Brookfield Property Partners Announces Year-End 2012 Results

APR 01, 2013

April 1, 2013 - Brookfield Property Partners L.P. ("Brookfield Property Partners" or the "company"), a newly created company being spun out by Brookfield Asset Management Inc. ("Brookfield"), today announced financial results for the commercial property operations of Brookfield ("Brookfield carve-out") as at and for the year ended December 31, 2012. Brookfield Property Partners also provided pro forma financial results that reflect the Brookfield carve-outs as adjusted to give effect to the spinoff and the acquisition by Brookfield Property Partners of its business and assets as of December 31, 2012 (in the case of the statement of financial position data) and January 1, 2012 (in the case of the statement of operations data). A reconciliation of the Brookfield carve-out financial results to the pro forma financial results is provided in Appendix A on page 7.

"We are excited about the formation of Brookfield Property Partners, the pre-eminent global owner, operator and investor in premier property assets," stated Ric Clark, Chief Executive Officer of Brookfield Property Partners. "This new partnership will be the premier entity for investors seeking diversified high-quality real estate across the world."

Pro Forma Financial Results

(US$ millions) Year ended December 31,		**2012**
Total revenue	**$**	**3,744**
Net income	**$**	**2,511**
Net income attributable to limited partnership units ("LP Units")	**$**	**215**
Net income attributable to redeemable/exchangeable operating partnership units held by Brookfield ("REUs")		**1,131**
Net income attributable to LP Units and REUs		**1,346**
Net income attributable to interests of others in consolidated subsidiaries		**1,165**
Net income	**$**	**2,511**
Funds from operations ("FFO") attributable to LP Units	**$**	**81**
FFO attributable to REUs		**423**
FFO attributable to LP Units and REUs[1]	**$**	**504**

As at December 31,		**2012**
Total assets	**$**	**47,145**
Total liabilities		**24,471**
Non-controlling interests of others in consolidated subsidiaries		**10,865**
Non-controlling interests attributable to REUs		**9,923**
Equity attributable to LP Units	**$**	**1,886**

(1) See "Pro-forma Reconciliation of NOI, FFO and Total Return to Net Income" below in this news release for the components' FFO.

Net income for the year ended December 31, 2012 was $2.5 billion. Fair value gains (including share of equity accounted fair value gains) on investment properties and other assets were $2.0 billion for the year ended December 31, 2012, continuing the trend of positive revaluations of assets.

FFO attributable to LP Units and REUs for the year ended December 31, 2012 were $81 million and $423 million, respectively, totalling $504 million.

"Brookfield Property Partners is entering the market well positioned for growth with a strong balance sheet to continue to capitalize on attractive investment opportunities," said Mr. Clark.

Spinoff

Brookfield will effect the spinoff of Brookfield Property Partners by way of a special dividend of units of BPY ("BPY Units"), payable on April

15, 2013 to holders of Brookfield's Class A and B limited voting shares of record as of March 26, 2013. On the distribution date, each Brookfield shareholder will receive one BPY unit for every 17.421603 shares of Brookfield (that is, approximately 0.0574 BPY units for each Brookfield share). The dividend is currently estimated to be valued at approximately $1.45 per Brookfield Class A or B limited voting share, or approximately $900 million in the aggregate, based on December 31, 2012 International Financial Reporting Standards values. Brookfield Property Partners is expected to begin trading on the NYSE and the TSX on April 15, 2013, under the symbols "BPY" and "BPY.UN" respectively.

Shareholders will receive a cash payment in lieu of any fractional interests in the BPY units. Brookfield will use the volume-weighted average of the trading price of the BPY units for the five trading days immediately following the spinoff to determine the value of the BPY units for the purpose of calculating the cash payable in lieu of any fractional interests.

Immediately following the spinoff, Brookfield Property Partners will effectively be owned approximately 7.5% by the shareholders of Brookfield and approximately 92.5% by Brookfield assuming the exchange of Brookfield's redeemable partnership units which it holds in an affiliate of Brookfield Property Partners.

Additional Information

Further details regarding the operations of Brookfield Property Partners are set forth in regulatory filings. A copy of the filings may be obtained through the website of the SEC at www.sec.gov and on Brookfield Property Partners' SEDAR profile at www.sedar.com.

***Brookfield Property Partners** is a commercial real estate owner, operator and investor operating globally. Our diversified portfolio includes interests in over 300 office and retail properties encompassing approximately 250 million square feet. In addition, we have interests in approximately 15,600 multi-family units, 29 million square feet of industrial space and an 18 million square foot office development pipeline. Our goal is to be the leading global investor in best in class commercial property assets. For more information, please visit www.brookfield.com.*

Note: This news release contains forward-looking information within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the company and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could." Although Brookfield Property Partners believes that these anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results of Brookfield Property Partners to differ materially from those contemplated or implied by the statements in this news release include, but are not limited to: changes in the general economy; the cyclical nature of the real estate industry; actions of competitors; failure to attract new tenants and enter into renewal or new leases with tenants on favorable terms; our ability to derive fully anticipated benefits from future or existing acquisitions, joint ventures, investments or dispositions; actions or potential actions that could be taken by our co-venturers, partners, fund investors or co-tenants; the bankruptcy, insolvency, credit deterioration or other default of our tenants; actions or potential actions that could be taken by Brookfield; the departure of some or all of Brookfield's key professionals; the threat of litigation; changes to legislation and regulations; possible environmental liabilities and other possible liabilities; our ability to obtain adequate insurance at commercially reasonable rates; our financial condition and liquidity; downgrading of credit ratings and adverse conditions in the credit markets; changes in financial markets, foreign currency exchange, interest rates or political conditions; the general volatility of the capital markets and the market price of our units; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events of otherwise.

Basis of Presentation

This press release and accompanying financial information make reference to net operating income and funds from operations on a total and per share basis. Net operating income is defined as revenues from commercial and hospitality operations of consolidated properties less direct commercial property and hospitality expenses, with the exception of depreciation and amortization of real estate assets. Brookfield Property Partners defines FFO as income, including equity accounted income, before realized gains (losses), fair value gains (losses) (including equity accounted fair value gains (losses)), depreciation and amortization of real estate assets, income tax expense (benefit), and less non-controlling interests of others in consolidated subsidiaries, but before non-controlling interests in the REUs. The company uses net operating income and FFO to assess its operating results. Net operating income is important in assessing operating performance and FFO is a widely-used measure to analyze real estate. The company provides the components of net operating income and a full reconciliation from net income to FFO with the financial information accompanying this press release. The company reconciles FFO to net income as opposed to cash flow from operating activities as it believes net income is the most comparable measure. Total Return is defined as income before income tax expense (benefit) and related non-controlling interests, and represents the amount by which we increase the value of our common equity through funds from operations and the increase or decrease in value of our investment properties over a period of time. We believe that our performance is best assessed by considering these two components in aggregate, and over the long term, because that is the basis on which we make investment decisions and operate the business. In fact, if we were solely focused on short-term financial results, it is quite likely that we would operate the business very differently and, in our opinion, in a *manner that would produce lower long-term returns. Net operating income, FFO and Total Return are measures which do not have any standard meaning and therefore may not be comparable to similar measures presented by other companies.*

Consolidated Balance Sheet

(US$ Millions) Dec. 31, 2012		Carve-out [1]		Pro forma
Assets				
Non-current assets				
Investment properties	**$**	**31,859**	**$**	**30,956**
Equity accounted investments		**8,110**		**7,539**
Participating loan notes		**-**		**775**
Other non-current assets		**5,636**		**5,537**
Loans and notes receivable		**246**		**246**
		45,851		**45,053**
Current assets				
Loans and notes receivable		**237**		**212**
Accounts receivable and other		**1,022**		**975**
Cash and cash equivalents		**910**		**905**
		2,169		**2,092**
Total assets	**$**	**48,020**	**$**	**47,145**
Liabilities and equity in net assets				
Non-current liabilities				
Property debt	**$**	**16,358**	**$**	**15,785**
Capital securities		**664**		**1,914**
Other non-current liabilities		**441**		**439**
Deferred tax liability		**997**		**1,075**
		18,460		**19,213**
Current liabilities				
Property debt		**3,366**		**3,366**
Capital securities				

Associated Files