

# Brookfield Property Partners

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GREEN BOND & PREFERRED UNITS REPORT

JULY 2020

Brookfield



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At Brookfield Property Partners (“BPY”), we create sustainable value and impact by acting responsibly while aligning the interests of our investors, our stakeholders, our employees, and our leadership teams. Our unwavering focus on stakeholder alignment, a long-term horizon, and fostering a culture of collaboration and entrepreneurialism are foundational to us achieving superior results.

This approach permeates everything we do, from our investment decisions to our portfolio management strategy, and it enables us to maintain our culture and high standards as our portfolio continues to grow.

Sustainability has always been an integral part of how we do business and by constructing and managing energy-efficient buildings, we have reduced energy demand through operations, achieved significant environmental impact, and lowered our annual associated costs by over \$30 million since 2008.

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

- Achieved an average 84% score globally in the 2018 Global Real Estate Sustainability Benchmark, 12 points higher than average, and maintained our Green Star status across all reporting businesses
- Issued the first ever perpetual green units in our industry
- Continued our commitment to build 100% of our new core office developments to a minimum LEED Gold standard
- Became a signatory to the Principles for Responsible Investment
- Working to align with the Task Force on Climate-related Financial Disclosures
- Working toward compliance with recently passed New York City Council climate change legislation, which targets emissions from buildings and establishes carbon caps for buildings over 25,000 square feet (“SF”)

**We are committed to continuing to set a high standard for sustainable real estate in 2020 and beyond**

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



1. Includes core office properties that are both owned by BPY and operated (in whole or in part) by Brookfield Properties. 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. All data has been reviewed by a third-party in accordance with the International Standards ISAE 3000 and ISAE 3410. 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.

# Green Building Certifications

In 2019, Brookfield Properties -- a fully-integrated, global real estate services company that provides industry-leading portfolio management and development capabilities across the real estate investment strategies of Brookfield -- has achieved a sustainability designation for 99% of our eligible global office area<sup>1</sup>



52

CERTIFICATIONS



41

CERTIFICATIONS



50

OFFICE CERTIFICATIONS



29

CERTIFICATIONS



7

CERTIFICATIONS



4

CERTIFICATIONS

1. Eligible global office area includes core office properties that are both owned by BPY and operated (in whole or in part) by Brookfield Properties. Percent coverage includes all properties with at least one certification.

# Report of Deloitte LLP

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## Independent Practitioner's Reasonable Assurance Report on Compliance

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

We have undertaken a reasonable assurance engagement of the accompanying statement of Brookfield Property Partners L.P.'s (the "Partnership") compliance as of July 7, 2020, regarding management's assertion that the net proceeds from the issuance of the 6.375% Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 on August 20, 2019, the 5.750% Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 on February 10, 2020 and the 3.93% Medium Term Notes (unsecured), Series 4, due January 15, 2027 on January 13, 2020, included on the Green Bond & Preferred Units Allocations as of July 7, 2020 were allocated to Eligible Green Projects as set forth on page 10 in accordance with the criteria set forth on page 8 ("the specified requirements").

### Management's Responsibility

Management is responsible for measuring and evaluating the Partnership's compliance with the specified requirements and for preparing the statement of compliance. Management is also responsible for such internal control as management determines necessary to enable the Partnership's compliance with the specified requirements.

### Our Responsibility

Our responsibility is to express a reasonable assurance opinion on management's statement based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3530, *Attestation Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether management's statement 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 instance of non-compliance with specified requirements when it exists. Instances of non-compliance 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. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about management's statement of the entity's compliance with specified requirements. 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 statement, whether due to fraud or error, and involves obtaining evidence about management's statement.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion. Information relevant to the Partnership's compliance with the specified requirements is set out in management's statement of compliance.

# Report of Deloitte LLP (cont'd)

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## **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 statement that the Partnership complied with the specified requirements in accordance with the criteria set forth on page 8 and included on the Green Bond & Preferred Units Allocations as of July 7, 2020, is fairly stated, in all material respects.

We do not provide a legal opinion of the Partnership's compliance with the specified requirements.

## **Purpose of Statement**

Management's statement of compliance has been prepared to report on the Partnership's compliance with the specified requirements. As a result, management's statement of compliance may not be suitable for another purpose.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
July 7, 2020

Brookfield Property Partners (BPY) is responsible for the completeness, accuracy and validity of the July 2020 Green Bond & Preferred Units Report. We allocated an amount equal to the net proceeds from the offerings set forth on page 9 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 each of the bonds or preferred units.

# Green Bond & Preferred Units Issuances

Brookfield

Net Proceeds	Issuer	Issuance Date	Currency	Net Proceeds (US\$)
6.375%, Class A Cumulative Redeemable Perpetual Preferred Units, Series 2	Brookfield Property Partners L.P.	August 20, 2019	USD	\$ 242.1M
5.750%, Class A Cumulative Redeemable Perpetual Preferred Units, Series 3	Brookfield Property Partners L.P.	February 10, 2020	USD	\$ 278.5M
3.93% Medium Term Notes (Unsecured), Series 4	Brookfield Property Finance ULC	January 13, 2020	CAD	\$ 306.7M
Total				\$ 827.3M

Property	Location	LEED Certification	Allocation to Eligible Green Projects as of July 7, 2020
One Manhattan West	New York, NY	LEED Gold	\$ 370.6M
Two Manhattan West <sup>1</sup>	New York, NY	LEED Gold	\$ 94.7M
100 Bishopsgate <sup>2</sup>	London	BREEAM Excellent	\$ 362.0M
Total			\$ 827.3M

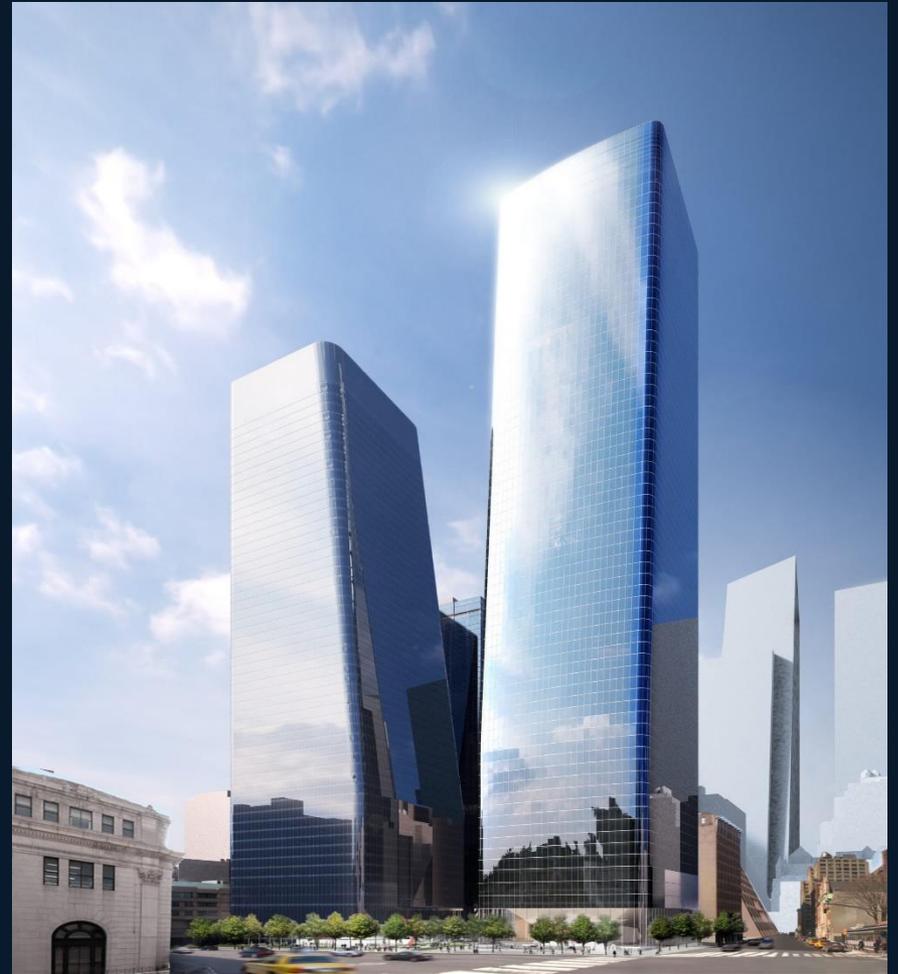
1. We expect Two Manhattan West to achieve LEED Gold certification, based on estimated scorecard via Vidaris, our LEED consultant.

2. 15 St Helen's Place is included in the capital spent at 100 Bishopsgate. 15 St Helen's Place is a property adjacent to 100 Bishopsgate. It is part of the 100 Bishopsgate development and is included in the BREEAM Excellent certification.

One and Two Manhattan West are office towers located in Brookfield's Manhattan West development in the Hudson Yards district. One Manhattan West is a 2.1 million SF, 67-story office building completed in 2019. Two Manhattan West is a 1.9 million SF, 58-story office building expected to be completed in 2022.

One Manhattan West has achieved, along with the expectation that Two Manhattan West will 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 One and Two Manhattan West, superior indoor air quality is achieved through the careful selection of low-emitting materials and use of the latest industry standards the provision of ventilated 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 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 required 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.

One and 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.



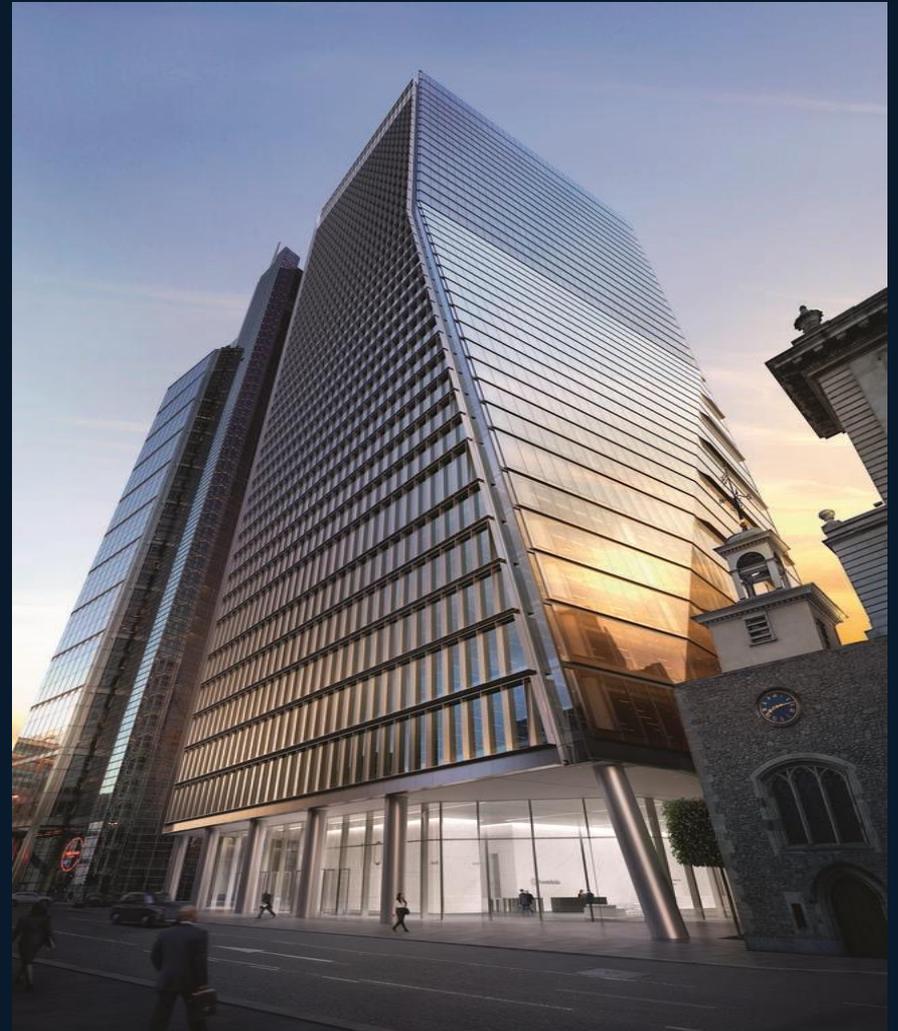
# 100 Bishopsgate – BREEAM Excellent

100 Bishopsgate is a 950,000 SF, 37-story office tower in the heart of the City of London. The building is certified BREEAM Excellent and is designed from the inside out to maximize energy efficiency and provide functional, high-quality office space.

Environmentally conscious systems and materials have been included within the building's design to maximize sustainability and reduce the carbon footprint over the lifetime of the building. Together, advanced building systems, efficient light fittings, zoning and automated controls have resulted in a 24% improvement over traditional construction methods and are estimated to save over 600 tons of carbon per year.

Energy efficiency is augmented by photovoltaic panels and solar hot water panels mounted to the roof to generate renewable electricity and heat, respectively.

Water efficiency is achieved through efficient plumbing fixtures and result in an estimated savings of 9.2 million gallons per year compared to traditional fixtures.



Additionally, 100 Bishopsgate has been designed with sustainable drainage systems to ensure the building has a neutral impact on surface water runoff through provision of attenuation tanks.

Over 900 cycle storage spaces and lockers, and 50 showers with changing facilities support tenants' ability to cycle to 100 Bishopsgate. The project is targeting over 90% of waste to be diverted from landfill and 100% of materials to be responsibly sourced. The building has been designed to be adaptable for future climate change to ensure thermal comfort for occupants. A large green wall has been installed on the building's exterior to encourage pollinators and provide nesting opportunities for birds.

