

Independent Reasonable Assurance Report to the Directors of BOP Australia Pty Ltd in its capacity as trustee of BOPA Trust ('Brookfield')

Assurance Conclusion

Based on our reasonable assurance procedures described in this statement of 18 June 2020, in our opinion Brookfield's loan issuance process in relation to its 2019 Green Loans, inclusive of its Green Loan Framework and nominated projects and assets, meets the project identification, project minimum Criteria, management of proceeds, and reporting requirements of the Green Loan Principles and the Climate Bonds Initiative's Climate Bond Standard (inclusive of sectoral criteria), in all material respects.

Scope

Ernst & Young ('EY') has performed a reasonable assurance engagement in relation to Brookfield's Green Loan Framework and 2019 Green Loans (for funds received by Brookfield and administered by related borrowing entities, such as the Brookfield Australia Property Trust) post-issuance in order to provide an opinion as to whether, as of 18 June 2020, the Subject Matter is in accordance with the Criteria (as detailed below), in all material respects.

Subject Matter and Criteria

Subject Matter	Criteria
Brookfield's Green Loan Post-issuance process, as described in Brookfield's Green Loan Framework that sets out: <ul style="list-style-type: none"> ▶ Use of Proceeds ▶ Process for Evaluation and Selection of assets ▶ Management of Proceeds ▶ External Review ▶ Disclosure and Reporting. 	<ul style="list-style-type: none"> ▶ Green Loan Principles ('GLP') ▶ The Climate Bond Standard v2.1 ('CBS') ▶ The CBS Sector Eligibility Criteria for Low Carbon Buildings – Commercial Buildings ▶ Brookfield's own internal policies and procedures, as documented in Brookfield's Green Loan Framework.

Management Responsibility

The management of Brookfield ('Management') is responsible for the collection, preparation and presentation of the Subject Matter in accordance with the Criteria, and for maintaining adequate records and internal controls that are designed to support the Green Loan post-issuance process.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the Subject Matter is presented in accordance with the Criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and ASAE3100: *Compliance Engagements*.

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures sufficient for us to obtain a meaningful level of assurance as the basis for providing a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, these procedures were not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Approach

The assurance procedures we undertook included, but were not limited to:

- ▶ Reviewing the policies and procedures in Brookfield's Green Loan Framework to assess whether they were aligned to the requirements of the CBS and the Green Loan Principles.
- ▶ Confirming the emissions intensity of Brookfield's 2019 Green Loans were below the Climate Bonds Initiative's ('CBI') emissions intensity thresholds.
- ▶ Confirming the total value of Brookfield's 2019 Green Loans was less than the total value of the eligible assets.

Limitations

There are inherent limitations in performing assurance; for example, assurance engagements are based on selective testing of the information being examined, and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000, ASAE31000 and the relevant Standards is subjective and could be interpreted differently by different stakeholder groups.

Our assurance was limited to Brookfield's 2019 Green Loans post-issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 18 June 2020.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of Brookfield only, and in accordance with the terms of reference for this engagement, as agreed with Brookfield. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the 2019 Green Loans post-issuance is entirely at its own risk. No statement is made as to whether the Criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

In accordance with APES 110, we can confirm we have met the requirements of the Code of Ethics for Professional Accountants, including on independence. Our team has the required competencies and experience for this assurance engagement.



Ernst & Young



Dr Matthew Bell
Partner
Brisbane, Australia
18 June 2020

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Annex A

Green Loan Principles

Brookfield's 2019 Green Loan (post-issuance) and Green Loan Framework was assured against the following requirements as specified in the Green Loan Principles.

GLP ref	Significant Process	Testing Procedures	Summary of Findings
1	Use of Proceeds	<ul style="list-style-type: none"> ▶ Reviewed the Nominated projects and assets against the loans' documented objectives ▶ Reviewed the Nominated projects and assets against the specific eligibility criteria set out in the CBS Sector-Specific Criteria document. This was used as a proxy for assessing eligibility under the GLP. ▶ Reviewed internal tracking processes to ensure that the earmarking process was maintained (this included the portion of financing vs refinancing) 	<ul style="list-style-type: none"> ▶ EY found that the nominated projects and assets remained in line with the loans' documented objectives. ▶ EY found that the Nominated projects and assets continue to meet the specific eligibility criteria set out in the CBS Sector-Specific document. ▶ EY found that the tracking processes in relation to earmarking remain in line with the Green Loan Principles expectations.
2	Process for project evaluation and selection	<ul style="list-style-type: none"> ▶ Reviewed the processes that the borrower undertakes to determine whether its projects met the eligible categories of the GLP ▶ Reviewed the Nominated projects and assets against the specific eligibility criteria set out in the CBS Sector-Specific Criteria document. This was used as a proxy for assessing eligibility under the GLP. 	<ul style="list-style-type: none"> ▶ EY found that the process that the borrower undertook to determine whether its projects met the eligible categories was aligned to the Green Loan Principles requirement. A Green Loan Management Committee had been setup, with key stakeholders meeting periodically in order to identify new assets, as well as the continuing eligibility of existing assets. ▶ EY noted that these are Brookfield's first Green Loans. Accordingly, there was low likelihood of the projects and assets being nominated to another green loans. ▶ EY found that the Nominated projects and assets continued to meet the specific eligibility criteria set out in the CBS Sector-Specific document.
3	Management of proceeds	<ul style="list-style-type: none"> ▶ Reviewed the Green Loan Framework to test whether sufficient processes had been put in place to ensure that proceeds are managed appropriately, and whether funds had appropriate traceability to Green Projects. 	<ul style="list-style-type: none"> ▶ EY found that the processes set out in the Green Loan Framework relating to management of proceeds were aligned to the Green Loan Principles requirements. A Green Loan Management Committee had been set up, with key stakeholders meeting periodically to review how proceeds had been managed, as well as review the management of unallocated proceeds.
4	Reporting	<ul style="list-style-type: none"> ▶ Reviewed the proposed approach to annual reporting (sufficient for post-issuance) ▶ Reviewed the first use of proceeds report to ensure that it contained all information as described. 	<ul style="list-style-type: none"> ▶ EY noted that Brookfield intends to release a Use of Proceeds report at least annually, upon issuance of the loan. ▶ EY confirmed that the Use of Proceeds report will include: <ol style="list-style-type: none"> 1. Description of Eligible Assets; 2. Value of the Eligible Assets (external valuations are obtained once every 24 months, at a minimum); 3. Updated emissions intensities of the Eligible Assets; 4. Confirmation of eligibility; and 5. Value of Green Loans issued.

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Annex B

Climate Bond Standard V2.1 Criteria

Brookfield's 2019 Green Loan (post-issuance) and Green Loan Framework was assured against the following requirements as specified in the Climate Bond Standard v2.1 ('CBS').

CBS Ref	Significant Process	Testing Procedures	Summary of Findings
4	Nominated Projects & Assets	<ul style="list-style-type: none"> ▶ Gained new contract details for any nominated project changes. ▶ Discussed the implementation of the process to determine the continuing eligibility of nominated projects and assets. 	<ul style="list-style-type: none"> ▶ EY confirmed that documented decision-making processes in relation to selection of assets aligned with CBS requirements. ▶ EY noted that this was Brookfield's first Green Loan. Accordingly, there was a low likelihood of the projects and assets being nominated to another climate bond or green loan. ▶ EY confirmed that net proceeds of the loans were vouched for by external valuation reports.
5	Use of Proceeds	<ul style="list-style-type: none"> ▶ Reviewed internal systems and processes to ensure all funds received were allocated against nominated projects. ▶ Checked that the net proceeds of the loan was not greater than the total investment in the nominated projects and assets. ▶ Confirmed nominal currency of investment in nominated projects and assets. 	<ul style="list-style-type: none"> ▶ EY confirmed that the processes and controls in place aligned with the CBS requirements in order to track proceeds, and maintain the earmarking process given the simple nature of the loan issuance. ▶ EY confirmed that the total commitment for the Nominated projects and assets is greater than the face value of the loan.
6	Non-Contamination of Proceeds	<ul style="list-style-type: none"> ▶ Reviewed dates of trades for receiving and allocating funds against dates nominated projects were assigned against the loan from internal systems and processes. 	<ul style="list-style-type: none"> ▶ EY found that the processes and controls in place aligned with CBS requirements in order to track proceeds and prevent contamination. Nominated funds were used for two assets only, and no further inclusions were made, preventing possible contamination.
7	Confidentiality	<ul style="list-style-type: none"> ▶ Confirmed if there have been any changes to confidentiality requirements related to nominated projects. ▶ Checked that disclosures to the market were aligned with the existing confidentiality agreement related to the nominated projects and assets. 	<ul style="list-style-type: none"> ▶ EY considered that the processes set out in the Green Loan framework relating to confidentiality was aligned with CBS requirements. A Green Loan Management Committee had been set up, with key stakeholders meeting periodically to review relevant elements of the framework, including the Eligible Assets against the Eligibility Criteria. ▶ EY found that engaging in post financial close assurances within 12 months of financial close and at least once every 24 months was sufficient for fulfilling Brookfield's disclosure requirements, in line with CBS requirements.
8	Reporting	<ul style="list-style-type: none"> ▶ Confirmed that Brookfield has reported on the use of proceeds, temporary investment of unallocated proceeds, project list, the amounts dispersed and impact of the nominated projects and assets at least annually. ▶ Reviewed that Brookfield had reported quantitative performance measures as described in the Green Loan Framework. 	<ul style="list-style-type: none"> ▶ EY found that the loan disclosure documentation contained sufficient detail, in line with CBS requirements. ▶ Periodic assurance engagements are to be conducted. This is referenced within the framework, which is consistent with EY's scope of work within the engagement letter.
9	Climate Bonds Taxonomy	<ul style="list-style-type: none"> ▶ Reviewed Nominated projects against CBS eligibility criteria, including taxonomy and/or sector-specific technical criteria. 	<ul style="list-style-type: none"> ▶ EY found that the Nominated projects met the CBS eligibility criteria, including taxonomy and sector-specific technical criteria (low carbon buildings).
10	Technical criteria	<ul style="list-style-type: none"> ▶ Checked Brookfield's calculations of emissions intensity and ensured that this met the CBS threshold for low carbon buildings. ▶ With reference to emissions data and floor area (base building only) provided by Brookfield, EY recalculated emissions intensity for each loan. 	<ul style="list-style-type: none"> ▶ EY found that the portfolio emissions intensity for each loan met the requirements of the CBS.

CBS Ref	Significant Process	Testing Procedures	Summary of Findings
		<p>EY also checked that the portfolio intensity for each loan meets the requirements of the CBS criteria.</p> <ul style="list-style-type: none"> ▶ On a sample basis, EY traced underlying electricity and gas consumption to third party invoices. 	<ul style="list-style-type: none"> ▶ From EY's testing, it was found that underlying electricity and gas use was able to be traced to third party invoices, with any internal splits able to be verified with reference to internal systems/metering data.
11	Project holding	<ul style="list-style-type: none"> ▶ Reviewed Brookfield's Green Loan Asset Register and ensured that the Nominated projects had a fair market value equal to or greater than the principal amount of the Green Loan. 	<ul style="list-style-type: none"> ▶ EY found that the total commitment for the Nominated projects and assets is greater than the face value of the loan.
12	Settlement period	<ul style="list-style-type: none"> ▶ Reviewed Brookfield's Green Loan Asset Register and ensured that the transfer occurred within the CBS time limit. 	<ul style="list-style-type: none"> ▶ EY confirmed that Brookfield's process for the transfer of proceeds has occurred inside the CBS time limit.
13	Earmarking	<ul style="list-style-type: none"> ▶ Reviewed internal systems and processes and ensured that an earmarking process was maintained to manage and account for funding from loan holders to the Nominated Projects and Assets. 	<ul style="list-style-type: none"> ▶ EY confirmed that Brookfield's tracking of the Nominated Projects and Assets is established, and the loan is tracked as required by the CBS requirements.



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Annex C

Brookfield's list of Green Loan nominated projects

Green Loan 1

Nominated Project	Class	Country
Brookfield Place Tower 1	Building	Australia

Green Loan 2

Nominated Project	Class	Country
Brookfield Place Tower 2	Building	Australia

Annex D

Brookfield's exposure to Nominated Projects and Assets for Brookfield Place Tower 1

Description	Asset Value (\$AUDm) (as at 31 March 2019)	Weighted emissions intensity (kg CO ₂ e/m ²) (as at February 2020)
Low Carbon Building Assets	1,235	52.16
Total value related to certified assets	1,235	52.16

Brookfield's exposure to Nominated Projects and Assets for Brookfield Place Tower 2, as at 31 March 2019

Description	Asset Value (\$AUDm) (as at 31 March 2019)	Weighted emissions intensity (kg CO ₂ e/m ²) (as at February 2020)
Low Carbon Building Assets	465	47.96
Total value related to certified assets	465	47.96