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NEWS RELEASE

PEP's Intellihub secures \$A1.45bn certified Green Loan

- *World's first certification under strict Electrical Grids and Storage criteria*
- *Arranged by international bank consortium with ANZ acting as sole Green Loan Coordinator*
- *Loan to fund decarbonisation growth through rapid smart meter rollout*

SYDNEY Wednesday 10 November 2021 – Pacific Equity Partners' smart utility infrastructure-as-a-service company, Intellihub Group (Intellihub), has received a world first Electrical Grids and Storage Certification under the Climate Bonds Standard (CBS) for its Green Loan. The new \$A1.45 billion five-year facility will fund the rapid rollout of smart meters to homes across Australia and New Zealand.

Intellihub's Green Loan is the first to meet Climate Bonds Initiative's (CBI) strict criteria for Electrical Grids and Storage. The new facility has been arranged by ANZ, BNP, Crédit Agricole, MUFG, NAB, SMBC and Société Générale. Loan terms have been set at investment grade levels, reflecting the quality of Intellihub's smart meter and data intelligence business and the internationally recognised green status of the loan.

In addition, part of the requirements of a CBS Certified green loan is the level of accountability required by the issuer. Intellihub has established its own Sustainable Finance Framework (Framework) setting out how it will manage the funds. This has been independently assured by EY (Ernst & Young). Reports are made annually throughout the term of the loan which show funds are being used to provide products and services that have climate integrity through both their contribution to climate mitigation and their adaptation and resilience to climate change.

Since making its initial investment through its Secure Asset Fund in 2018, Pacific Equity Partners (PEP) has built Intellihub into a multi-billion-dollar business, delivering innovative metering and data solutions to consumers, retailers and network service providers. Smart meters are an essential part of energy systems in Australia and New Zealand. They measure the energy consumption from homes, business and commercial and industrial customers and provide real-time insights into how energy is being consumed and optimise the home for solar, batteries and electric vehicles. They are also key enablers for new services like demand response and virtual power plants.

Today, Intellihub is the only independent, dedicated multi-utility metering platform in Australia and New Zealand and is the provider of choice for more than 30 leading utility retailers. Importantly, smart meters are a critical enabling technology for the pivot to renewables and the future of distributed energy resources. The smart meter revolution is running in tandem to Australia's rapid rollout of residential solar power, with 3 million homes in Australia with solar panel installations (as at 9 November 2021), equating to one in every three homes.

Evan Hattersley, Pacific Equity Partners Managing Director and a leader of its Secure Asset Fund, said, “Green Loans help to align business and environmental objectives. They are a win-win for companies and communities as we work together to protect our planet and ensure we build more sustainable businesses.”

“We are pleased with the support Intellihub has received from the banking market and the formal recognition of its green credentials, which will allow it to access additional sources of green-linked financial capital. It is an exciting first and a great example of our firm’s focus on combining business and climate,” said Mr Hattersley.

ANZ acted as sole Green Loan Coordinator for Intellihub. ANZ Managing Director, Corporate Finance Christina Tonkin said ANZ is delighted to have advised PEP and Intellihub on this significant transaction. “Intellihub’s Green Loan is a world-first, demonstrating PEP’s commitment to the decarbonisation of Australia’s electricity system and leadership in aligning its sustainability-driven investment strategy to its capital structure. This landmark transaction expands the application of green loans into a whole new industry globally.”

CBI CEO Sean Kidney added: “Intellihub’s landmark issuance represents a new frontier for green finance as we see the first Certification under the Climate Bonds Standard for Grids.

“Intellihub is Australia’s leading smart meter operator with significant market share. The smart meter industry is fast growing. Indeed, Australians are installing solar panels in their homes eight times faster than any another country. A Paris-aligned future requires electricity infrastructure that can manage far greater shares of variable renewable energy; this issuance can pioneer a flood of similar investments that scale up renewables and drive down costs globally.” he said.

ANZ, Crédit Agricole, MUFG, NAB and SMBC are working to syndicate the loan. BNP and Société Générale have already committed to significant positions.

Wes Ballantine, Intellihub’s CEO, said smart meters were an essential part of the energy systems in Australia and New Zealand as they measure the energy consumption from homes and businesses and securely transport that data to the market operators. They also enable consumers’ greater choice and control in how they consume energy.

“The energy sector across the world is evolving rapidly,” Mr Ballantine said. “We are seeing rapid increases in solar penetration and energy businesses are digitising, decarbonising and decentralising their operations.

“Smart meters are playing a crucial role in supporting this transition across Australia and New Zealand. They’re also providing vital data and services to energy networks which helps manage peak demand, the impact of increasing penetration of solar energy and keeps the electricity grid safe and secure.”

Regulators are looking at ways to facilitate the acceleration of decarbonisation. Recently, the Australian Energy Regulator (AER) joined international energy regulators to form the global regulatory energy transition ‘Accelerator’, an initiative to share capabilities and knowledge in regulation. In addition, the Australian Energy Market Commission is currently undertaking a review of metering regulation in Australia with the aim of accelerating deployments of smart meters so that more electricity customers can access the benefits of smart meter technology. Intellihub is ready to respond.

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About Intellihub Group

- In 2018, Pacific Equity Partners (PEP) and Switzerland-headquartered global Landis+Gyr, a leading provider of energy management solutions, bought Origin Energy's smart meters, Acumen. It was the maiden investment in PEP's ANZ infrastructure opportunities fund, Secure Assets Fund.
- Also, in late 2018, PEP bought Metrix from Mercury NZ Ltd and bought a portfolio of more than 50,000 installed and contracted smart meters divested by KKR-backed Calvin Capital creating Intellihub.
- Its core business is in electricity meters, which it rents to large energy retailers like Alinta Energy, AGL, Red Energy and Origin. The group has more than 1 million meters and 1.7 million deployments in its pipeline.

About the Climate Bond Standard

- Investor demand for Green Bonds and Climate Bonds is strong and will increase in line with the delivery of quality products into the market. However, investor concerns about the credibility of green labelling are also growing.
- Standards, assurance and certification are essential to improve confidence and transparency, which in turn will enable further strong growth in the market.
- The Climate Bonds Standard and Certification Scheme is an easy-to-use screening tool that provides a clear signal to investors and intermediaries on the climate integrity of certified climate bonds and loans.
- A key part of the Standard is a suite of sector-specific eligibility Criteria. Each Sector Criteria sets climate change benchmarks for that sector that are used to screen assets and capital projects so that only those that have climate integrity, through their contribution to climate mitigation, and adaptation and resilience to climate change, will be certified.
- Where a bond encompasses a mixed portfolio of assets across several sectors, each sub-category of assets will be subject to the relevant Sector Criteria for those assets. The Sector Criteria are determined through a multi-stakeholder engagement process, including a Technical Working Group (TWG) and Industry Working Group (IWG), convened and managed by the Climate Bonds Initiative, and are subject to public consultation.
- Finally, they are reviewed and approved by the Climate Bonds Standard Board. The second key part of the Climate Bonds Standard is the overarching Climate Bonds Standard available at https://www.climatebonds.net/standards/standard_download. This gives the common fund management and reporting requirements that all Certified Climate Bonds must meet, in addition to meeting the specific Sector Criteria.

Key elements to the criteria

- As a general principle, bonds and loans will meet the requirements of the Climate Bonds Standard if the associated use of proceeds:
 - Promote GHG mitigation through reduced emissions;
 - Address climate resilience, specifically operational resilience in the face of physical climate change risks
 - Ensure the climate resilience of the surrounding system (for example, ecosystems, dependent populations) is not compromised; and,
 - Meet minimum disclosure requirements to raise the level of transparency in green bonds and loans.