

Brookfield Property Partners Reports Second Quarter 2020 Results

AUG 06, 2020

All dollar references are in U.S. dollars, unless noted otherwise.

BROOKFIELD NEWS, Aug. 06, 2020 (GLOBE NEWSWIRE) -- Brookfield Property Partners L.P. (NASDAQ: BPY; NASDAQ: BPYU; TSX: BPY.UN) (BPY) today announced financial results for the quarter ended June 30, 2020.

The second quarter of 2020 brought unprecedented challenges to the commercial real estate industry, in addition to the broader economy and society as a whole. I am extremely proud of the thousands of dedicated Brookfield real estate employees around the globe who all played an integral role in preparing our properties for safe re-opening, and it's gratifying to see our tenants return to their buildings and resume operations, said Brian Kingston, Chief Executive Officer.

Financial Results

Company FFO (CFFO) was \$178 million for the quarter ended June 30, 2020, compared to \$335 million in the prior-year period. CFFO was impacted significantly this quarter by the widespread closures of our Hospitality and Retail assets due to the global economic shutdown, and the prior-year period benefited from a transaction gain of \$38 million. In the prior-year period, CFFO and realized gains benefited from higher realizations in our LP investment strategy.

Net income for the quarter ended June 30, 2020 was a loss of \$1,512 million (\$(1.26) per LP unit) versus a gain of \$23 million (\$0.12 per LP unit) for the same period in 2019. The decrease in net income over the prior year period is primarily attributable to an unrealized reduction in asset values across the portfolio.

(US\$ Millions, except per unit amounts)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2020	2019	2020	2019
Net income ⁽¹⁾	\$(1,512)	\$23	\$(1,885)	\$736
Company FFO and realized gains ⁽²⁾	\$178	\$362	\$501	\$729
Company FFO ⁽²⁾	\$178	\$335	\$487	\$642
Net income per LP unit ⁽³⁾⁽⁴⁾	\$(1.26)	\$0.12	\$(1.74)	\$0.44
Company FFO and realized gains per unit ⁽⁴⁾⁽⁵⁾	\$0.18	\$0.38	\$0.51	\$0.76

(1) Consolidated basis includes amounts attributable to non-controlling interests.

(2) See "Basis of Presentation" and Reconciliation of Non-IFRS Measures in this press release for the definition and components.

(3) Represents basic net income attributable to holders of LP units. IFRS requires the inclusion of preferred shares that are mandatorily convertible into LP units at a price of \$25.70 without an add-back to earnings of the associated carry on the preferred shares.

(4) Net income attributable to holders of LP units and Company FFO and realized gains per unit are reduced by preferred dividends of \$11 million and \$20 million for the three and six months ended June 30, 2020, respectively, in determining per unit amounts.

(5) Company FFO and realized gains per unit are calculated based on 935.6 million (2019 952.1 million) and 939.5 million (2019 961.4 million) units outstanding for the three and six months ended June 30, 2020, respectively.

Operating Highlights

Our Core Office business generated CFFO of \$126 million for the quarter ended June 30, 2020 compared to \$187 million in the same period in 2019. The decrease in CFFO is primarily attributable to a transaction gain of \$38 million recognized in the prior-year period, and a decrease this quarter in contributions from our parking and retail operations. Rent collections in our office portfolio in the second quarter were largely uninterrupted and consistent with historical periods.

Despite a challenging operating environment resulting from the global economic shutdown, Core Office leasing activity in the second quarter totaled 0.7 million square feet spread across all of our major markets, executed at rents 16% higher on average than expiring leases in the period. Occupancy in the portfolio decreased 20 basis points to 92.3%, with a remaining weighted average lease term of 8.6 years.

Our Core Retail operations generated CFFO of \$140 million for the quarter ended June 30, 2020 compared to \$170 million in the comparable period in 2019. The current quarter results were impacted significantly by widespread mandated closures in our U.S. retail portfolio related to the global economic shutdown, which caused a decline in mall revenues, fee income, and an increase in credit loss reserves.

Our Core Retail business leased approximately 7.4 million square feet over the past 12 months with suite-to-suite rent spreads of 7%. Our same-store properties were 95% leased for the quarter ended June 30, 2020, consistent with the prior year. On a year-over-year basis, in-place rents were up 1.1%¹. Rent collections in this portfolio in the second quarter were approximately 34%, with July collections trending significantly stronger.

Our LP Investments generated CFFO and realized losses of \$8 million for the quarter ended June 30, 2020, compared to earnings of \$106 million in the comparable period in 2019. Results in the current quarter were negatively impacted by a year-over-year decrease in earnings from our Hospitality investments of \$78 million (\$0.08 per unit) due to property closures, and a decline in transaction gains.

	<i>Three months ended Jun. 30,</i>		<i>Six months ended Jun. 30,</i>	
(US\$ Millions)	2020	2019	2020	2019
Company FFO and realized gains:				
Core Office	\$126	\$187	\$261	\$327
Core Retail	\$140	\$170	\$335	\$354
LP Investments	\$(8)	\$106	\$68	\$252
Corporate	\$(80)	\$(101)	\$(163)	\$(204)
Company FFO and realized gains ⁽¹⁾	\$178	\$362	\$501	\$729

(1) See "Basis of Presentation" and "Reconciliation of Non-IFRS Measures" below in this press release for the definitions and components.

Dispositions

In the second quarter, we completed \$63 million of gross asset dispositions at our share, at prices tha
Associated Files