



Sustainability Report
2020

Introduction

Cedar Pacific Investment Management Ltd ("the **Company**") is proud to provide its first Sustainability Report, which marks our commitment to ESG for our company, the assets in development and the operational assets that we manage. During our first year, we have made the environmental commitments outlined below, but we are also actively reviewing our energy procurement, construction and waste strategies to achieve these goals in a much shorter time span. Some of these can be achieved with ingenuity while others may require additional costs, which would be agreed together with our investors.

2020 has been an extremely challenging year for Purpose-built Student Accommodation ("**PBSA**") in Australia and New Zealand as the governments were quick to close borders to non-citizens, leaving a key growth driver of this asset class, international students, at the border. The impact of COVID-19 on cash flows is likely to continue until universities return to the classroom and border restrictions are lifted sufficiently to allow international students the ability to travel to Australia and New Zealand. The expectation is that international borders will only open around mid-2022, but many pilot programmes are in place to start bringing students back through PBSA dedicated student accommodation facilities as early as semester 2, 2021.

Despite these challenges, Cedar Pacific remains committed to the environment and have formally declared the following targets:

1. Net-zero carbon emissions by 2050 for the Company.
2. Reduce waste to landfill by 20% by 2031 for all operational assets.
3. Decrease water usage by 5% by 2031 for all operational assets.

Governance

Over the past two years, Cedar Pacific has implemented and improved its environmental, governance and social ("**ESG**") policy framework in an effort to meet increasing demand from the market and investors to adhere to international sustainability benchmarks. ESG is now a permanent agenda item for the board's quarterly meeting, as well as the fortnightly management meeting, covering all climate-related issues of the Company and the funds it manages. A framework of reporting on climate-related issues to the board to enable monitoring of progress against goals and targets is in the process of being developed in line with the Taskforce for Climate-related Financial Disclosures ("**TCFD**") and will be put in place during 2021.

A Sustainability Committee was established during 2020 to ensure that there is structured, and focused attention applied to integrating sustainability practices across the Company and the funds that it manages. The Committee oversees and guides the Company's commitment to sustainability and implementation and monitoring of its ESG policy, which can be found on the company website (www.cedarpacific.com). The Committee reports directly to the board.

In 2021, Cedar Pacific will continue to mature its ESG strategy and framework. This includes the refinement of the current ESG policy to consider the Task Force on Climate-Related Financial Disclosures Framework, carbon neutral goals and contemplation of emerging European SDRF regulations. Cedar Pacific intends to become a member of the UN Principles of Responsible Investment ("**UN PRI**") 2021.

Modern Slavery

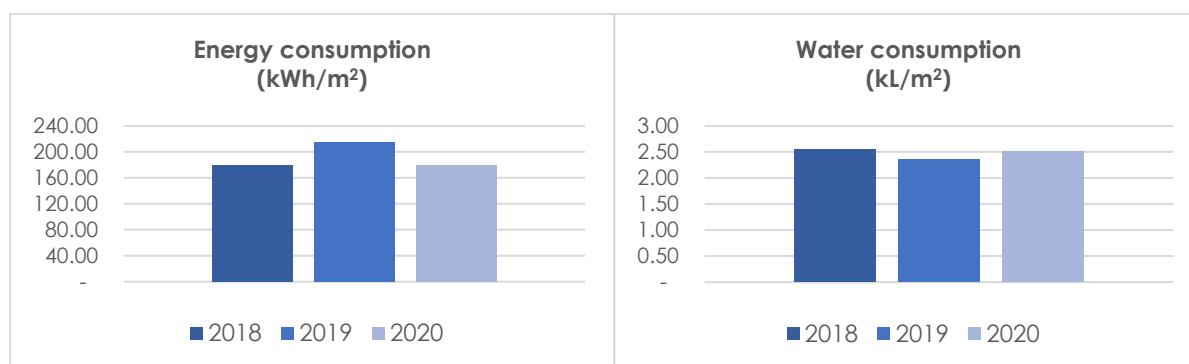
In accordance with the Modern Slavery Act 2018, Cedar Pacific's first annual Modern Slavery Statement will be issued in 2021. The statement will refer to Cedar Pacific's Modern Slavery Policy, which was established in October 2019, the inclusion of Modern Slavery clauses in construction contracts, and the mandatory questionnaire that is required to be completed by key service providers engaged by Cedar Pacific.

Operational Performance

The operational performance in the table below is based on an occupancy weighted usage per square meter across all properties that were operational for the full calendar year. We are working closely with our operator and the universities, where properties are leased to them, to obtain the relevant data to include in the 2021 reporting. As we improve our data gathering processes, comparison data for greenhouse gas emissions and waste will also be included in future reporting.

Weighted average usage comparatives

		2018	2019	Variance	2020	Variance
Energy consumption	kWh/m ²	180.24	214.09	18.8%	198.65	(7.2%)
Water consumption	kL/m ²	2.55	2.36	(7.5%)	2.51	6.2%



Both charts are based on occupancy weighted usage per square meter

Cedar Pacific is currently evaluating the implementation of energy usage data software in 2021 to assist with the processes of more frequent review, analysis and management of energy, GHG, water and waste usage data for all operational assets under management. The software will also assist in the preparation of reporting for management, GRESB and external stakeholders.

Carbon neutral pathways are being assessed for all operational assets under management. Cedar Pacific intends to outline a clear pathway for achieving the same for the assets currently under development and future assets to be developed.

Green Certifications

NABERS

During 2020, two buildings were assessed by NABERS. This was the first time NABERS assessed purpose-built student accommodation in Australia and Cedar Pacific played a key role in helping define the PBSA parameters for NABERS. The results of the assessments were as follows:

Property	NABERS Energy	NABERS Water
Metro, Adelaide	4 stars	4.5 stars
South Bank, Brisbane	3.5 stars	4.5 stars

Plans are in place to have our entire portfolio of properties assessed during 2021, with initiatives under way to improve ratings on the above listed properties. NABERS will also be engaged to perform waste audits for 2020 for all Australian assets. In 2021, we will also be working with NABERS in using one of our operational assets as a test case to provide us with data to make an informed decision on how we should proceed in formulating our strategy to achieve net zero carbon by 2025.

Green Star

Our two newest development projects have both been designed to achieve a 5-star Green Star rating and are expected to achieve a minimum of 4 stars. The assets are registered with the Green Building Council of Australia under the Design and As Built category. Cedar Pacific is evaluating costs to reach 4, 5 and 6-star results, and pathways to achieving each will be discussed with investors during the second half of 2021.

Our Investors

Cedar Pacific has been a member of Global Real Estate Sustainability Benchmark ("**GRESB**"), the ESG benchmark for real assets since 2019. GRESB assesses, scores and benchmarks ESG performance data in order to provide standardised and validated data to the capital markets. The GRESB results for the 2020 assessment covering the 2019 calendar year, were as follows:

Fund	Management component (30)	Development component (70)	Total (100)
Cedar Pacific Accommodation Trust	24	58	81
Cedar Pacific Student Accommodation Trust	19	32	51

Initiatives to maintain and improve on the above scores in 2020 include the implementation of a due diligence checklist for new sites, the implementation of a Project Communication Plan and Strategy for all assets under development, registration of development assets with the Green Building Council of Australia ("**GBCA**"), refinement of the ESG policy and implementation of Modern Slavery clauses in key contracts.

GRESB membership requires the Company to report on detailed ESG practices and performance on an annual basis, which are then benchmarked against global peers. Cedar Pacific continues to explore other relevant memberships, initiatives and/or signatory opportunities to demonstrate its ongoing commitment to ESG matters and is aiming to sign up to UNPRI in 2021.

Our Buildings

Operational assets

A number of initiatives have been undertaken in 2020 to make our buildings more energy efficient. Some examples include:

- Replaced Fluoro lighting in the 24-hour carpark at our Adelaide asset with LED lighting.
- Testing the effects of reducing waterflow in two properties to determine potential savings.
- Adjusting commercial washing machines to reducing water usage, whilst maintaining quality of wash.
- Introduced a 3-minute push button shower in our Anzac Street building to reduce water usage.
- Engaged with Melbourne city council to provide recycling bags at our buildings.
- Use of bio-degradable bags at all our New Zealand properties.
- Created an energy task force with input from our onsite property managers on how best to make energy use more efficient.
- Purchased long life outdoor furniture for our Adelaide asset made from recycled plastic bags.
- Replaced all common area furniture at our Brisbane asset with environmentally friendly, local sustainably sourced, commercial grade furniture handmade in Australia.
- Engaged the services of an energy broker to introduce the use of more renewable energy sources and to ensure further savings on energy costs.

Transformation of investment processes

An ESG Due Diligence Checklist has been implemented to ensure ESG factors are appropriately considered as part of site selection and due diligence of proposed assets. The process design is closely aligned with the UN PRI.

Our People

Diversity

Cedar Pacific recognises its talented and diverse workforce as a key competitive advantage. Its business success reflects the quality and skill of its people. The Company is committed to seeking out and retaining the finest talent to ensure top business growth and performance. Cedar Pacific is diverse along many dimensions. We believe that the wide array of perspectives that results from such diversity promotes innovation and business success.

As of December 2020, the Company's workforce comprised of employees from 11 different countries. Of our current workforce, 43% are women and 57% are men. Age diversity reflects 21% of the workforce being under 30 years of age, 57% between 30-39 and the remaining 21% over 40 years of age.

Staff Engagement

Cedar Pacific conducted an online employee survey in October 2020. Areas of strength were identified as awareness of company corporate policies, actions towards improvement in ESG aspects of the business, connection with co-workers, management communication and job satisfaction. The survey produced a Net Promoter Score ("NPS") of 64, a very positive result when benchmarked against major companies in our sector.

Our Community

Our Operator, UniLodge, is charged with the responsibility of pastoral care and runs Residential Life Programs which bring students together academically and socially. Property managers interact with students on a regular basis to encourage engagement in community-based events, donation drives and environmental awareness.

Each property is designed with plenty of communal space to provide students with every opportunity to mix with like-minded students from all over the world.