

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)¹ managed by the Queensland Investment Corporation, issued a green bond (AUD 300 mn) to finance 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 2023, QTCF engaged Sustainalytics to review the projects funded with proceeds from the 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 QTCF Sustainability Financing Framework (the "Framework").^{2,3} Sustainalytics provided a Second-Party Opinion on the Framework in June 2019.⁴ This is Sustainalytics' third annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in August 2022.⁵

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2019 green bond as of 30 June 2023 based on whether the projects and programmes:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
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.	<ul style="list-style-type: none"> • Green certifications obtained (Green Star, NABERS Energy etc) • Percentage reduction in energy usage and GHG emissions intensity (Actual and Projected) in (kgCO₂e/m²) • Annual GHG emissions reduced/avoided, in tonnes of CO₂- 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.	<ul style="list-style-type: none"> • Percentage of annual energy reduced/avoided in MWh • Annual GHG emissions reduced/avoided (tCO₂-e)

¹ As of 1 October 2021, the fund name was changed from QIC Shopping Centre Fund (QSCF) to QIC Town Centre Fund (QTCF).

² The name of the Framework was changed from QSCF Sustainability Financing Framework to QTCF Sustainability Financing Framework.

³ QIC, "QIC Shopping Centre Fund Sustainability Financing Framework", at: <https://www.qic.com/about-qic/corporate-information/responsible-investment/-/media/A3F61F167BB24031B15FEF23014CC31A.ashx>

⁴ Sustainalytics, "QIC Shopping Centre Fund Sustainability Financing Framework Second-Party Opinion", 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>

⁵ Sustainalytics, "QIC Town Centre Fund Annual Review (2022)" at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/qic-town-centre-fund_annual_review_final_letter.pdf?sfvrsn=5fe86bf6_1

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

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from QTCF’s green bond. The work undertaken as part of this engagement included collection of documentation from QTCF and review of said documentation to assess conformance with the Framework .

Sustainalytics relied on the information and the facts presented by QTCF. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the QIC Town Centre Fund (QTCF) Sustainability Financing Framework. QTCF has disclosed to Sustainalytics that the proceeds from the green bond were fully allocated as at 30 June 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the 2019 green bond to determine if projects aligned with the use of proceeds criteria outlined in the QTCF Sustainability Financing Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the 2019 green bond to determine if impact of projects was reported in line with the KPIs outlined in the with QTCF Sustainability Financing Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁶ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation Reporting by Eligibility Criteria

Projects	Allocation (AUD million)	Total Asset Balance (AUD million) as at 30 June 2023
Eastland (Ringwood, VIC)	142.5	505.6
Robina Town Centre (Gold Coast, QLD)	66.3	248.3
Grand Central (Toowoomba, QLD)	91.2	296.8
Total Proceeds (million Australian Dollars)	300	1050.7
Allocation Reporting for SFT as at 30 June 2022		
Eligible Green Bond Project Expenditure (AUD million)		1050.7
Green Bond Proceeds (100% allocated)		300

Appendix 2: Reported Impact by Eligibility Criteria

Use of Proceeds Category	Eligible Projects	Parameter	Environmental Impact in 2022 Reported by Eligibility Criteria
Green Buildings	Eastland (Ringwood, VIC)	NABERS Energy 2022	4.5
	Robina Town Centre (Gold Coast, QLD)		6.0
	Grand Central (Toowoomba, QLD)		4.5
Green Buildings	Eastland (Ringwood, VIC)	Percentage reduction in actual monthly GHG emissions intensity as compared to baseline year (vs projected figures) ⁷	47% (37%)
	Robina Town Centre (Gold Coast, QLD)		64% (42%)
	Grand Central (Toowoomba, QLD)		54% (37%)
Energy Efficiency	Eastland (Ringwood, VIC)	Estimated Annual GHG Avoided (Tonnes CO ₂ e)	11,254.5
	Robina Town Centre (Gold Coast, QLD)		11,379.9
	Grand Central (Toowoomba, QLD)		7,455.1

⁷ The projected monthly GHG emissions intensity figures are provided in parentheses to show a comparison of actual performance against the projected figures.

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