

QIC SHOPPING CENTRE FUND  
SUSTAINABILITY FINANCING FRAMEWORK







Eastland, Victoria



# 1.0 | ABOUT QIC

A longstanding heritage with an established platform enabling us to become the visionary asset manager we are today.

- \$80 (US\$56) billion in funds under management.
- Over 110 clients including government, pension plans, sovereign wealth funds, universities and insurers.
- Spanning Australia, Europe, UK, Asia, Middle East and US.
- Established in 1991 by the Queensland Government to serve its long-term investment responsibilities.
- Over 1000 employees with offices in Brisbane, Sydney, Melbourne, New York, Los Angeles, Cleveland, San Francisco, London and Copenhagen.



GLOBAL INFRASTRUCTURE • GLOBAL REAL ESTATE • GLOBAL PRIVATE CAPITAL • GLOBAL LIQUID STRATEGIES • GLOBAL MULTI-ASSET

## QIC GLOBAL REAL ESTATE (GRE)



### TRACK RECORD

28 years with 48 assets currently under management globally, valued at \$22 billion.



### EXPERTISE

Direct real estate specialising in retail and office sectors in Australia and retail in the U.S.



### DEDICATED TEAM

Well resourced team of over 500 real estate professionals led by an experienced executive team.



### VERTICALLY INTEGRATED PLATFORM

Inhouse funds and asset management, master planning and property management driving value.



### ASSET CREATION

Proven track record of reinventing retail environments with associated complementary usages to help evolve core, resilient assets with strong downside protection.



### DEAL FLOW

Proven ability to source and execute off-market / complex transactions and disciplined asset pricing.

# QIC Shopping Centre Fund

Since its inception in 2002, the QIC Shopping Centre Fund (the “QSCF”) has grown to a \$6.3 billion portfolio of large, income producing growth properties situated in and around Australia’s major capital cities.

## QSCF FUND FEATURES:



Open-ended core wholesale property fund established in 2002 with 13 institutional investors.



Benefits of scale, quality and flexibility to access a significant long-term potential asset creation pipeline.



Intensive active management of assets.

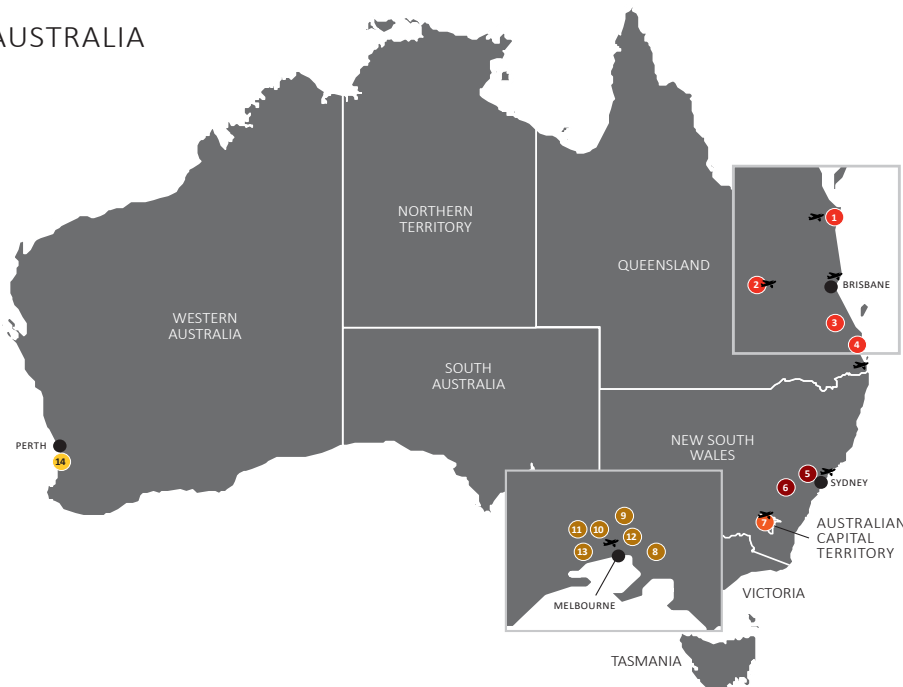


Town Square, Eastland

## 14 RETAIL ASSETS, COMPRISING:

**5** MAJOR REGIONAL | **4** SUPER REGIONAL | **3** REGIONAL | **1** SUB-REGIONAL | **1** FUTURE TOWN CENTRE DEVELOPMENT SITE

## AUSTRALIA



## RETAIL ASSETS

### QUEENSLAND

- 1** Noosa Civic Noosaville, QLD
- 2** Grand Central Toowoomba, QLD
- 3** Hyperdome Loganholme, QLD
- 4** Robina Town Centre Robina, QLD

### NEW SOUTH WALES

- 5** Castle Towers Castle Hill, NSW
- 6** Westpoint Blacktown, NSW

### AUSTRALIAN CAPITAL TERRITORY

- 7** Canberra Centre Canberra, ACT

### VICTORIA

- 8** Eastland Ringwood, VIC
- 9** Merrifield Town Centre<sup>1</sup> Merrifield, VIC
- 10** Watergardens Town Centre Taylors Lakes, VIC
- 11** Woodgrove Melton, VIC
- 12** Epping Epping, VIC<sup>1</sup>
- 13** Werribee Werribee, VIC<sup>1</sup>

### WESTERN AUSTRALIA

- 14** Claremont Quarter Claremont, WA<sup>1</sup>

All data as at 30 June 2019 and in Australian dollars. <sup>1</sup>Assets held in JV. Merrifield Town Centre is a future development site.



## QSCF Investment Strategy

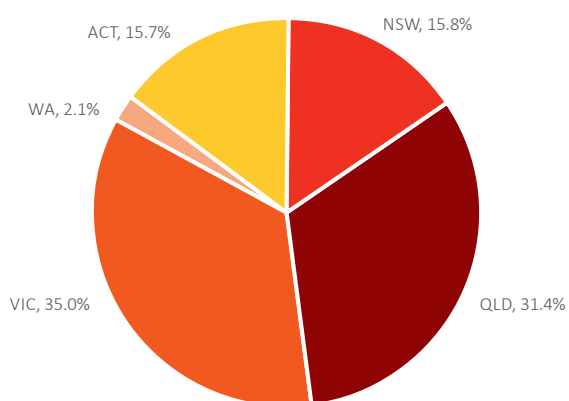
QSCF's investment strategy is to acquire, develop and manage dominant Australian retail-led, mixed-use real estate assets that are projected to provide, or can be positioned to provide, consistent growth over the longer term together with demonstrable downside risk protection.

This is achieved by investing in core, growth real estate assets that benefit from strong, well-defined trade areas with higher-order planning regimes, and which are supported by 'town centre' infrastructure, all of which create higher barriers to entry.

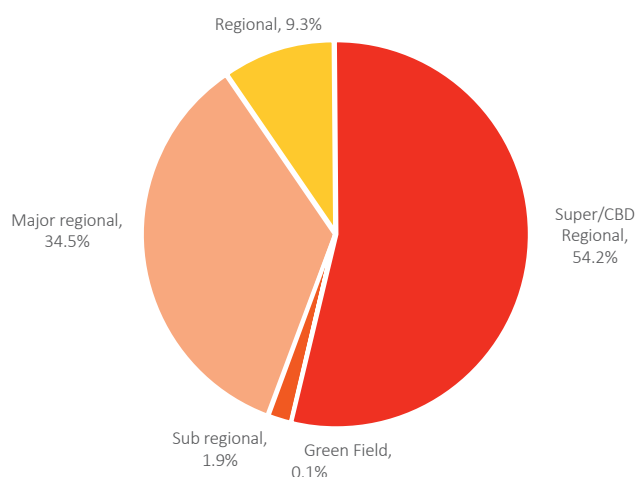
QIC Global Real Estate seeks to identify key characteristics when assessing core real estate assets:

Characteristic	Detail
<b>Strategic location</b>	Located in growth corridors with favourable catchment demographics supported by good transport and social infrastructure.
<b>Scarcity</b>	Benefit from a strong planning regime and/or significant barriers to entry for additional supply and competition.
<b>Prominence</b>	Prominent within their respective markets or have the ability to increase market share through active management, development and asset creation.
<b>Stable Income Stream</b>	Offer stable and predictable income streams and identifiable risk characteristics over the long-term.
<b>Value-Add Opportunities</b>	Respond positively to active management and/or offer ongoing expansion and development or redevelopment opportunities.
<b>Control</b>	QSCF targets ownership interests that provide an appropriate level of control over the strategic direction of the asset.

### GEOGRAPHIC DIVERSIFICATION



### SECTOR DIVERSIFICATION



All data as at 30 June 2019.



### TRACK RECORD

DELIVERING CONSISTENT LONG TERM INVESTMENT RETURNS

QSCF has a 17-year track record of capturing market opportunity and delivering consistent long-term Investment returns to investors.



### TOTAL RETURN

OUTPERFORMING THE FUND'S BENCHMARK

Since inception, QSCF has achieved a total, post base management fee return of 9.79%<sup>1</sup> (net return of 9.44%<sup>2</sup>), versus the benchmark return of 7.93%<sup>3</sup>.



### CREDIT RATING

MAINTAINING AN INVESTMENT GRADE CREDIT RATING

QSCF maintains an investment-grade credit rating with S&P of A- since its initial rating in 2003.



### FUND GEARING

MAINTAINING MODERATE LEVELS OF GEARING

QSCF gearing is currently 20%, and intends to operate at the lower end of the operational gearing range of 25% – 35% over the medium to long term.



### MARKET SHARE

SUSTAINED GROWTH IN MARKET SHARE

QSCF GLA has grown from c.700,000sqm in 2009 to c.1,110,000sqm in 2019 through expansion and acquisitions, coinciding with sales Moving Annual Turnover (MAT) growth of 4% p.a.



### RETAIL OCCUPANCY

STABLE INCOME STREAMS THROUGH HIGH OCCUPANCY

QSCF has maintained occupancy levels of >98% since Fund inception in 2002.



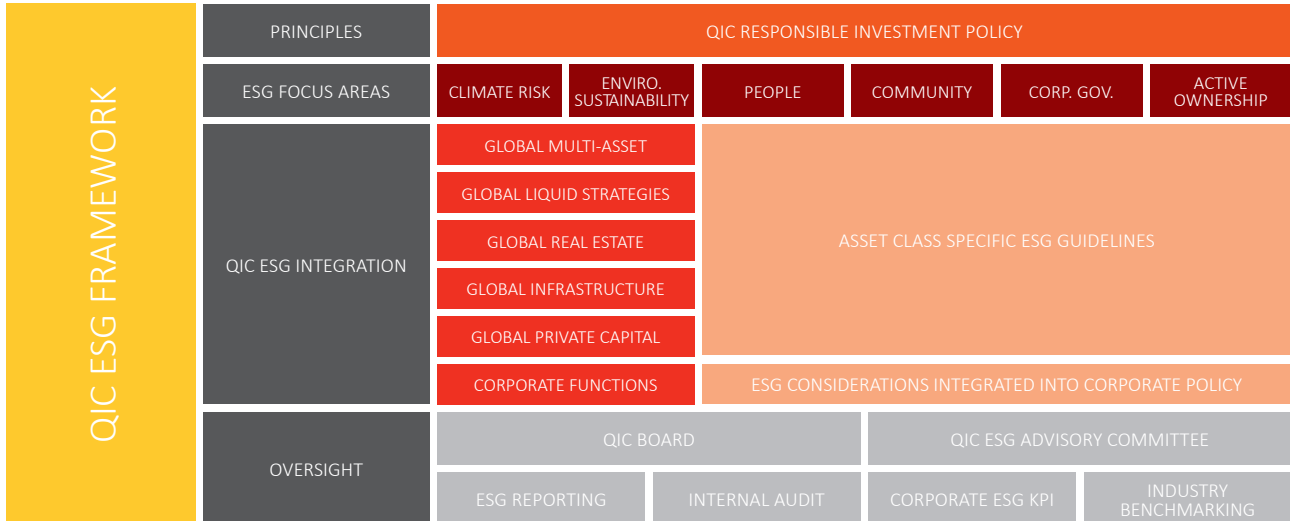
Monaro Mall, Canberra Centre

1 Fund inception date is 25 September 2002. Fund return is net of fund expenses and QIC management fee, but gross of transaction fees and any applicable performance fees.  
2 Net of all fees and expenses.  
3 From 1 October 2014 the benchmark is the MSCI/Mercer Australia Monthly Property Fund Index – Core Wholesale, Retail Funds, NAV weighted, Post Base Management fee (ex QIC). The Fund's prior benchmark from inception on 25 September 2002 to 30 September 2014 was the average 10-year government bond rate plus 3%.  
All data as at 30 June 2019 and in Australian dollars.



## QIC Approach to ESG<sup>4</sup>

QIC believes Environment, Social and Governance (ESG) factors have a material impact on long-term investment outcomes and we are committed to delivering strong, long-term investment performance to our clients.



- QIC became a signatory to the United Nations-backed Principles for Responsible Investment Initiative (UNPRI) in 2008
- We account for ESG risks and opportunities to foster a more informed investment decision-making process
- QIC's Responsible Investment Policy and implementation guidelines for each asset class are available on our website at [www.qic.com](http://www.qic.com)
- The Policy and ESG guidelines are reviewed and monitored annually. The program is led by a dedicated QIC Responsible Investment Specialist with ESG champions from each investment team
- The QIC Board oversees ESG performance and an ESG advisory committee provides advice on ESG policy and strategy
- QIC discloses its approach to climate risk in accordance with Task Force on Climate-related Financial Disclosures (TCFD) framework via our Sustainability Report.



Grand Central, Toowoomba

4 <https://esg.qicgre.com/2018/approach>

## Our ESG Priorities

<b>Climate Risk</b> <ul style="list-style-type: none"> <li>• Adaption to physical impacts</li> <li>• Impacts of transition to a low carbon economy</li> </ul>	<b>Environmental Sustainability</b> <ul style="list-style-type: none"> <li>• Environmental impacts</li> <li>• Resource efficiency</li> <li>• QIC’s own footprint</li> </ul>	<b>People</b> <ul style="list-style-type: none"> <li>• Workplace health &amp; safety</li> <li>• Labour rights</li> <li>• Human rights in supply chains</li> <li>• Diversity &amp; inclusion</li> </ul>
<b>Community</b> <ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Indigenous partnership</li> </ul>	<b>Corporate Governance</b> <ul style="list-style-type: none"> <li>• Board leadership</li> <li>• Culture</li> <li>• Transparency and disclosure</li> <li>• Risk management</li> </ul>	<b>Active Ownership</b> <ul style="list-style-type: none"> <li>• Active asset mgmt.</li> <li>• Corporate engagement</li> <li>• Proxy voting</li> </ul>

QIC’s broad approach to ESG integration is set out under the QIC Responsible Investment Policy<sup>5</sup> and applies to QIC’s investment teams. In addition, each QIC investment team has its own set of asset class specific standards and guidelines which are specific to its investment approach.

## QIC Global Real Estate’s ESG Framework

QIC Global Real Estate’s ESG approach is designed to deliver holistic sustainability outcomes across the breadth of our property portfolio and throughout its life cycle. ESG considerations are integrated into each of Global Real Estate’s investment processes – Funds Management, Capital Transactions, Investment Management, Retail and Commercial Property and Operations.

PRINCIPLES BY QIC	PRINCIPLES BY QIC		
	INVESTMENT MANAGER	OWNER/OPERATOR	
APPLICATIONS	ESG STRATEGY AND STANDARDS		
FRAMEWORK	ENVIRONMENT	MANDATORY GUIDELINES	ENVIRONMENT MANAGEMENT SYSTEMS
	SOCIAL	COMMUNITY ENGAGEMENT	SOCIAL RESPONSIBILITY FRAMEWROK
	GOVERNANCE	STAKEHOLDER ENGAGEMENT	SUPPLIER SLA REQUIREMENTS
	STAKEHOLDERS (SUPPLIERS, CLIENTS, TENANTS, GOVERNMENT, COMMUNITY)		
OVERSIGHT	SUSTAINABILITY ACTION GROUP	QSCF SUSTAINABILITY FINANCING WORKING GROUP	
	INVESTMENT ADVISORY PANEL		
	QIC ESG ADVISORY COMMITTEE		

5 <https://esg.qicgre.com/2018/-/media/files/responsibleinvestmentpolicyproxyvotingstandards.pdf?la=en>



# ESG Strategy and Minimum Standards

QIC Global Real Estate implements its ESG Strategy & Minimum Standards Framework across all assets and development projects, with the following overarching objectives:

- Improve community engagement and build shared value
- Reduce operational cost
- Manage risk exposure

QIC Global Real Estate’s ESG Strategy & Minimum Standards Framework is applied to standing assets and our development projects to ensure our properties will be designed and managed against our eight core focus areas. As part of our commitment to ongoing review and improvements, we ensure continuous enhancement of these standards. The eight core focus areas are:



### Built & Natural Ecology

Objective: To promote healthy, vibrant internal and external environments within our properties and their surrounds.



### Social Impact

Objective: Promote positive social outcomes within the communities surrounding our assets.



### Resources

Objective: Deliver optimised and efficient uses of energy, water, waste and materials.



### Greenhouse Gas

Objective: Ensure Global Real Estate understands and minimises its carbon dioxide and other greenhouse gas emissions.



### Connections

Objective: Integrate properties with local travel networks and promote alternative travel methods to conventional private vehicles.



### Resilience

Objective: Stop negative impacts on properties associated with climate change by ensuring properties have adapted or are ready to adapt



### Wellness

Objective: To enhance human health and wellbeing through healthy buildings, promote and support a healthy lifestyle for the occupants.



### Green Building Policies

Objective: To ensure that the project encompasses Green Building policies that integrate sustainable building initiatives in the construction (and operation) of the building.

Properties and proposed projects shall consider their opportunities and attributes with respect to sustainability across these core focus categories. These categories have been developed to ensure proper consideration of both the properties themselves, and the communities and ecosystems within which they are located and to ensure the proposed projects deliver the best possible whole of life outcomes. This

includes consideration of capital cost, operational impacts and ongoing desirability to tenants and other users.

Compliance with ESG Strategy and Minimum Standards also assists with ensuring QIC Global Real Estate’s retail and commercial developments and all standing assets are compliant in terms of meeting the following reporting standards:

Item	Requirement
<b>Global Real Estate Sustainability Benchmark (GRESB)</b>	Assesses the Environmental, Social and Governance (ESG) performance of real estate and infrastructure portfolios and assets worldwide and benchmarks their investments across the global property sector, providing comparative business intelligence and a roadmap for improving ESG performance.
<b>National Australian Build Environment Ratings System (NABERS) - 5 star</b>	Measures the operational environmental performance of Australian buildings. The development must be designed and operated to achieve a 5-star NABERS rating for energy and water. Existing assets target an average 4-star NABERS Energy rating across the portfolio by 2021.
<b>Green Star – 5 star</b>	A voluntary sustainability rating system for buildings in Australia. This rating system assesses the sustainability of projects at all stages of the built environment life cycle. The design must demonstrate a pathway to achieve 5 stars in Green Star. QIC Global Real Estate will review and advise certification requirements.

## CORPORATE SOCIAL INVESTMENT FRAMEWORK

In 2016, QIC Global Real Estate established a Corporate Social Investment (CSI) Framework that sets out our Shopping Centre community engagement objectives as we seek to contribute positively to the social, environmental and economic development of the communities within our assets' sphere of influence. Through the establishment of partnership programs, we aim to create shared and enduring value by aligning our business goals and competencies with defined areas of priority for our communities. Primary areas of support include:

- Equality of educational opportunity
- Overcoming social and economic disadvantage
- Championing sustainable environmental practices

Delivered through our assets, we are partnering with our communities to deliver tangible and valuable ESG initiatives as a fundamental part of QIC's responsible investment effort.

## ENVIRONMENTAL TARGETS

QIC Global Real Estate has the following environmental targets in place:

- 20% reduction in energy, water and waste by 2020
- 30% of energy sources from renewables by 2025 for core centres
- Average 4-star NABERS Energy rating across the portfolio by 2021

## ESG ACTION PLAN

QIC Global Real Estate implements a range of measures across its portfolio to deliver its responsible investment initiatives and meet its ESG targets including:

- NABERS improvement program focussed on driving operational efficiencies in energy, water and waste consumption.
- QSCF has publicly committed to achieving an average NABERS Energy rating of 4 stars across the portfolio by 2021.
- Energy reduction initiatives to be implemented over this period include:
  - PV solar installations
  - LED lighting roll-out
  - Optimisation of BMS for improved energy efficiency of plant and equipment
  - Replacement of HVAC plant and equipment
- Community engagement – to identify and manage community impacts and needs.
- Social management- manage and comply with health and safety regulations

- Supplier contracts- ensure suppliers and third-party contractors and/or counterparties also comply with these guidelines.
- Continuous improvement in ESG reporting- report ESG / RI data and information to clients and stakeholders

## ENVIRONMENTAL MANAGEMENT SYSTEM

The purpose of the QIC Global Real Estate Environmental Management System (EMS) is to provide a framework to protect the environment and respond to changing environmental conditions in balance with socio-economic needs. It specifies requirements that enable QIC Global Real Estate to achieve the following intended outcomes:

- Enhancement of environmental performance and operational efficiency
- Fulfilment of compliance obligations
- Achievement of environmental objectives.

Providing a systematic approach to environmental management, the EMS provides information to build success over the long term and creates options for contributing to sustainable development. An important element of this approach is this detailed environmental management manual to guide construction, major renovation and operational activities.

## INDUSTRY PARTICIPATION

QIC is an active member of a range of relevant industry forums. This enables us to closely follow the ESG space, participate in the broader ESG conversation and contribute to the development of ESG integration. Our current memberships and partnerships include:

- The United Nations Principles for Responsible Investment (UN PRI) [www.unpri.org](http://www.unpri.org)
- The Responsible Investment Association of Australasia (RIAA) <https://responsibleinvestment.org/>
- The Investor Group on Climate Change (IGCC) <https://igcc.org.au/>
- The Climate Disclosure Project (CDP) <https://www.cdp.net/>

In addition, QIC is a member of the following property-focused, ESG-related organisations that assists in the continual improvement of ESG integration in our property portfolios:

- Green Building Council of Australia (GBCA) <https://new.gbca.org.au/>
- Global Real Estate Sustainability Benchmark Survey (GRESB) <http://gresb.com>
- Property Council of Australia <https://www.propertycouncil.com.au/>
- Supply Nation <https://supplynation.org.au/>



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## 2.0 | QSCF SUSTAINABILITY FINANCING FRAMEWORK

The decision to develop the QSCF Sustainability Financing Framework ('Framework') is consistent with QIC Global Real Estate's approach to ESG, integrating environmental, social and governance considerations into investment decision making process and consideration of ESG throughout the entire lifecycle of the investment process.

QIC Global Real Estate recognises the environmental, social and economic benefits of embedding sustainability in the design and operation of its properties. Operational excellence through sustainability performance is a critical component of responsible long-term property investment. QIC is committed to enhancing its market position towards leadership with respect to sustainability across its assets.

In 2017, QSCF entered into a A\$200 million senior debt facility with the Clean Energy Finance Corporation (CEFC) to undertake improvements in energy performance across the QSCF shopping centre portfolio. This is CEFC's largest property investment commitment to date and will support several environmental initiatives in QSCF's shopping centres across Queensland, Victoria, New South Wales and the ACT.

The Framework has been developed to demonstrate how QSCF intends to enter into Sustainability Financing Transactions ("SFT") with proceeds earmarked to finance, or refinance, projects and expenditures that will deliver positive environmental and social outcomes, and which support QIC Global Real Estate's ESG Strategy and Minimum Standards.

SFT's will be entered into directly by the QIC Shopping Centre Fund, or by QIC Finance (Shopping Centre Fund) Pty Ltd ACN 104 709 220 and guaranteed by QIC Retail Pty Ltd ACN 076 279 546 as trustee of the QIC Shopping Centre Fund (ABN 20 029 046 504). QIC Retail Pty Ltd is a wholly owned subsidiary of QIC Limited.

QSCF may consider issuance of Green, Social or Sustainability Bonds or Loans under the Framework. The classification of a use of proceeds bond/loan as a Green Bond, Social Bond or Sustainability Bond will be determined by QSCF based on its primary objectives for the underlying projects.

Financing may include instruments such as Green Bonds, Green Loans, Social Bonds and/or Sustainability Bonds which contribute towards sustainable development by earmarking the proceeds to projects/expenditure that fall within the Eligible Categories as defined in this Framework, and which support and contribute towards meeting the United Nations Sustainable Development Goals (SDGs)<sup>6</sup>. Proceeds raised from each SFT will be utilised for refinancing existing and financing new eligible investments made by QSCF in their portfolio of Australian retail assets.

With respect to bonds, bonds issued under the Framework will be aligned, as appropriate for the type of bond issued, with the International Capital Markets Association (ICMA) Green Bond Principles 2018 (GBP)<sup>7</sup>, Social Bond Principles 2018 (SBP)<sup>8</sup> and Sustainability Bond Guidelines 2018 (SBG)<sup>9</sup> or as they may be subsequently amended. Loans drawn under the Framework will be aligned with the Green Loan Principles, December 2018 (GLP)<sup>10</sup>, or as they may be subsequently amended.

With respect to Green Bonds or Green Loans issued under this Framework, in addition to alignment with the GBP or GLP, QSCF intends to seek certification in compliance with the requirements of the Climate Bonds Standard (CBS) Version 2.1<sup>11</sup>, or as they may be subsequently amended, subject to the availability of applicable sector specific technical criteria.

This Framework may be subsequently updated as the sustainable finance market evolves.

Each SFT will align with the four core components as set out in Section 2 of this Framework below:

1. Use of proceeds
2. Project evaluation and selection
3. Management of proceeds
4. Reporting

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6 <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

7 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Green-Bond-Principles---June-2018-140618-WEB.pdf>

8 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Social-Bond-Principles---June-2018-140618-WEB.pdf>

9 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Sustainability-Bond-Guidelines---June-2018-140618-WEB.pdf>

10 [https://www.lma.eu.com/application/files/9115/4452/5458/741\\_LM\\_Green\\_Loan\\_Principles\\_Booklet\\_V8.pdf](https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf)

11 <https://www.climatebonds.net/standard/download>

## 2.1 | Use of Proceeds

The net proceeds of each SFT will be earmarked for financing new or re-financing existing projects/expenditures, in part or in full, that fall under the following Eligible Categories and have been incurred no earlier than the commencement dates of redevelopment projects for each of the eligible projects.

The proceeds of a Green Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Categories set out in Section 2.1.1 below.

The proceeds of a Social Bond issued under this Framework will be applied to projects that fall under the Eligible Categories set out in Section 2.1.2 below.

The proceeds of a Sustainability Bond issued under this Framework will be applied to projects that fall under the Eligible Categories set out in Section 2.1.1 and/or 2.1.2.




In order to identify eligible projects and related expenditures which support and contribute towards the SDGs, QSCF has

utilised guidance and resources published by ICMA<sup>12</sup>, the United Nations ('UN'), and the Sustainable Development Investments Taxonomies<sup>13</sup> published by APG Groep NV ('APG').

### 2.1.1 ELIGIBLE GREEN BOND/LOAN CATEGORIES

Green Bond/Loan proceeds will be earmarked for financing new or re-financing existing projects/expenditures which are aligned with the GBPs/GLPs, and the requirements of the CBS<sup>14</sup> subject to the availability of applicable sector specific technical criteria, and also support and contribute towards meeting the SDGs as described below. Eligible projects and other related and supporting expenditures are identified within the GBPs/GLPs and aim to deliver positive environmental benefits.

The QSCF eligible Green Bond/Loan categories are as defined within the GBPs/GLPs and may be expanded over time. The listing below includes a sample of future initiatives which may be considered by QSCF;









GBP Eligible Categories	Sample Eligible Projects	UN SDGs Alignment and Contribution <sup>15</sup>
<b>Green Buildings</b>	<p>Property upgrade projects, including energy efficiency investments, that achieve a <b>minimum</b> carbon emissions reduction (kg CO<sub>2</sub>/ m<sup>2</sup>) of <b>34%</b> for each property (assuming a 10 year bond issued), relative to a business-as-usual baseline and meet the requirements for Climate Bonds Standard certification under the Low Carbon Buildings – Property Upgrade sector criteria).</p> <p>NOTE: For the first QSCF green bond/loan issuance eligible projects that meet the CBS Property Upgrade sector criteria will also include investments in energy efficiency and rooftop solar PV, which in aggregate contribute along with base building upgrades to exceed minimum carbon emissions intensity reduction target thresholds.</p>	 
<b>Energy Efficiency</b>	<p>Energy distribution, management and advanced automation technology to optimise energy performance of shopping centre assets.</p> <p>LED lighting in all carpark and back of house areas including smart metering to improve energy efficiency of shopping centre assets.</p> <p>NOTE: QIC investments under this category are aligned to QIC Global Real Estate's Environmental Targets outlined in Section 1 of this Framework, QIC's EMS and Minimum Standards. These investments include:</p> <ul style="list-style-type: none"> <li>Operational savings from the commissioning of advanced automation technology to interrogate the Building Management System data</li> <li>Large-scale roof-top PV Solar roll-out</li> <li>LED Lighting program – carparks and back of house areas</li> <li>HVAC upgrade/replacement program.</li> </ul>	 

12 <https://www.icmagroup.org/green-social-and-sustainability-bonds/mapping-to-the-sustainable-development-goals/>

13 <https://www.apg.nl/en/publication/SDI%20Taxonomies/918>

14 Refer to Appendix 3 for details of project selection for CBS certification under the Property Upgrades sector criteria.

15 <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

GBP Eligible Categories	Sample Eligible Projects	UN SDGs Alignment and Contribution <sup>16</sup>
<b>Renewable Energy</b>	Installation of renewable energy facilities such as solar PV generation, wind energy facilities, battery storage and control systems, smart grids etc.  Transmission and support infrastructure for renewable energy systems.	
<b>Sustainable Water &amp; Wastewater Management (Future)</b>	Water conservation projects.  Sustainable urban drainage and flood mitigation systems within shopping centre developments.  Rainwater harvesting systems within shopping centre developments.	
<b>Pollution Prevention &amp; Control (Future)</b>	Waste prevention, reduction, recycling, and treatment facilities excluding landfilling.  Note: This may also include pilot programmes for waste to energy utilising organic waste feedstocks, subject to Queensland State Government approvals and maximum emissions thresholds of 100g CO2/kWh.	 
<b>Terrestrial &amp; Aquatic Biodiversity Conservation (Future)</b>	Preservation or restoration of natural landscapes including biodiversity, conservation and wetland restoration projects.  Wildlife and nature conservation projects.	 
<b>Clean Transportation (Future)</b>	Cycleway infrastructure (bike paths and supporting facilities).  Charging stations and supporting infrastructure for electric vehicles.	 

### 2.1.2 ELIGIBLE SOCIAL BOND CATEGORIES

Social Bond/Loan proceeds will be earmarked for financing new or re-financing existing projects/expenditures which are aligned with the SBPs, and also support and contribute towards meeting the SDGs as described below. Eligible projects and other related and supporting expenditures aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a defined target population(s).

QIC Global Real Estate has established a Corporate Social Investment ('CSI') Framework which seeks to contribute positively to the social, environmental and economic development of the communities within our sphere of influence through the establishment of partnership programs. In determining the areas and timing of support QIC Global Real Estate considers:

- Our core principles for CSI
- The needs of key stakeholders within our local communities and in particular, areas of social, economic and cultural disadvantage

- Programs and initiatives in areas where, as an organisation, we can tangibly add value through our skills and expertise or which best make use of our assets to deliver outcomes (e.g. space within one of our properties)
- Short and medium-term initiatives which are visible and measurable



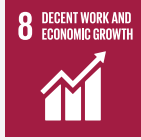

Examples of target populations as defined within the SBPs include, but are not limited to, those that are:

- living below the poverty line
- excluded and/or marginalised populations and/or communities
- vulnerable groups, including as a result of natural disasters
- people with disabilities
- migrants and/or displaced persons
- undereducated
- underserved, and
- unemployed.

The QSCF Social Bond eligible categories are as defined within the SBPs and may be expanded over time.

16 <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>



SBP Eligible Categories	Sample Eligible Projects	UN SDGs alignment and contribution <sup>17</sup>
<b>Access to Essential Services</b> <b>(Future)</b>	Vocational training provided for disadvantaged/underserved groups including unemployed, disabled and indigenous populations within shopping centre developments. These may include; <ul style="list-style-type: none"> <li>• partnering with further education providers to deliver practical, industry relevant training</li> <li>• working with local schools and education facilities to provide access to the expertise of our personnel</li> <li>• working with job access providers to link long-term unemployed, seniors and the socially disadvantaged to our retailers.</li> </ul>	 
<b>Socioeconomic Empowerment &amp; Advancement</b> <b>(Future)</b>	Expenditures related to programs and/or facilities that provide opportunity for participants to gain relevant skills and knowledge for employment and decent jobs, and overcome social and economic advantage. These may include; <ul style="list-style-type: none"> <li>• supporting social enterprises sourced within at-risk communities by aligning our procurement policies with this objective and prioritising opportunities to engage with indigenous enterprises</li> <li>• working with benevolent institutions that provide crisis care and accommodation to women and their children suffering from domestic violence, by providing premises to house these women and their families, as well as logistical support as required.</li> </ul>	 

### 2.1.3 EXCLUSIONARY CRITERIA

Consistent with the QIC Responsible Investment Policy<sup>18</sup>, QSCF will not knowingly earmark proceeds of any SFTs for investment in any of the following projects or related activities;

- manufacture of cluster munitions, landmines
- manufacture of tobacco

<sup>17</sup> <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

<sup>18</sup> <https://esg.qicgre.com/2018/-/media/files/responsibleinvestmentpolicyproxyvotingstandards.pdf?la=en>



Eastland, Victoria



Grand Central, Toowoomba

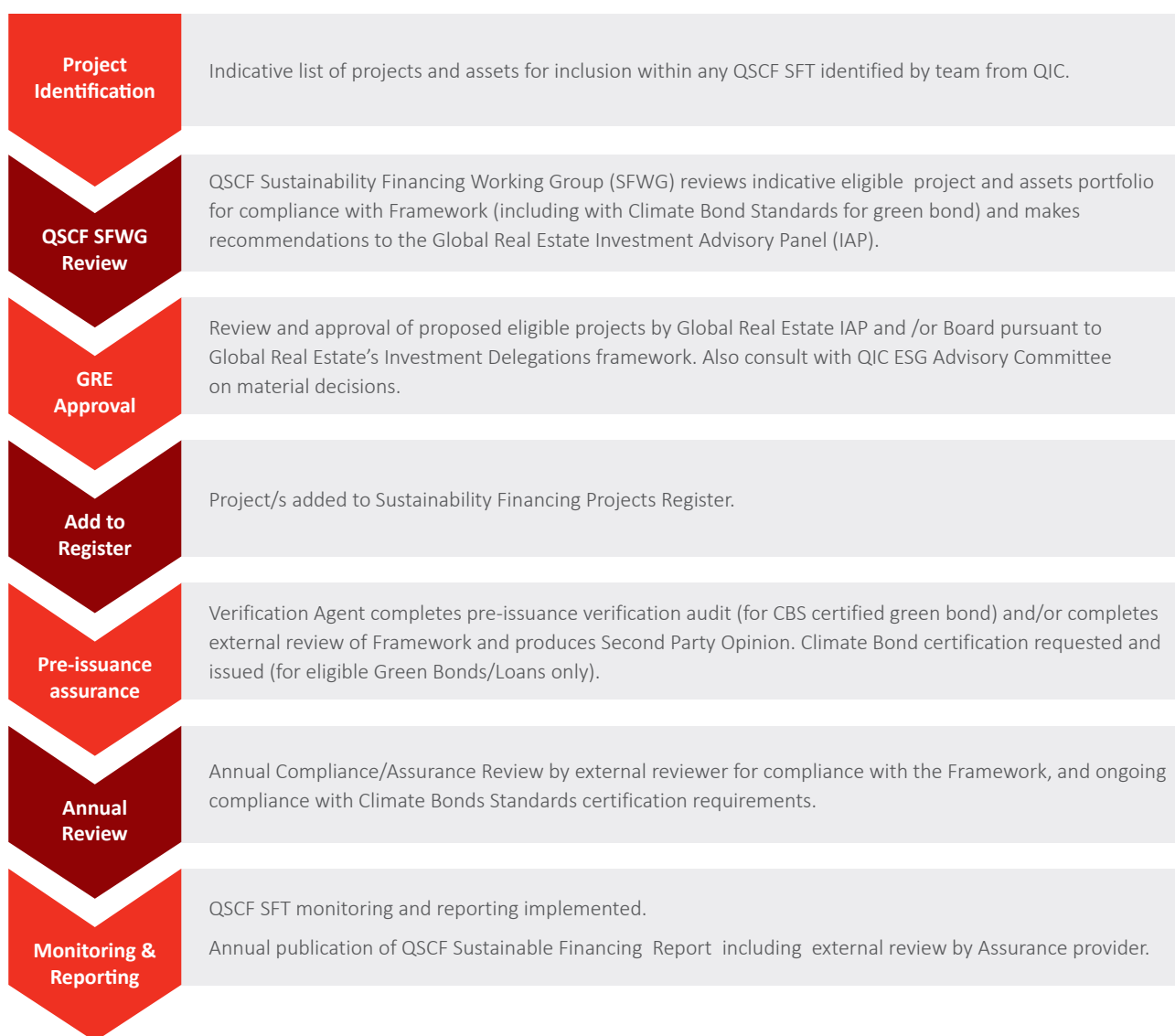


## 2.2 | Selection of Eligible Projects and Assets

The project evaluation and selection process will ensure that the proceeds of the QSCF SFT(s) are earmarked for financing of new or refinancing existing projects/expenditures that meet the criteria set out above.

QSCF will form a Sustainability Financing Working Group (SFWG) to carry out the evaluation and selection process. The SFWG will consist of, at a minimum, representatives from QIC Global Real Estate’s Sustainability team together with the GRE Investment Governance & Analytics, Capital and Investment Management teams.

Projects shortlisted by QIC’s Sustainability Team will be presented to the SFWG for review and approval. Any project considered as an eligible project in accordance with this Framework will be earmarked for the use of proceeds of a SFT under this Framework. For green bond/loans this process will be in accordance with QIC Global Real Estate’s ESG Strategy & Minimum Standards, QIC Global Real Estate’s Environmental Targets and the QIC Green Bond Eligibility Criteria defined above.





## 2.3 | Management of Proceeds

To manage the proceeds of QSCF SFT(s), QSCF will establish a Sustainability Financing Register.

The proceeds of each QSCF SFT will be earmarked against the applicable pool of eligible projects and expenditures (green or social) identified in the Sustainability Financing Register.

Each QSCF SFT will have an amount equal to the net proceeds booked under an earmarked position, established for each SFT issuance within QIC's internal systems.

The Sustainability Financing Register will be reviewed annually by the SFWG to account for any re-allocation, repayments or drawings on the eligible projects and expenditures within the pool.

The Sustainability Financing Register will contain relevant information including:

- (1) Details of the SFT(s): key information including Issuing/Borrowing entity, transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, and ISIN number (if applicable);
- (2) Details of Use of Proceeds, including:
  - Summary detail of eligible projects/expenditures to which the proceeds of the SFT have been earmarked in accordance with this Framework;
  - Amount of SFT proceeds earmarked to each eligible project and/or eligible category;
  - Confirmation of appropriate endorsement that the project is considered to be an eligible use of proceeds as per the Framework;
  - Aggregate amount of SFT proceeds earmarked to eligible projects/expenditures;
  - Any unallocated SFT proceeds yet to be earmarked against eligible projects/expenditures;
  - Estimated environmental and/or social impacts, where available;
  - Other necessary information

Under the requirements for Climate Bond Standards certification, QSCF is required to demonstrate the net proceeds of any QSCF green bond or loan is allocated and invested in eligible green projects within 24 months of the QSCF Green Bond/Loan issue date.

Pending allocation and earmarking, the net proceeds from the SFT(s) will be invested according to the QSCF Treasury Policy, subject to the exclusionary criteria in Section 2.1.3.



The Kitchens, Robina

## 2.4 | Reporting

QSCF will make available an annual sustainable financing report. This annual report will disclose the use of proceeds of its SFT(s) and be made available on the QIC Global Real Estate website at <https://www.qicgre.com/>

An annual Assurance/Compliance Report, specifically related to sustainability financing, will also be prepared by an appropriate External Review Provider and published on the QIC Global Real Estate website.

The following information will be provided until all SFT proceeds have been allocated, then updated on an annual basis. The Annual Report will contain at least the following details:

**a) Summary:**

A list of all SFT(s) executed in the reporting period and outstanding at the reporting date and summary terms of each transaction. Key information to be provided will include issuer/borrower entity, transaction date, principal amount of proceeds, maturity date, and interest rate or coupon and ISIN number.

**b) Allocation Reporting – for each SFT:**

- A list of eligible projects/expenditures earmarked to be funded by the proceeds of the SFT
- Amount of proceeds allocated to the various eligible projects
- Description of major eligible projects
- Aggregate amount of proceeds of SFT allocated earmarked to eligible projects
- The remaining balance of unallocated proceeds yet to be earmarked

**c) Impact Reporting – for each SFT:**

Where possible, QSCF will provide qualitative and/or quantitative reporting of the environmental and social impacts (where relevant) resulting from eligible projects/expenditures. Subject to the nature of eligible projects/expenditures and availability of information, QSCF will look to utilise the impact reporting guidelines, as detailed within the ICMA Green Bond Principles Resource Centre and Appendix 2 of this Framework.

QSCF will retain Sustainalytics (or another suitably qualified second party opinion provider) to conduct an annual review of all bonds issued and loans entered into under this Framework.

Information disclosed for each eligible project/asset will be subject to relevant confidentiality agreements and available information.

QIC Global Real Estate’s Sustainability team in conjunction with Global Real Estate Investment Governance & Analytics team and Global Real Estate Capital team will review and approve each annual QSCF Sustainable Financing Report.

Subject to ongoing compliance with requirements for Climate Bond Standards certification of green bonds, the annual report may incorporate reference to the Climate Bond Standards certification and use of the Climate Bond Certified logo.

The following information will be produced and published on QIC Global Real Estate’s website at <https://www.qicgre.com/>

Item	Frequency
<b>Framework</b>	At issuance of the first bond issued under this Framework
<b>Second Party Opinion</b>	At issuance of the first bond issued under this Framework
<b>Climate Bond Certification (if applicable)</b>	At issuance of any Climate Bond certified Green Bond
<b>Annual Assurance / Compliance Report</b>	Annually for all outstanding Green, Social and Sustainability Bonds and Green Loans
<b>QSCF Sustainable Financing Report</b>	Annually for all outstanding Green, Social or Sustainability Bonds and Green Loans

## 2.5 | External Review

QSCF has engaged Sustainalytics to provide an external review in the form of a Second Party Opinion (**SPO**) on the Framework, and confirm alignment with the June 2018 GBP, SBP, SBG and/or the December 2018 GLP.

QSCF has engaged Sustainalytics to complete Pre-Issuance and Post-Issuance Assurance to confirm compliance with the requirements for certification under the CBS for the inaugural QSCF Green Bond/Loan issued under this Framework.

QSCF will engage Sustainalytics, or an appropriate external review provider, to provide an annual review and assurance that each outstanding SFT remains in compliance with the Framework.

The SPO, Climate Bond certification and annual Assurance / Compliance Report will all be made publicly available on the QIC Global Real Estate website at <https://www.qicgre.com/>

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# APPENDIX 1 – REFERENCE DOCUMENTS

## **I. QIC Global Real Estate**

[QICGRE 2018 ESG Report](#)

<https://esg.qicgre.com/2018>

## **II. Climate Bonds Initiative**

[Climate Bonds Standard \(Version 2.1\) – current as at April 2019](#)

[https://www.climatebonds.net/files/files/Climate%20Bonds%20Standard%20v2\\_1%20-%20January\\_2017.pdf](https://www.climatebonds.net/files/files/Climate%20Bonds%20Standard%20v2_1%20-%20January_2017.pdf)

[Climate Bonds Standard Sector Criteria available for certification](#)

<https://www.climatebonds.net/standard/available>

## **III. ICMA Green Bond Principles, Social Bond Principles & Sustainability Bond Guidelines**

<https://www.icmagroup.org/green-social-and-sustainability-bonds/>

[Green, Social and Sustainability Bonds Resource Centre](#)

<https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>

## **IV. LMA/APLMA Green Loan Principles**

[https://www.lma.eu.com/application/files/9115/4452/5458/741\\_LM\\_Green\\_Loan\\_Principles\\_Booklet\\_V8.pdf](https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf)

## **V. LMA/LSTA/APLMA Sustainability Linked Loan Principles**

[https://www.lma.eu.com/application/files/8015/5307/4231/LMA\\_Sustainability\\_Linked\\_Loan\\_Principles.pdf](https://www.lma.eu.com/application/files/8015/5307/4231/LMA_Sustainability_Linked_Loan_Principles.pdf)

## **VI. United Nations Sustainable Development Goals**

[United Nations Sustainable Development Goals \(SDGs\)](#)

<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

[Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals](#)

<https://www.icmagroup.org/green-social-and-sustainability-bonds/mapping-to-the-sustainable-development-goals/>

[APG Sustainable Development Investments Taxonomies](#)

<https://www.apg.nl/en/publication/SDI%20Taxonomies/918>



## APPENDIX 2 – IMPACT REPORTING

QSCF will look to utilise potential environmental and social impact reporting indicators as summarised below, as further detailed within the ICMA Green, Social and Sustainability Bonds Resource Centre<sup>19</sup> and guidance developed by the ICMA GBP and SBP Impact Reporting Working Groups, subject to the availability of information and confidentiality requirements.

QSCF will endeavour to report against potential indicators of chosen categories but highlights the fact that not all may be applicable to all bond/loan issuances.

Eligible Categories	Potential Impact Indicators	SDG Addressed <sup>20</sup> (SDG and Target as relevant)
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>Green certifications obtained (Green Star, NABERS Energy etc)</li> <li>% reduction in energy usage and GHG emissions intensity (Actual and Projected) in (kgCO<sub>2</sub>e/m<sup>2</sup>)</li> <li>Annual GHG emissions reduced/avoided, in tonnes of CO<sub>2</sub>-equivalents</li> </ul>	SDG 7, SDG 11
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>% annual energy reduced/avoided in MWh</li> <li>Annual GHG emissions reduced/avoided (t CO<sub>2</sub>-e)</li> </ul>	SDG 7, SDG 9
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Capacity of energy generation of plant (MW)</li> <li>Annual renewable energy generation (MWh)</li> <li>Annual GHG emissions reduced/avoided (t CO<sub>2</sub>-e)</li> </ul>	SDG 7
<b>Sustainable water and wastewater management (Future)</b>	<ul style="list-style-type: none"> <li>Annual water savings</li> <li>Annual volume of wastewater treated or avoided</li> <li>Capacity of plants being built</li> <li>Project's effect on increased resilience to climate change</li> </ul>	SDG 14
<b>Terrestrial &amp; aquatic biodiversity conservation (Future)</b>	<ul style="list-style-type: none"> <li>Area under conversation or preservation</li> <li>Area under conservation/preservation</li> <li>Biological diversity</li> </ul>	SDG 14 , SDG 15
<b>Clean transportation (Future)</b>	<ul style="list-style-type: none"> <li>Numbers of EV charging stations provided</li> <li>Length of cycleways provided</li> <li>Estimated reduction in car use in number of kilometres driven</li> <li>Annual Absolute (gross) GHG emissions avoided in tCO<sub>2</sub>-e</li> </ul>	SDG 9, SDG 11
<b>Pollution Prevention and Control (Future)</b>	<ul style="list-style-type: none"> <li>Amount of waste reduced, reused, recycled and/or diverted from landfill (tonnes)</li> <li>CO<sub>2</sub> and other GHGs avoided/reduced through waste management (tCO<sub>2</sub>e)</li> <li>Amount of waste that is separated and/or collected and treated (including composting) (tonnes and %)</li> <li>Amount of soil and land remediated</li> <li>Amount of runoff reduced</li> </ul>	SDG 11, SDG 12
<b>Access to essential services (Future)</b>	<ul style="list-style-type: none"> <li>Number of disadvantaged target population provided with vocational training (e.g. unemployed, disabled or indigenous)</li> <li>Case studies</li> </ul>	SDG 10
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>Number of people provided with access to programs including training, on the job training and job creation schemes</li> <li>Case studies</li> </ul>	SDG 8, SDG 10

19 <https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>

20 <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

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## APPENDIX 3 – CBI LOW CARBON BUILDINGS - PROPERTY UPGRADES

In order to identify QSCF Green Bond eligible projects and assets which meet the CBI Low Carbon Buildings (Property Upgrade) criteria, the following assumptions and methodology have been adopted for calculation of reduction of emissions intensity for the QSCF shopping centre assets;

- The business-as-usual Baseline Year and Baseline Year Emissions Intensity will be struck on an asset by asset basis, to reflect emissions intensity (kgCO<sub>2</sub>e/m<sup>2</sup>) PRIOR to QSCF undertaking each asset redevelopment/upgrade project.
- Completion Year will be when the asset upgrade/redevelopment is complete and systems commissioning/tuning has been fully completed for the asset, plus QIC Energy Efficiency Programmes\* have been implemented for each asset as confirmed by QIC.
- Prior to Completion Year, QIC may include the QSCF investment in each eligible asset within the QSCF Green Bond Eligible Asset portfolio provided the % Emissions Intensity reduction targeted for that asset has been quantified through modelling/design for the proposed upgrade/redevelopment, inclusive of the proposed QIC Energy Efficiency Programmes for each asset, and meet the minimum Climate Bond Standards threshold (>34% for 10 year bond issuance).
- If Actual % emissions intensity reduction as measured in Completion Year falls beneath the Climate Bond Standards eligibility threshold (min 34% for 10 year bond issuance), the \$ investment/valuation for that asset should be removed from the QSCF Green Bond Eligible Asset portfolio.
- QSCF will adopt the GLA (m<sup>2</sup>) serviced by base building systems as the area denominator to calculate Baseline Date and Completion Date GFAs.
- Assets may be added to the QSCF Green Bond Eligible Asset portfolio as they are acquired, developed/upgraded, and completion of QIC Energy Efficiency Programmes to meet eligibility criteria defined above.
- Annual Green Bond reporting for QSCF Green Bond eligible assets should reflect several items for the eligible assets on an asset by asset basis;
  - i. Baseline Year and Completion Year (Actual or Forecast) for each eligible asset
  - ii. Emissions Intensity (Baseline Year and Completion year when available) for each eligible asset
  - iii. Actual % emissions intensity reduction (for previous investments/upgrades)
  - iv. Target/modelled % emissions intensity reduction for eligible assets which are undergoing new development, ongoing upgrade/redevelopment or yet to fully complete systems commissioning, tuning and completion of QIC Energy Efficiency Programmes
  - v. Current QSCF investment (and forecast spend if applicable) for each QSCF Green Bond eligible asset

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\* QIC is undertaking a series of environmental initiatives at an asset level as well as portfolio wide activities, which may include:

- Operational savings from the commissioning of advanced automation technology to interrogate the Building Management System data
- Large-scale roof-top PV Solar roll-out
- LED Lighting program – carparks and back of house areas
- HVAC upgrade/replacement program.





The Kitchens, Robina



## Important information:

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