement of emerging technology that can be incorporated into the way we manage commercial office buildings.



ICPF Fund Manager Jason Leong, CEFC Investment Funds lead Rory Lonergan, and Investa GM Corporate Sustainability, Nina James

Green Bonds

In FY17, Investa launched Australia’s **first property Climate Bonds Initiative certified Green Bonds**. Both ICPF and IOF successfully issued their inaugural Green Bonds, A\$100 million and A\$150 million respectively, were received favourably by the market and both oversubscribed.

The Issuance provided an opportunity for Investa to both leverage their ESG credentials, as well as support the development of the sustainable finance market in Australia.

Both bonds were certified by the Climate Bonds Initiative (CBI), an international, investor-oriented, not-for-profit organisation focused on mobilising the \$100 trillion bond market towards climate change solutions.

Both issuances certified under the Low Carbon Building Standards, require the tagged assets to perform in the top 15% of assets in their city. The CBI target is set for the portfolio on day one of issuance, and remains static for the tenor of the bond. Both Investa bonds continue to comfortably outperform the compliance requirement.

Financial Year 2017	Net Lettable Area (m ²)	Emissions intensity (kgCO ₂ -e/m ²)	CBI Threshold for 10 years	Headroom
IOF	162,078.90	58.97	69.832	16%
ICPF	156,370.29	58.36	69.832	16%

FY17 Investa Green Bond CBI continued compliance

“

Investment in quality green bonds helps drive essential capital to the climate solutions and energy efficient infrastructure needed for the transition to a net-zero emissions world. Coupled with the underlying quality of the ICPF portfolio and the Fund’s performance, there was a compelling case for our investment in the ICPF Green Bond.

Phil Vernon, Managing Director Australian Ethical Investment

\$250m

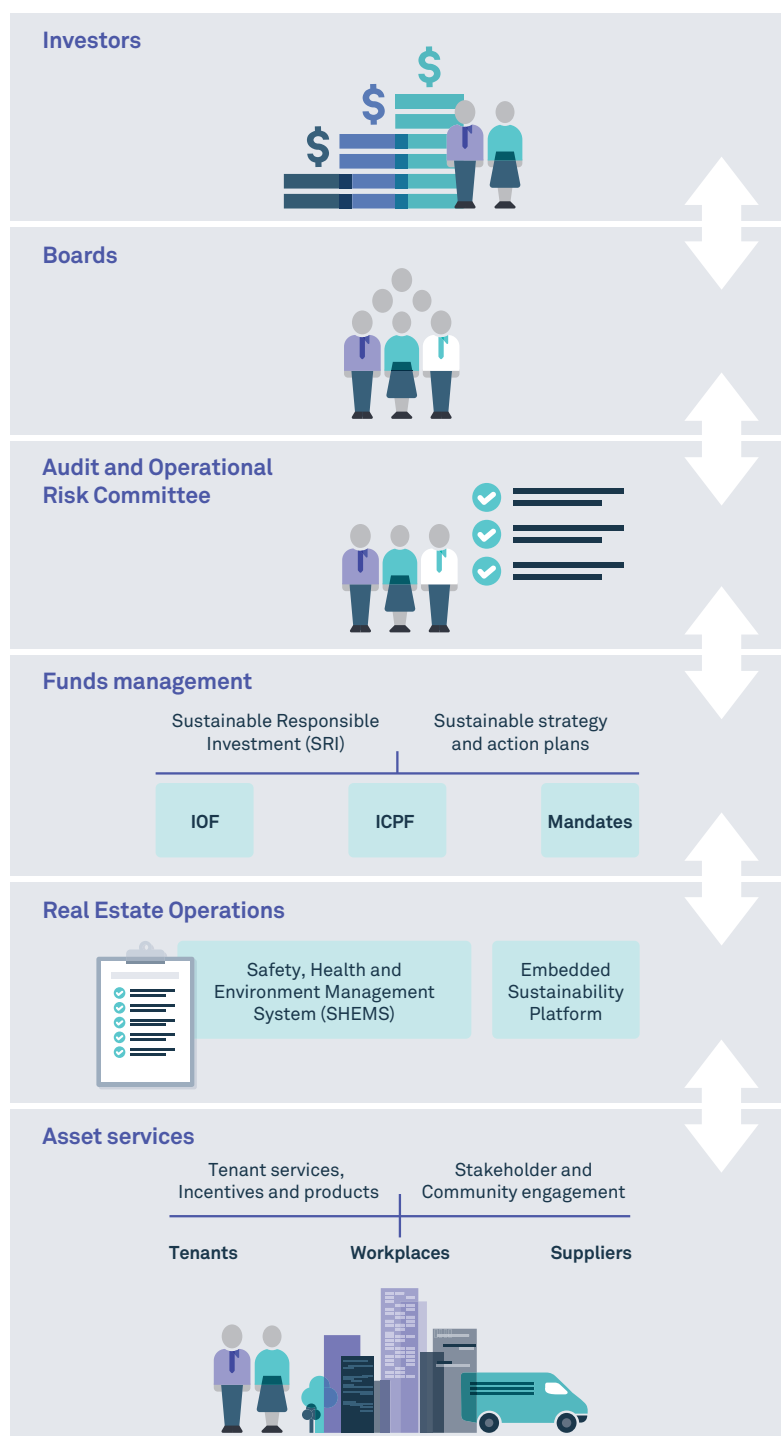
In FY17, Investa launched Australia’s first certified property Green Bonds

Governance

The IOM Board and management recognise that having a well-developed system in place for risk management and reporting is an integral part of good management practice. Investa actively promotes a culture of compliance and risk management awareness with the aim of ensuring all activities comply with laws, regulations, codes, and in-house policies and procedures.



Safety, Risk and Sustainability reporting structure



Industry partnerships

Investa works with our industry partners to broaden our scope of impact, support global benchmarks and best practice property development and management.



Australian Business Roundtable

Investa continues to support the Australian Business Roundtable, a globally recognised initiative advocating for investment in resilience measures. In FY17 The Roundtable produced two reports; Building Resilience Infrastructure, and The Economic Costs of Social Impact of Natural Disasters. The Roundtable continues to produce robust metrics supporting investment in community resilience.



Diversity

Investa continues to demonstrate leadership on issues of gender equality through the Women's Empowerment Principles, a collaborative initiative between UN Women and the UN Global Compact. Additionally, Investa is a founding member of the Property Council of Australia's Male Champions of Change program, elevating gender equality as an issue of social and economic importance and committing to a 40:40:20 gender balance target for all managerial and professional role categories.



ULI

The Urban Land Institute is an international, membership-based non-profit research and education organization. As the preeminent, multidisciplinary property forum, ULI facilitates the open exchange of ideas, and experience among international industry leaders and policy makers dedicated to creating better places. The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Investa is a founding member of ULI in Australia.



Best Practice Performance Lease

Investa's best practice precedent lease provides a leasing framework enabling collaboration with tenants on sustainability initiatives. Gold certified by the Better Buildings Partnership, the lease will position Investa as a high performance leader in commercial leasing.



GRESB

In FY17 both Investa Funds were again recognised as GRESB Green Stars, ranking in the top 3% of 733 global respondents.

Signatory of:



UNPRI

Investa has been a signatory to the UN Principles for Responsible Investment since 2007.



CDP

Investa continues to respond to CDP (formerly the Carbon Disclosure Project) to facilitate sector based data analysis.



RIAA

RIAA's recently released 2017 Responsible Investment Benchmark Report named Investa's wholesale fund, ICPF, as Australia's second largest fund with ESG integration.

Optimising operational performance

\$140k

During FY17 120 Collins Street recorded 11% reductions in electricity consumption, equating to savings in excess of \$140,000

Investa's expertise in delivering energy efficiencies via smart management of building systems continues to deliver year on year improvements.

Optimum performance at some of Melbourne's oldest buildings

During FY17 Melbourne assets 120 Collins Street and 242 Exhibition Street, two iconic 25 year old buildings, recorded 11% and 10% reductions in electricity consumption, delivering savings in excess of \$140,000 and \$110,000 respectively. This has led to 120 Collins Street achieving a 4.0 Star NABERS Energy Rating, up from 2.5 Stars in 2014.

The specialist team at 242 Exhibition Street are executing proactive efficiency projects including replacing all tenancy and back of house lighting with energy efficient LEDs. In the coming year, all stairwells, carpark and service areas will also be converted to LED lighting, which will result in reduced maintenance costs.

Additionally, management have continued to conduct Energy Optimisation Programs, identifying additional opportunities to control plant equipment in a more economical and smart manner. Resulting improvements include reductions in fan pressures and motor power, reduced reliance on electric trim heating, modulation of pumping power to suit demand and consequently reduced power usage, and efficient methods of controlling chilled and condenser water. These improvements have pleasingly resulted in a 5 Star NABERS water rating for the building.



Smart Buildings

Investa's commitment to innovation in building efficiencies is exemplified by Investa's partnership with Buildings Alive. Buildings Alive's Rapid Efficiency Feedback (REF) system, based on the 'Pulse' tool, first developed as an initiative of the Investa Sustainability Institute and trialled across the Investa portfolio in 2011, provides important performance feedback to our portfolio teams.

A sample day in December at 130 Pitt Street

The adjacent graph, figure 1, taken from 130 Pitt Street's daily REF messages, charts the daily electricity use at 130 Pitt Street on 8 December 2016 (mint line), comparable recent, hot summer's day (3 January 2016, purple line), and REF's expected performance for the building (light mint line). 130 Pitt Street's performance monitoring shows a noticeable improvement on the day in question.

Investa's on site building management staff review these daily REF messages to fine-tune their control strategies. Significant energy savings at 130 Pitt Street were made recently through improvements in strategies, including:

- Improving air handling unit efficiency by implementing a supply air static pressure strategy, which adjusts the static pressure set points according to building demand. This means the building's fans can have a break when they're not needed;
- Optimising the supply air temperature into the building by regulating the minimum supply air set point value, which reduces the energy needed to cool the building and also improves the building's chillers' performance.
- Implementing an optimum start control strategy so that the building achieves comfortable indoor conditions as occupants are arriving to work, not before; and
- Introducing a staggered start control strategy to avoid the air condition system and chillers ramping up to 100% load on start-up, when such use is not needed.

130 Pitt Street: electricity performance tracking

Electricity performance tracking (graphed to the right, Figure 2) compares performance from October 2013 until now. Lines in purple represent an increase in energy usage compared to expected performance, whilst lines in green represent energy savings.

Figure 1. Daily electricity use on December 8 2016 at 130 Pitt Street

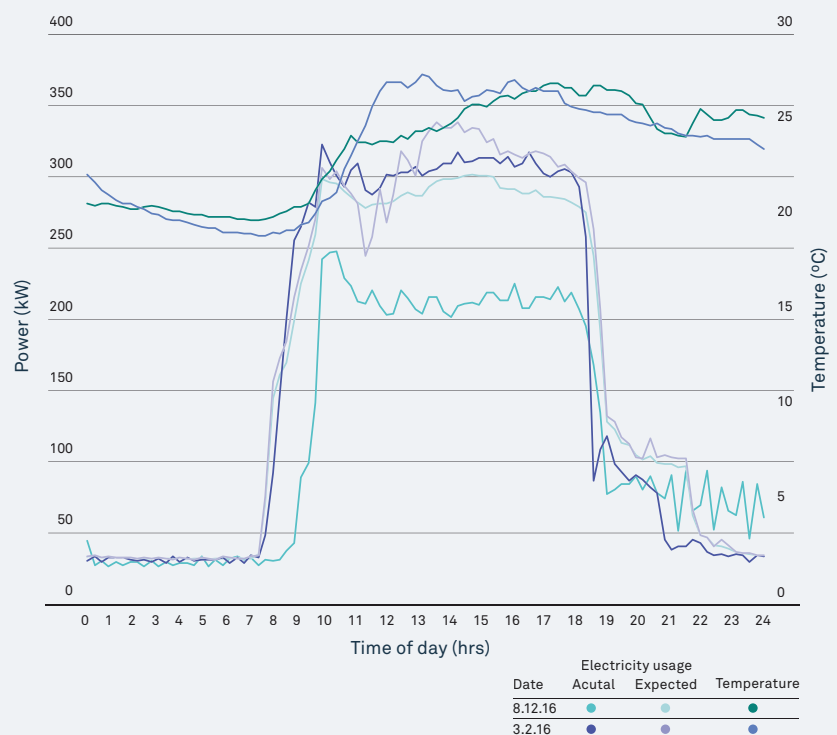
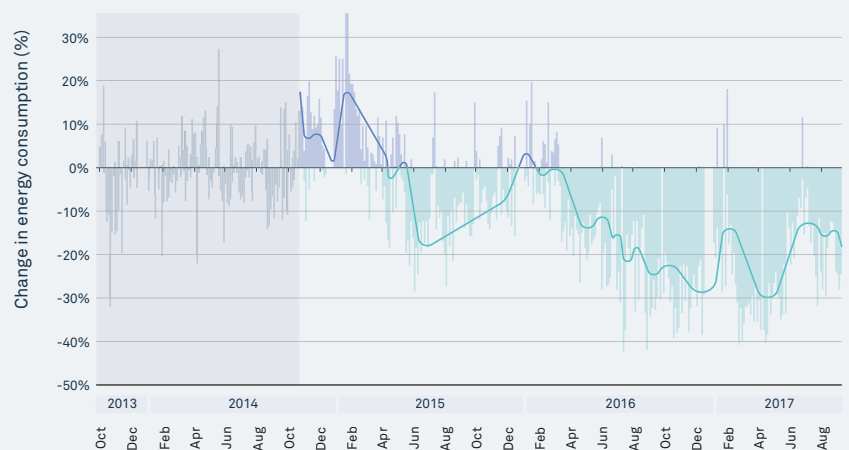


Figure 2. 130 Pitt Street electricity performance tracking





Our performance

4.67

Weighted average
NABERS Energy Rating



Our performance

Investa's intensity metrics represent the electricity, gas, water and carbon emissions of buildings owned or managed by Investa Office. They are calculated as units per square metre of net lettable area allowing for like-for-like comparison between years. According to data from NASA, 2016 was the hottest year on record, with Investa's onsite management teams working overtime to ensure building occupants remained comfortable in the face of stifling heat. Additionally, the advent of more end-of-trip facilities within Investa's portfolio providing active forms of transport and lunchtime exercise options to tenants, resulted in greater water consumption across the portfolio.

Electricity	FY04	FY14	FY15	FY16	FY17
Buildings in program with continuous statistics	23	32	39	29	29
Floor area (NLA) of buildings with continuous statistics	463,150	788,317	1,019,799	816,670	837,806
Metered electricity consumption (MWh)	62,746	72,932	80,538	62,681	62,271
Consumption intensity (kWh/sqm/yr)	135	86	79	77	74

Gas					
Buildings in program with continuous statistics	22	25	28	21	22
Floor area (NLA) of buildings with continuous statistics	615,511	681,202	762,149	600,744	651,995
Metered gas consumption (GJ)	85,253	50,244	50,651	50,825	55,517
Consumption intensity (MJ/sqm/yr)	139	74	66	85	85

Water					
Buildings in program with continuous statistics	37	32	39	29	29
Floor area (NLA) of buildings with continuous statistics	801,143	844,997	1,019,786	816,670	837,806
Metered water consumption (kL)	928,635	550,420	652,307	501,934	546,476
Consumption intensity (kWh/sqm/yr)	1,159	650	640	615	652

CO2 Emissions per sqm					
Scope 1 emissions (t.CO2)	-	-	2,600	2,612	2,861
Scope 2 emissions (t.CO2)	-	-	73,325	55,885	53,933
Total Scope 1 and 2 emissions (t.CO2)	75,957	63,854	75,925	58,497	56,794
Emissions intensity (kg.CO2/sqm/yr)	164	81	74	72	69

Rating (Weighted Average)					
NABERS Energy Rating	2.6	4.28	4.41	4.65	4.67
NABERS Water Rating	3	3.60	3.69	3.77	3.85

Waste and Recycling	FY16	FY17
Construction and Demolition Waste		
Mixed Recycling	91%	90%
Landfill	9%	10%
Office operational Waste		
Mixed Recycling	22%	21%
Organic Recycling	1%	1%
Paper Recycling	19%	18%
Landfill	58%	60%

90%

Construction and demolition waste was recycled in FY17

NABERS ratings

NABERS is a national rating system measuring the energy efficiency and water use of Australian buildings and their impact on the environment. Conducted by independent government auditors, assets are rated on a six star scale, with 1 star representing poor performance, 3 average performance and 6 stars being market leading.

Waste & recycling

Investa reports waste stemming from both the day-to-day general operations of tenancies (Office Operational Waste) and waste resulting from refurbishments, tenancy interior fit-outs and other projects (Construction and Demolition Waste). Investa is working to reduce the amount of waste going to landfill alongside the City of Sydney's Better Building Partnership's Waste Technical Working Group.

Waste from Commercial Developments

Investa's commitment to recycling the construction and demolition waste from our development operations has significant social benefits, with Investa being able to provide charities and Not for Profits (NFPs) with repurposed and reusable office furniture.

Prior to demolition works at 151 Clarence Street, Sydney, Investa was able to recycle and repurpose over 9 tonnes of office furniture, sending workstations, desks, shelves, chairs, tables, whiteboards and couches to charities such as the Butterfly Foundation, a charity working with young Australians suffering from eating disorders.

The initiative represents a commitment by Investa to significantly reduce waste to landfill, recognising the life cycle of assets and ensuring the total environmental footprint is minimised.

Investa is working with the industry to establish a furniture re-purposing data base to support the scaling of the initial donation and to provide more Australian charity and NFP's with access to free, second hand office furniture.

Organic Waste at 126 Phillip Street

Whilst organic waste only accounts for a fraction of total recycling by weight, the impact across the portfolio of Investa's efforts to recycle food scraps is significant. At landmark Sydney Asset 126 Phillip Street, organic recycling accounts for 3% of all recycling, with the organic waste taken to Cleanaway's EarthPower facility, where anaerobic digestion technology is used to convert solid and liquid food waste into a combustible gas similar to natural gas.

The digester gas is then recovered and used as a renewable fuel source in cogeneration engines to produce electricity. This electricity is then sold to the grid for distribution to domestic, commercial and industrial clients.

A by-product of the anaerobic digestion process is a nutrient rich sludge, which is dried and granulated for sale as a fertilizer into the agriculture and horticultural markets. Waste heat from the cogeneration engines is used in the fertilizer drying process and to heat the digesters.

When compared to other food waste disposal processes, such as landfill and composting, the EarthPower facility achieves the highest environmental sustainable use of food waste and most favourable environmental outcomes by way of production of energy, while also producing organic fertilizer for local agriculture businesses, thus reducing the need of synthetic fertilizers.

Environmental footprint

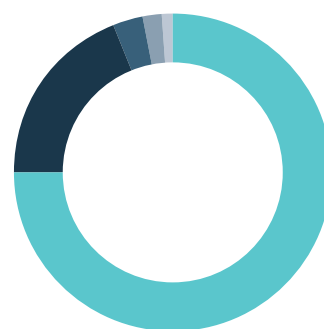
In addition to recording intensity statistics, Investa supplies footprint data, representing the total environmental footprint of the assets under management. The total emissions of the group have then been broken down into resource use, allowing tenants and investors to better gauge the source of the carbon emissions resulting from Investa's portfolios.

Investa Carbon Footprint

In 2016, Investa launched its carbon reduction strategy, *Getting to Zero*, which set an aspirational target of net zero emissions by 2040. In refining the roadmap to net zero, a report was commissioned to assess Investa's embodied carbon footprint.

Embodied carbon is the amount of carbon consumed to extract, refine, process, transport and fabricate a material or product. It is effectively a lifecycle assessment of the products and services offered by Investa. Reducing the embodied carbon of Investa's operations reduces the total environmental impact of our business.

Allocation of embodied carbon



● Buildings	75%
● Fitout	19%
● Energy	3%
● Transport	2%
● Operating costs and water	<2%



Footprint

Emissions (t.CO2)	FY14	FY15	FY16	FY17
ICPF	20,352	20,978	18,559	18,604
IOF	23,544	26,855	19,960	20,893
Other Mandates	25,875	21,036	19,977	17,297
Total	69,771	68,869	58,496	56,794

Water (kL)

ICPF	146,267	165,990	151,967	178,876
IOF	218,454	239,550	185,630	213,630
Other Mandates	251,916	174,832	164,337	153,970
Total	616,637	580,372	501,934	546,477

Emissions By Resource

ICPF	FY15		FY16		FY17	
Natural Gas	739	4.3%	825	4.5%	1032	5.6%
Electricity	16,077	93.1%	17,244	92.9%	17,050	91.7%
Trigeneration	462	2.7%	489	2.6%	522	2.8%
Total	17,278	100%	18,558	100%	18,604	100.0%

IOF

Natural Gas	803	3.7%	737	3.7%	1040	5.0%
Electricity	20,505	94.7%	18,690	93.6%	19,305	92.4%
Trigeneration	351	1.6%	533	2.7%	549	2.6%
Total	21,660	100%	19,960	100%	20,893	100%

Other Mandates

Natural Gas	1055	3.3%	1048	5.3%	789	4.6%
Electricity	30,076	94.8%	18,156	90.9%	15,694	90.7%
Trigeneration	588	1.9%	773	3.9%	814	4.7%
Total	31,719	100%	19,977	100%	17,297	100%

Footprint metrics represent the total environmental footprint of the assets under management, attributed to the Investa Fund or External Mandate's proportional ownership.

In response to the report conclusions, Investa has broadened the carbon reduction focus to include a review of fitout and de-fit waste protocols. Management's standard fit out design guidelines are being refined to require tenants to actively avoid carbon intense materials, and optimise recycling and reuse of existing fit out materials. Putting theory into practice, Management has trialled these guidelines on their own new fit out in the Sydney CBD, and embedded lessons learned into Investa's precedent lease and tenant sustainability toolkit.

Our performance

FY17 Australian Portfolio Environmental Performance Statistics

	Emissions Intensity (kg.CO2/sqm)	Change	Electricity Intensity (kWh/sqm)	Gas Intensity (MJ/sqm)	Energy Intensity (MJ/sqm)	Water Intensity (L/sqm)	NABERS Energy (Stars)	NABERS Water (Stars)
16-18 Mort Street, Canberra	49	0.4%	48	168	340	443	5.0	5.0
105-151 Miller Street, North Sydney	67	1.9%	75	84	351	781	5.0	3.5
111 Pacific Highway, North Sydney	79	3.6%	84	174	473	637	4.5	4.0
126 Phillip Street, Sydney	64	-2.3%	81	69	356	839	5.0	3.5
347 Kent Street, Sydney	90	8.4%	107	*	383	1079	4.0	3.5
99 Walker Street, North Sydney	73	4.5%	87	*	311	858	4.5	3.5
133 Castlereagh Street, Sydney	79	1.7%	106	20	399	539	5.0	4.0
222 Pitt Street, Sydney	65	13.9%	72	86	342	627	5.0	4.0
151 Clarence Street, Sydney	DS	DS	DS	DS	DS	DS	DS	DS
140 Creek Street, Brisbane							5.0	3.5
295 Ann Street & 232 Adelaide Street, Brisbane	63	18.0%	81	*	289	692	5.0	4.0
239 George Street & 15 Adelaide Street, Brisbane	67	6.7%	86	*	308	729	4.5	4.0
242 Exhibition Street, Melbourne	89	-13.9%	78	87	365	415	4.0	5.0
567 Collins Street, Melbourne	44	^	32	178	291	520	NR	NR
836 Wellington Street, West Perth	31	-16.5%	41	21	168	379	5.5	4.5
66 St Georges Terrace, Perth	40	-9.2%	52	46	232	462	3.5	3.0
6 O'Connell Street, Sydney	76	19.3%	78	199	479	1228	4.5	3.0
1 Market Street, Sydney	73	-4.9%	84	50	349	765	4.5	3.5
130 Pitt Street, Sydney	61	1.0%	72	*	259	666	5.0	4.0
135 King Street, Sydney	72	-3.3%	82	61	354	741	4.5	3.5
201 Kent Street, Sydney	62	1.7%	71	50	304	818	5.0	3.0
40 Mount Street, North Sydney	42	3.9%	60	41	254	660	5.5	4.0
400 George Street, Sydney	82	-3.0%	95	39	379	587	4.0	4.0
420 George Street, Sydney	52	^	59	46	255	633	5.0	4.0
60 Martin Place, Sydney	DS	DS	DS	DS	DS	DS	DS	DS
259 Queen Street, Brisbane	54	4.3%	69	*	248	472	4.0	4.0
120 Collins Street, Melbourne	83	-18.2%	70	134	383	523	4.0	3.5
231 Elizabeth Street, Sydney	87	-7.4%	100	61	417	676	5.0	4.0
20 Bridge Street, Sydney	88	11.7%	103	20	388	1043	4.0	2.5
179 Turbot Street, Brisbane	54	5.1%	69	*	246	785	5.5	4.0
628 Bourke Street, Melbourne	66	-4.4%	55	113	309	432	5.0	4.0
737 Bourke Street, Melbourne	51	3.3%	42	99	249	346	4.5	3.5
Total	69	-4.0%	74	85	351	652	4.67	3.85

^Asset not reported on during FY16 *No gas consumed at this asset
DS: Development Site NR: Recent development, not yet rated.

18.2%

120 Collins Street, Melbourne Emission
intensity decrease in FY17



Why we report

Methodology and approach

Investa publicly reports against a range of financial, social, governance and environmental metrics and approaches that broadly address noted global emerging trends or are of material interest to our investors, customers, partners, stakeholders and employees. Investa regularly undertakes stakeholder engagement surveys to refine the business and reporting approach, surveying customers and occupants, influencers, potential customers and external influencers, in addition to employees of the business. Investa has a long track record of transparency and prides itself on allowing interested parties to access full data sets in order to draw their own conclusions on company performance.

FY17 report framework

The information and corresponding period presented in this report is for the Australian financial year 2017 (FY17). A 12 month period of business activities is covered – 1 July 2016 to 30 June 2017. To allow for timely collection of billing data from utilities, the period for reporting environmental performance data is FY17: 1 April 2016 – 31 March 2017.

Management statement

Investa has been publishing sustainability reports since 2004 as a way of communicating our sustainability performance to our stakeholders. The focus of our performance measures continues to be our environmental metrics, and all 14 of our previous reports are available online, in addition to the Reporting Rules for both Volume and Intensity, for which our data is prepared in accordance with, at; <https://www.investa.com.au/about-investa/sustainability/results-and-reports>

Independent assurance

Investa Office Management Pty Ltd, on behalf of Investa Office, has engaged EY to provide limited assurance on selected performance data for the year ended 31 March 2017. EY has provided assurance on the following consolidated data;

- Electricity consumption intensity (kWh/sqm);
- Gas consumption intensity (MJ/sqm);
- Carbon emissions intensity (emissions from electricity and gas use) (kg.CO2-e/sqm);
- Water consumption intensity (L/sqm); and
- Net Lettable Area, the floor area of buildings in the dataset.

EY's engagement is consistent with the scope of work performed in prior periods and has been conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 and ASAE 3410. EY's assurance statement, including the selected performance data and the relevant reporting criteria, can be found online: www.investa.com.au/about-investa/sustainability/results-and-reports



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