

Brookfield Property Partners Reports Solid Second Quarter 2013 Results

AUG 08, 2013

- **FFO increases 7% to \$126 million**
- **Net Income of \$277 million**

August 8, 2013 – Brookfield Property Partners L.P. (NYSE: BPY; TSX: BPY.UN) today announced its financial results for the quarter ended June 30, 2013. Brookfield Property Partners also provided pro forma financial results that reflect the International Financial Reporting Standards (“IFRS”) financial statements with adjustments to give effect to the spinoff and the acquisition by Brookfield Property Partners of its business and assets for the periods presented. A reconciliation of the IFRS financial results to the pro forma financial results is provided in Appendix A.

“We are excited by the opportunities we are seeing in all sectors as we believe there are unmatched prospects for organic growth and acquisitions at attractive valuations,” said Ric Clark, Chief Executive Officer. “With the U.S. economic recovery gaining strength and Europe still in flux, we are poised to invest in best-in-class diversified property assets, utilizing our global reach, platforms and capabilities to grow Brookfield Property Partners into the world’s leading commercial real estate company.”

Pro Forma Financial Results

US\$ millions (except per unit amounts) unaudited	Three months ended June 30,			Six months ended June 30,	
	2013	2012		2013	2012
Funds from operations (“FFO”) ^{(1) (2)}	\$ 126	\$ 118		\$ 277	\$ 228
- per unit	\$ 0.27	\$ 0.25		\$ 0.59	\$ 0.49
Net income ⁽¹⁾	\$ 277	\$ 288		\$ 570	\$ 655
- per unit	\$ 0.59	\$ 0.62		\$ 1.22	\$ 1.40
Total Return ^{(1) (2)}	\$ 323	\$ 338		\$ 683	\$ 863
- per unit	\$ 0.69	\$ 0.72		\$ 1.46	\$ 1.85

(1) FFO, net income and Total Return represent interests attributable to LP units and REUs (defined as Redeemable/Exchangeable and general partnership units of the operating partnership). The interests attributable to REUs are presented as non-controlling interests in the IFRS statement of income. See “Reconciliation of Non-IFRS Measures” below in this news release for the components.

(2) Non IFRS measure. See definition under “Basis of Presentation”

Funds from Operations (“FFO”) was \$126 million or \$0.27 per unit for the quarter ended June 30, 2013, or \$132 million or \$0.28 per unit prior to one-time charges compared with \$118 million or \$0.25 per unit during the same period in 2012.

Net income was \$277 million or \$0.59 per unit for the quarter ended June 30, 2013, compared with \$288 million or \$0.62 per unit in the prior year period. The decrease was a result of significant valuation gains in the prior year partially offset by the increase in FFO in the current period.

Total Return for the quarter ended June 30, 2013 was \$323 million, or \$0.69 per unit compared with \$338 million or \$0.72 per unit in the prior year period.

Equity per unit at June 30, 2013 increased to \$25.64 from \$25.32 as at December 31, 2012.

Significant Transactions During the Second Quarter

Brookfield Property Partners, directly or through affiliates, acquired seven real estate assets totaling approximately \$1.0 billion and disposed of eight real estate assets totaling approximately \$890 million, generating approximately \$110 million net proceeds (at share) during the second quarter of 2013. Highlights from the quarter include:

Office

- Advanced on MPG Office Trust acquisition following a vote in favor of the transaction by MPG common shareholders, subsequent to quarter end
- Completed Hammerson portfolio acquisition in London with closing on 125 Broad Street and Leadenhall Court
- Commenced development of second tower of Brookfield Place Perth in Australia with completion expected in late 2015

Retail

- Sold a 49.9% interest in both The Grand Canal Shoppes and The Shoppes at the Palazzo, two Class A malls in Las Vegas, NV
- Divested two non-core retail malls for \$138 million

Multi-family

- Completed over \$54 million of value-add multi-family acquisitions in the U.S.

Industrial

- Acquired EZW Gazeley, a UK based industrial real estate company, for £323 million
- Agreed to acquire Industrial Developments International from Kajima of Japan for \$1.1 billion, subsequent to quarter end

Dividend Declaration

The Board of Directors of Brookfield Property Partners declared a quarterly common unit dividend of \$0.25 per unit payable on September 30, 2013 to unitholders of record at the close of business on August 30, 2013. Unitholders resident in the United States will receive payment in U.S. dollars and unitholders resident in Canada will receive their dividends in Canadian dollars at the exchange rate on the record date, unless they elect otherwise. The dividend, calculated for the period from June 1, 2013 to August 31, 2013, represents an annualized dividend of \$1.00 per unit.

Simplification of Governance Structure

During the third quarter, Brookfield Property Partners and Brookfield Asset Management Inc. ("Brookfield") will amend the partnership agreement for their subsidiary partnership, Brookfield Property L.P. (the "Property Partnership"), to make Brookfield Property Partners the managing general partner of the Property Partnership. This change will be made to simplify the governance structure of the Brookfield Property Partners group and to more clearly delineate Brookfield Property Partners' governance rights in respect of the Property Partnership. As a result, the voting agreement between Brookfield Property Partners and Brookfield, which required Brookfield to exercise certain of its voting rights in respect of the Property Partnership's general partner as directed by Brookfield Property Partners, will be terminated and related changes will be made to the partnership agreement of Brookfield Property Partners and the Master Services Agreement. Because Brookfield is a party to these agreements, all of the amendments were approved by a special committee of directors of Brookfield Property Partners and the Property Partnership that are independent of Brookfield.

As a result of these changes, the former general partner interest in the Property Partnership indirectly owned by Brookfield will become a special limited partnership interest. The economic interests of Brookfield Property Partners and Brookfield in the Property Partnership will not be affected by these changes.

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.

Basis of Presentation

This press release and accompanying financial information make reference to net operating income ("NOI"), funds from operations ("FFO") (on a total and per unit basis), Total Return (on a total and per unit basis) and equity per unit. NOI, FFO, Total Return and equity per unit do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. NOI 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. FFO is defined as income, including equity accounted income, before realized gains (losses) from the sale real estate property, 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 partnership uses NOI and FFO to assess its operating results. NOI is important in assessing operating performance and FFO is a widely-used measure to analyze real estate. The partnership provides the components of NOI and a full reconciliation from net income to FFO with the financial information accompanying this press release. The partnership 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 but before non-controlling interests in the REUs, and represents the amount by which we increase the value of our 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.

Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of Canadian provincial securities laws and applicable regulations and "forward-looking statements" within the meaning of "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding our operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook, 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", "likely", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

Although we believe that our 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 our actual results, performance or achievements 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 to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: risks incidental to the ownership and operation of real estate properties including local real estate conditions; the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the ability to enter into new leases or renew leases on favourable terms; business competition; dependence on tenants' financial condition; the use of debt to finance our business; the behavior of financial markets, including fluctuations in interest and foreign exchanges rates; uncertainties of real estate development or redevelopment; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; risks relating to our insurance coverage; the possible impact of international conflicts and other developments including terrorist acts; potential environmental liabilities; changes in tax laws and other tax related risks; dependence on management personnel; illiquidity of investments; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits therefrom; operational and reputational risks; catastrophic events, such as earthquakes and hurricanes; 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 or information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, we undertake 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 or otherwise.

Conference Call

Analysts, investors and other interested parties are invited to participate in the company's live conference call reviewing 2013 second quarter results on Thursday, August 8, 2013 at 1:00 p.m. eastern time. Scheduled speakers are Ric Clark, chief executive officer, Steve Douglas, chief financial officer and Brian Kingston, chief investment officer. Management's presentation will be followed by a question and answer period.

To participate in the conference call, please dial 888.300.2347, pass code 2568913, five minutes prior to the scheduled start of the call. Live audio of the call will also be available via webcast at www.brookfieldpropertypartners.com. A replay of this call can be accessed through September 8, 2013 by dialing 888.203.1112, pass code 2568913. A replay of the webcast, as well as a podcast download, will be available at www.brookfieldpropertypartners.com for one year.

Supplemental Information

Investors, analysts and other interested parties can access Brookfield Property Partners Supplemental Information Package before the market open on August 8, 2013 at www.brookfieldpropertypartners.com under the Investors/Financial Reports section. This additional financial information should be read in conjunction with this press release.

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 20,000 multi-family units, 35 million square feet of industrial space and a 19 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.brookfieldpropertypartners.com.

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Associated Files