

# Brookfield Property Partners

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GREEN BOND ALLOCATION REPORT

JULY 2021

Brookfield



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At Brookfield Property Partners L.P. (“BPY”), we focus on investing in long-life, high-quality assets that form the backbone of the global economy. Our goal is to enable the assets we invest in, as well as the communities in which we operate, to thrive over the long term.

Our guiding principles, our commitment to our investors and stakeholders, and our approach to environmental, social and corporate governance (“ESG”) management steered us through the uncertainty of the COVID-19 pandemic. With optimism and devotion to sustainability, we are actively working to have all our businesses get back to normal.

Within our ESG initiatives, we are directing our efforts to the transition to a net zero carbon economy. This transition will affect virtually every business in every country, and we are fully committed to doing our part to decarbonize.

The highlights below provide a snapshot of some of our ESG accomplishments over the last year:

- In 2020, Brookfield Properties has achieved a sustainability designation for 100% of our eligible global office area
- Achieved an average 83% score globally in the 2020 Global Real Estate Sustainability Benchmark (GRESB), 13 points higher than the average GRESB score, and maintained our Green Star status across all reporting businesses
- Continued our commitment to build 100% of our new core office developments to a minimum LEED Gold standard
- Continued to align to the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures
- Joined the Net Zero Asset Managers initiative, supporting the goal of net zero carbon emissions by 2050
- Became a member of the ILPA Diversity in Action initiative, indicating the importance of diversity and inclusion within our business
- Signatory to the Principles for Responsible Investment
- Completed construction of ICD Brookfield Place in Dubai, the tallest and largest eco-conscious office building to achieve Leadership in Energy and Environmental Design (LEED) Platinum certification in EMEA in 2020

We are committed to continuing to set a high standard for sustainable real estate in 2021 and beyond

In 2019, when compared to our 2015 baseline, our global office portfolio has achieved<sup>1</sup>:



1. Due to the exceptional resource consumption across the portfolio in 2020, as a result of the COVID-19 pandemic, 2019 data are presented here to offer comparability with prior years. The key sustainability metrics include core office properties that are both owned by BPY and operated (in whole or in part) by Brookfield Properties (BPY's real estate management affiliate). Brookfield Properties utilizes a rolling five-year baseline to benchmark the environmental performance of its buildings. Savings are based on like for like, which only includes properties within Brookfield Properties' operational control and complete, full year data. Figures represent absolute consumption data. Normalization factors such as weather and occupant density, or operational changes are not included. Like for like properties include applicable Canadian, Australian and U.S. properties. Carbon emissions include Scope 1 and Scope 2 based on energy utilities only. Emissions from chiller refrigerants and fuels from stand-by generations are not included.

Brookfield has achieved many certifications in its high quality global real estate portfolio



67

CERTIFICATIONS\*



45

CERTIFICATIONS  
IN THE U.S.



54

OFFICE CERTIFICATIONS  
IN THE U.S. AND CANADA



100%

ASSETS CERTIFIED  
IN THE U.S. AND CANADA



5

CERTIFICATIONS

Notes:

As of December 31, 2020.

\* LEED® is the preeminent program for the design, construction, maintenance and operations of high-performance green buildings. LEED®, and its related logo, is a trademark owned by the U.S. Green Building Council™ and is used with permission - [usgbc.org/LEED](http://usgbc.org/LEED).

## Independent Practitioner's Reasonable Assurance Report

To the Board of Directors of Brookfield Property Partners L.P.

We have undertaken a reasonable assurance engagement of the accompanying management's assertion, included on pages 8 and 9 of Brookfield Property Partners L.P.'s (the "Partnership") July 2021 Green Bond Allocation Report, that the net proceeds from the issuance of the 3.926% Medium Term Notes Series 5, due August 24, 2025, on August 20, 2020 (the "Prospectus") were allocated by the Partnership during the period October 1, 2018 to March 31, 2021 for the financing and/or refinancing of Eligible Green Projects, including the development and redevelopment of such projects (the "Subject Matter Information").

### Management's Responsibility

Management is responsible for the preparation of the Subject Matter Information in accordance with the Eligible Green Projects criteria as defined in management's assertion on page 8 ("the Applicable Criteria"). Management is also responsible for such internal control as management determines necessary to enable the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

### Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Subject Matter Information based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Subject Matter Information is fairly stated, in all material respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error, and involves obtaining evidence about the preparation of the Subject Matter Information in accordance with the Applicable Criteria.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

## **Our Independence and Quality Control**

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Opinion**

In our opinion, management's assertion that the net proceeds from the Prospectus were allocated by the Partnership during the period from October 1, 2018 to March 31, 2021 in accordance with the Applicable Criteria is fairly stated, in all material respects.

## **Specific Purpose of Applicable Criteria**

The Subject Matter Information has been prepared in accordance with the Applicable Criteria to report on the allocation of the net proceeds from the Prospectus, and therefore, may not be suitable for another purpose.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
July 9, 2021

BPY is responsible for the completeness, accuracy and validity of the July 2021 Green Bond Allocation Report. We allocated an amount equal to the net proceeds from the offering of the Medium Term Notes, Series 5 to the financing and refinancing of recently completed Eligible Green Projects (as defined below), including the development and redevelopment of such projects.

“Eligible Green Projects” are defined as :

- i. new class A development properties that have received or are expected to receive LEED Silver or higher, NABERS, BREEAM or equivalent certification;
- ii. existing class A redevelopment properties that have received or are expected to receive LEED, NABERS, BREEAM or equivalent certification;
- iii. tenant improvements that have received or are expected to receive LEED, NABERS, BREEAM or equivalent certification; and
- iv. other projects that materially improve the energy efficiency of, or make other environmentally beneficial improvements to, a development, redevelopment or existing property.

Eligible Green Projects include projects with disbursements made in the two years preceding the initial issuance of the bond.

Net Proceeds	Issuer	Issuance Date	Currency	Net Proceeds (US\$)
3.926%, Medium Term Notes, Series 5	Brookfield Property Finance ULC	August 24, 2020	USD	\$ 378.1M

Property	Location	LEED Certification <sup>1</sup>	Allocation to Eligible Green Projects as of July 9, 2021
Two Manhattan West	New York, NY	LEED Gold	\$ 215.5M
Bay Adelaide Centre North	Toronto	LEED Platinum	\$ 162.6M
<b>Total</b>			<b>\$ 378.1M</b>

<sup>1</sup>We anticipate Two Manhattan West and Bay Adelaide Centre North to achieve LEED Certification, based on estimated scorecards via our LEED consultants.

Two Manhattan West is an office tower located in Brookfield's Manhattan West development in the Hudson Yards district. The development is a 1.9 million square foot, 58-story office building expected to be completed in 2022.

Two Manhattan West is expected to achieve LEED Gold certification through a combination of enhanced energy efficiency, improved indoor air quality, high-performance glazing that maximizes daylight, regional sourcing for recycled materials and other innovative green initiatives.

At Two Manhattan West, superior indoor air quality is achieved through the careful selection of low-emitting materials and using the latest industry standards and the provision for ventilation air. Outdoor air will be highly filtered and spaces which can be sources of emissions, such as maintenance closets and chemical storage rooms, will be separated from the surrounding spaces through air-tight construction, and will have a dedicated exhaust.



Water efficiency and stormwater recycling are expected to be achieved through a combination of efficient fixture selection and stormwater harvesting and recycling. Water for landscaping, at grade and/or at roof terraces, will be significantly reduced through careful selection of native/adaptive/drought-tolerant plant species, and through efficient irrigation techniques. All remaining irrigation water will be provided through recycled stormwater.

Access to natural light, plus views to the exterior, will be provided through extensive vision glazing and by maintaining the shortest practical distance from the exterior to the core walls. Internal shades or blinds will reduce occupant glare.

Two Manhattan West will incorporate the use of recycled and regionally-manufactured materials. The properties will also incorporate FSC-certified wood products for at least 50% of the wood installed. Additionally, the buildings will provide bicycle storage facilities for building users, and preferred parking for carpoolers and drivers of fuel-efficient, low-emission vehicles.



Bay Adelaide Centre North is the third and final tower in the Bay Adelaide Centre complex, located in Toronto's financial core. Bay Adelaide Centre West and Bay Adelaide Centre East opened in 2009 and 2015 respectively, with a total 2.1 million square feet of operational space. The Bay Adelaide Centre North Tower is a 32-storey office building, with a 9-storey podium, and 820,000 square feet, expected to be delivered in 2022. The development of the North tower will lead to the completion of the Bay Adelaide Centre campus spread over 3 million square feet, one of the most preeminent business locations in Toronto's financial core.

Bay Adelaide Centre West and Bay Adelaide Centre East, the two existing buildings in the broader campus, have achieved LEED Gold and LEED Platinum, respectively. The Bay Adelaide Centre North Tower is expected to achieve LEED Platinum certification and includes a glazed curtain wall with a metal panel envelope system and best-in-class operational, environmental and life-safety systems.



The Deep Lake Water Cooling (“DLWC”) system by Enwave, which is currently used in both the Bay Adelaide West and the Bay Adelaide East Towers, will be implemented into the Bay Adelaide North Tower. The DLWC system is a sustainable alternative to air conditioning, which draws renewable cold water from nearby Lake Ontario to cool buildings. Compared to a chiller, DLWC can reduce electricity consumption by 80%.

At the Bay Adelaide North Tower, Enwave will also build and operate a hot water plant that generates heat from both natural gas and electrically powered heat pumps to enhance resiliency and optimize energy use. A supplemental heat pump will capture residual heat from the DLWC system and recycle it to heat the property.

The Bay Adelaide North Tower has a south-facing view of Arnell Plaza, which is a half-acre of open space and Cloud Gardens Park. The property features direct access to subways and to the downtown Toronto PATH underground pedestrian system.

Bay Adelaide Centre North, together with the Bay Adelaide West and Bay Adelaide East Towers, will provide bicycle storage facilities and preferred parking for electric, hybrid, and carpooling vehicles for the users of the complex.

