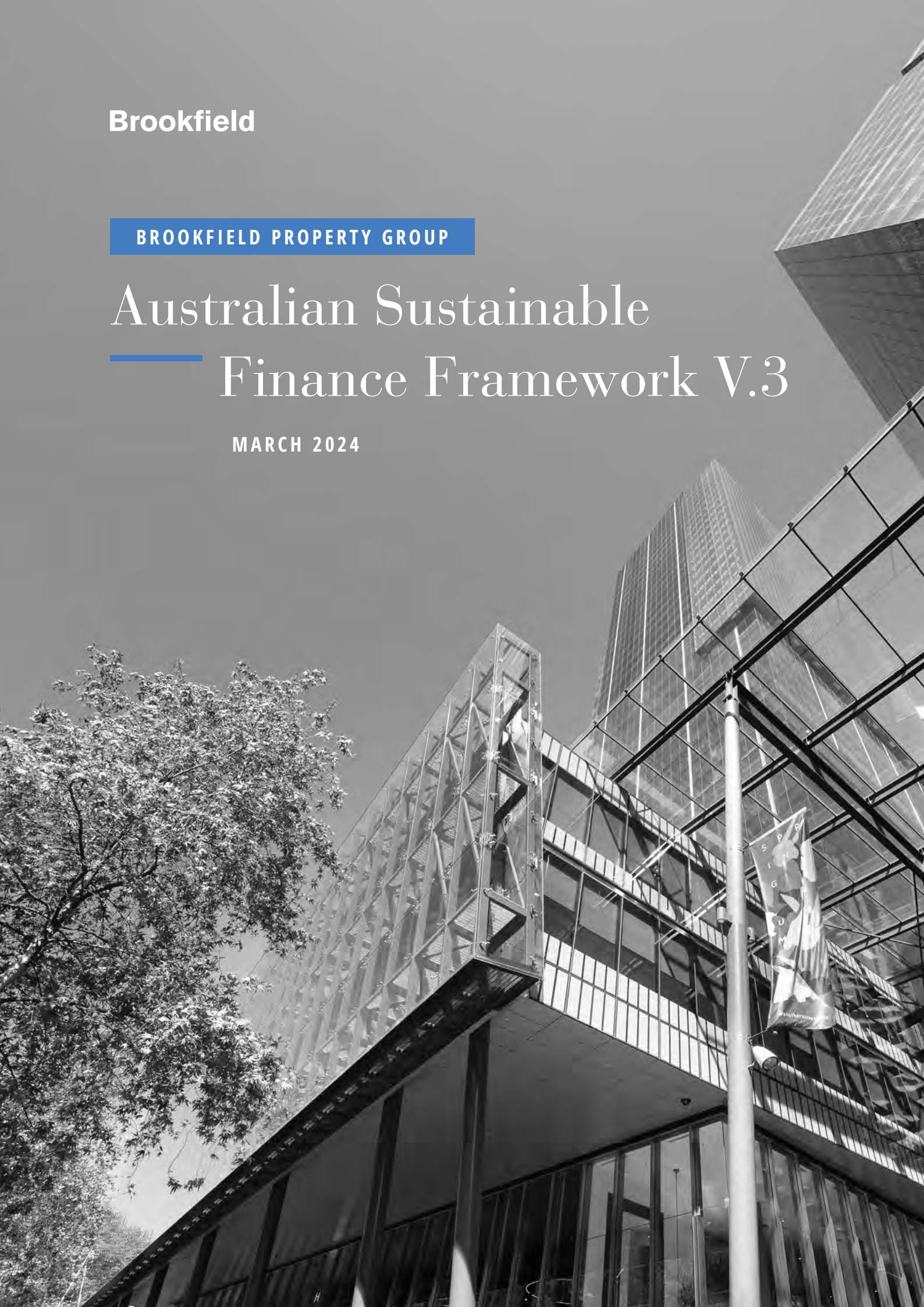


Brookfield

BROOKFIELD PROPERTY GROUP

Australian Sustainable Finance Framework V.3

MARCH 2024





Contents

03 OVERVIEW

- 03** Purpose of Sustainable Finance Framework
- 03** Background
- 03** Framework Versions
- 04** Introduction to Brookfield
- 04** Brookfield's Commitment to Sustainability
- 05** Climate Governance
- 06** Brookfield's Approach to ESG

07 PART A: FRAMEWORK FOR USE OF PROCEEDS GREEN DEBT INSTRUMENTS

- 08** Use of Proceeds – Green Eligible Assets
- 11** Process for Project Evaluation and Selection
- 12** GFMC
- 12** Management of Proceeds
- 14** External Review – Use of Proceeds Green Instruments
- 15** Reporting

16 PART B: FRAMEWORK FOR SUSTAINABILITY LINKED INSTRUMENTS

- 17** Selection of Key Performance Indicators (KPIs)
- 17** Calibration of Sustainability Performance Targets (SPTs)
- 18** Loan Characteristics
- 18** Reporting
- 18** Verification
- 19** Brookfield contacts

20 APPENDIX A: USE OF PROCEEDS & IMPACT REPORT PROFORMA

21 APPENDIX B: SECOND-PARTY OPINION

Overview

PURPOSE OF SUSTAINABLE FINANCE FRAMEWORK

The purpose of this Framework is to set out:

- (i) the manner in which Brookfield's real estate assets in Australia will be selected to participate in sustainable financing transactions;
- (ii) the way in which proceeds from any green finance secured against those assets will be used and managed; and
- (iii) the method of reporting to:
 - green financiers on the use, management and allocation of proceeds; and
 - sustainability financiers on sustainability performance targets.

This Framework is designed to provide overarching principles and guidelines for all sustainable finance opportunities. The Framework may be updated at Brookfield's discretion from time to time to align with latest market practice. Material amendments to this Framework may require an updated Second Party Opinion (SPO).

This is an Australian specific document applicable to Brookfield's real estate assets in Australia only.

BACKGROUND

The Framework applies to the following Brookfield funds:

- A. BN Corporation (formerly Brookfield Asset Management Inc) (NYSE: BAM, TSX: BAM.A, Euronext: BAMA);
- B. Brookfield Property Partners (NASDAQ: BPY, TSX: BPY.UN);
- C. Brookfield Strategic Real Estate Partners I, II, III, IV & V; and
- D. Brookfield Premier Real Estate Partners Australia,

together the Funds.

Sustainable finance may be raised, issued and managed by the Funds or the Funds Australian subsidiaries on the terms set out herein.

FRAMEWORK VERSIONS

The Brookfield Property Group published its first Australian Sustainable Finance Framework in 2019 (v1), replaced by version 2 in June 2022 (v2). Brookfield's commitment to sustainable finance includes an annual review of the framework and, when appropriate, updating and replacing the framework to reflect market acceptable ESG standards.

For the avoidance of doubt, this version 3 of the Framework (v3) replaces v1 and v2 in their entirety. However, in line with the Green Loan Principles, any previous green loan or green bond (Green Instrument) issued under v1 or v2 should be reviewed in conjunction with the version of the Green Loan Principles (and thus the relevant version of the Framework) in force at the time of its origination, extension or refinancing. If any existing Green Instrument is to be extended or refinanced, this v3 will be the relevant Framework to be considered.



INTRODUCTION TO BROOKFIELD

Brookfield Corporation (formerly Brookfield Asset Management Inc.) is a leading global alternative asset manager with over US\$850 billion of assets under management across real estate, infrastructure, private equity, renewable power & transition, credit and insurance solutions.

Our real estate business features a diversified global portfolio. We own, operate and develop one of the largest portfolios of real estate including office, retail, multifamily, industrial, triple net lease, self-storage, student housing and manufactured housing assets.

Brookfield Property Group (BPG) is the investment manager of Brookfield's real estate portfolio in Australia. Brookfield Properties (Brookfield Properties), a premier real estate operating company, develops and operates real estate investments on behalf of BPG.

The core business of Brookfield Properties is to provide real estate, facilities and project management services to landlords, property investors, tenants and occupiers. Brookfield Properties is committed to delivering a service that is environmentally friendly, responsible, prevents pollution and promotes sustainable best practices.

BROOKFIELD'S COMMITMENT TO SUSTAINABILITY¹

At Brookfield, sound ESG practices are integral to building resilient business and creating long-term value for investors and stakeholders. Brookfield aspires to manage its investments with integrity, balancing economic goals with responsible corporate citizenship, and this extends to the way in which debt is raised and applied.

Brookfield executed its first green loan in Australia in April 2019 for funds totaling A\$880m. The green loans were secured against Brookfield's premier office towers in Western Australia, Brookfield Place Perth Towers 1 and 2. At the time of execution, the loan was the largest green loan in the Australian market. We now have over \$2.5bn green and sustainability linked loans on the Australian debt book.

Sustainable finance underpins Brookfield's commitment to Environmental, Social and Governance practices (ESG) and remains an ongoing focus. Brookfield is constantly making decisions and finding solutions to lower our environmental impact. This includes, for example, to design and develop buildings to achieve low carbon emissions. Our rationale to enter into green debt solutions is consistent with our approach to ESG more generally. Investing in green capital is also in response to investor demand and provides opportunity for a more diverse pool of capital. Brookfield continues to evolve its approach and processes to ESG and may make changes to this Framework to ensure alignment. Updates to this Framework will be made publicly available on Brookfield Properties Sustainability web page: www.brookfieldproperties.com/en/our-approach/sustainability.html

1. [Brookfield Properties - Sustainability and ESG Report 2022](#)
2. [2022 Sustainability Report - Page 15](#)

CLIMATE GOVERNANCE

Aligned with our broader view of ESG, we believe that climate change presents both potential opportunities and risks for our business. Governance of climate-related initiatives follows Brookfield's overall ESG governance framework, as described in the ESG Organization and Governance section of the Brookfield Asset Management 2022 Sustainability Report².

Our Board and executive leadership provide oversight over our climate change approach, including in our investment activities. ESG is a key consideration throughout the lifecycle of any investment.

The Brookfield Investment Committees, which comprise senior executives across different business groups and geographies, consider applicable ESG risks and opportunities when evaluating investment opportunities, including climate change, social and governance considerations and biodiversity, which are incorporated into the due diligence process for each potential investment. For new development opportunities, consideration is also given to design & construction (including requirements and baselines of any applicable certification tools), materials and operation. The relevant investment committee reviews material findings from due diligence and associated mitigation and integration plans as part of the investment approval process.

On day-to-day management, we have a comprehensive Environmental Management policy that outlines the principles and values that guide our actions towards achieving our environmental goals, alignment with our mission and delivery of a service that is environmentally friendly, responsible, prevents pollution and promotes sustainable best practices and a transition to a lower carbon economy. We also implement a comprehensive Work Health & Safety Management system including policies, processes and procedures.

For more detail's of Brookfield's commitment to ESG, please visit: www.brookfield.com/responsibility

“We operate long-term assets and businesses across the globe. This approach dictates both our investment strategy and our commitment to environmental, social and governance (ESG) practices. We believe that value creation and sustainable development are complementary goals. Throughout our operations, we are committed to practices that have a positive impact on the communities in which we operate.”

— Bruce Flatt, Chief Executive Officer





OUR APPROACH TO ESG IS BASED ON THE FOLLOWING PRINCIPLES:



Mitigate the impact of our operations on the environment

- Strive to minimize the environmental impact of operations and improve our efficient use of resources over time.
- Support the goal of net-zero GHG emissions by 2050 or sooner.



Ensure the well-being and safety of employees

- Foster a positive work environment based on respect for human rights, valuing diversity, and having zero tolerance for workplace discrimination, violence or harassment.
- Operate with leading health and safety practices to support the goal of zero serious safety incidents.



Uphold strong governance practices

- Operate to the highest ethical standards by conducting business activities in accordance with our Code of Business Conduct and Ethics.
- Maintain strong stakeholder relationships through transparency and active engagement.



Be good corporate citizens

- Ensure the interests, safety and well-being of the communities in which we operate are integrated into our business decisions.
- Support philanthropy and volunteerism by our employees.



Part A: Framework for Use of Proceeds Green Debt Instruments

This part of the Framework will be used for Use of Proceeds (UoP) debt instruments that finance green projects, including any Green Instruments. Multi-tranche facilities may also be considered under this section of the Framework, however only the tranches with defined green use of proceeds will be labelled as green. The Framework is aligned to the Green Loan Principles³ (GLP), the requirements of the Climate Bonds Standard v4.0 (CBS)⁴ and the ICMA Green Bond Principles (GBP)⁵ which are a set of voluntary recommended guidelines used in Green Instruments globally.

The four key pillars of the GLP and the GBP are adopted as follows:

1. use of proceeds;
2. process for project evaluation and selection;
3. management of proceeds; and
4. reporting.

3. [APLMA/LMA/LSTA Green Loan Principles \(February 2023\)](#)



4. [Climate Bonds Standard Version 4.0](#)

5. [Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds June 2021 \(with June 2022 Appendix 1\)](#)



USE OF PROCEEDS – GREEN ELIGIBLE ASSETS

The proceeds from a Green Instrument will be used to finance or refinance debt on assets which are ‘Green Eligible Assets’. Green Eligible Assets are assets (other than Excluded Assets) that fall within one or more of the Green Eligible Categories set out below. Debt proceeds applied under and in accordance with this Framework will be limited to the financing of capital expenditures and real property assets.

Eligibility Category	UN SDG Alignment ⁶	Eligible Project Types
A. Green Buildings – Commercial, Residential & Industrial	 	<p>For construction and development of new commercial, residential or industrial buildings, for stabilised assets or portfolios:</p> <p>(i) Buildings that have, will or are targeted to receive:</p> <ul style="list-style-type: none"> any one or more of the ‘Design’ and/or ‘Performance’ certifications noted in the ‘Benchmark Table’ below according to the relevant sector or asset class, such targets having been determined with consideration of acceptable market standards for that sector or asset class; or any one or more of the certifications or standards for the relevant sector or asset class, specified in the Green Building Council Australia (GBCA) industry guide titled ‘Unlocking the value’ dated November 2023 or any supplementary or subsequent paper published by the GBCA (GBCA Sustainable Finance Guide); or the relevant benchmark for the project/portfolio specified in the NABERS Sustainable Finance Criteria, Version 1.1 or any supplementary or subsequent sustainable finance criteria published by NABERS (NABERS Sustainable Finance Criteria); <p>(ii) Buildings in the top 15%⁷ of their city in terms of emissions performance as determined by either of (i) the Climate Bonds Standard; or (ii) the relevant NABERS benchmark⁸; or</p> <p>(iii) Low carbon and efficient buildings that meet or exceed regional, national or internationally recognised standards or certifications, provided that to rely on this limb an additional/supplementary opinion would be required to support the proposed standard if required by the relevant financier(s) of the Green Instrument.⁹</p>

6. [United Nations Sustainable Development Goals](#)

7. At the date of publishing this Framework, the Climate Bonds Standard, NABERS and GBCA all recognise the top 15% to be the appropriate threshold to determine whether a building is to be considered ‘low carbon’. To the extent that this threshold is amended after the date of publishing, a higher or lower % may be considered subject to market testing.

8. It is noted that the Climate Bonds Standard has not published ‘Sector Criteria’ for all asset classes. For example, at the time of publishing this framework, the CBI has not provided sector-specific eligibility criteria for industrial/logistics assets. Where Sector Criteria is not available for the asset class being financed, CBS cannot be considered.

9. At the time of publishing this Framework, there are a number of emerging certifications, including but not limited to the Australian sustainable finance taxonomy project. The purpose of this limb is to acknowledge that emerging certifications may be considered in determining whether an instrument will be labelled green, however, it will be at the discretion of the relevant financiers of that instrument to determine whether a supplementary SPO is required in order to verify the certification standard.



BENCHMARK TABLE¹⁰

Sector/ Asset Class	Design		Primary Performance Indicators			Secondary Performance Indicators ¹¹	
	Green Star Design & As Built ¹²	Green Star Buildings ¹³	NABERS Energy	NatHERS and additional criteria ¹⁴	GBCA Performance	NABERS Indoor Environment	NABERS Water
Commercial Office	5 star	5 star	Single asset: 5.5 star Portfolio: 5.2 star	-	4 star	4 star	4 star
Logistics	5 star	4 star	-	-	4 star	-	-
Purpose Built Student Accommodation	5 star	4 star	-	7 star	4 star	-	-
Build to Rent	5 star	4 star	-	7 star	4 star	-	-
Residential	-	4 star	5 star	7 star	-	-	-
Shopping Centers	5 star	4 star	Single asset: 5.5 star Portfolio: 4.6 star	-	4 star	-	-

10. The benchmarks set out in this table will apply to new buildings/projects on both an operating and stabilised basis. To the extent the target differs for assets financed on a standalone or portfolio basis, this has been noted.

11. Carbon emissions are the most material environmental issue for buildings. NABERS Energy is focused on energy use and emissions intensity, which is the basis for Green Buildings categorisation in green bonds/ loans and in meeting the Paris Agreement targets. For this reason and for the avoidance of doubt, if a building is to be designated as a 'Green Building', the relevant asset must meet at least one of the 'Primary Performance Indicators'. The Secondary Performance Indicators are complimentary only and will not, on their own, qualify an asset for Green Instrument certification.







12. Projects registered before 31 December 2021

13. Projects registered after 1 January 2022

14. In addition to 7 star NatHERS, the asset must also meet all of the following criteria:

- Electrified through installation of a heat pump hot water system and no gas
- Solar PV equivalent to the below (Minimum requirement for solar size relative to size of the house)
- Up to 150m² = 5.5kWe
- 150 - 250m² = 7.5kWe
- 250m²+ = 10kWe

USE OF PROCEEDS – GREEN ELIGIBLE ASSETS (CONTINUED)

Eligibility Category	UN SDG Alignment ⁶	Eligible Project Types
<p>B. Green Buildings – Refurbishment & Upgrades</p>	 	<p>For refurbishment and/or upgrade programmes at commercial, residential or industrial buildings or portfolios, projects or initiatives:</p> <ul style="list-style-type: none"> (i) targeted at reducing an assets impact on the environment in accordance with NABERS, GBCA or other Green Building certification or label, provided that the upgrades achieve a reduction and/or improvement of not less than 30% from the relevant baseline; or (ii) that have, will or are targeted to receive: <ul style="list-style-type: none"> • any one or more of the certifications or standards for the relevant sector or asset class specified in the GBCA Sustainable Finance Guide; or • the relevant benchmark for the project specified in the NABERS Sustainable Finance Criteria; (iii) which qualify for Climate Bonds Certification.¹⁵
<p>C. Energy Efficiency & Renewable Energy</p>	   	<ul style="list-style-type: none"> (i) For the development, installation and/or integration of products or technologies that deliver material reductions in energy consumption of underlying assets including but not limited to: <ul style="list-style-type: none"> • energy efficient HVAC systems; • Building Management Systems (BMS) with advanced capabilities to assist with building optimization and ‘fine- tuning’ to enhance performance with regards to energy consumption and/or comfort. Strategies will vary from building to building but by way of example may include, setpoints temperature, humidity, enthalpy control, and CO2 levels, pressure setpoints for air handling units, economy cycle for using outside air, start/stop timers for the HVAC plant, short- cycling of HVAC plant, night purge during hot days and peak demand and load-shedding; • contracting energy efficiency consultants to assist with collecting and interpreting fine-grained consumption data and inform maintenance and tuning decisions; • automatic thermal blinds; • LED lighting with sensors and/or timers; • Electricity sub-metering for precise monitoring of loads, etc. (ii) Upgrades and/or refurbishment programmes designed to improve industrial and commercial energy efficiency improvements of not less than 30% from the relevant baseline at commercial, residential or industrial buildings; (iii) Utilisation of renewable energy sources including but not limited to, the installation of solar panels and purchase of Renewable Electricity Power Purchase Agreements (PPA’s). All PPA’s will be with an energy retailer that will be retiring Large-scale Generation Certificates (LGC’s) on our behalf and will typically be for a period of 5-10 years.

15. <https://www.climatebonds.net/standard/buildings/upgrade>

PROCESS FOR PROJECT EVALUATION AND SELECTION

The project evaluation and selection process will ensure that the proceeds from a Green Instrument are earmarked for financing green projects that fall within one of the 'Eligibility Categories' set out above.

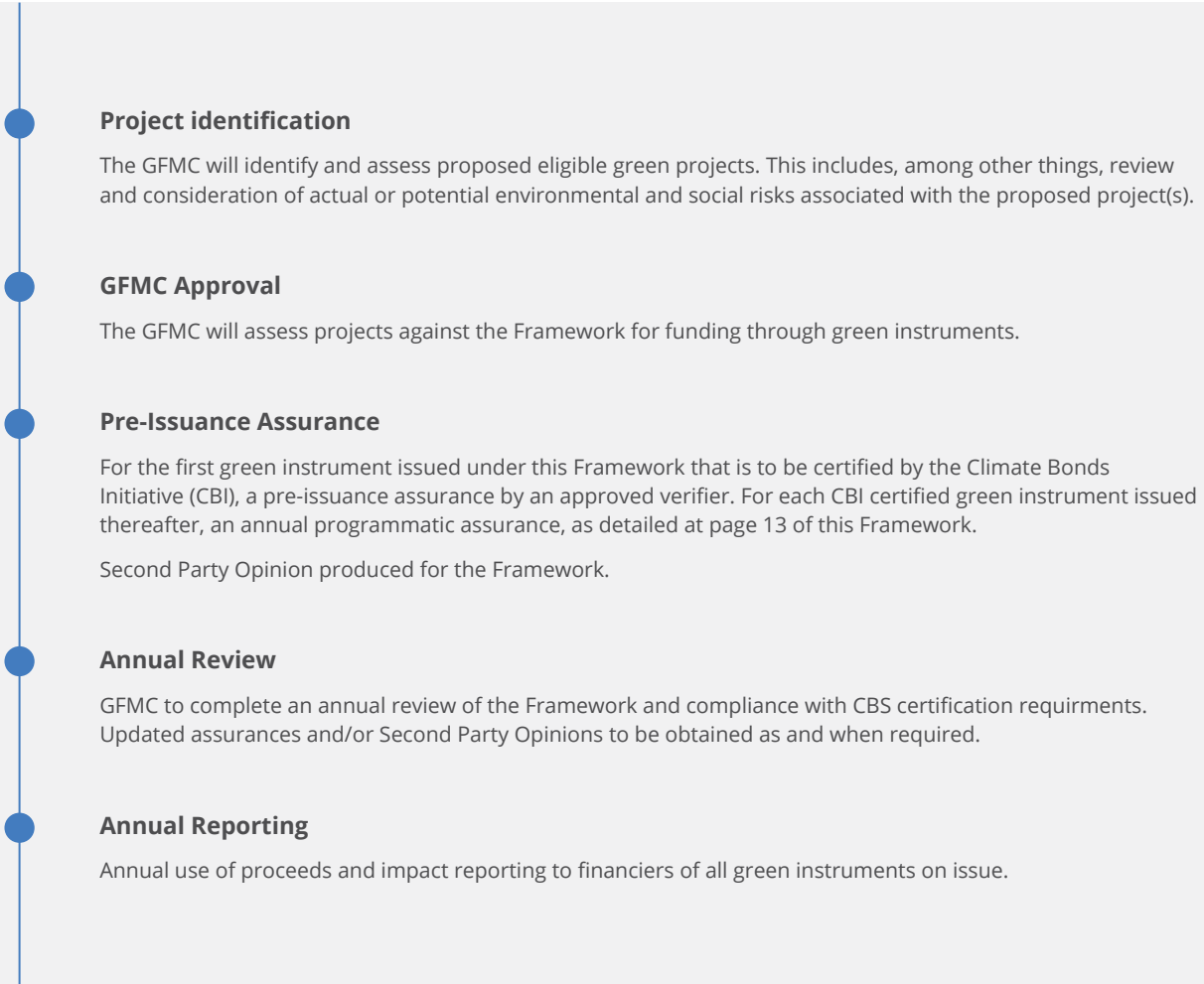
Brookfield will not knowingly allocate proceeds from a Green Instrument to finance projects and/or activities relating to the extraction, storage, transportation or manufacture of fossil fuels.

A Green Finance Management Committee (GFMC) is established under this Framework comprising senior Brookfield Properties, Capital Markets & Treasury and Sustainability personnel responsible for carrying out the evaluation and selection of eligible green projects.

The GFMC will meet at least annually to review the Framework including:

1. management of the Framework;
2. management of Green Instruments on issue;
3. schedules of Eligible Assets (a pro forma of which is contained in Appendix A);
4. any other matters relevant to the Framework, any Green Instruments and the Eligible Assets; and
5. any legislative or regulatory changes which may impact the Framework.

An overview of the project evaluation and selection process is set out below;





GFMC

All projects identified as 'Eligible Assets' must be proposed by the GFMC to the Brookfield Property Group Australia Portfolio Management Board (PMB) before the proceeds from a loan can be designated as a 'Green Instrument'. The role of the PMB within Brookfield is to oversee the business and affairs of each portfolio company (including fund investments) on behalf of the global BPG asset management business. The board meets regularly to review reports by management on the portfolio company's performance and to consider (amongst other things) strategic planning and risk assessment. Members include the most senior members of the Real Estate Platform across portfolio management, finance, investments and legal. These individuals are responsible to BPG for the management and direction of each of the Australian assets managed by BPG.

At least one member of the GFMC will present to the PMB the eligibility of the relevant project under the Framework, including all supporting Second Party Opinions and/or third pre/post-issuance assurances (where applicable). If the PMB approves the project as an Eligible Asset under the Framework, the project can be earmarked for a Use of Proceeds debt instrument.

MANAGEMENT OF PROCEEDS

Brookfield intends to use Green Instruments to finance or refinance debt obligations secured by Eligible Assets.

Unallocated Proceeds

If there are insufficient assets which meet the Eligibility Criteria to match the proceeds provided under a particular green instrument (Unallocated Proceeds) the GFMC may:

1. invest those Unallocated Proceeds in temporary investment instruments that are cash or cash equivalent instruments (i.e. assets that can be converted to cash immediately and will not fluctuate over time); or
2. invest those Unallocated Proceeds in temporary investment instruments that do not include greenhouse gas intensive projects (Carbon Intensive Projects) which are inconsistent with the delivery of a low carbon and climate resilient economy; or
3. apply those Unallocated Proceeds in assets that are not Carbon Intensive Projects to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Eligible Assets in each case, any Unallocated Proceeds invested in accordance with this section of the Framework may be invested in one or more of the above instruments for no longer than 36 months. If any proceeds from a Green Instrument are invested in accordance with this section for longer than a 36-month period, those Unallocated Proceeds will no longer be considered green proceeds. For the avoidance of doubt, this will not apply to undrawn green proceeds which are drawn on a progressive basis. For example, the proceeds of a green construction loan may be drawn over the life of the loan in accordance with the construction program for, provided those proceeds are not temporarily invested elsewhere.

This section of the Framework will only apply to a Green Instrument to the extent there are insufficient assets to meet the full debt amount. If there are sufficient assets to match the proceeds then 100% of those proceeds will be allocated and applied to those Eligible Assets.



MANAGEMENT OF PROCEEDS (CONTINUED)

Multi-Tranche and Revolving Credit Facilities

Where a multi-tranche facility (MTF) or revolving credit facility (RCF) is being considered for certification, as per the GLP recommendation, only the tranches with defined use of proceeds will be labeled as green. If a facility has multiple tranches and not all tranches have been certified as green, Brookfield commits to ensuring that this is appropriately identified in the relevant documentation and will ensure that proceeds from a green tranche will only be allocated to an eligible green project or asset(s).

Reporting

The GFMC will be responsible for tracking Unallocated Proceeds, MTF's and RCF's, all of which will be documented in a Green Instrument register. The register will include (among other things):

- (iv) in respect of Unallocated Proceeds:
 - a. the amount of Unallocated Proceeds;
 - b. to which project the Unallocated Proceeds have been ear marked for ;
 - c. the date on which any Unallocated Proceeds were deployed to the temporary investment; and
 - d. the date by which they need to be re-invested into a green project before they will lose their 'Green Instrument' status; and
- (v) in respect of a MTF or RCF:
 - a. the name of the facility with a green designated tranche;
 - b. the amount currently drawn under each green tranche;
 - c. tracking of where any green tranche funds have been deployed and confirmation those funds have been designated to an Eligible Asset.



EXTERNAL REVIEW – USE OF PROCEEDS GREEN INSTRUMENTS

Brookfield acknowledges the importance of real-time data in measuring compliance with ESG standards. This Framework will be continually reviewed and monitored in accordance with this section to ensure our approach to sustainability is not only accurately measured, but also adequately benchmarked to our peers. By comparing our ESG practices to the market, we can identify not only where we excel but the areas that need improving, accelerating the transition of our assets to net-zero.

Framework

An external review of the Use of Proceeds Section of this Framework in the form of a Second Party Opinion (SPO) to confirm alignment with the GLP, GBP and CBS v4.0 has been obtained and is attached at Appendix B. Any updates to the Framework will be provided to the SPO provider to advise whether an updated SPO is required, as a result of the amendments.

For each instrument that is to receive certification under the CBS v4.0 post publication of the Framework, the GFMC will have those CBS certified instruments externally reviewed as part of an annual programmatic assurance process.

For all other instruments designated as Green Instruments post publication of the Framework, the GFMC will engage in a process of pre and post financial close assurances:

- prior to financial close of a green instrument; and
- at least once every 24 months thereafter.

CBS Certification

Brookfield will pursue a programmatic assurance process for all CBS certified instruments, whereby all Green Instruments will be assured on an annual basis, in line with the yearly data assurance programme. The annual assurance report will be shared with all financiers of any CBS certified instruments outstanding at that time.



REPORTING

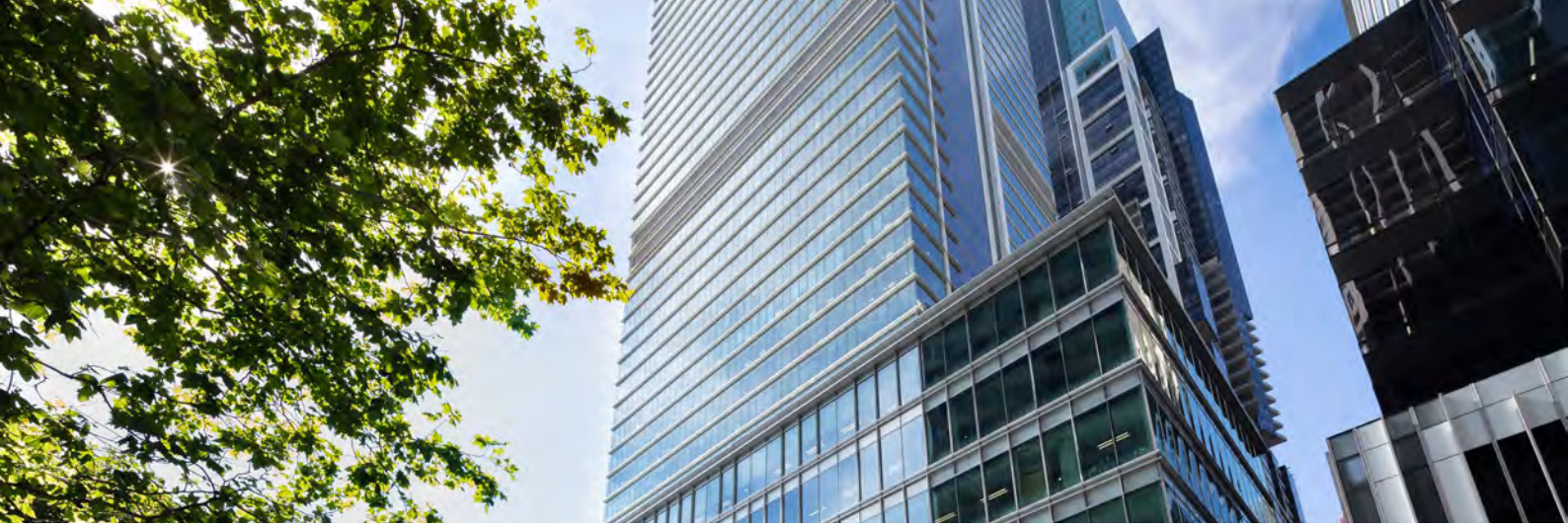
Under this Framework, information will be made available as follows:

Disclosure Item	Timing
Sustainable Finance Framework & SPO	Prior to the first Green Instrument issuance and available at all times on the Brookfield website: Brookfield Properties Sustainability
Climate Bond Certification	For the first Green Instrument issued under this Framework that is to CBS certified, at financial close. For each CBS certified green instrument issued thereafter, annually as part of the programmatic assurance process
Assurance/Compliance Statements	Disclosed to relevant financiers upon completion of each external review during the term of the relevant Green Instrument
Use of Proceeds and Impact Report for each Green Instrument and each instrument with a green tranche	At the time specified under the relevant loan documentation which will be at least annually
Internal data on each secured Eligible Asset	At the time specified under the relevant loan documentation which will be at least annually or more frequently if requested

Each Use of Proceeds and Impact Report will include (to the extent relevant to that asset):

1. a description of Eligible Asset/s;
2. the value of the Eligible Asset/s (based on latest external valuation commissioned by Brookfield);
3. the relevant targeted or actual, Primary Performance Indicators (and Secondary Performance Indicators if applicable) for that asset
4. an update on the carbon emissions intensities of the Eligible Asset/s;
5. a confirmation of compliance with the Framework (and CBS certification requirements if applicable); and
6. the value of Green Instruments outstanding

A pro forma Use of Proceeds and Impact Report is contained in Appendix A.



PART B: Framework for Sustainability Linked Instruments

This part of the Framework will be used for sustainability linked debt instruments, including but not limited to sustainability linked loans and bonds (together Sustainability Linked Instruments or SLIs). The Framework is aligned to the LMA/APLMA/LSTA Sustainability Linked Loan Principles¹⁶ (SLLP) and the ICMA Sustainability Linked Bond Principles¹⁷ (SLBP), a set of voluntary recommended guidelines for SLI's used by loan market participants globally.

By entering into a SLI, Brookfield will be incentivised to improve the sustainability profile of the nominated asset/s over the term of the instrument, as the debt terms will be aligned to performance against predetermined sustainability performance targets (SPTs).

The five core components of the SLLP and SLBP are as follows:

1. Selection of Key Performance Indicators (KPIs);
2. Calibration of Sustainability Performance Targets (SPTs);
3. Loan/Bond Characteristics;
4. Reporting; and
5. Verification

For the avoidance of doubt, proceeds from SLI's need not be used exclusively for eligible green projects and may be used for general corporate purposes.

OUR OFFICE PORTFOLIO HAS ONE OF AUSTRALIA'S HIGHEST RATED NABERS ENERGY RATINGS

5.2 stars

**AVERAGE NABERS
ENERGY RATING**

4.6 stars

**AVERAGE NABERS
WATER RATING**

5.6 stars

**AVERAGE NABERS
INDOOR ENVIRONMENT RATING**

16. [LMA/APLMA/LSTA Sustainability Linked Loan Principles - Feb 2023](#)

17. [Sustainability-Linked Bond Principles, Voluntary Process Guidelines June 2023](#)



SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

As set out at the section of this Framework titled 'Brookfield's Commitment to Sustainability', Brookfield's approach and strategy to sustainability is embedded throughout its operations which helps to ensure that the business model and practices will be sustainable well into the future. In line with the SLLP and SLBP, sustainability linked objectives will be clearly communicated to the financiers of SLI's and clearly positioned within the context of Brookfield's overarching ESG practices. KPIs selected for each SLI will be:

- (i) material to Brookfield's sustainability and business strategy;
- (ii) quantifiable on a consistent methodological basis; and
- (iii) able to be benchmarked.

Each SLI will require external certification, in the form of an SPO, confirming that the KPI's selected are consistent with this section of the Framework.

CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTS)

SPTs will be negotiated with the relevant financier group and determined on either an asset or portfolio basis. SPTs will be ambitious, meaningful and tied to improving sustainability performance of the asset over the life of the SLI. In selecting appropriate SPTs, consideration will be given to consistency with Brookfield's commitment to ESG, measurability, ability to be verified by an external reviewer, and the availability of historic and/or relevant industry data and benchmarks.

All SLI's entered into will have a minimum of one SPT. The following will be agreed with the financiers at the time of origination:

- baseline indicators or metrics;
- pre-determined SPT benchmarks to be achieved at set times over the life of the instrument;
- a clear timeline for measuring and reporting; and
- incentives if the SPTs are met and penalties if they are not.

Where SPTs are set on a single asset basis, and that asset has been in operation for less than 14 months prior to inception of the SLI, projections and forecast data will be relied upon for setting baselines and supplemented with actual data as soon as available. Baselines and SPTs will be clearly specified within the relevant transaction documentation for each SLI.



LOAN CHARACTERISTICS

Proceeds of SLI's may be used for either financing of specific assets or for general corporate purposes.

When entering into a SLI, Brookfield will provide financier/s with the following characteristics of that SLI:

- Definition of KPI(s) and SPT(s) (including calculation methodologies)
- Detailed description of potential variations to the financial and/or structural characteristics of the debt instrument including:
 - trigger events for change of loan or bond characteristics
 - any potential change in the loan margin payable or cost of the bond
 - timing and method of providing financier/s with information relating to performance against each SPT
- If applicable, a fallback mechanism in case the SPTs cannot be calculated or observed, or not in a satisfactory manner

The loan margin adjustment, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. the Facility Agreement of any SLL).

REPORTING

The time, frequency and format of reporting of information relating to the SPTs will be agreed with the arranging banks on origination of the SLL. Brookfield commits to providing updates to relevant financiers at least once annually thereafter, at or around the same time as other information undertakings are provided.

VERIFICATION

Brookfield is committed to the continual improvement of environmental management and sustainable practices, using measurable objectives and targets, concise implementation and an augmented process of review. Audits are conducted annually at properties to ensure continued compliance with corporate procedures, guidelines, codes of practice and legislation.

An external review of this Framework in the form of a SPO to confirm alignment with the SLLPs and SLBPs, and pre-issuance and post-issuance (where applicable) assurances will be commissioned to confirm sustainability performance against each SPT for the SLI. The SPO will be sourced prior to execution of each SLI and will be a condition to that instrument being designated as an SPI.

FOCUSED ON MEANINGFUL IMPACT¹⁸

1

Aim to incorporate climate change implications as part of underwriting to manage and minimize stranded asset risk over the long term

2

Continue to focus on assets that are essential for the economies in which we invest, meet societal needs and will appreciate in value over time

3

Drive efficiencies across our businesses, contributing to lower environmental impacts and improved operations

CONTACTS



Jennifer Cooper
Senior Vice President | Capital Markets and Treasury
Brookfield Asset Management
M +61 431 088 608
jennifer.cooper@brookfield.com



Danny De Sousa
ESG and Innovation Manager | Operations
Brookfield Properties
T +61 2 9158 5149 M +61 408 287 834
danny.desousa@brookfieldproperties.com

18. ESG Report 2022

Appendix A: Pro forma Use of Proceeds and Impact Report

DESCRIPTION OF ELIGIBLE ASSETS

Eligible Asset(s) Name: _____

Description and address: _____

Description of Green Instrument: _____

A\$m outstanding: _____

SECTION 1 – ELIGIBLE ASSET ESG CREDENTIALS

NABERS		GBCA		United Nations
Energy Rating (Design)	Energy Rating (Target/Actual)	Green Star Rating (Design)	Green Star Rating (As Built)	SDG Alignment and Contribution

SECTION 2 – REPORTING

GLP/GBP Eligibility Category	[CBS Taxonomy Category]	Date of most recent external valuation	Asset Fair Value (A\$m)	Total NLA (m ²)	Carbon Emissions intensity (as at [30 June 2020] (kgCO ₂ /m ²))	[CBS Emissions Intensity Threshold (kgCO ₂ /m ²)]	[CBS Eligibility Criteria met?]
Total							



Appendix B: Second Party Opinion

Second-Party Opinion

Brookfield Property Group

Sustainable Finance Framework V.3

Evaluation Summary

Sustainalytics is of the opinion that the Brookfield Property Group Australian Sustainable Finance Framework V.3 is credible, impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023. This assessment is based on the following:¹



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings and Energy Efficiency and Renewable Energy – are aligned with those recognized by the Green Bond Principles, and Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



PROJECT EVALUATION AND SELECTION Brookfield Property Groups’ Green Finance Management Committee (GFMC) will be responsible for the internal process for evaluating and selecting eligible projects, with final approval from the Brookfield Property Group Australia Portfolio Management Board.² Brookfield Property Group’s Board and Executive leadership have oversight on the potential environmental and social risks associated with its investing activities, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers Brookfield Property Groups’ risk management systems to be adequate and the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Brookfield Property Groups’ GFMC has a Green Instrument Register to track the proceeds of green instruments and will oversee the management of proceeds. Brookfield Property Group intends to fully allocate proceeds within 36 months of issuance. Pending allocation, proceeds will be held temporarily in cash or cash equivalents or will be used for repayment of revolving debt. This is in line with market expectation.



REPORTING Brookfield Property Group commits to report on allocation and impacts of proceeds on an annual basis in its Use of Proceeds and Impact Report, which will be provided directly to the relevant stakeholders. Allocation reporting will include information on eligible green projects, amounts allocated to eligible green projects and the balance of unallocated proceeds. The report will also disclose relevant environmental impact indicators, as described in the Framework. Sustainalytics views the allocation and impact reporting as aligned with market practice.



Evaluation Date	March 26, 2024
Issuer Location	Sydney, Australia

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3

For inquiries, contact the Sustainable Corporate Solutions project team:

Sumaiya Waheed (Mumbai)
Project Manager
sumaiya.waheed@morningstar.com

Maliha Taj (Mumbai)
Project Support

Lohith Reddy (Mumbai)
Project Support

Greg Thong (Sydney)
Client Relations
susfinance.apac@sustainalytics.com
(+61)2 7254 2735

¹ The Brookfield Property Group Australia Sustainable Finance Framework consists of two distinct frameworks or parts, namely Part A: Framework for Use of Proceeds Green Debt Instruments; and Part B: Framework for Sustainability-Linked Loans. This Second-Party Opinion is limited to Part A: Framework for Use of Proceeds Green Debt Instruments

² The GFMC will consist of senior members from Brookfield Properties, Capital Markets & Treasury and Sustainability personnel. The Brookfield Property Group (BPG) Portfolio Management Board includes senior members from BPG’s portfolio management, finance, investment and legal teams.

Introduction

Brookfield Property Group (“BPG” or the “Company”) is the investment manager of Brookfield Corporation’s (formerly Brookfield Asset Management Inc.) (the “Group”) real estate portfolio in Australia. The Company works in multiple verticals, including office, retail, student accommodation, retirement living, logistics and hospitality. The Company has more than 900 managed projects across the real estate sector as of 2024.³

BPG has developed the Brookfield Property Group Australian Sustainable Finance Framework V.3, which consists of two distinct frameworks or parts, namely Part A: Framework for Use of Proceeds Green Debt Instruments; and Part B: Framework for Sustainability-Linked Instruments. This Second-Party Opinion is limited to Part A: Framework for Use of Proceeds Green Debt Instruments, therefore the term “Framework” in this Second-Party Opinion refers exclusively to Part A as dated March 2024.

BPG intends to issue green loans⁴ and bonds under the Framework, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to reduce the carbon footprint of BPG’s real estate portfolio, contribute to improving energy efficiency of buildings in Australia, and lead to other positive environmental impacts.

The Framework defines eligibility criteria in two areas:

1. Green Buildings
2. Energy Efficiency and Renewable Energy

BPG engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁵ and Green Loan Principles 2023 (GLP).⁶ The Framework has been published in a separate document.⁷

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁸ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of BPG’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. BPG representatives have confirmed (1) they understand it is the sole responsibility of BPG to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

³ Brookfield Properties, “About Us”, at: <https://www.brookfieldproperties.com/en/who-we-are/about-us.html>

⁴ In case of multiple tranche loan facilities and revolving credit facilities envisioned under the Framework, BPG has committed to only label tranches with defined green use of proceeds and allocate according to the Framework’s eligibility criteria.

⁵ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁶ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁷ The Brookfield Property Group Sustainable Finance Framework is available on BPG’s website at: <http://www.brookfieldproperties.com/en/our-approach/sustainability.html>

⁸ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion on the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and BPG.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that BPG has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Brookfield Property Group Sustainable Finance Framework

Sustainalytics considers the Brookfield Property Group Sustainable Finance Framework V.3 to be credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, and Energy Efficiency and Renewable Energy – are aligned with those recognized by the GBP and GLP.
 - BPG has communicated to Sustainalytics that refinancing under the Framework will be limited to capital expenditures and assets, therefore, BPG has not established a look-back period for refinancing.
 - BPG has confirmed to Sustainalytics that the Company will avoid double counting of the allocated proceeds and their associated impacts.
 - Under the Green Buildings Category, BPG may finance or refinance expenditures related to the construction, development, acquisition, refurbishment and upgrade of new or existing residential, commercial and industrial buildings. Sustainalytics notes that i) commercial buildings may include: commercial office spaces and shopping centres (including retail spaces); ii) industrial buildings may include logistics facilities, storage & warehouses; and iii) residential buildings may include purpose-built student accommodation, build-to-sell or build-to-rent facilities. Expenditures will comply with the following eligibility criteria:
 - For new construction and development of commercial, residential or industrial buildings, BPG may finance or refinance:
 - Buildings that have or are expected to achieve the following minimum levels of certification:
 - 5-star Green Star Design as Built certification for commercial offices, logistics, purpose-built student accommodation, build-to-rent buildings or shopping centres registered before 31 December 2021.
 - Green Star Building certification at 5-star for commercial buildings and 4-star for residential, industrial buildings or retail registered after 01 January 2022. While acknowledging the operational challenges inherent to achieving a 5-star Green Star Building rating for residential buildings, notably the limited control over operations, Sustainalytics maintains that attaining a minimum of a Green Star 5-

- star Building rating is both credible and impactful and encourages Brookfield to have the residential buildings (financed under the Framework) achieve the same towards the end of the bond or loan tenure.
- NABERS energy certification at: i) 5.5-star for single commercial asset or 5.2-star for commercial office building portfolio; ii) 5-star for residential apartment buildings; or iii) 5.5-star for single shopping centres or 4.6-star for shopping centre portfolios.
 - Green Star Performance certification at 4-star for commercial offices, logistics, purpose-built student accommodation, build-to-rent buildings and shopping centres.
 - NatHERS certification at 7-star for residential buildings: Sustainalytics notes that NatHERS 7-star rating solely assesses thermal efficiency of residential buildings and is viewed as a credible rating when coupled with one of the aforementioned eligible green building certification levels. Additionally, BPG has communicated to Sustainalytics that all residential buildings financed under the Framework will adhere to the NatHERS Heating and Cooling Load Limits Standards set by the Australian Building Code Board (ABCB).⁹ Consequently, Sustainalytics considers NatHERS 7-star ratings to be robust and credible when used in conjunction with: i) green building certification level considered eligible under the Framework; or ii) ABCB's NatHERS Heating and Cooling Load Limits Standards, specified above.
 - Additionally, BPG intends to use the following additional eligibility criteria over and above the aforementioned certifications: Buildings that have received or will receive: i) NABERS Water (4 stars and above); or ii) NABERS Indoor Environment (4 stars and above).
 - Buildings that meet the relevant benchmarks of: i) the Green Building Council Australia (GBCA)'s Sustainable Finance Guide;¹⁰ or ii) NABERS Sustainable Finance Criteria.¹¹ Sustainalytics notes the following about the certifications and benchmarks enlisted in the above-mentioned documents:
 - The minimum eligible certification levels for the certification schemes which include: i) Green Star Building; ii) Green Star Performance; iii) Green Star Homes; iv) NABERS Energy; v) Living Building Challenge; vi) Passivhaus Certified; and vii) EnerPHit Retrofit - are viewed as robust and credible.
 - The certification schemes: i) WELL; ii) NABERS Water; iii) NABERS Indoor Environment; iv) NABERS Waste; and v) NatHERS¹² may be viewed as credible in combination with another eligible green building certification or label mentioned above and Sustainalytics encourages BPG to consider these as secondary certification schemes.
 - Sustainalytics notes that the Cleaning Accountability Framework (CAF) aims to improve labour practices in the cleaning industry, and therefore, does not view CAF as a credible green building certification scheme under green financing.

⁹ Australian Building Codes Board, "NatHERS Heating and Cooling Load Limits Standard", at: <https://www.abcb.gov.au/sites/default/files/resources/2022/nathers-heating-cooling-load-limits-2022.pdf>

¹⁰ Green Building Council of Australia, "Sustainable Finance", at: <https://new.gbca.org.au/green-star/green-star-strategy/sustainable-finance/>

¹¹ NABERS, "NABERS Sustainable Finance Criteria", at: https://www.nabers.gov.au/sites/default/files/nabers_sustainable_financial_framework.pdf

¹² Sustainalytics considers NatHERS-7 star as credible and robust when used in conjunction with a credible green building certification level considered eligible under the Framework, or ABCB's NatHERS Heating and Cooling Load Limits Standards.

Australian Building Codes Board, "NatHERS Heating and Cooling Load Limits Standard", at: <https://www.abcb.gov.au/sites/default/files/resources/2022/nathers-heating-cooling-load-limits-2022.pdf>

- Buildings that are among the top 15% of energy efficient buildings in the local context, as determined by the Climate Bonds Standard¹³ or NABERS.¹⁴
- Sustainalytics notes that the Framework also includes other green building certifications that meet or exceed regional, national or internationally recognized standards or certifications.¹⁵ Sustainalytics notes that it is market expectation to specify all eligible schemes and certifications and encourages BPG to report on the specific schemes and certifications it intends to use.
- For the refurbishment and upgrade of existing commercial, industrial and residential buildings, BPG may finance or refinance projects, portfolios and initiatives that result in:
 - Achievement of a minimum 30% of energy efficiency improvements, emissions savings or primary energy demand as compared to the initial performance.
 - Achievement of one or more of the certifications or standards specified in the GBCA Sustainable Finance Guide and NABERS Sustainable Finance Criteria, as defined above.
 - Buildings conforming with the carbon emissions intensity target for the applicable geographical location of the building calculated according to the Location-Specific Criteria of the Climate Bonds Standard.
 - Sustainalytics notes that: i) only the retrofits will be financed and not the asset value of the building; ii) asset value will be financed or refinanced only if the refurbishment or retrofits result in the achievement of the levels of certification considered eligible under the Framework.
- BPG has also confirmed to Sustainalytics that buildings intended to be financed under this category will not be used for the purpose of extraction, storage, transportation or manufacture of fossil fuels.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Energy Efficiency and Renewable Energy category, BPG intends to finance or refinance:
 - Projects, products and technologies that reduce total energy consumption of residential, industrial and commercial buildings, including but not limited to¹⁶: i) installation of energy efficient HVAC systems; ii) Building management systems to achieve energy consumption optimization, through atmospheric parameter control, HVAC temperature and efficiency control, and controlling indoor air quality; iii) automatic thermal blinds for insulation; iv) LED lighting with sensors; v) smart metering; and vi) data collection and analysis to improve the efficiency of such systems by contracting energy efficiency consultants.
 - BPG has confirmed that it intends to finance smart meters for electricity, gas or water and will not be financing any new gas projects. While noting that the financing of these assets is consistent with the EU Taxonomy Delegated Act, Sustainalytics notes that such investments may still prolong fossil fuel consumption.
 - Retrofits which result in commercial and industrial buildings achieving 30% energy efficiency improvements as compared to pre-renovation levels through the use of energy-efficient equipment or technologies such as those noted in the previous bullet point.

¹³ Climate Bonds Initiative, "The Buildings Criteria for the Climate Bonds Standard & Certification Scheme ", at: https://www.climatebonds.net/files/files/standards/Buildings/Low%20Carbon%20Building%20Criteria_V_1_1_July2020.pdf

¹⁴ NABERS, "NABERS Sustainable Finance Criteria Pilot Program", at: https://www.nabers.gov.au/sites/default/files/nabers_sustainable_finance_criteria_pilot_program_-_one_pager.pdf

¹⁵ For this Second Party Opinion, Sustainalytics has only assessed the certifications expressly listed in the Framework.

¹⁶ As part of this Second Party Opinion, Sustainalytics has assessed only those projects, products and technologies which have been enlisted in the Framework.

- Installation of solar panels and procurement of electricity via renewable electricity power purchase agreements (PPAs). BPG has confirmed that the PPAs will be through large scale generation certificates (LGCs)¹⁷ of long-term agreements (5-10 years).
 - BPG has confirmed that it will exclude: i) technologies designed or intended for processes that are inherently carbon intensive or powered by fossil fuels; and ii) projects or assets intended for the extraction, storage, transportation or manufacture of fossil fuels.
 - Sustainalytics considers the criteria for financing energy efficiency and renewable energy projects to be aligned with market practice.
- Project Evaluation and Selection:
 - BPG has established a Green Finance Management Committee (GFMC) that will be responsible for identifying and selecting eligible projects based on the criteria set out in the Framework. The GFMC consists of senior members from Brookfield Properties, Capital Markets & Treasury and Sustainability personnel.
 - BPG's Portfolio Management Board (PMB) will give final approval on projects selected by the GFMC. The PMB consists of senior members from BPG's portfolio management, finance, investment and legal teams.
 - BPG's Board and Executive leadership have oversight on the potential environmental and social risks associated with its investing activities, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk assessment procedures to be adequate and aligned with market expectation. For additional details, see Section 2.
 - Based on the established process for project selection and the presence of risk management processes, Sustainalytics considers these to be in line with market practice.
- Management of Proceeds:
 - The GFMC will track and supervise proceeds using a Green Instrument Register. Additionally, the Company intends to fully allocate proceeds within 36 months of issuance.
 - The GFMC will oversee the management of unallocated proceeds. Pending allocation, proceeds will be held in cash or cash equivalents or will be used to repay revolving debt. Sustainalytics notes that BPG will not use the proceeds towards repayment of debt related to fossil fuel or carbon-intensive activities.
 - The Company has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. BPG intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the use of a tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - BPG intends to report on the allocation and impact of proceeds annually in its Use of Proceeds and Impact Report, which will be provided directly to relevant stakeholders.
 - BPG has communicated to Sustainalytics that if it obtains revolving credit facilities under the Framework, it will report on allocation until loan maturity.
 - Allocation reporting will include the net proceeds of the green loans and green bonds issued under the Framework, along with details on unallocated proceeds and temporary investments. Impact reporting will include qualitative and quantitative performance metrics, such as level of environmental certifications and emissions intensity (in kgCO₂/m²).
 - Based on BPG's commitments on allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Brookfield Property Group Australian Sustainable Finance Framework V.3 aligns with the four core components of the GBP and GLP.

¹⁷ LGCs in the Australian context source electricity from solar panels and wind turbines.

For more information: <https://australianenergyupgrades.com.au/commercial-solar-3-2/large-scale-generation-certificates-lgcs/>

Section 2: Sustainability Strategy of BPG

Contribution to BPG's sustainability strategy

Sustainalytics is of the opinion that BPG demonstrates a commitment to sustainability by adhering to group-wide climate change strategies, ESG practices and green building initiatives of its parent company, Brookfield Corporation. In relation to real estate, the Group intends to build resilient assets, creating long-term stakeholder value.¹⁸

Specific to the real estate platform, the Group has developed a decarbonization strategy to work towards procurement of clean energy, retrofits and operational energy reduction for its assets. This is also in line with the Group's commitment to achieve net-zero by 2050 (or sooner), as a signatory to Net Zero Asset Managers (NZAM) initiative. To achieve its decarbonization goal, the Group is committed to increasing the proportion of assets under management to be included in its NZAM target to 100%.¹⁹ At the asset level, many of Brookfield's portfolio companies report on the Global Real Estate Sustainability Benchmark (GRESB)²⁰ environmental disclosures. In 2022, Brookfield's real estate entities achieved an average global GRESB score of 83%, 9% higher than the GRESB average GRESB score of 74%.

The Company also promotes green building practices through all stages of a project including initial design, construction and operation. In addition, up to 99% of the Company's eligible global core office area has achieved a sustainability designation via third-party standard providers including LEED, NABERS, Green Star, Energy Star, BOMA 360 and BREEAM.²¹

Sustainalytics is of the opinion that the Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include land use and biodiversity issues associated with large-scale infrastructure development, effluents and waste generated in construction, occupational health and safety, and community relations.

Sustainalytics is of the opinion that BPG is able to manage or mitigate potential risks through implementation of the following Company or Group policies:²²

- To address land use and biodiversity risks, BPG complies with the Groups' ESG Due Diligence Protocol which focuses on biodiversity and the ecosystem considerations in its investment criteria, through stakeholders' consultation and expert engagement.²³ BPG adheres to the requirements of relevant green building rating tools, including Green Star certification, to effectively manage land use and biodiversity concerns related to its buildings.
- With respect to emissions and waste generation risks, BPG has an Environmental Management Policy that includes considerations for energy consumption, GHG emissions, sustainable procurement, pollution prevention, waste management and water conservation and management.²⁴ BPG adheres to the Group's Environmental, Social and Governance Policy, which aims to monitor and reduce emissions emanating from water and energy consumption, reusing and recycling of construction materials, and incorporating waste management measures aimed at reducing waste from its operations and diverting operational and construction waste from landfills during the various stages of construction.^{25,26} In addition, BPG aligns with the Brookfield Properties' Environmental Management System that strives to conform to the requirements of AS/NZS ISO 14001:2015

¹⁸ Brookfield Real Estate, "2022 Sustainability Report", at:

<https://www.brookfieldproperties.com/content/dam/b2b/culture/2022%20Brookfield%20Real%20Estate%20Sustainability%20Report%20vF.pdf>

¹⁹ Brookfield Asset Management, "2022 Sustainability Report", at: <https://www.brookfield.com/responsibility/2022-sustainability-report>

²⁰ GRESB, at: <https://www.gresb.com/nl-en/>

²¹ Brookfield Properties, "Sustainability", at: <https://www.brookfieldproperties.com/en/our-approach/sustainability.html>

²² BPG has communicated to Sustainalytics that on topics not covered under BPG's policies, the Company abides by the policies of Brookfield Corporation (formerly known as Brookfield Asset Management Inc.), its parent company.

²³ Brookfield Asset Management, "2022 Sustainability Report", (2023), at: <https://www.brookfield.com/sites/default/files/2023-06/BAM-2022-Sustainability-Report.pdf>

²⁴ Brookfield Properties' Environmental Management Policy was shared with Sustainalytics confidentially.

²⁵ Brookfield Asset Management Inc., "Environmental, Social and Governance Policy", (2022), at: https://www.brookfield.com/sites/default/files/2022-06/ESG%20Policy_0.pdf

²⁶ Brookfield Real Estate, "2022 Sustainability Report", (2023), at:

<https://www.brookfieldproperties.com/content/dam/b2b/culture/2022%20Brookfield%20Real%20Estate%20Sustainability%20Report%20vF.pdf>

Environmental Management Systems.²⁷ The objective of the management system is to ensure organizational and operational risk management in construction, operational efficiency and capital expenditure.

- To identify and mitigate risks associated with workers' health and safety, BPG commits to health and safety practices in line with ISO 31000 and aims to achieve the goal of zero serious safety incidents.²⁸ Within real estate, the Company has established health and safety protocols including incident reporting systems to protect occupants, employees, visitors, and contractors. The Company's senior executives are accountable for the health and safety of their individual businesses with oversight from the CEO who reports to the board of directors on safety performance, incidents, and the status of improvement initiatives.²⁹ The Company offers health and safety training to its staff on a regular basis.
- With respect to community relations, BPG is committed to consulting, and supporting the communities in which it operates, including the indigenous community.³⁰ Additionally, the Company works with stakeholders, including tenants, communities, business owners, municipalities, NGOs, landowners, or others potentially affected by its operations, and ensures that their interests and safety are integrated into its decision-making, developments, and property operations.³¹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that BPG has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The two use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on green buildings where the impact is specifically relevant in the local context.

Importance of financing green buildings in Australia

Lifetime emissions from construction, maintenance and use of buildings were responsible for approximately 26% of global energy-related emissions in 2022.³² Australia's residential buildings were responsible for 24% of overall electricity use in the country and more than 10% of total CO₂ emissions, while commercial buildings accounted for 25% of total electricity use and 10% of total carbon emissions in Australia in 2023.^{33,34}

Energy efficiency measures are expected to help emissions from residential buildings in Australia reduce their share of indirect emissions from 22% in 2020 to 16% by 2030.³⁵ In light of this, the Australian Government, in its 2022 updated Nationally Determined Contribution targets, has committed to reduce the country's emissions to 43% below 2005 levels by 2030.³⁶ Additionally, Australia's Trajectory for Low Energy Buildings Plan aims to achieve zero-energy and zero-carbon ready commercial and residential buildings in Australia by 2030.³⁷ The plan targets energy efficiency improvements for new buildings and renovations, energy efficiency disclosures and improvements in HVAC performance.³⁸ The Australian Government also aims to reduce GHG emissions from buildings by encouraging improved thermal performance of homes and commercial buildings through new and digitally enabled grid-integrated technologies, such as smart meters, appliances and devices.³⁹ To benchmark emissions performance, Australia's Commercial Building Disclosure programme

²⁷ ISO, "ISO 14001– Environment Management Systems", at: <https://www.iso.org/iso-14001-environmental-management.html>

²⁸ Brookfield Real Estate, "2022 Sustainability Report", (2023), at:

<https://www.brookfieldproperties.com/content/dam/b2b/culture/2022%20Brookfield%20Real%20Estate%20Sustainability%20Report%20vF.pdf>

²⁹ Ibid.

³⁰ Brookfield Asset Management, "2022 Sustainability Report", (2023), at: <https://www.brookfield.com/sites/default/files/2023-06/BAM-2022-Sustainability-Report.pdf>

³¹ Ibid.

³² International Energy Agency, "Tracking Buildings", (2022), at: <https://www.iea.org/energy-system/buildings#tracking>

³³ Australian Government, Department of Climate Change, Energy, the Environment and Water, "Residential Buildings", (2023), at: <https://www.dceew.gov.au/energy/energy-efficiency/buildings/residential-buildings>

³⁴ Australian Government, Department of Climate Change, Energy, the Environment and Water, "Commercial Buildings", (2023), at: <https://www.dceew.gov.au/energy/energy-efficiency/buildings/commercial-buildings>

³⁵ Australian Government, Department of Climate Change, Energy, the Environment and Water, "Australia's emissions projections 2023", at: <https://www.dceew.gov.au/climate-change/publications/australias-emissions-projections-2023#:~:text=As%20reflected%20in%20Australia's%20Nationally,emissions%20budget%20from%202021%2D2030.>

³⁶ Australian Government, Department of Industry, Science, Energy and Resources, "Government Priorities", (2021), at: <https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

³⁷ Australian Government, Department of Climate Change, Energy, the Environment and Water, "Trajectory for low energy buildings", (2023), at: <https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

³⁸ Ibid.

³⁹ Ibid.

requires buildings with a net lettable area larger than 1,000m² undergoing a sale or lease transaction to have a building energy efficiency certificate (BEEC).^{40,41} Additionally, provisions aimed at improving the energy efficiency of commercial buildings and to facilitate their transition to zero energy and carbon-ready buildings are currently being developed by the Australian Building Codes Board for the year 2025.⁴²

In the above context, Sustainalytics is of the opinion that BPG's financing is expected to improve the share of green buildings in Australia, thereby contributing to meeting the country's energy efficiency and building targets.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Brookfield Property Group Sustainable Finance Framework V.3 are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

Conclusion

BPG has developed the Brookfield Property Group Sustainable Finance Framework V.3 under which it may issue green bonds and loans and use the proceeds to finance or refinance in whole or in part, existing or future green buildings and energy efficiency projects intended to support the decarbonization of its portfolio. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Brookfield Property Group Sustainable Finance Framework V.3 outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Brookfield Property Group Sustainable Finance Framework V.3 is aligned with the overall sustainability strategy of BPG and that the use of proceeds will contribute to advance the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that BPG implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories except for the risks related to land use and biodiversity; and encourages BPG to establish policies or procedures to address these risks pertinent to developmental projects.

Based on the above, Sustainalytics is confident that BPG is well positioned to issue green bonds and loans that that Brookfield Property Group Sustainable Finance Framework V.3 is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

⁴⁰ Australian Government, "Commercial Building Disclosure Program", at: <https://www.cbd.gov.au/>

⁴¹ Australian Government, CBD, "What is BEEC?", at: <https://www.cbd.gov.au/program/beec/what-beec-building-energy-efficiency-certificate>

⁴² Australian Government, Department of Climate Change, Energy, the Environment and Water, "Commercial Buildings", (2023), at: <https://www.dcccew.gov.au/energy/energy-efficiency/buildings/commercial-buildings>

Disclaimer

Copyright ©2024 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

