

QIC Town Centre Fund

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In 2019, QIC Town Centre Fund (QTCF) managed by QIC, issued a green bond aimed at financing energy-efficiency upgrades and installation of rooftop solar PVs at three Australian retail assets, namely (i) Robina Town Centre (Gold Coast, Queensland), (ii) Grand Central (Toowoomba, Queensland) and (iii) Eastland (Ringwood, Victoria). In 2022, QTCF engaged Sustainalytics to review the projects funded through the issued 2019 green bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the QIC Shopping Centre Fund (QSCF)¹ Sustainability Financing Framework (or the "Framework").² Sustainalytics has provided a second party opinion on the Framework.³

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2019 green bond as of June 30th, 2022 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the QIC Shopping Centre Fund (QSCF) Sustainability Financing Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the QIC Shopping Centre Fund (QSCF) Sustainability Financing Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Green Buildings	Energy efficiency upgrade projects that achieve a minimum carbon emissions reduction (kg CO ₂ /m ²) of 34% for each property over a 10-year trajectory, in line with the requirements for Climate Bonds Standard certification under the Low Carbon Buildings – Property Upgrade sector criteria The Green Bond has a tenor of 6 years which requires a minimum 30.8% carbon emissions intensity reduction.	Green certifications obtained (Green Star, NABERS Energy etc) Percentage reduction in energy usage and GHG emissions intensity (Actual and Projected) in (kgCO _{2e} /m ²) Annual GHG emissions reduced/avoided, in tonnes of CO ₂ -equivalents
Energy Efficiency	Energy distribution, management, and advanced automation technology to optimise energy performance of shopping centre assets. LED lighting in all carparks and back of house areas.	Percentage of annual energy reduced/avoided in MWh Annual GHG emissions reduced/avoided (tCO ₂ -e)

¹ As of 1st October 2021, the fund name was changed from QIC Shopping Centre Fund to QIC Town Centre Fund.

² The QSCF Sustainability Financing Framework is available at: <https://www.qic.com/about-qic/corporate-information/responsible-investment/-/media/A3F61F167BB24031B15FEF23014CC31A.ashx>

³ The Second-party opinion to the QSCF Sustainability Financing Framework can be accessed at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/qic-shopping-centre-fund-qscf/qic-shopping-centre-fund-sustainability-financing-framework-second-party-opinion/qic-shopping-centre-fund-sustainability-financing-framework-second-party-opinion-pdf>

	Other facilities and investments, including smart metering, to improve energy efficiency of shopping centre assets.	
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Issuing Entity’s Responsibility

QTCF is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of QTCF’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from QTCF employees and review of documentation to confirm the conformance with the QIC Shopping Centre Fund (QSCF) Sustainability Financing Framework.

Sustainalytics has relied on the information and the facts presented by QTCF with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by QTCF.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of QTCF’s Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the QIC Shopping Centre Fund (QSCF) Sustainability Financing Framework. QTCF has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of June 30, 2021.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green bond in 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the QIC Shopping Centre Fund (QSCF) Sustainability Financing Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond in 2019 to determine if impact of projects was reported in line with the KPIs outlined in the QIC Shopping Centre Fund (QSCF) Sustainability Financing Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Table 1: Allocation Reporting by Eligibility Criteria

Projects	Allocation (Australian dollars) in millions	Total Asset Balance (Australian dollars) in millions as of June 30th, 2022
Eastland (Ringwood, VIC)	142.5	493.3
Robina Town Centre (Gold Coast, QLD)	66.3	238.6
Grand Central (Toowoomba, QLD)	91.2	293.7
Total Proceeds (million Australian Dollars)	300	1,025.6
Allocation Reporting for SFT as of 30th June 2022		
Eligible Green Bond Project Expenditure (million Australian Dollars)		1,025.6
Green Bond Proceeds (100% allocated)		300

Table 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Eligible Projects	Parameter	Environmental Impact in 2021 Reported by Eligibility Criteria
Green Buildings	Eastland (Ringwood, VIC)	NABERS Energy 2021	4.0
	Robina Town Centre (Gold Coast, QLD)		5.5
	Grand Central (Toowoomba, QLD)		4.5
Green Buildings	Eastland (Ringwood, VIC)	Percentage reduction in actual monthly GHG emissions intensity vs baseline year (vs projected figures) ⁵	44% (37%)
	Robina Town Centre (Gold Coast, QLD)		54% (42%)
	Grand Central (Toowoomba, QLD)		47% (37%)
Energy Efficiency	Eastland (Ringwood, VIC)	Estimated Annual GHG Avoided (Tonnes CO ₂ e)	10,511.6
	Robina Town Centre (Gold Coast, QLD)		9,932.6
	Grand Central (Toowoomba, QLD)		6,396.4

⁵ The projected monthly GHG emission intensity figures are provided in the parenthesis, to show a comparison of actual performance against the projected figures.

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