

# SUSTAINABLE FINANCE FRAMEWORK



GOODMAN PROPERTY TRUST ↗

Highbrook Business Park, East Tāmaki

March 2022

MAKING  
SPACE  
FOR  
GREATNESS



Sustainability is not only good for New Zealand, it's good for business.



COMMITTED TO  
**CARBON NEUTRAL**  
+  
**GREEN STAR**  
CERTIFIED RATING

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Artists impression of Roma Road Estate, Mt Roskill. Targeting a 5 Green Star Built rating, the 13.1 hectare inner-city logistics hub will feature highly sustainable buildings complemented by extensive on-site amenity.



Highbrook Business Park, East Tāmaki

SUSTAINABLE FINANCE FRAMEWORK

# PURPOSE

Goodman Property Trust (**GMT** or **Trust**) is focused on sustainable investment through the creation of a high-quality urban logistics portfolio. To support its commitment to sustainable assets and outcomes, GMT has developed this Sustainable Finance Framework (**Framework**). This Framework applies to GMT and its subsidiaries.

This Framework outlines how GMT intends to issue or enter into bonds and loans that will fund sustainable assets and outcomes to which GMT is committed (**Sustainable Debt**). Through this Framework, GMT will endeavour to support the property sector's response to helping New Zealand achieve its net-zero emissions goals and provide a mechanism for investors to contribute capital to achieve their sustainable investment objectives.

# ABOUT GOODMAN PROPERTY TRUST



GMT is New Zealand's largest listed property investor. It is a high-quality business with a substantial portfolio, a wide customer base and a proven property development capability.

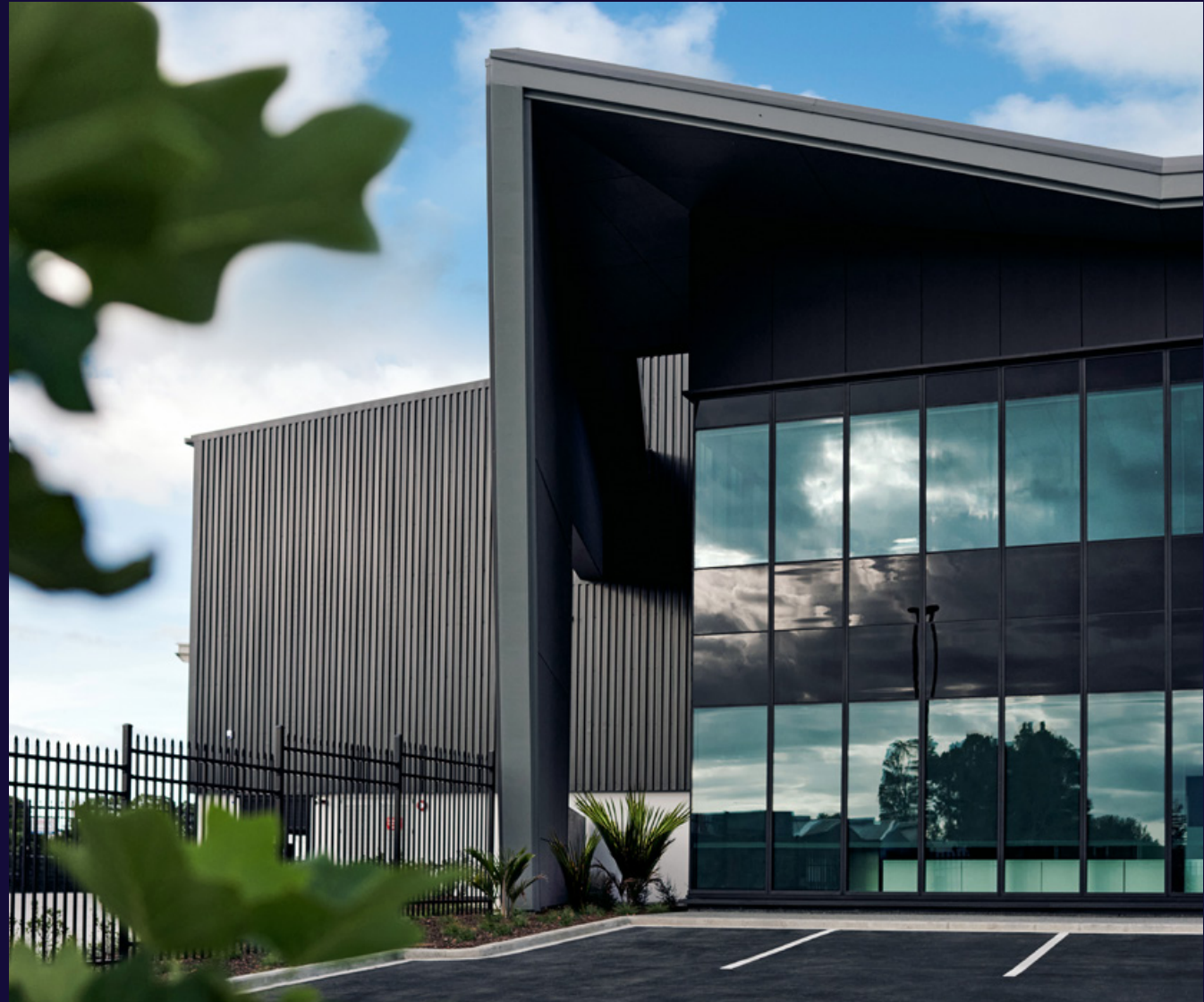
GMT invests strategically and for the long-term, delivering sustainable property solutions that will continue to meet the needs of its customers well into the future. An investment strategy focused on the urban logistics segment of the Auckland industrial property market provides these customers with high-quality facilities close to major transport networks.

Structural changes in the property sector together with a rapidly growing digital economy are contributing to the increasing demand for well-located warehouse and logistics space. GMT is at the forefront of these changes, providing essential business infrastructure for its customers in New Zealand's largest consumer market.

As a unit trust, GMT does not have any employees. The Trust is managed by Goodman (NZ) Limited (**Manager**) which, together with Goodman Property Services (NZ) Limited, provides the personnel to run GMT.

GMT and its Manager work closely with all stakeholders to ensure the Trust is a sustainable business that contributes positively to society. By aligning its corporate responsibility and sustainability vision with its purpose, GMT is making space for greatness, for the benefit of all.

M20 Business Park, Wiri  
With a substantial development programme GMT is targeting a 5 Green Star Built rating for all current and future developments.



GMT's Own+Develop+Manage business model represents its core commercial functions. The approach is supported by a sustainability framework that is fully integrated across all business activities.

## OWN

GMT invests in warehouse and logistics property because of its return profile, the depth of the market and its essential role in the economy's supply chain.

Auckland is the preferred investment market being the country's gateway city and main logistics hub. The Trust owns high-quality assets, putting its customers close to consumers in key urban locations across the city.

## DEVELOP

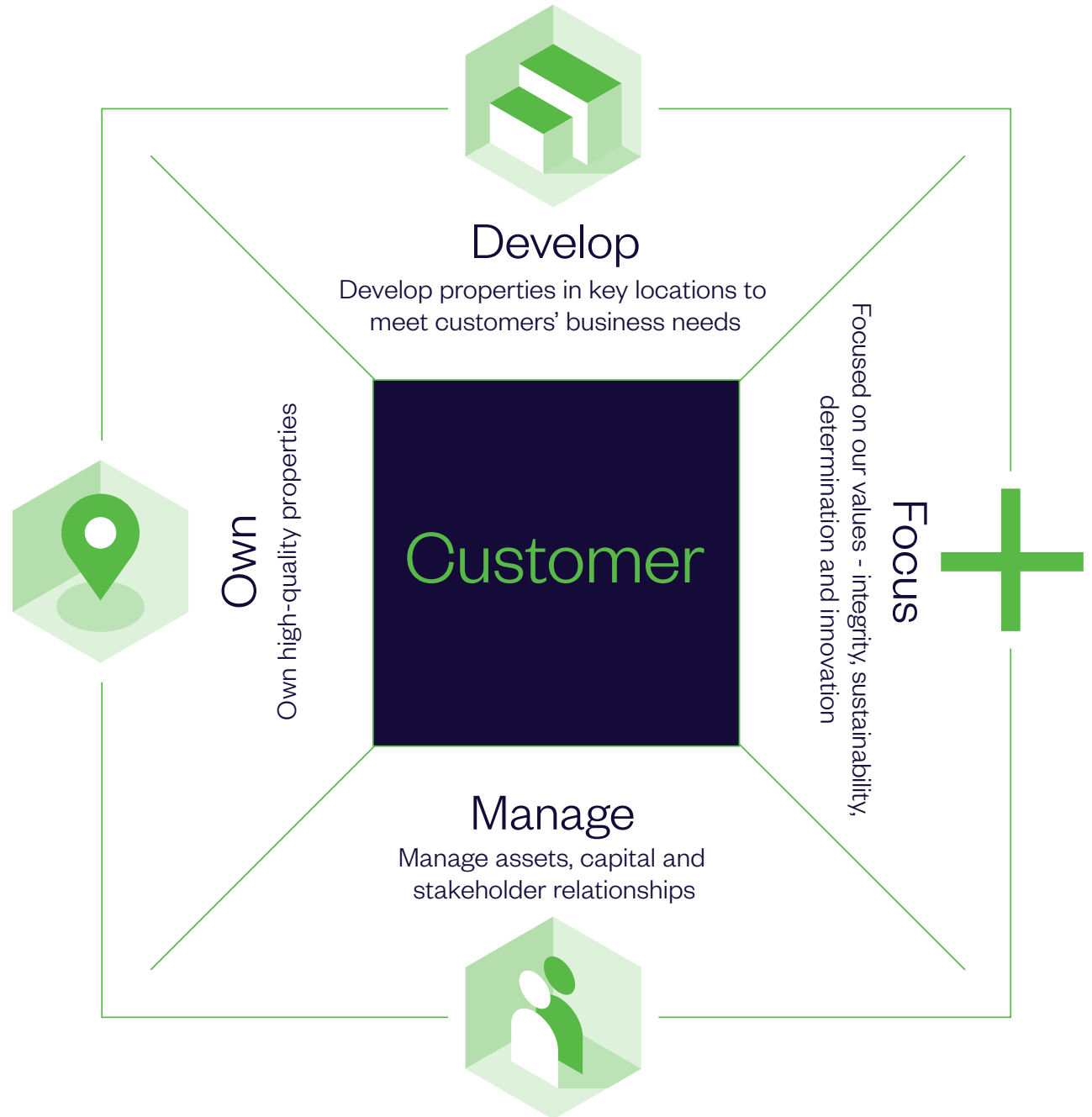
Strategic sites and a proven development capability provide GMT's customers with tailored and sustainable property solutions.

With more than three quarters of the portfolio developed since 2004, GMT has a modern industrial portfolio of unrivalled scale and quality.

## MANAGE

The foundation of GMT's success is the strength of the 200+ occupiers that have chosen the Trust as their property partner.

All aspects of the business are managed directly with prudent financial management supporting long-term sustainable growth.



# Sustainability strategy



As a listed property investor that owns, develops and manages a substantial industrial property portfolio GMT has obligations to a wide range of stakeholders.

A sustainable real-estate business model, that minimises adverse environmental, economic and social impacts, is essential if GMT is to continue to be successful over the long-term. Acknowledging that its corporate performance is important to its reputation and longevity, GMT has integrated these core sustainability principles into its business strategy.

The Trust and the Manager’s sustainability strategy has three pillars, encompassing Sustainable Properties, People and Culture, and Corporate Performance.

The primary focus is on the built environment and the delivery of energy efficient and sustainable properties that are consistent with New Zealand’s net-zero emissions goals.

The creation of this Framework reflects GMT’s commitment to a sustainable future. This Framework outlines how GMT will issue or enter into Sustainable Debt.

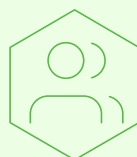
This Framework does not form part of the contractual terms of any of GMT’s Sustainable Debt.

## THE THREE PILLARS OF GMT’S SUSTAINABILITY STRATEGY



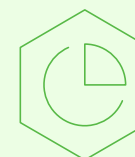
### SUSTAINABLE PROPERTIES

As a long-term investor, GMT seeks to future-proof its portfolio. It owns and develops high-quality, energy efficient, low emission properties in strategic locations, close to consumers and key transport infrastructure.



### PEOPLE AND CULTURE

GMT believes that a business with a safety conscious and inclusive culture, that is positively connected with its community, will deliver superior long-term results. The Manager is committed to fostering a diverse and inclusive workforce of property professionals providing a wide range of services to GMT.



### CORPORATE PERFORMANCE

GMT provides its stakeholders with detailed and timely information about its business activities and performance against recognised environmental and social measures.

# Key sustainability targets



GMT's sustainability strategy includes specific commitments to improving the environmental performance of the properties within its portfolio.

## EMISSIONS REDUCTION – NEW DEVELOPMENTS

- + All new industrial developments to be New Zealand Green Building Council (**NZGBC**) Green Star certified, targeting a 5 Green Star Built rating.
- + All new stand-alone office developments to be NABERSNZ certified, with a minimum target 4-Star Energy Base Building rating or Energy Whole Building rating.
- + Targeted reductions in embodied carbon within new developments, with residual carbon emissions to be offset through carbon credits for each development.

## EMISSIONS REDUCTION – EXISTING PROPERTIES

- + Building upgrade projects to improve the energy efficiency of the existing portfolio, through the installation of LED lighting, solar energy systems, and reducing the incidence of more climate damaging refrigerant gases.
- + NZGBC 4 Green Star Performance rating targeted for existing core assets following upgrade works.
- + Existing office facilities to be NABERSNZ certified, with a target 3 Star Energy Base Building rating or Energy Whole Building rating.

## EMISSIONS REDUCTION - OPERATIONS

- + Targeted reduction in Scope 1, Scope 2 and mandatory Scope 3 emissions where operational control exists, for all buildings and spaces within the portfolio and by the Manager for its operational emissions. Residual carbon emissions to be offset with New Zealand sourced carbon credits.
- + Maintain Toitū Carbonzero Certification, with ongoing focus on reduction of operational emissions.
- + Maintain existing CDP Climate Score rating of B.

## WATER CONSERVATION AND BIODIVERSITY

- + Building upgrade projects to improve the water conservation of the existing portfolio, through the installation of rainwater harvesting for non-potable water use and low-flow water fittings.
- + New developments will also include low-flow water fittings and rainwater harvesting for non-potable water use as standard.
- + Focus on improving the biodiversity and resilience of the natural landscapes within the portfolio.

Below: Highbrook Business Park, East Tāmaki.  
EV chargers are included in the base build specification of all new developments.

Bottom: M20 Business Park, Wiri.  
Newly completed development featuring rooftop solar system.



# SUSTAINABLE FINANCE FRAMEWORK



This Framework sets out how GMT intends to issue or enter into Sustainable Debt to support its sustainability objectives outlined in this Framework.

Sustainable Debt may include:

- + Green Bonds and Green Loans
- + Sustainability-Linked Bonds and Sustainability-Linked Loans

This Framework sets out the processes for these Sustainable Debt instruments separately. This Framework may be subsequently updated at GMT's discretion as relevant market standards and best practice continue to evolve over time.

Where reference is made in this Framework to GMT issuing Green Bonds or Sustainability-Linked Bonds, this includes a reference to GMT Bond Issuer Limited, a wholly-owned subsidiary of GMT, issuing such bonds and on-lending the proceeds to GMT.

Highbrook Business Park, East Tāmaki.  
Adjoining parkland and esplanade reserves provides Highbrook customers with a variety of recreational opportunities.



## Green Bonds and Green Loans (page 10)

These are proceeds-based Sustainable Debt instruments, where the proceeds must be allocated to specific environmental eligible assets or activities.

Eligible assets or activities to which proceeds are allocated are identified and reported against annually.

Independent review of reporting will occur annually.

Where reference is made in this Framework to:

- + Proceeds of Green Bonds or Green Loans, this means an amount equal to the proceeds of those Green Bonds or Green Loans.
- + Proceeds being “allocated”, this means a notional allocation made by GMT in its records, which is reported on annually.

## Sustainability-Linked Bonds and Sustainability-Linked Loans (page 12)

These are performance-based debt instruments, where the proceeds can be used for general corporate purposes with the cost of borrowing or other characteristics linked to GMT’s performance against specified sustainability key performance indicators (**KPIs**) and performance targets (**Targets**).

Independent review of reporting will occur annually.

## MARKET STANDARDS

This Framework is consistent with the applicable sustainable finance principles and guidelines (together the **Market Standards**), as outlined below:

- + Green Bonds will be issued in accordance with the Green Bond Principles<sup>1</sup> issued by the International Capital Market Association (**ICMA**) and, where appropriate, in accordance with the Climate Bonds Standard & Certification Scheme<sup>2</sup> (**CBS**).
- + Green Loans will be entered into in accordance with the Green Loan Principles<sup>3</sup> issued by the Asia-Pacific Loan Market Association (**APLMA**), the Loan Market Association (**LMA**) and the Loan Syndicates and Trading Association (**LSTA**).
- + Sustainability-Linked Bonds will be issued in accordance with the Sustainability-Linked Bond Principles<sup>4</sup> issued by the ICMA.
- + Sustainability-Linked Loans will be entered into in accordance with the Sustainability-Linked Loan Principles<sup>5</sup> issued by the APLMA, the LMA and the LSTA.

## GOVERNANCE

GMT’s Corporate Social Responsibility Committee (**CSR Committee**), that includes senior executives and experts from across GMT’s business, meets quarterly. The CSR Committee is chaired by the Chief Financial Officer of the Manager who has overall responsibility for GMT’s sustainability initiatives.

Amongst other responsibilities, the CSR Committee oversees the implementation and ongoing performance of GMT’s sustainability initiatives. Setting of new targets is the responsibility of the CSR Committee and reporting against existing targets is undertaken at each meeting.

The Chief Financial Officer of the Manager is also responsible for managing the issuance of or entry into any Sustainable Debt and ongoing compliance with this Framework.

The CSR Committee reports to the Board of the Manager at each of its quarterly meetings.

## IMPORTANT NOTICE

This Framework does not form part of the contractual terms of any of GMT’s Sustainable Debt. This means there is no legal obligation for GMT or any of its subsidiaries to comply with this Framework or Market Standards on an ongoing basis.

If GMT or any of its subsidiaries fails to comply with this Framework (including the sustainability strategy) or satisfy the Market Standards, then:

- + this does not constitute an event of review, event of default or any other breach in relation to the Green Bonds and/or Green Loans;
- + there is no requirement on GMT or any of its subsidiaries to repay the Green Bonds and/or Green Loans early; and
- + the Green Bonds and/or Green Loans may cease to be labelled as ‘green’.

If GMT or any of its subsidiaries fails to comply with this Framework or Market Standards, or if the Green Bonds and/or the Green Loans cease to be labelled as ‘green’, GMT will set out this information in GMT’s annual use of proceeds reporting.

<sup>1</sup> As at the date of this Framework, <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

<sup>2</sup> As at the date of this Framework, <https://www.climatebonds.net/standard>

<sup>3</sup> As at the date of this Framework, [https://www.lma.eu.com/application/files/9716/1304/3740/Green\\_Loan\\_Principles\\_Feb2021\\_V04.pdf](https://www.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf)

<sup>4</sup> As at the date of this Framework, <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

<sup>5</sup> As at the date of this Framework, <https://www.lsta.org/content/guidance-on-sustainability-linked-loan-principles-sllp/>

# Green Bonds and Green Loans



## USE OF PROCEEDS

Proceeds from Green Bonds or Green Loans are intended to be allocated to finance or refinance, wholly or in part, existing properties, properties under development or property upgrade projects that conform with the eligibility criteria set out below (**Eligible Assets**).

Eligible Assets may include assets that GMT (or a subsidiary):

- + owns outright; or
- + owns in part (for example, through a joint venture or proportionate ownership arrangement).

Where GMT (or its subsidiary) owns the Eligible Asset in part, the proceeds from Green Bonds or Green Loans allocated to finance or refinance the Eligible Asset will not exceed GMT's (or its subsidiary's) proportionate share of the Eligible Asset.

GMT may hold and/or undertake development of non-Eligible Assets outside of the Sustainable Finance Framework.

## ELIGIBLE ASSETS

Existing properties, properties under development and property upgrade projects can be categorised as Eligible Assets if they meet any of the following eligibility criteria:

- + Certified as obtaining, or verified as targeting, a minimum NZGBC 5 Green Star Design and/or Built rating; or
- + Certified as obtaining, or verified as targeting, a minimum NZGBC 4 Green Star Performance rating; or
- + Certified as obtaining, or verified as targeting, a minimum NABERSNZ 4 Star Energy Base Building rating or Energy Whole Building rating.

Eligible Assets will be included at market value or at project cost where a separate market valuation has not yet been obtained.

If an Eligible Asset no longer meets the criteria set out in this Framework, it will be declassified, and the total value of Eligible Assets will be reduced by the value of this asset.

A list of Eligible Assets will be published within Use of Proceeds reporting (as outlined on page 11).

## EVALUATION AND SELECTION PROCESS

GMT is committed to measuring the environmental footprint of its portfolio and improving the operating performance of its properties. With new investment primarily focused on sustainable and energy efficient buildings, GMT has processes in place, overseen by the CSR Committee, to ensure that Eligible Assets are identified and evaluated in accordance with this Framework.

In determining which assets meet the Eligible Assets criteria GMT utilises the following assessment tools and rating systems which are national standards for the purposes of the Green Bond Principles and Green Loan Principles.

### + NZGBC Green Star

The Green Star rating system is an independent certification from the NZGBC that can be used to assess the sustainability attributes of both new developments and existing buildings. Encompassing the design, construction, and operation of buildings it is an internationally recognised standard.

GMT's base build specification for new developments is regularly reviewed, ensuring it is aligned with at least a NZGBC 5 Green Star Design and/or Built rating.

### + NABERSNZ

The NABERSNZ rating tool is an independent system for assessing the energy efficiency of office buildings.

Ongoing energy monitoring across the portfolio allows GMT to benchmark its properties, comparing their performance against best-practice industry standards. Improving the performance of these buildings, by minimising the energy consumed and the emissions generated, is a key objective of GMT's sustainability strategy.

Once a building has met the relevant eligibility criteria set out in this Framework, it can be included as an Eligible Asset.

## MANAGEMENT OF PROCEEDS

GMT will maintain a register of Eligible Assets that includes their market value, or project cost where a separate market valuation has not yet been obtained and the current or targeted Green Star or NABERSNZ rating that supports the Eligible Asset classification.

GMT will update this register at least annually, aligning the update process with its year-end financial reporting.

GMT will ensure the Green Bond or Green Loan proceeds are allocated to Eligible Assets within 24 months of issuance or receipt. If there are unallocated proceeds, GMT will repay revolving bank debt or invest in cash deposits or cash equivalents until such time as it is able to reallocate these proceeds to Eligible Assets.

The total value of Eligible Assets will be at least equal to the aggregate amount of all outstanding Green Bonds and Green Loans (subject to temporary management of unallocated proceeds).

GMT is a long-term investor in real estate. Acquisition of suitable land for new development, or existing properties for re-development may take place many years in advance of the commencement of development of new properties.

GMT will endeavour to prioritise the financing of new Eligible Assets when allocating proceeds from the Green Bond or Green Loan.

In the case of refinancing:

- + Development spend on green buildings will be incorporated as an Eligible Asset if that spend has been funded by GMT no more than three years prior to the date of issuance or execution of each Green Bond or Green Loan; and
- + Land acquisition costs will be incorporated as an Eligible Asset if that land has on it (as at the date of inclusion as an Eligible Asset) existing properties, properties under development or property upgrade projects that meet the above criteria for Eligible Assets.

GMT will service its debt obligations under Green Bonds and Green Loans out of its general cashflows and not specifically from revenue generated by Eligible Assets.

## REPORTING

Transparent and regular reporting underpins GMT’s sustainability disclosures. Reporting under this Framework will continue this approach with GMT committing to the timely provision of relevant information in accordance with the Market Standards.

This reporting will be publicly available and is expected to include the following documents:

Document	Frequency
Sustainable Finance Framework	On establishment of the Framework and as subsequently updated (at GMT’s discretion), as soon as practicable after those changes are made.
Independent review report	At the time of first issue and annually thereafter.
Use of Proceeds reporting	Annually.
Impact reporting	Annually.

## USE OF PROCEEDS REPORTING

GMT’s annual Use of Proceeds reporting is expected to include:

- + Summary table of Eligible Assets (location, asset type) and market value or expected project cost in aggregate
- + Current or targeted NZGBC Green Star and/or NABERSNZ ratings
- + Confirmation of the aggregate amount of all outstanding Green Bonds and Green Loans
- + Disclosure of any unallocated proceeds
- + Confirmation of compliance with applicable Market Standards
- + Independent review updates or the most recent assurance report

## IMPACT REPORTING

On an annual basis, in addition to GMT reporting on its sustainability initiatives and performance via its Sustainability Report, GMT will also provide qualitative and/or quantitative reporting of the environmental impacts of the Eligible Assets resulting from the Green Bonds or Green Loans, in accordance with the impact reporting guidelines detailed in the Market Standards.

This may include the green building certified ratings achieved by each of the Eligible Assets, additional new and total installed capacity of solar electricity generation and (subject to availability of data) may include annual generation of electricity from solar installations, installations of rainwater harvesting for non-potable use, progress with upgrade of lighting to LED and the associated power savings as a result, and installation of EV charging facilities.

## INDEPENDENT REVIEW

An independent verifier will be used to provide a verification report upon the Use of Proceeds and impact reporting in relation to this Framework, Eligible Assets, Green Bonds and Green Loans. Independent review will occur prior to the first issuance and then on an annual basis and will be made publicly available.

M20 Business Park, Wiri.  
High efficiency LED lighting is specified in all new developments.



# Sustainability-Linked Bonds and Loans



Sustainability-Linked Bonds and Loans link GMT's cost of borrowing to its performance against material sustainability KPIs and Targets.

## KEY PERFORMANCE INDICATORS

The creation of a high-quality and sustainable property portfolio is the overarching aim of GMT's investment strategy.

When undertaking an issue of Sustainability-Linked Bonds or entering into Sustainability-Linked Loans, GMT will select measurable and quantifiable sustainability KPIs, that are relevant, core and material to the business, of high strategic significance to GMT's current and future operations and recognised as key challenges for the property sector.

For the issuance of Sustainability-Linked Bonds or entry into Sustainability-Linked Loans, where the bond coupon, the loan margins and/or other characteristics are linked to the achievement of Targets, GMT has identified the following metrics as relevant for target setting:

- + NZGBC Green Star ratings
- + NABERSNZ ratings
- + Ratings on a subset of properties or on GMT's total portfolio
- + Energy, water or waste consumption for properties, or on a portfolio basis
- + Greenhouse gas emissions for properties, or on a portfolio basis
- + Other environmental or social sustainability metrics that are relevant to GMT's sustainability strategy and this Framework

## SUSTAINABILITY PERFORMANCE TARGETS

GMT will ensure that the KPIs adopted, and the Targets set will be aligned to, and consistent with, the objectives of its sustainability strategy.

Measurement of performance against the Targets for any Sustainability-Linked Bonds or Loans will be undertaken periodically as relevant for the selected targets. At a minimum, measurement will be on an annual basis.

The proceeds of GMT's Sustainability-Linked Bonds and Loans will be used for general corporate purposes and will incorporate a financial (or structural) characteristic linked to GMT's performance against one or more Targets.

The material factors that could positively or negatively impact the achievement of the Targets will be disclosed in the documentation relating to each Sustainability-Linked Bond or Loan.

## FINANCIAL CHARACTERISTICS

Sustainability-Linked Bonds and Loans, unlike Green Bonds and Green Loans, will have financial and/or structural characteristics that encourage the achievement of the Targets. These characteristics may include incentives and/or penalties.

The details of the characteristics and relevant KPIs and Targets will be set out in the documentation for each Sustainability-Linked Bond or Loan.

## REPORTING

For Sustainability-Linked Bonds, GMT will undertake annual reporting detailing sustainability performance against the selected Targets.

For Sustainability-Linked Loans, GMT and the arranging institution(s) will agree on the appropriate reporting parameters and the schedule for disclosing information on sustainability performance to the lenders.

GMT will focus on providing timely information regarding performance in relation to the selected Targets. At issuance for Sustainability-Linked Bonds, or entering into Sustainability-Linked Loans, GMT will disclose to the relevant bondholders or lenders (as applicable) the nature of reporting that will be provided, including where it can be found, frequency, scope and independent review commitments.

## INDEPENDENT REVIEW

An independent recognised verifier will be used to provide review for each Sustainability-Linked Bond or Loan as appropriate.

The review will include an assessment of the initial KPIs and Targets, a review of sustainability performance prior to issuance and then ongoing verification of GMT's performance in relation to the selected KPIs and Targets.

M20 Business Park, Wiri.  
Rainwater harvesting is one of the features of a Green Star rated building.



# APPENDIX



## FURTHER INFORMATION

Goodman Property Trust's website  
<https://nz.goodman.com>

Goodman Property Trust's sustainability website  
<https://nz.goodman.com/sustainability>

## CONTACTS

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Ngā mihi

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