

IFM Australian Infrastructure portfolio

FY18 Carbon Footprint Summary

The IFM Australian Infrastructure portfolio comprises a diversified portfolio of core infrastructure assets, including airports, toll roads, ports and electricity supply assets. IFM Investors assumes a long term stewardship approach for the ownership of these essential assets and consideration of environmental, social and governance factors is embedded in asset management.

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The following tables provide a summary of the financed emissions associated with IFM Investors Australian Infrastructure portfolio, using an ‘equity share’ approach.¹ Financed emissions are the greenhouse gas emissions associated with our ownership stake in portfolio companies. Measuring and understanding the financed emissions helps us understand our portfolio’s impact on climate

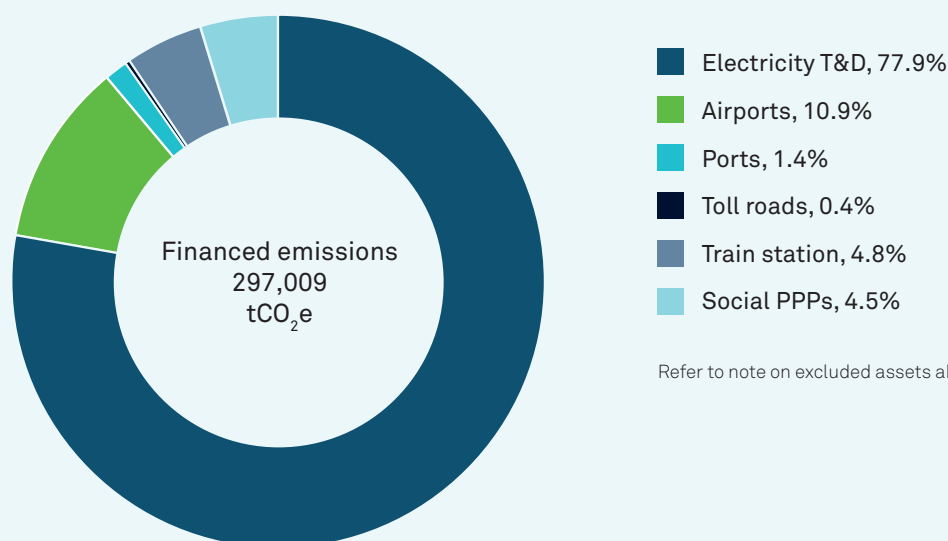
change, manage key risks and determine opportunities for improvement.

For the year ending June 2018, the financed emissions associated with the assets in the Australian Infrastructure portfolio total 297,009 tCO₂e. This is a 45% reduction on June 2017, in large part attributable to the divestment of Ecogen Energy (comprising two gas-fired power stations) in March 2018.²

Carbon footprint of Australian Infrastructure assets (year ending June 2018)				
Asset	Scope 1 emissions (tCO ₂ e)	Scope 2 emissions (tCO ₂ e)	% owned by IFM Investors	Portfolio financed emissions (tCO ₂ e)
Ausgrid	22,374	896,149	25.20%	231,468
Melbourne Airport	10,326	60,658	25.17%	17,868
Brisbane Airport	1,402	40,599	18.87%	7,926
NT Airports	221	6,707	77.44%	5,365
Adelaide Airport	577	8,599	12.76%	1,171
NSW Ports	21	2,080	35.05%	736
Port of Brisbane	9,534	3,463	26.67%	3,466
Eastern Distributor (M1)	95	5,817	14.37%	850
Interlink Roads (M5)	1,359	1,141	15.38%	385
Southern Cross Station	490	13,782	100.00%	14,272
Social PPPs ³	550	12,953	100.00%	13,503
Total emissions (tCO₂e)	46,949	1,051,948		297,009

Note that all assets in the AI portfolio except for Perth Airport Property Trust, Wyuna Water, IFM Aged Care Financing Trust and NSW Rent Buy were included in footprint assessment. These non-reported assets comprise less than approximately 2% of the portfolio by value for the reporting period.

Carbon emissions by sector (year ending June 2018)



Refer to note on excluded assets above.

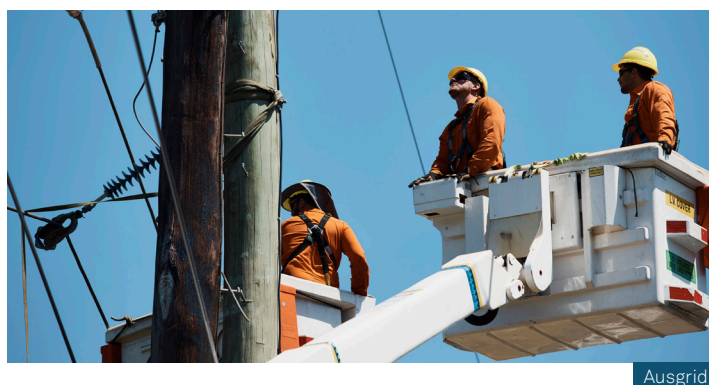
¹ Under the equity share approach, a company accounts for GHG emissions from operations according to its share of equity in the operation.

² The comparative intensity data above has been provided for reference purposes only. Drawing conclusions, making decisions or setting targets would need to take a wider set of variables into account.

³ Includes Axiom Education, Praeco Pty Ltd and Western Liberty Group.

Ausgrid represents ~78% of the financed emissions associated with the portfolio at the end of June 2018. Ausgrid supplies electricity to more than 1.7 million homes and businesses in the Sydney, Central Coast and Hunter regions of New South Wales. It is one of Australia's largest electricity infrastructure assets. Its carbon footprint is primarily associated with electrical line losses within its extensive grid network, company owned street light assets, company substations and equipment needed to operate the grid, and the vehicle fleet field staff use when maintaining and building the network, and its property portfolio.

Recognising its material impact on portfolio emissions, Ausgrid has set an emissions reduction target and developed a range of programs to achieve it. Ausgrid currently has limited ability to reduce electrical line losses (which account for 80% of emissions). However it has begun the ambitious task of reducing emissions by converting street lighting (which accounts for approximately 11% of emissions) to efficient LED bulbs.



Airports account a further 11% of the portfolios emissions at the end of June 2018. In 2018, IFM committed to developing emissions reduction targets for the larger assets in the Australian Infrastructure portfolio. At this point in time, Melbourne, Brisbane and NT Airports have all developed emissions reduction targets, as have NSW Ports, Port of Brisbane and Southern Cross Station.

More information and disclosure of the targets will be provided in the FY19 Carbon Footprint Summary – due to be completed later this year.

Emissions intensity for Australian Infrastructure portfolio			
Carbon emissions intensity	June 2018	June 2017	% change
Total financed emissions (tCO₂e)	297,009	540,702	-45%
US\$ value* as at 30 June 2018	\$7,684m	\$7,625m	1%
A\$ value* as at 30 June 2018	\$10,398m	\$9,937m	5%
Emissions intensity per US\$1M investment	38.7 tCO₂e	70.9 tCO₂e	-45%
Emissions intensity per A\$1M investment	28.6 tCO₂e	54.4 tCO₂e	-47%

* Reflects Investment Value of included assets.

In both 2018 and 2017, Perth Airport Property Trust, Wyuna Water, IFM Aged Care Financing Trust and NSW Rent Buy have been excluded from both the emissions and the investment value calculations.

Data assumptions and calculation methodology

- Scope 1 and 2 emissions data is included. Scope 1 emissions are direct emissions from operations including fuel combustion. Scope 2 emissions are indirect emissions from the purchase of acquired electricity, steam, heating or cooling.
- Data was collected directly from assets. While we believe the reported data to be materially correct, we cannot guarantee the completeness or accuracy of the data.
- Emissions factors were sourced from National Greenhouse Account Factors (August 2017).
- Financed emissions were calculated based on IFM Investors' share of total Scope 1 and Scope 2 emissions, by percentage ownership of each asset.
- Emissions offsets have not been included in emissions totals, in line with the GHG Protocol Corporate Value Chain Accounting and Reporting Standard.
- All assets in the AI portfolio except for Perth Airport Property Trust, Wyuna Water, IFM Aged Care Financing Trust and NSW Rent Buy were included in footprint assessment. These non-reported assets comprise less than approximately 2% of the portfolio by value for the reporting period.



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