



CEO Message

Dear Friends,

2018 was a transformative year for the company. We were acquired by Brookfield Property Partners, moved corporate office locations, integrated a portfolio of 38 assets into our business, and grew our team to add even more talent and expertise. Throughout the past 12 months, our steadfast focus on sustainability remained at the core of all business decisions.

We continue to create value for our stakeholders by delivering best-in-class sustainability practices. I am proud of my colleagues for their great work as leaders in solar generation and their use of technology to optimize the operations of our retail assets. Our 2022 sustainability goals are key to every business decision and we have already made measurable progress toward these goals. We will continue to leverage our industry-leading expertise to drive performance, reduce our environmental footprint, and ultimately achieve our objectives.

Brookfield Properties' retail group supports the communities in which we operate and emphasizes the importance of health among colleagues. The design of our new office space is a great example of our commitment to wellness with the space showcasing items such as living moss walls, adjustable desks, and multiple community spaces, including our rooftop deck. Furthermore, as landlords of great gathering places, our retail assets are centerpieces within their communities. During 2018, we organized more than 675 community-focused events throughout the country.

The last 12 months have served as a global catalyst for the recognition of resilience within our industry. Events such as Hurricane Michael, the wildfires in California, and technological security threats have highlighted the importance of risk mitigation. We are proud of our Business Continuity Plan, which allows us to react to and recover from such events. This comprehensive plan minimizes damage when these disasters occur and allows us to quickly restore the operations of our retail assets.

This report takes you through our journey and provides a clear outlook to the future. Sustainability is an intrinsic part of our culture and our values of Humility, Attitude, Do the Right Thing, Together, and Own It. We strive to be a better community partner by sharing best practices on sustainability and contributing to the world around us in a productive way.

Best regards,



Sandeep Mathrani
Vice Chairman of Brookfield Property Group
CEO of Brookfield Properties' retail group

In total, our properties have 63.4 MW of installed solar capacity, projected to generate more than 83.2 million kWh of renewable electricity annually



Reduced common-area grid-purchased electricity consumption by 33.6% since 2014



28.7% decrease in our controllable (Scope 1 and 2) greenhouse gas emissions since 2014



Doubled the number of electric vehicle charging points across our portfolio. This provided over 1.9 million free miles to our customers in 2018



Decreased our water consumption by 9.5% since 2014



Our properties hosted over 675 community-focused events in 2018, raising over \$1.5 million and connecting with nearly 1 million individuals



Corporate office locations integrated health and well-being features such as ergonomic (adjustable) desks, live moss walls, and collaborative breakout zones



Over 40% of employees logged into our wellness portal



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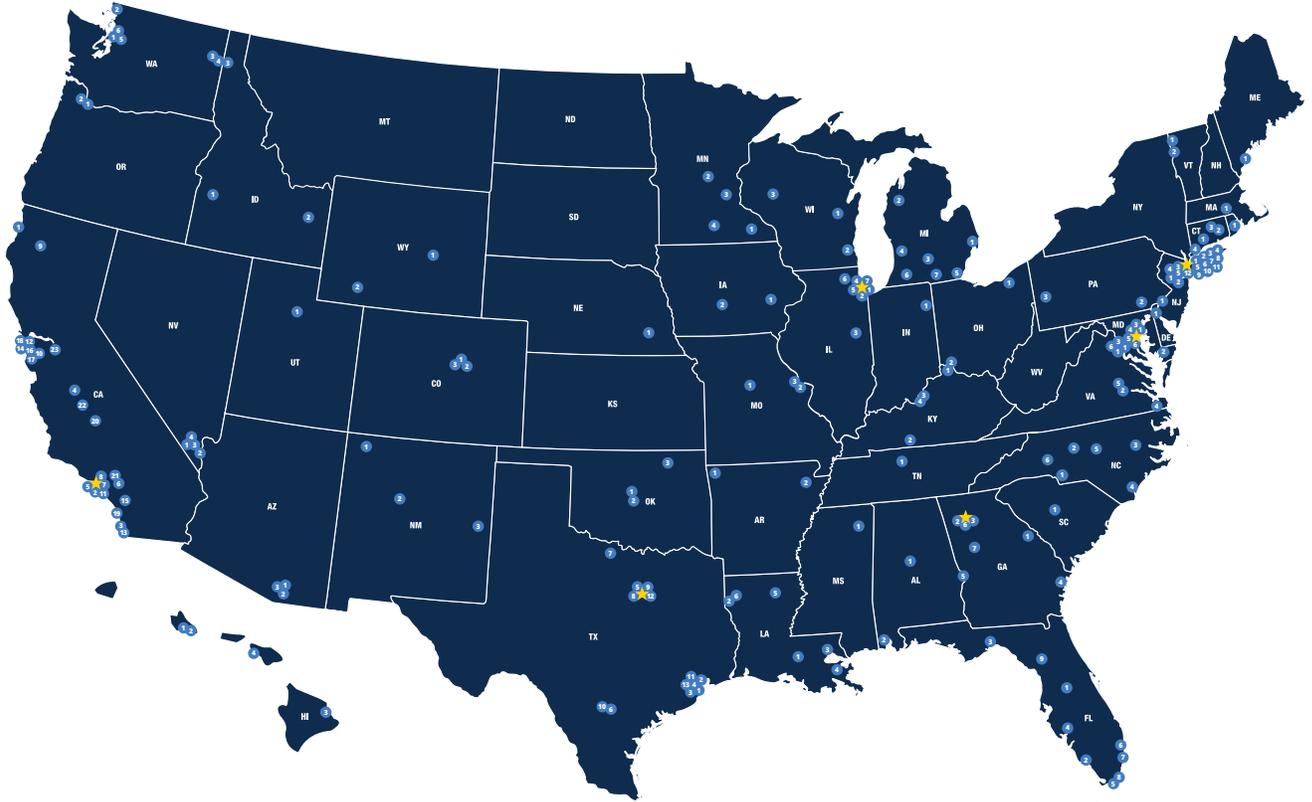
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Who We Are & What We Do

We operate best-in-class properties that provide an engaging environment and experience for our communities, retailers, employees, consumers, and stakeholders.

The logo for Brookfield Properties is a dark blue square containing the text "Brookfield Properties" in white. The background of the slide features a light gray wall with large, overlapping geometric shapes in shades of gray and white, creating a modern architectural aesthetic.

Brookfield
Properties



★ BROOKFIELD PROPERTIES'
RETAIL GROUP REGIONAL
OFFICES

- Atlanta, GA
- Chicago, IL (HQ)
- Columbia, MD
- Dallas, TX
- Los Angeles, CA
- New York, NY

Revised: 08/8/19

OUR ORGANIZATION

Brookfield Properties is a fully integrated, global real estate services company providing industry-leading development and portfolio management capabilities across a portfolio of iconic office, retail, multifamily, logistics, and hospitality properties.

This report is specific to the sustainability performance of our stand-alone retail assets in the United States, the management team for which is headquartered at 350 N. Orleans, Suite 300, Chicago, IL 60654. The terms “we,” “us,” and “our” may also be used. As of December 31, 2018, Brookfield Properties’ retail group operated alone, or with joint venture partners, 162 retail properties located throughout the United States. Our premier shopping destinations are composed of approximately 146 million square feet of gross leasable area (GLA).

GOVERNANCE

Environmental, Social, and Governance (ESG) initiatives are governed by executive management within Brookfield Properties’ retail group. This ensures that sustainability is a priority and is explicitly addressed in our long-term business strategy and risk management.

STAKEHOLDER ENGAGEMENT

Relationships are essential to Brookfield Properties’ success. By engaging with core stakeholders, the company can anticipate emerging trends, improve operational practices that enhance environmental impact, and understand customers’ needs.

An overview of the significance of environmental, social, and governance issues of our stakeholders has been raised through our materiality assessment (referenced in the About This Report section). Brookfield Properties also engages with stakeholders informally through participation in networks, industry associations, and community partnerships.

Caring About the Environment

Driven by our 2022 sustainability goals, Brookfield Properties is committed to being an environmentally responsible business.



CARING ABOUT THE ENVIRONMENT

2018 marked the start of our most recent five-year measurement period. All goals continue to use 2014 as our baseline year for progress monitoring. Historical comparisons are made on a like-for-like basis.

GOAL: ACHIEVE A 47.5% REDUCTION IN (LANDLORD-MANAGED) COMMON-AREA GRID-PURCHASED ELECTRICITY CONSUMPTION BY 2022



Through 2018, common-area grid-purchased electricity consumption has decreased by 33.6% against the 2014 baseline. This is a positive reflection of the numerous initiatives undertaken, such as solar generation, HVAC upgrades, and smart energy information systems.

GOAL: REDUCE CONTROLLABLE (SCOPE 1 AND 2) GREENHOUSE GAS (GHG) EMISSIONS BY 40% BY 2022



Since 2014, GHG emissions have been reduced by 28.7%. This demonstrates significant progress toward our overall goal, which we remain on track to achieve.

GOAL: ACHIEVE AN ANNUAL WASTE DIVERSION RATE OF 50% BY 2022



Waste diversion in 2018 was 37%. We plan on improving our current diversion rate by expanding existing waste initiatives across our portfolio.

GOAL: REDUCE WATER CONSUMPTION BY 12% BY 2022

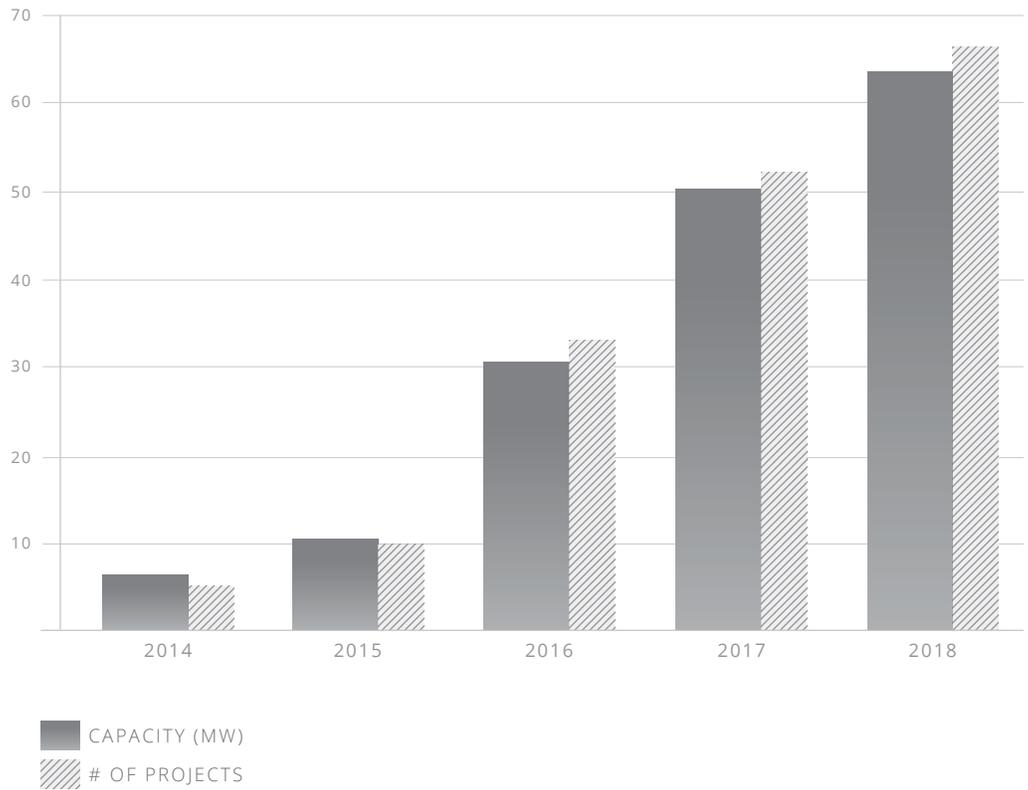


Since 2014, water consumption has decreased by 9.5%. We are pleased to report that this exceeded our initial 2022 goal to decrease consumption by 8%. Meeting this milestone has allowed us to further raise the bar in 2022, to a 12% portfoliowide reduction.

SOLAR PRODUCTION

Investing in on-site solar capacity across our portfolio has resulted in positive environmental impacts and financial savings. Investment decisions are property-specific and made by analyzing a property's current and future common-area electricity consumption, local electricity rates, and the availability of state and local incentives.

INSTALLED SOLAR CAPACITY



Since the inception of our solar program in 2012, we have developed 66 solar projects at 51 properties with a total installed capacity of 63.4 MW. Solar production from these systems is anticipated to be 83.2 million kWh of renewable electricity annually, or more than 25% of the common-area grid consumption of our shopping centers. Our commitment to leveraging the business case for solar earned us the sixth-place ranking among all U.S. companies for on-site solar capacity in the 2018 Solar Energy Industries Association “Solar Means Business” Report.

Within our retail portfolio, Brookfield Properties plans to install an additional 2.4 MW of solar capacity by the end of 2019, of which 72% has been completed to date. This will result in 65.8 MW of solar capacity, which is projected to generate 86.3 million kWh of renewable electricity annually.

ELECTRIC VEHICLES

As part of our core values to “Do the Right Thing,” we continued the expansion of electric vehicle charging stations across our portfolio. This effort provides free vehicle charging to our customers while they reduce their carbon footprint.

In 2018, we doubled the number of charging stations, providing over 150 stations across 17 properties. Customers took advantage of this free amenity with over 100,000 customer charging events, providing over 1.9 million free miles. Brookfield Properties will continue to invest in its charging network in the years to come. To date, we have added a further 34 stations, and we plan to double the size of our network again in 2019.



FOCUS ON STONESTOWN GALLERIA

Stonestown Galleria is a premier shopping destination located in San Francisco, California. Since 2014, multiple sustainability-focused initiatives have been implemented at the center. These efforts have led to an 83% reduction in grid-purchased electricity since 2014.

Some of the highlights include:

ENERGY

Solar

Over 3,900 solar panels have been installed at Stonestown Galleria, generating over 1.5 million kWh on an annual basis.

LED Lighting

Over 1,800 light fixtures were upgraded to LED.

Vertical Transportation

Existing escalators were modernized in 2018 using the latest technology. The modernized equipment improves both passenger safety and environmental efficiency, reducing oil usage and saving energy.

HVAC Unit Upgrades

In 2018, nine HVAC units were replaced. These replacements incorporated energy-efficient technologies like variable speed modulation, smart controls, and high-efficiency compressors.

WASTE

Waste Diversion

Stonestown Galleria has an established organics recycling program, with the on-site property management team working to educate tenants and vendors on the benefits of waste separation. In 2018, 28% of total waste was sent for organic recycling and 24% sent for mixed recycling—a 53% diversion from landfill.

WATER

Irrigation Controllers

With water stress a common problem in the dry climate of California, the importance of water reduction initiatives is widely emphasized at Stonestown Galleria. To conserve water, the center has installed a smart irrigation system to automatically adjust watering to soil conditions.

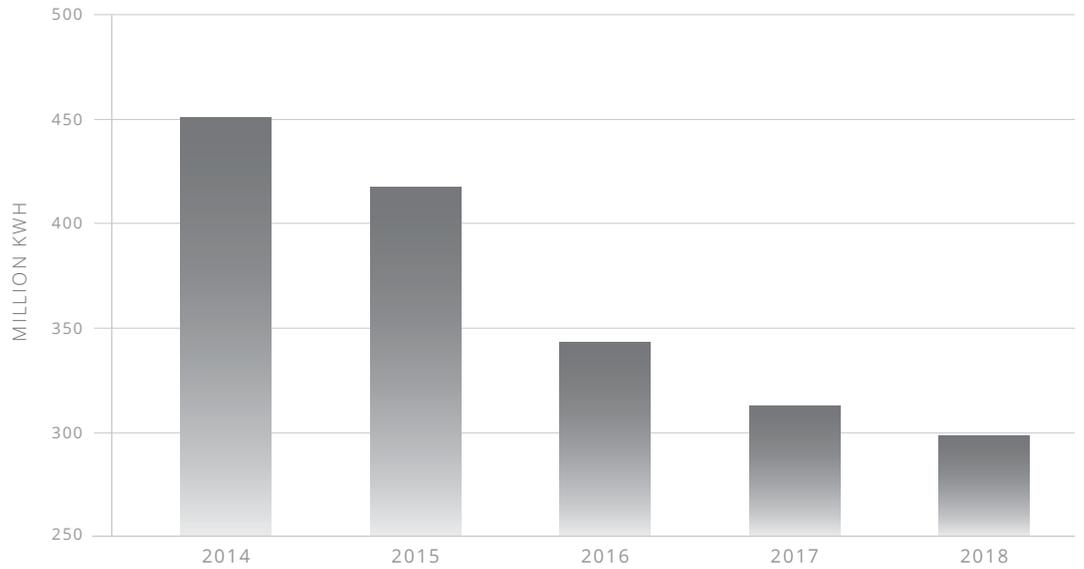
**SUSTAINABLE OPERATIONS
& EFFICIENCIES**

At the heart of our 2022 sustainability goals is the motivation to continue exploring ways to maximize the efficiency of our operations. Our in-house team seeks out new opportunities to achieve savings in energy, water, and waste across our portfolio.

ENERGY INITIATIVES

Energy efficiency is key to our operations, which is reflected in our ambitious 2022 goals. We continue to look for innovative ways to enhance the performance of our portfolio. We are pleased to report these initiatives have led to a 33.6% reduction in common-area grid-purchased electricity consumption since 2014.

COMMON-AREA ELECTRICITY CONSUMPTION FROM THE GRID



Adjusted like-for-like common-area grid electricity consumption from the grid, 2014–2018

Below are some examples of key initiatives driving performance over the past year.

Advanced EIS (Energy Information Systems)

Advanced EIS utilizes real-time electrical meter data to compare consumption trends against expected operation and predicted weather patterns. This allows the system to automatically adjust HVAC operation to optimize the electrical demand curve while maintaining the shopping environment for customers. The analytics system runs over 50 rules at each property and can respond to anomalies as needed.

Through year-end 2018, we have implemented this platform across approximately 95 malls, contributing to the reduction in common-area electricity consumption in recent years. Brookfield Properties looks to convert all malls to its advanced EIS by the end of 2021.

HVAC Upgrades

During 2018, Brookfield Properties replaced 6,500 tons of cooling capacity (250 RTUs) across the portfolio with new high-efficiency HVAC equipment. This equates to an average efficiency increase of around 30% per unit, with approximately 19,500 pounds of HCFC refrigerant reclaimed from our properties. These upgrades reduce electricity consumption and HCFC refrigerants across our portfolio, supporting the reduction of greenhouse gas emissions.

Energy Demand Response Program

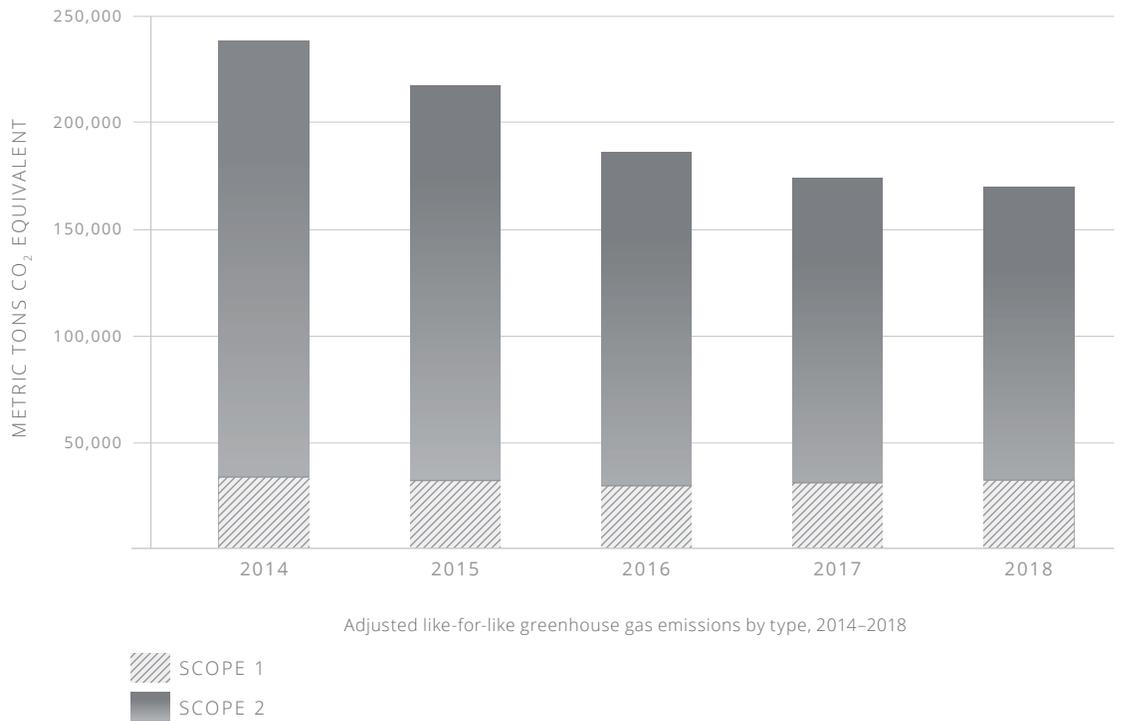
Demand Response programs provide us with the opportunity to help support utility grid stability with the reduction of our energy load in times of high demand. In 2018, 18 properties participated in Demand Response programs with four independent system operators (ISOs). When called upon to respond, our centers were able to reduce their maximum power demand by approximately 18%.

LED Upgrades

Brookfield Properties continues to convert inefficient lighting to LED within our retail portfolio. In 2018, we replaced over 40,500 inefficient light fixtures with higher-efficiency LED equivalents. These improvements are estimated to save approximately 30 million kWh over the lights' operational life.

The goal of these efficiency improvements is to reduce GHG emissions across our portfolio. Since 2014, we have reduced controllable (Scope 1 and 2) GHG emissions by 28.7%.

GREENHOUSE GAS EMISSIONS BY TYPE





FOCUS ON COLUMBIANA CENTRE

Columbiana Centre is a 788,000-square-foot shopping center, situated in the rapidly growing northwest suburbs of Columbia, South Carolina.

Significant efforts have been made over the past few years to enhance the property's sustainability performance and engage with the local community. Since 2012, energy consumption at the property has declined by 74%. When compared with other shopping centers in the same climate, it operates 81% more efficiently.¹ These results have been achieved through the following initiatives:

ENERGY

Infrastructure

Conversion of existing roofing to PVC membrane "white roof" and automatic sliding door upgrades have helped improve the efficiency of the building envelope.

Solar PV Project

Over 1,000 solar panels were installed on the roof, providing clean power and eliminating greenhouse gas emissions.

Smart Analytics

Control of HVAC systems and lighting with the latest analytics capabilities and protocols resulting in additional efficiencies.

LED Lighting

Over 1,800 lighting fixtures were converted to highly efficient LED lighting that minimizes energy consumption and improves the aesthetic look of the property.

WATER

Smart Irrigation Control System

Cloud-based analytics and local sensors minimize water usage while maintaining landscape health.

COMMUNITY

Community Events

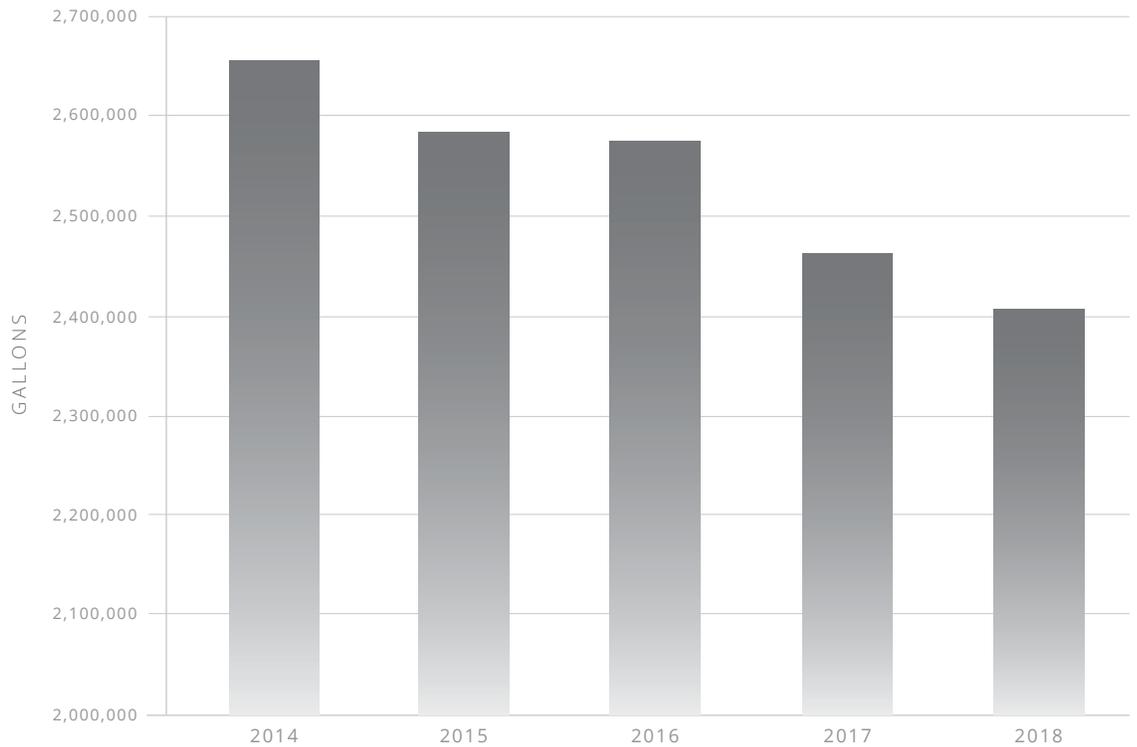
Since 2011, the center has hosted the annual "Military Breakfast with Santa" to give back to soldiers in the community. This event welcomes active and retired military families to enjoy breakfast and receive gift bags. In 2018, Columbiana police officers hosted a "Stuff-a-Cruiser" event at the center. This event raised donations supporting hundreds of people forced to leave their homes due to gas leaks as well as those residing in the Transitions Homeless Center.



WATER INITIATIVES

With water stress becoming an increasingly prominent issue across many climates in the United States, we continue to focus on the reduction of water use across our retail portfolio. We are pleased to report a 9.5% like-for-like reduction in water consumption since 2014. This was achieved through a number of property-level initiatives.

WATER CONSUMPTION



Adjusted like-for-like water consumption, 2014–2018

Highlighted below are some of the water efficiency initiatives implemented across our retail assets.

Smart Irrigation Controllers

Smart technology irrigation controllers monitor real-time weather and soil conditions, ensuring watering only occurs as needed. Optimized watering is based on plant and soil type, slope, geography, and the angle of the sun. Controllers receive site-specific weather data every 10 seconds and adjust water use to establish optimal irrigation conditions for each landscaped zone. This system allows for a reduction in overwatering and resulting landscape damage. This technology is installed at 53 of our centers.

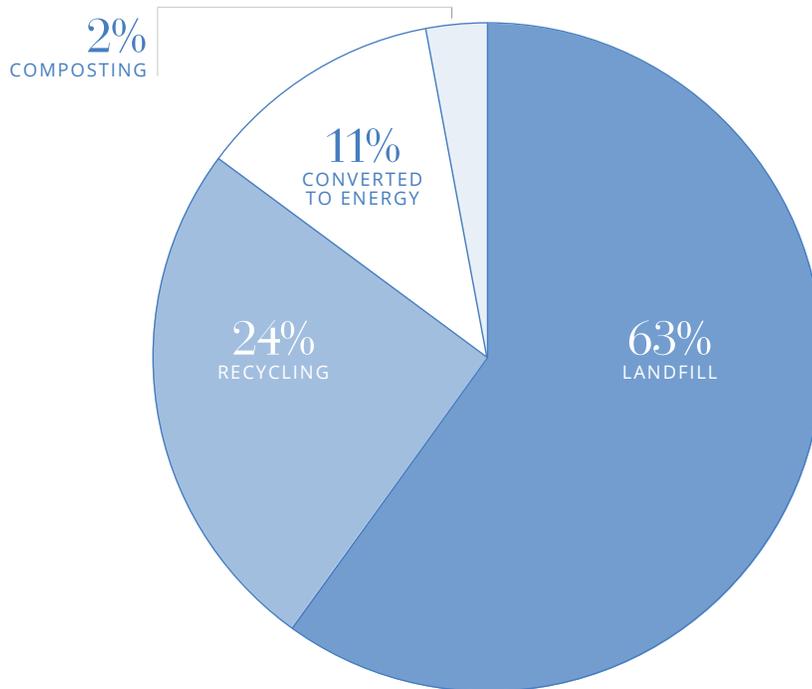
Sustainable Cleaning

Our retail portfolio uses Orbio, an on-site generation device that converts water, electricity, and salt into effective cleaners and disinfectants via ionization. This reduces the environmental and health hazards associated with chemical-based cleaning processes by reducing chemical runoff into water streams and lowering volatile organic compounds (VOCs) to improve air quality.

WASTE INITIATIVES

With 162 shopping centers in operation, Brookfield Properties has made a concerted effort to minimize the amount of waste sent to landfills and encourages recycling across our stakeholders. We have established the goal to achieve a 50% waste diversion by 2022. As of 2018, we have achieved a 37% diversion percentage with 24% of waste sent for recycling, 2% sent for composting, and 11% of waste converted to energy.

BREAKDOWN OF WASTE DISPOSAL BY TYPE, 2018



We strive to maximize the diversion from landfill and recycling of waste. During 2018, some of the following initiatives were implemented to improve our overall diversion rate.

Organic Waste Alternatives

Our assets extended the life cycle of organic waste via composting processes and other methods. At Ala Moana Center in Honolulu, Hawaii, all food waste is captured and moved to a processing plant, where it is then turned into animal feed for local farms. This reduces the environmental footprint of the animal feed production process, using an otherwise redundant resource in food waste. Ala Moana Center continues this feedback loop by some of the food court tenants purchasing meat back from local farms.

Technology

We not only focus on the disposal of the waste, but also on the carbon footprint associated with its transportation. Remote wireless monitors ensure that compactor collection is only arranged once waste reaches the maximum weight. This limits the number of required pickups by truck, thus lowering carbon emissions.

Recycled Cooking Oil

Within our portfolio, we have focused on the upcycling of cooking oil waste to be processed into biofuel. This creates a cyclical process of reuse, making renewable fuel from an otherwise redundant resource.

SUSTAINABLE DEVELOPMENT

Brookfield Properties recognizes that sustainability is key at every stage of a building's life span, from initial planning through end-of-life operation. Our team ensures that sustainability is assessed throughout the development and redevelopment life cycle, considering components such as energy efficiencies, waste diversion, air quality, and more. We complete due diligence and feasibility studies at multiple phases of all development projects (alongside public review and approval) to minimize economic and social impacts. This involves implemented guidelines and protocols that create consistency and efficiencies beneficial to development and sustainability strategies. The following highlights just some of the sustainable development projects that were completed in 2018:

- At Crossroads Center, the former 126,515-square-foot Sears building was repurposed into multi-tenant space featuring DSW, HomeGoods, and Ulta Beauty. This included the installation of high efficiency mechanical and electrical systems, complemented by state-of-the-art building controls. The existing roof was upgraded to a PVC membrane roof, which provides additional reflectivity and insulation to reduce demand on cooling systems and save on energy costs. Outside of energy efficiencies, waste diversion practices were also implemented with over 60% of the material removed during demolition diverted from landfill (359 tons out of the 595 tons of debris generated).

Engagement

Engagement is at the heart of everything we do. The value of engagement is recognized in how we interact with our employees and the communities in which we operate. We embrace diversity and strive to allow our retail assets to be focal points for all in their communities.



COMMUNITY

2018 Community Highlights

- Our retail assets hosted over 675 charitable events at the property level, raising over \$1.5 million for charitable partners.
- Completed our eighth year of Brookfield Cares, the charitable program of our corporate office. Through this, over \$550,000 was donated to partner charities.
- Continued our volunteer program, which encourages employees to use four paid days off each year to volunteer at a charity of their choice. In 2018, employees collectively contributed more than 2,000 hours of their time to various charities.

LOCAL IMPACT

With our properties playing a key role as neighborhood hubs, we value the opportunity to engage with the communities in which we operate. This engagement is put into action at both the property and corporate levels, with property-led community events and our corporate office charitable program Brookfield Cares.

Our actions have not only raised money through charitable donations but also created awareness of societal concerns that affect our communities today. While there were a large variety of causes, these efforts covered themes such as:

Well-Being

We recognize the importance of creating a healthy, positive environment for all. This notion is prevalent throughout our assets, with over 20 well-being events organized by site teams. This has encompassed everything from physical health to mental health. At Ala Moana Center, we partnered with the health care company Kaiser Permanente to provide a health and wellness fair for any merchant employee to receive flu shots, vision screenings, and other services. At Pinnacle Hills Promenade in Rogers, Arkansas, a “moving day” event encouraged community members to move any way they could: walking, yoga, dance, tai chi, and Pilates were just some of the options. In addition to raising awareness within the community, the event raised over \$42,000 for the Parkinson’s Foundation.

Inclusivity

Brookfield Properties is committed to ensuring all our stakeholders within the community can engage with us, not only the few. This was highlighted through the 2018 holiday season, with “sensory-friendly” events held across centers to allow all children to participate in holiday activities. Inclusivity through fashion has been another theme in 2018, from an empowerment-themed fashion show held at Westroads Mall in Omaha, Nebraska, for 300 children with special needs to an expo/fashion show for 750 elders at Monmouth Mall in Eatontown, New Jersey.

Community Safety

Our local property teams pride themselves on making community safety a prime focus. During 2018, several properties chose to highlight the importance of this through community events. Northridge Fashion Center in Los Angeles, with support from the Southern California Preparedness Foundation, organized a disaster preparedness event where 8,000 attendees were joined by vendors, public first responders, and dignitaries. Coral Ridge Mall in Coralville, Iowa, also took the opportunity to partner with Mercy Hospital Iowa City to host “Safe Kids Days,” which gave parents the opportunity to meet with care providers and first responders who provided information and tools to help reduce unintentional injuries to children.

Giving Back

Charitable giving is a key goal for our property teams. In 2018, our retail team hosted over 675 events, which raised more than \$1.5 million for charitable partners. One of the standouts was Pinnacle Hills Promenade, where nearly 5,000 individuals participated in the Race for the Cure event. This annual event motivates people to act to reduce their risk of breast cancer while speaking to the importance of early detection and healthy living. Our corporate office is also involved in giving back to the community through our Brookfield Cares program. Throughout 2018, we have supported multiple local nonprofit groups that focus on educational needs within Chicago. This includes educational donations and support for Countee Cullen Elementary School, employee volunteer sessions with Open Books, and participation in the Ronald McDonald House Pop Tab Program, which provides a home away from home for families of children with complex medical needs.

CULTURE

A dynamic and varied workforce is a key component of any successful company. Brookfield Properties recognizes the absolute value of our hardworking employees and is dedicated to hiring, engaging, and retaining individuals who embody the company's core values. Diversity is key to creating a dynamic and vibrant workforce. Our mission goes beyond promoting diversity based on nationality, ethnicity, and race. We welcome individuals of all religions, ages, sexual orientation, cultures, physical abilities, military background, and education levels, embracing the value that they provide.

Our five core values were created to align colleagues and establish a shared DNA. Humility, Attitude, Do the Right Thing, Together, and Own It (HADTO) have a profound effect on engaging, retaining, and recruiting top talent to meet our company objectives.

HUMILITY

Respect others, learn from constructive criticism, show gratitude and appreciates others

ATTITUDE

Display a positive spirit, adapt to changes, seek opportunities, proudly represent Brookfield Properties

DO THE RIGHT THING

Act ethically and with integrity, are inclusive and embrace the diversity of others, maintain confidentiality and trust, do what is best for the company, adhere to policies and procedures

TOGETHER

Commit to achieving the team objective, build relationships, communicate openly and transparently, respect others' expertise, collaborate and seek alignment

OWN IT

Drive to the finish line, set priorities, allocate resources, maintain productivity, challenge assumptions

HADTO core values play a vital role in all aspects of the business and are integrated into everything we do. They are embedded in daily tasks, the performance management cycle, employee recognition, cross-functional meetings, community activities, and charitable events. We have institutionalized a cross-discipline committee of Culture Champions to support the leadership team in assimilating the company's culture and values into practice. Culture is also visible in our physical office spaces and properties, and is part of our daily conversations.

“Examples of bringing HADTO to life are endless and essential to the ongoing formation of our company history. Years from now, people will look back on our company and the difference we made because we all work to foster a positive impact on the communities around us.”

—Sandeep Mathrani
Vice Chairman of Brookfield Property Group
CEO of Brookfield Properties' retail group

ENGAGEMENT

As of December 31, 2018, Brookfield Properties' retail group had 1,989 employees.

STATUS TOTALS

| STATUS | TOTAL | % OF DISTRIBUTION |
|-----------|-------|-------------------|
| FULL-TIME | 1,970 | 99.1% |
| PART-TIME | 19 | 0.9% |
| TOTAL | 1,989 | 100.0% |

TENURE DISTRIBUTION

| YEARS | TOTAL | % OF DISTRIBUTION |
|-------|-------|-------------------|
| <5 | 1,007 | 50.6% |
| 5-10 | 346 | 17.4% |
| 10-15 | 263 | 13.2% |
| 15-20 | 157 | 7.9% |
| 20+ | 216 | 10.9% |
| TOTAL | 1,989 | 100.0% |

GENDER BREAKDOWN

| STATUS | FEMALE | MALE |
|-----------|--------|------|
| FULL-TIME | 49% | 51% |
| PART-TIME | 70% | 30% |
| TOTAL | 49% | 51% |

EMPLOYEE
WELL-BEING

Our leadership continues to invest in the health and well-being of our employees. This effort is prevalent in many ways, most notably in 2018 through the relocation of our corporate headquarters to a LEED gold certified building. The open office design is thoughtful and functional, with sustainability considered throughout the design:

- The cafe area opens onto a third-floor terrace, named a “Top Workplace Rooftop” by *Crain’s Chicago Business*. The rooftop hosts natural vegetation and plenty of seating, acting as a gathering place for lunch or a unique meeting spot.
- GREENGUARD certified office system with standing-desk capabilities.
- Live moss walls on each floor, acting not only as beautiful art installations but also functioning as air purifiers and natural humidity gauges.
- Complimentary fruit available weekly to staff.
- Reuse of ergonomic chairs from our original location around employees’ desk space to foster collaboration.
- Low-height cubicles, which allow sunlight to easily fill the space.

Tying incentives to healthy outcomes has a direct relationship with health improvement and a decrease in health risks, ultimately improving cost savings. At Brookfield Properties, wellness means:

- Increasing awareness of healthy choices.
- Improving the health and wellness of employees and their families at work and at home.
- Creating a culture of wellness.

In 2018, more than 40% of employees logged on to the Wellness Web Portal, a personalized wellness website that includes important tools and resources designed to optimize employees’ healthy lifestyles and wellness goals. Employees can earn monetary incentives for healthy biometric values for blood pressure, blood glucose, cholesterol/HDL ratio, and body mass index.

The Chicago corporate office has seen high participation and positive response to sponsored events including an employee discount to the building’s gym, 5k runs, flu shot clinics, biannual on-site biometric screenings, and sponsorship of recreational sports teams.

PROFESSIONAL
DEVELOPMENT &
TRAINING

Brookfield Properties is committed to developing and engaging employees throughout their careers. This creates an inspiring environment in which employees are eager to work on challenging issues and develop their leadership skills. Throughout the year, our leaders host several interactive Learning & Development webinars that spotlight initiatives, cross-functional partnerships, and innovations that bring value to the business. Participation averaged more than 600 employees for each of these webinars. Environmental compliance training is available to staff with access to over 90 safety training sessions.

ENGAGEMENT

Employees are encouraged to continue their education and obtain certifications through national industry associations and specialized training programs. We pay the cost for employees to pursue designations from the International Council of Shopping Centers, or ICSC (including the new Certified Retail Real Estate Professional credentialing program), and BOMI International. We also reimburse employees for the cost of maintaining professional registrations, certifications, or licenses.

Brookfield Properties offers financial assistance to those who choose to participate in outside educational programs or are pursuing a degree related to their role. Our tuition reimbursement program provides employees up to \$5,250 each year to continue their education and professional development.

Fostering a goal-oriented environment, where employees understand the company's history and vision for the future, is a critical component to achieving a successful culture. Employees meet with their managers to create professional goals that align with business objectives. At the start of each year, each employee writes an "I Will" statement or personal declaration for improvement. We promote the idea that regular open and honest feedback throughout the year will ultimately assist in maintaining a high-performance team. In addition, each employee receives a midyear and year-end review. This provides a feedback channel for managers and employees to align performance progress.

AWARDS & RANKINGS

Brookfield Properties is proud to report recognition of our retail portfolio across the following categories in 2018:

- **GRESB Green Star 2018**
Earned our fifth consecutive Global Real Estate Sustainability Benchmark (GRESB) Green Star, placing second in our peer group.
- **IBcon Digie Award 2018**
Awarded "Best Use of Automation" in the retail sector for work around advanced energy information systems' operational analytics platform.
- **Security 500**
Named by *Security Magazine* as having the top-ranked security program in the Real Estate/Property Management Sector for the eighth year.
- **ICSC MAXI Awards**
Recipient of six MAXI awards, one Gold and five Silver. Two awards received in the Integrated Advertising category in which Oakbrook Center in Oak Brook, Illinois was recognized for its Parking Garage Innovations project and Ridgedale Center in Minnetonka, Minnesota was recognized for "Where (Ridgedale) Lives."

Resilience

Brookfield Properties has a robust business continuity plan, which allows us to react to and recover from unanticipated events. This comprehensive plan not only minimizes damage when these disasters occur, but more importantly, also allows us to restore operations and access to our retail assets in a timely, efficient manner.



**BUSINESS
CONTINUITY PLAN**

We have taken important steps to ensure the day-to-day operations of our business will continue in the face of long-term stressors (e.g., climate change and infrastructure degradation) and short-term shocks (hurricanes, fires, crime, etc.). These efforts are considered at both the corporate and property levels. In the event of a shock or stressor, our goal is to restore operations as quickly as possible with minimal disruption.

Corporate Level

Brookfield Properties has a robust IT infrastructure. The infrastructure is designed to ensure employees can work through times of building inaccessibility. The infrastructure was further enhanced by an all-employee conversion to laptop computers in 2018, which allows employees to fulfill their responsibilities remotely.

Property Level

The activation of our Corporate Crisis Team brings multi-discipline support from Asset Management, National Operations, Corporate Security, Human Resources, Corporate Communications, Risk Management, and others. Our program has been tested in numerous real-life situations and can deploy sufficient resources from each discipline to the impacted asset within four to 12 hours. Our Corporate Crisis Team (in conjunction with local emergency services) has experience in guiding properties, retail communities, and extended community families through the disaster recovery process. A site-specific emergency response manual is available at every property. Emergency training drills are also conducted across the portfolio to ensure the appropriate response to short-term shocks.

Our portfolio management team has also considered long-term stressors, with a climate risk assessment recently undertaken at Ala Moana Center to understand the associated risks of climate change in the Honolulu region.

As we navigate through climate-related transition risks and opportunities, we look forward to improving and managing our resiliency process, which is vital to the success of our business.

About This Report



REPORTING SCOPE

This report covers relevant sustainability data across the 2018 calendar year for our U.S. portfolio of stand-alone shopping centers. This includes all active retail assets where we have operational control, affording us the ability to drive economic, environmental, and social initiatives.

In 2018, there were significant changes to the organizational/governance structure of the business as a result of the acquisition by Brookfield Asset Management. Prior years' data has been adjusted to reflect additional responsibilities from the acquisition (38 additional properties under operational management) and the disposition of one property from the portfolio. Data has been compiled from internal systems and processes, and is presented in accordance with the 2016 Global Reporting Initiative (GRI) Standards (full details presented in Appendices).

MATERIALITY MATRIX

Brookfield Properties performed a materiality assessment in 2017 to assess the significance of various environmental, social, and governance issues. The feedback we received was invaluable to aligning our interests with those of our stakeholders. This involved the following process:

Identify

our stakeholder groups and the most pertinent ESG issues as they relate to Brookfield Properties and our retail portfolio. The six stakeholder groups were defined as Board of Directors, Consumers, Employees, Investors, Tenants, and Vendors.

Communicate

with our stakeholder groups via survey and give them the opportunity to voice their opinions on each ESG issue.

Gather

responses over time.

Analyze

the data obtained and compare them to our interests.

Share

results in scatter-graph format.

ABOUT THIS REPORT



MATERIALITY MATRIX TOPICS
(NOT IN DESCENDING NUMERICAL ORDER)

-  Climate Change/GHG Emission/Carbon Footprint/Energy Conservation
-  Economic Development/Civic Engagement
-  Water Conservation
-  Waste Recycling
-  Business Ethics/Anti-Corruption Policy
-  Environmental Compliance/Health & Safety
-  Employment & Employee Morale/ Training & Education
-  Diversity & Equal Opportunity
-  Corporate Governance/Transparency Policy
-  Customer Experience
-  Stakeholder Engagement

We will look to review this process in 2019 to ensure our processes continue to align with stakeholder interests.

Appendices



APPENDICES

Brookfield Properties reports sustainability information for its retail portfolio in line with the GRI Standards 2016. All data covers the 2014 calendar year (January 1, 2014 to December 31, 2014) through 2018 calendar year (January 1, 2018 to December 31, 2018). The reporting boundary has been defined as any asset where we hold operational control, in our responsibility for the provision of utilities and waste management. This covers 150 active assets as of December 31, 2018.

ABSOLUTE ENERGY CONSUMPTION (KWH)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------|---------------|---------------|---------------|---------------|---------------|
| COMMON AREA (GRID) | 488,519,686 | 454,762,403 | 352,066,646 | 319,550,915 | 310,759,740 |
| TENANT USE (GRID) | 716,576,304 | 698,498,871 | 705,843,632 | 673,847,147 | 659,437,577 |
| NATURAL GAS | 179,924,391 | 168,973,615 | 150,867,355 | 159,646,263 | 166,091,283 |
| SOLAR | 7,379,179 | 7,766,816 | 27,859,932 | 37,931,139 | 57,584,351 |
| TOTAL | 1,392,399,560 | 1,330,001,705 | 1,236,637,565 | 1,190,975,464 | 1,193,872,951 |

Like-for-like includes any properties that were owned for the full reporting period (2014–2018). The table below shows like-for-like electricity consumption, covering 142 properties.

LIKE-FOR-LIKE ELECTRICITY CONSUMPTION (KWH)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|
| COMMON AREA (GRID) | 448,971,193 | 415,182,497 | 342,301,975 | 311,831,898 | 298,177,324 |
| TENANT USE (GRID) | 693,571,533 | 679,627,304 | 692,054,937 | 663,054,226 | 649,899,703 |
| NATURAL GAS | 165,813,004 | 156,439,096 | 142,460,383 | 152,908,734 | 166,091,283 |
| SOLAR | 7,379,179 | 7,766,816 | 27,859,932 | 37,931,139 | 57,584,351 |
| TOTAL | 1,315,734,909 | 1,259,015,713 | 1,204,677,227 | 1,165,725,997 | 1,171,752,661 |
| LIKE-FOR-LIKE CHANGE, 2018 VS 2014 (%) | | | | | -11% |

APPENDICES

For this report, Scope 1 (direct) emissions and Scope 2 (indirect) emissions are from sources within our operational control, while Scope 3 covers emissions from sources we do not directly control.¹

The table below shows absolute GHG emissions from 2014 to 2018 (calendar years) for all properties owned at any point within the reporting period.

ABSOLUTE GHG EMISSIONS BY TYPE (METRIC TONS CO₂ EQUIVALENT)

| GHG TYPE | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------|---------|---------|---------|---------|---------|
| SCOPE 1 | 34,921 | 33,316 | 30,506 | 32,244 | 32,327 |
| SCOPE 2 | 206,565 | 188,387 | 158,992 | 146,154 | 142,492 |
| SCOPE 3 | 317,671 | 313,948 | 315,892 | 302,520 | 295,030 |
| TOTAL EMISSIONS | 559,157 | 535,652 | 505,391 | 480,918 | 469,849 |

The table below shows like for like GHG emissions, covering 142 properties.

LIKE-FOR-LIKE GHG EMISSIONS BY TYPE (METRIC TONS CO₂ EQUIVALENT)

| GHG TYPE | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------|---------|---------|---------|---------|
| SCOPE 1 | 33,714 | 32,134 | 29,417 | 31,283 | 32,045 |
| SCOPE 2 | 204,686 | 185,640 | 156,693 | 142,944 | 137,925 |
| SCOPE 3 | 313,544 | 309,994 | 311,178 | 297,527 | 291,183 |
| TOTAL EMISSIONS | 551,944 | 527,767 | 497,288 | 471,754 | 461,153 |
| LIKE-FOR-LIKE CHANGE, 2018 VS 2014 (%) | | | | | -16% |

¹ Scope 1 emissions include all fuels burned on site for energy use/transportation. Scope 2 emissions covers grid-purchased electricity use within our operational control. Scope 3 emissions include grid-purchased electricity outside of our operational control (tenant-purchased) and air travel.

APPENDICES

The table below shows the absolute and like-for-like water usage from 2014 through 2018. Like-for-like covers water consumption at 139 retail assets. Data does not capture any recycled water utilized at our assets.

WATER CONSUMPTION (K GAL)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|
| ABSOLUTE WATER USAGE | 2,828,102 | 2,789,732 | 2,658,616 | 2,544,563 | 2,479,714 |
| LIKE-FOR-LIKE USAGE | 2,655,845 | 2,584,148 | 2,578,094 | 2,463,003 | 2,404,338 |
| LIKE-FOR-LIKE CHANGE, 2018 VS 2014 (%) | | | | | -9.5% |

The table below shows the tonnage of waste generated by disposal type. Absolute waste tonnage covers all managed properties where Brookfield Properties' retail group has operational control for waste management.

WASTE GENERATED (TONS)

| WASTE TYPES | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------|---------|---------|---------|---------|---------|
| LANDFILL | 98,113 | 96,473 | 106,460 | 104,258 | 104,094 |
| RECYCLING | 33,697 | 35,558 | 38,594 | 38,662 | 39,391 |
| CONVERTED TO ENERGY | 12,780 | 16,460 | 17,180 | 16,302 | 18,588 |
| COMPOSTING | 1,974 | 2,123 | 2,306 | 2,838 | 2,993 |
| TOTAL | 146,564 | 150,614 | 164,540 | 162,060 | 165,065 |
| DIVERSION FROM LANDFILL | 33% | 36% | 35% | 36% | 37% |

APPENDICES

This report is prepared in accordance with the 2016 Global Reporting Initiative (GRI) Standards core framework, incorporating data from the 2018 calendar year. All standards are selected based on their relevant materiality to Brookfield Properties and the discussion of their impacts and opportunities throughout this report.

GRI 102: GENERAL DISCLOSURES

| DISCLOSURE | LOCATION |
|---|---|
| 102-1 Name of the organization | Page 7 |
| 102-2 Activities, brands, products, and/or services | Page 7 |
| 102-3 Location of headquarters | Page 7 |
| 102-4 Location of operations | Page 7 |
| 102-5 Ownership and legal form | Page 7 |
| 102-6 Markets served | Page 7 |
| 102-7 Scale of reporting organization | Page 29 |
| 102-8 Information on employees and other workers | Page 23 |
| 102-9 Supply chain | Brookfield Properties has a large and diverse supply chain. This supply chain is present in the development, leasing, and asset management of our properties. |
| 102-10 Significant changes to the organization and its supply chain | Page 29 |
| 102-11 Precautionary principle or approach | We do not specifically refer to the precautionary approach but apply these principles across all our policies and sustainability commitments. |
| 102-12 External initiatives | Sustainability-based initiatives include GRI, GRESB and NAREIT. |
| 102-13 Membership of associations | Page 7 |
| 102-14 Statement from senior decision-maker | Page 2 |
| 102-16 Values, principles, standards, and norms of behavior | Pages 21–22 |

APPENDICES

GRI 102: GENERAL DISCLOSURES CONTINUED

| DISCLOSURE | LOCATION |
|---|---|
| 102-18 Governance structure | Page 7 |
| 102-40 List of stakeholder groups | Page 7 |
| 102-41 Collective bargaining agreements | >1% of our total employees are covered by collective bargaining agreements. |
| 102-42 Identifying and selecting stakeholders | Page 7 |
| 102-43 Approach to stakeholder engagement | Page 29–30 |
| 102-44 Key topics and concerns raised | Page 29–30 |
| 102-45 Entities included in the consolidated financial statements | Page 7 |
| 102-46 Defining report content and topic boundaries | Page 29 |
| 102-47 List of material topics | Page 29–30 |
| 102-48 Restatements of information | Page 29 |
| 102-49 Changes in reporting | Page 29 |
| 102-50 Reporting period | Page 29 |
| 102-51 Date of most recent report | Page 29 |
| 102-52 Reporting cycle | Page 29 |
| 102-53 Contact point for questions regarding the report | Page 39 |
| 102-54 Claims of reporting in accordance with the GRI Standards | Page 29 |
| 102-55 GRI content index | Page 35–38 |
| 102-56 External assurance | All data is externally checked by our software service provider, Measurabl. |

APPENDICES

GRI 302: ENERGY

| DISCLOSURE | LOCATION |
|--|----------|
| 302-1 Energy consumption within the organization | Page 32 |
| 302-2 Energy consumption outside of the organization | Page 33 |
| 302-4 Reduction of energy consumption | Page 32 |

GRI 303: WATER AND EFFLUENTS

| DISCLOSURE | LOCATION |
|-------------------------|----------|
| 303-5 Water consumption | Page 34 |

GRI 305: EMISSIONS

| DISCLOSURE | LOCATION |
|---|----------|
| 305-1 Direct (Scope 1) GHG emissions | Page 33 |
| 305-2 Energy indirect (Scope 2) GHG emissions | Page 33 |
| 305-3 Other indirect (Scope 3) GHG emissions | Page 33 |
| 305-5 Reduction of GHG emissions | Page 33 |

GRI 306: EFFLUENTS AND WASTE

| DISCLOSURE | LOCATION |
|---|----------|
| 306-2 Waste by type and disposal method | Page 34 |

APPENDICES

GRI 307: ENVIRONMENTAL COMPLIANCE

DISCLOSURE

LOCATION

307-1 Noncompliance with environmental laws and regulations

No significant fines or nonmonetary sanctions regarding environmental compliance in 2018

GRI 404: TRAINING AND EDUCATION

DISCLOSURE

LOCATION

404-2 Programs for upgrading employee skills and transition assistance programs

Page 24-25

404-3 Percentage of employees receiving regular performance and career development reviews

Page 25

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

DISCLOSURE

LOCATION

405-1 Diversity of governance bodies and employees

Page 23

GRI 413: LOCAL COMMUNITIES

DISCLOSURE

LOCATION

413-1 Operations with local community engagement, impact assessments, and development programs

Page 20-21

This report contains information in summary form and is intended for general audiences only. It is not intended to be a substitute for detailed research or the exercise of professional judgment.

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