



Brookfield Property Partners L.P.

Q2 2021 INTERIM REPORT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**Report of Foreign Private Issuer Pursuant to
Rule 13a-16 or 15d-16
Under the Securities Exchange Act of 1934**

For the month of August 2021
Commission File Number 001-35505

BROOKFIELD PROPERTY PARTNERS L.P.
(Exact name of registrant as specified in its charter)

73 Front Street, 5th Floor, Hamilton, HM 12 Bermuda
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

The information contained in Exhibits 99.1 and 99.2 of this Form 6-K is incorporated by reference into the registrant's following registration statements on Form F-3: File No. 333-218503, 333-218504, 333-225158 and 333-225163; and the registrant's following registration statements on Form S-8: File Nos. 333-196622, 333-203042 and 333-227082.

DOCUMENTS FILED AS PART OF THIS FORM 6-K

See the Exhibit List to this Form 6-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 6, 2021

BROOKFIELD PROPERTY PARTNERS L.P.,
by its general partner, Brookfield Property Partners Limited

By: /s/ Jane Sheere

Name: Jane Sheere

Title: Secretary

EXHIBIT LIST

<u>Exhibit</u>	<u>Description</u>
99.1	Management's Discussion and Analysis of Financial Results of Brookfield Property Partners L.P. as of June 30, 2021 and December 31, 2020 and for the three and six months ended June 30, 2021 and 2020
99.2	Unaudited condensed consolidated financial statements of Brookfield Property Partners L.P. as of June 30, 2021 and December 31, 2020 and for the three and six months ended June 30, 2021 and 2020
99.3	Certification of Chief Executive Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P.
99.4	Certification of Chief Financial Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P.

Management's Discussion and Analysis of Financial Results

INTRODUCTION

This management's discussion and analysis ("MD&A") of Brookfield Property Partners L.P. ("BPY", the "partnership", or "we") covers the financial position as of June 30, 2021 and December 31, 2020 and results of operations for the three and six months ended June 30, 2021 and 2020. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements (the "Financial Statements") and related notes as of June 30, 2021, included elsewhere in this report, and our annual report for the year ended December 31, 2020 on Form 20-F.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND USE OF NON-IFRS MEASURES

This MD&A, particularly "*Objectives and Financial Highlights – Overview of the Business*" and "*Additional Information – Trend Information*", contains "forward-looking information" within the meaning of applicable securities laws and regulations. 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, including as a result of the recent global economic shutdown ("global economic shutdown" or "the shutdown") caused by the coronavirus ("COVID-19") pandemic; the ability to enter into new leases or renew leases on favorable 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 exchange 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, hurricanes or pandemics/epidemics; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States, as applicable. In addition, our future results may be impacted by risks associated with the global economic shutdown and the related global reduction in commerce and travel, which may result in a decrease of cash flows and a potential increase in impairment losses and/or revaluations on our investments and real estate properties, and we may be unable to achieve our expected returns.

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.

We disclose a number of financial measures in this MD&A that are calculated and presented using methodologies other than in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We utilize these measures in managing our business, including performance measurement, capital allocation and valuation purposes and believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing our overall performance. These financial measures should not be considered as a substitute for similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures may differ from the calculations disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS, where applicable, are included within this MD&A.

OBJECTIVES AND FINANCIAL HIGHLIGHTS

BASIS OF PRESENTATION

Our sole direct investments are a 49% managing general partnership unit interest in Brookfield Property L.P. (the “Operating Partnership”) and an interest in BP US REIT LLC. As we have the ability to direct its activities pursuant to our rights as owners of the general partner units, we consolidate the Operating Partnership. Accordingly, our Financial Statements reflect 100% of its assets, liabilities, revenues, expenses and cash flows, including non-controlling interests therein, which capture the ownership interests of other third parties.

We also discuss the results of operations on a segment basis, consistent with how we manage our business. The partnership is organized into four reportable segments: i) Core Office, ii) Core Retail, iii) LP Investments and iv) Corporate. This is consistent with how the partnership presents financial information to the chief operating decision maker (“CODM”) and investors. These segments are independently and regularly reviewed and managed by the Chief Executive Officer, who is considered the CODM.

Our partnership’s equity interests include general partnership units (“GP Units”), publicly traded limited partnership units (“LP Units”), redeemable/exchangeable partnership units of the Operating Partnership (“Redeemable/Exchangeable Partnership Units”), special limited partnership units of the Operating Partnership (“Special LP Units”), FV LTIP Units of the Operating Partnership (“FV LTIP Units”), limited partnership units of Brookfield Office Properties Exchange LP (“Exchange LP Units”), Class A stock, par value \$0.01 per share, (“BPYU Units”) of Brookfield Property REIT Inc. (“BPYU”) and Class A Cumulative Redeemable Perpetual Preferred Units, Series 1, Series 2 and Series 3 (“Preferred Equity Units”). Holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units, Exchange LP Units and BPYU Units will be collectively referred to throughout this MD&A as “Unitholders”. The LP Units, Redeemable/Exchangeable Partnership Units, Exchange LP Units and BPYU Units have the same economic attributes in all respects, except that the holders of Redeemable/Exchangeable Partnership Units and BPYU Units have the right to request that their units be redeemed for cash consideration. In the event that Brookfield Asset Management Inc. (“Brookfield Asset Management”), as the holder of the Redeemable/Exchangeable Partnership Units exercises this right, our partnership has the right, at its sole discretion, to satisfy the redemption request with its LP Units, rather than cash, on a one-for-one basis. As a result, Brookfield Asset Management, as holder of Redeemable/Exchangeable Partnership Units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP Units of our partnership. However, given the redemption feature referenced above and the fact that they were issued by our subsidiary, we present the Redeemable/Exchangeable Partnership Units as a component of non-controlling interests. The Exchange LP Units are exchangeable at any time on a one-for-one basis, at the option of the holder, for LP Units. We present the Exchange LP Units as a component of non-controlling interests. BPYU Units provide their holders with the right to request that their units be redeemed for cash consideration. In the event the holders of BPYU Units exercise this right, our partnership has the right at its sole discretion, to satisfy the redemption request with its LP Units, rather than cash, on a one-for-one basis. As a result, BPYU Units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of LP Units of our partnership. We present BPYU Units as a component of non-controlling interest.

This MD&A includes financial data for the three and six months ended June 30, 2021 and includes material information up to August 6, 2021. Financial data has been prepared using accounting policies in accordance with IFRS as issued by the IASB. Non-IFRS measures used in this MD&A are reconciled to or calculated from such financial information. Unless otherwise specified, all operating and other statistical information is presented as if we own 100% of each property in our portfolio, regardless of whether we own all of the interests in each property. We believe this is the most appropriate basis on which to evaluate the performance of properties in the portfolio relative to each other and others in the market. All dollar references, unless otherwise stated, are in millions of U.S. Dollars. Canadian Dollars (“C\$”), Australian Dollars (“A\$”), British Pounds (“£”), Euros (“€”), Brazilian Reals (“R\$”), Indian Rupees (“Rs”), Chinese Yuan (“C¥”), South Korean Won (“₩”) and United Arab Emirates Dirham (“AED”) are identified where applicable.

Additional information is available on our website at bpy.brookfield.com, or on www.sedar.com or www.sec.gov.

OVERVIEW OF THE BUSINESS

We are Brookfield Asset Management's primary vehicle to make investments across all strategies in real estate. Our goal is to be a leading global owner and operator of high-quality real estate, that generates sustainable and growing distributions to our unitholders and capital appreciation of our asset base over the long term. With approximately 24,400 employees involved in Brookfield Asset Management's real estate businesses around the globe, we have built operating platforms in various real estate sectors, including in our:

CORE OFFICE PORTFOLIO

Class A office assets in gateway markets around the globe

- 143 premier properties
- 98 million square feet
- 89% occupancy
- 8.1 year average lease term

CORE RETAIL PORTFOLIO

100 of the top 500 malls in the United States

- 119 best-in-class malls and urban retail properties
- 117 million square feet
- 92% occupancy

LP INVESTMENTS PORTFOLIO

Invested in mispriced portfolios and/or properties with significant value-add opportunities.

INVESTMENT STRATEGY

Our diversified Core portfolios consist of high-quality office and retail assets in some of the world's most dynamic markets which have stable cash flow as a result of their long-term leases. We target to earn core-plus total returns on our Core portfolios. The drivers of these targets include the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy, that are expected to generate same-property net operating income ("NOI") growth without significant capital investment. Furthermore, we enhance the returns on our stable properties through an active development and redevelopment pipeline that earns higher unlevered returns on construction costs. We currently have approximately 6 million square feet of active development projects underway with another 5 million square feet in planning stages. Our development track record reflects successful completions on time and on budget. We expect this portion of our balance sheet to contribute meaningfully to earnings growth in our Core businesses as projects reach completion and begin to contribute rental revenue to our earnings.

Our LP Investments portfolio includes our equity invested in Brookfield-sponsored real estate opportunity funds, which target high-quality assets with operational upside across various real estate sectors, including office, retail, multifamily, logistics, hospitality, triple net lease, manufactured housing and student housing. We target to earn opportunistic returns on our LP Investments portfolio. These investments, unlike our Core portfolios, have a defined hold period and typically generate the majority of profits from gains recognized from realization events including the sale of an asset or portfolio of assets, or exit of the entire investment. The combination of these realized gains and FFO earned represent our earnings on capital invested in these funds and provide liquidity to support our target distributions.

Overall, our goal is to be the leading global owner and operator of high-quality real estate, generating an attractive total return for our Unitholders comprised of: a current yield supported by stable cash flow from a diversified portfolio; distribution growth in-line with earnings growth; and capital appreciation of our asset base. We operate our business to achieve these objectives with a long term view and will continue to make decisions with that in mind, however, we will caution you that in light of the global economic shutdown and its impact on the global economy, we may be unable to achieve these objectives in the near term. We have not changed our investment strategy as a result of COVID-19. Capital appreciation will be reflected in the fair value gains that flow through our income statement as a result of our revaluation of investment properties in accordance with IFRS to reflect initiatives that increase property level cash flows, change the risk profile of the asset, reflect changes in market conditions, or portfolio premiums realized upon sale of these assets. From time to time, we will convert some or all of these unrealized gains to cash through asset sales, joint ventures or refinancings.

We believe our global scale and best-in-class operating platforms provide us with a unique competitive advantage as we are able to efficiently allocate capital around the world toward those sectors and geographies where we see the greatest opportunities to earn attractive returns. We actively recycle assets on our balance sheet as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns. Despite the recent economic disruption caused by the global economic shutdown, we expect that the high quality nature of our stabilized properties and associated cash flows will continue to be in demand from investors, although our ability to execute on these recycling of capital initiatives could be impacted in the short term. In addition, due to the scale of our stabilized portfolio and flexibility of our balance sheet, our business model is self-funding and does not require us to access capital markets to fund our continued growth.

PERFORMANCE MEASURES

We consider the following items to be important drivers of our current and anticipated financial performance, however the impact of the recent global economic shutdown could limit our potential to achieve these measures:

- increases in occupancies by leasing vacant space and pre-leasing active developments;
- increases in rental rates through maintaining or enhancing the quality of our assets and as market conditions permit; and
- reductions in operating costs through achieving economies of scale and diligently managing contracts.

We also believe that key external performance drivers include the availability of the following:

- debt capital at a cost and on terms conducive to our goals;
- equity capital at a reasonable cost;
- new property acquisitions and other investments that fit into our strategic plan; and
- opportunities to dispose of peak value or non-core assets.

In addition to monitoring, analyzing and reviewing earnings performance, we also review initiatives and market conditions that contribute to changes in the fair value of our investment properties. These fair value changes, combined with earnings, represent a total return on the equity attributable to Unitholders and form an important component in measuring how we have performed relative to our targets.

To measure our performance against these targets, as described above, and measure our operating performance, we focus on NOI, same-property NOI, funds from operations (“FFO”), Company FFO, net income attributable to Unitholders and equity attributable to Unitholders. Some of these performance metrics do not have standardized meanings prescribed by IFRS and therefore may differ from similar metrics used by other companies.

- *NOI*: revenues from our commercial properties operations less direct commercial property expenses (“Commercial property NOI”) and revenues from our hospitality operations less direct hospitality expenses (“Hospitality NOI”).
- *Same-property NOI*: a subset of NOI, which excludes NOI that is earned from assets acquired, disposed of or developed during the periods presented, not of a recurring nature, or from LP Investments assets.
- *FFO*: net income, prior to fair value gains, net, depreciation and amortization of real estate assets, and income taxes less non-controlling interests of others in operating subsidiaries and properties therein. When determining FFO, we include our proportionate share of the FFO of unconsolidated partnerships and joint ventures and associates, as well as gains (or losses) related to properties developed for sale.
- *Company FFO*: FFO before the impact of depreciation and amortization of non-real estate assets, transaction costs, gains (losses) associated with non-investment properties, imputed interest on equity accounted investments and the partnership’s share of Brookfield Strategic Real Estate Partners III (“BSREP III”) FFO. The partnership accounts for its investment in BSREP III as a financial asset and the income (loss) of the fund is not presented in the partnership’s results. Distributions from BSREP III, recorded as dividend income under IFRS, are removed from investment and other income for Company FFO presentation.
- *Net income attributable to Unitholders*: net income attributable to holders of GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units.
- *Equity attributable to Unitholders*: equity attributable to holders of GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units.

NOI is a key indicator of our ability to impact the operating performance of our properties. We seek to grow NOI through pro-active management and leasing of our properties. Same-property NOI in our Core Office and Core Retail segments allows us to segregate the impact of leasing and operating initiatives on the portfolio from the impact of investing activities and “one-time items”, which for the historical periods presented consist primarily of lease termination income. We reconcile NOI to net income on page 15.

We also consider FFO an important measure of our operating performance. FFO is a widely recognized measure that is frequently used by securities analysts, investors and other interested parties in the evaluation of real estate entities, particularly those that own and operate income producing properties. Our definition of FFO includes all of the adjustments that are outlined in the National Association of Real Estate Investment Trusts (“NAREIT”) definition of FFO, including the exclusion of gains (or losses) from the sale of investment properties, the add back of any depreciation and amortization related to real estate assets and the adjustment for unconsolidated partnerships and joint ventures. In addition to the adjustments prescribed by NAREIT, we also make adjustments to exclude any unrealized fair value gains (or losses) that arise as a result of reporting under IFRS, and income taxes that arise as certain of our subsidiaries are structured as corporations as opposed to real estate investment trusts (“REITs”). These additional adjustments result in an FFO measure that is similar to that which would result if our partnership was organized as a REIT that determined net income in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”), which is the type of organization on which the NAREIT definition is premised. Our FFO measure will differ from other organizations applying the NAREIT definition to the extent of certain differences between the IFRS and U.S. GAAP reporting frameworks, principally related to the timing of revenue recognition from lease terminations and sale of properties. Because FFO excludes fair value gains (losses), including equity accounted fair value gains (losses), realized gains (losses) on the sale of investment properties, depreciation and amortization of real estate assets and income taxes, it provides a performance measure that, when compared year-over-year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and interest costs,

providing perspective not immediately apparent from net income. We do not use FFO as a measure of cash flow generated from operating activities. We reconcile FFO to net income on page 15 as we believe net income is the most comparable measure.

In addition, we consider Company FFO a useful measure for securities analysts, investors and other interested parties in the evaluation of our partnership's performance. Company FFO, similar to FFO discussed above, provides a performance measure that reflects the impact on operations of trends in occupancy rates, rental rates, operating costs and interest costs. In addition, the adjustments to Company FFO relative to FFO allow the partnership insight into these trends for the real estate operations, by adjusting for non-real estate components. We reconcile net income to Company FFO on page 15.

Net income attributable to Unitholders and Equity attributable to Unitholders are used by the partnership to evaluate the performance of the partnership as a whole as each of the Unitholders participates in the economics of the partnership equally. We reconcile Net income attributable to Unitholders to net income on page 15 and Equity attributable to Unitholders to total equity on page 16.

FAIR VALUE OF INVESTMENT AND HOSPITALITY PROPERTIES

Investment properties

We measure all investment properties at fair value, including those held within equity accounted investments. Valuations are prepared at a balance sheet date with changes to those values recognized as gains or losses in the statement of income. Our valuations are generally prepared at the individual property level by internal investment professionals with the appropriate expertise in the respective industry, geography and asset type. We leverage their extensive expertise and experience in the valuation of properties accumulated through involvement in acquisitions and dispositions, negotiations with lenders and interactions with institutional private fund investors. Additionally, a number of properties are externally appraised each year and the results of those appraisals are compared to the partnership's internally prepared values.

Substantially all of our investment properties are valued using one of two accepted income approaches, the discounted cash flow approach or the direct capitalization approach. The valuation methodology utilized is generally determined by asset class. Our office and retail assets are typically valued using a discounted cash flow methodology while our multifamily, triple net lease, manufactured housing, student housing and logistics assets are typically valued using a direct capitalization methodology.

Under the discounted cash flow approach, cash flows for each property are forecast for an assumed holding period, generally, ten-years. A capitalization rate is applied to the terminal year net operating income and an appropriate discount rate is applied to those cash flows to determine a value at the reporting date. The forecast cash flows include assumptions prepared at the property level for lease renewal probabilities, downtime, capital expenditures, future leasing rates and associated leasing costs. The majority of property cash flows consist of contracted leases as a result of our core real estate portfolio having a combined 91% occupancy level and an average 6.3 year lease life. Valuation assumptions, such as discount rates and capitalization rates, are determined by the relevant investment professionals and often take into consideration relevant market data such as cost of capital, market transactions and/or brokers opinion of value, and are applied to the cash flows to determine the values.

Under the direct capitalization method, a capitalization rate is applied to estimated stabilized annual net operating income to determine value. Capitalization rates are determined by our investment professionals based on market data from comparable transactions and third-party reports.

As a result of the ongoing global economic shutdown, we believe uncertainty remains with respect to certain input factors on our fair value of investment properties, including capitalization rates and discount rates, due to a lack of market transactions since early March 2020. However, we have adjusted capitalization and discount rates in certain assets to reflect changes to risk-free borrowing rates.

Hospitality properties

Our hospitality properties, including intangible assets, are carried at cost except for the property, plant and equipment which is revalued annually, at December 31, using a depreciated replacement cost approach. Revaluation increases are generally recognized as revaluation surplus in the statement of comprehensive income, unless the increase reverses a previously recognized revaluation loss recorded through prior period net income. These assets are classified as property, plant and equipment and are depreciated each quarter during a calendar year.

The hospitality sector has had the most immediate and acute impact from the global economic shutdown as the majority of our hospitality investments were closed. Certain of our hospitality assets have now entered the recovery phase, as mandated closures and restrictions have started to lift and there is increased demand for leisure travel.

Valuation methodology

All of our valuations are subject to various layers of review and controls as part of our financial reporting processes. These controls are part of our system of internal control over financial reporting that is assessed by management on an annual basis. Under the discounted cash flow model, the base cash flows are determined as part of our annual business planning process, prepared within each operating business and reviewed by the senior management teams responsible for each segment, along with senior investment professionals responsible for the relevant asset classes. Valuation assumptions such as discount rates and terminal capitalization rates are compared to market data, third party reports, research material and broker opinions as part of the review process.

External valuations

We have a number of properties externally appraised each year to support our valuation process and for other business purposes. We compare the results of those external appraisals to our internally prepared values and reconcile significant differences when they arise. During the three months ended June 30, 2021, we obtained external appraisals of 56 of our Core Office properties representing a gross property value of \$19 billion (or 11% of the portfolio). These external appraisals were within 0.08% of management's valuations. Also, we have historically sold assets, which provides support for our valuations, as we typically contract at prices comparable to IFRS values.

FINANCIAL STATEMENTS ANALYSIS

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section, we review our financial position and consolidated performance as of June 30, 2021 and December 31, 2020 and for the three and six months ended June 30, 2021 and 2020. Further details on our results from operations and our financial positions are contained within the “*Segment Performance*” section beginning on page 19.

The global economic shutdown continues to interrupt business activities and supply chains; disrupt travel; and contribute to significant volatility in the financial markets, resulting in lower interest rates. The shutdown has also impacted social conditions and adversely impacted local, regional, national and international economic conditions, as well as the labor markets. We have seen an adverse impact to our financial position and consolidated performance as a direct result of the shutdown and it is possible that our results in future periods may continue to be adversely impacted.

The following acquisitions and dispositions affected our consolidated results for the three and six months ended June 30, 2021 and 2020:

In our Core Office segment:

- In the first quarter of 2021, we sold 50% of our interest in Bay Adelaide North in Toronto for approximately C\$365 million (\$291 million) and a realized gain of C\$74 million (\$59 million). Prior to the transaction, our interest was consolidated but is now accounted for under the equity method.
- In the fourth quarter of 2020, we sold our interest in One London Wall Place in London for approximately £460 million (\$614 million) and a realized gain of approximately £107 million (\$143 million).
- In the second quarter of 2020, we sold approximately 50% of our interests in two multifamily properties, One Blue Slip and Andorra, into joint ventures with Brookfield Premier Real Estate Partners Pooling LLC (“BPREP”) for net proceeds of \$102 million and \$44 million, respectively. Prior to the transactions, our interests were consolidated but are now accounted for under the equity method.

In our Core Retail segment:

- In the first quarter of 2021, North Point Mall and Florence Mall were conveyed to the lenders in satisfaction of outstanding debt obligations of \$247 million and \$90 million, respectively.
- In the second quarter of 2020, we restructured our joint venture partnership in Water Tower Place in which we acquired an incremental 43.9% interest through the assumption of our partner’s share of debt held on the property. Prior to the acquisition, our joint venture interest was reflected as an equity accounted investment and is now consolidated.

In our LP Investments segment:

- In the second quarter of 2021, we converted our preferred equity interest in a portfolio of select-service hospitality assets valued at approximately \$472 million into common shares. Prior to the transaction, our interest was reflected as a financial asset and is now consolidated, as we gained control over the investment.
- In the second quarter of 2021, we acquired a portfolio of manufactured housing assets in the Brookfield Strategic Real Estate Partners II (“BSREP II”) fund for consideration of approximately \$159 million.
- In the first quarter of 2021, we sold four retail assets in the United States for approximately \$73 million and a realized loss of \$97 million.
- In the fourth quarter of 2020, we sold our portfolio of self-storage assets in the United States in BSREP II for approximately \$1.2 billion and a realized gain of approximately \$244 million.
- In the fourth quarter of 2020, we sold a partial interest in a portfolio of triple-net lease assets in the United States in the Brookfield Strategic Real Estate Partners I (“BSREP I”) fund for approximately \$728 million and a realized gain of approximately \$105 million. As part of the sale, we no longer have certain voting rights, which has resulted in a loss of control over the investment; as a result, we deconsolidated our investment in the portfolio.
- In the fourth quarter of 2020, we sold two office assets in Brazil in the BSREP II fund for approximately R\$2.0 billion (\$379 million) and a realized gain of approximately R\$735 million (\$136 million).
- In the fourth quarter of 2020, we sold five multifamily assets in the United States in the BSREP II fund for approximately \$390 million and a realized gain of approximately \$61 million.
- In the third quarter of 2020, we completed the recapitalization of the Atlantis Paradise Island resort (“Atlantis”) with a consortium of investors who made a total commitment of \$300 million in the form of preferred equity, of which we committed approximately \$125 million. As a result, we no longer control the previously consolidated investment and account for the investment under the equity method following recapitalization.

- In the first quarter of 2020, we sold an office asset in California in the BSREP II fund for approximately \$131 million and a realized gain of approximately \$58 million.

For the purposes of the following comparison discussion between the three and six months ended June 30, 2021 and 2020, the above transactions are referred to as the investment activities. In addition to the investment activities, we will use same-property NOI from our Core Office and Core Retail segments to evaluate our operating results.

Summary Operating Results

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Net income (loss) attributable to Unitholders ⁽¹⁾	319	(1,253)	585	(1,739)
NOI ⁽¹⁾	886	800	1,671	1,800
FFO ⁽¹⁾	144	170	231	444
Company FFO ⁽¹⁾	176	178	301	487

⁽¹⁾ This is a non-IFRS measure our partnership uses to assess the performance of its operations as described in the "Performance Measures" section on page 4. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section on page 15.

We recognized net income for the three months ended June 30, 2021 of \$686 million which compares to net loss of \$(1,512) million for the same period in the prior year. Net income per unit attributable to Unitholders was \$0.31 in the current period as compared to a loss of \$(1.26) in the prior year. The prior year included fair value losses in our Core Office and Core Retail portfolios, which reflected the initial impact of the shutdown on our near and mid-term cash flows. The current period benefited from fair value gains across our Core Office portfolio, as well as our Multifamily portfolio, due to capitalization rate compression. The current period also benefited from increased earnings in our hospitality portfolio, as certain properties have started to recover following the shutdown and the favorable impact of foreign currency translation.

Net income for the six months ended June 30, 2021 was \$1,417 million compared to a loss of \$(1,885) million for the same period in prior year. Net income per unit attributable to Unitholders for the six months ended June 30, 2021 was \$0.56 compared with a loss of \$(1.74) in the prior year. The increase is primarily attributable to the reasons mentioned above.

FFO decreased to \$144 million during the three months ended June 30, 2021 compared with \$170 million during the same period in the prior year. The decrease was driven by higher interest expense as a result of defeasance costs of approximately \$98 million incurred upon refinancing our manufactured housing portfolio, the impact of expirations in our Core Retail portfolio and the impact of dispositions since the prior year. These decreases were partially offset by increased earnings in our hospitality portfolio in the current period, as discussed above.

FFO decreased to \$231 million during the six months ended June 30, 2021 compared with \$444 million during the same period in the prior year. The decrease was driven by dispositions since the prior year, expirations and incremental abatements resulting from the shutdown in our Core Retail portfolio, defeasance costs incurred upon refinancing our manufactured housing portfolio and first quarter operating losses in our hospitality portfolio due to government-mandated closures, primarily at Center Parcs in the U.K. These decreases were partially offset by lower interest expense due to the historically low interest rate environment on our variable debt obligations.

Operating Results

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 1,284	\$ 1,301	\$ 2,569	\$ 2,705
Hospitality revenue	196	50	255	416
Investment and other revenue	180	86	286	216
Total revenue	1,660	1,437	3,110	3,337
Direct commercial property expense	474	445	960	925
Direct hospitality expense	120	106	193	396
Investment and other expense	23	9	31	13
Interest expense	710	599	1,322	1,308
Depreciation and amortization	68	83	136	170
General and administrative expense	243	195	456	391
Total expenses	1,638	1,437	3,098	3,203
Fair value gains (losses), net	498	(803)	1,138	(1,113)
Share of earnings from equity accounted investments	253	(757)	459	(793)
Income before taxes	773	(1,560)	1,609	(1,772)
Income tax expense (benefit)	87	(48)	192	113
Net income (loss)	\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Net income (loss) attributable to non-controlling interests of others in operating subsidiaries and properties	367	(259)	832	(146)
Net income (loss) attributable to Unitholders⁽¹⁾	\$ 319	\$ (1,253)	\$ 585	\$ (1,739)

⁽¹⁾ This is a non-IFRS measure our partnership uses to assess the performance of its operations as described in the "Performance Measures" section on page 4. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section on page 15.

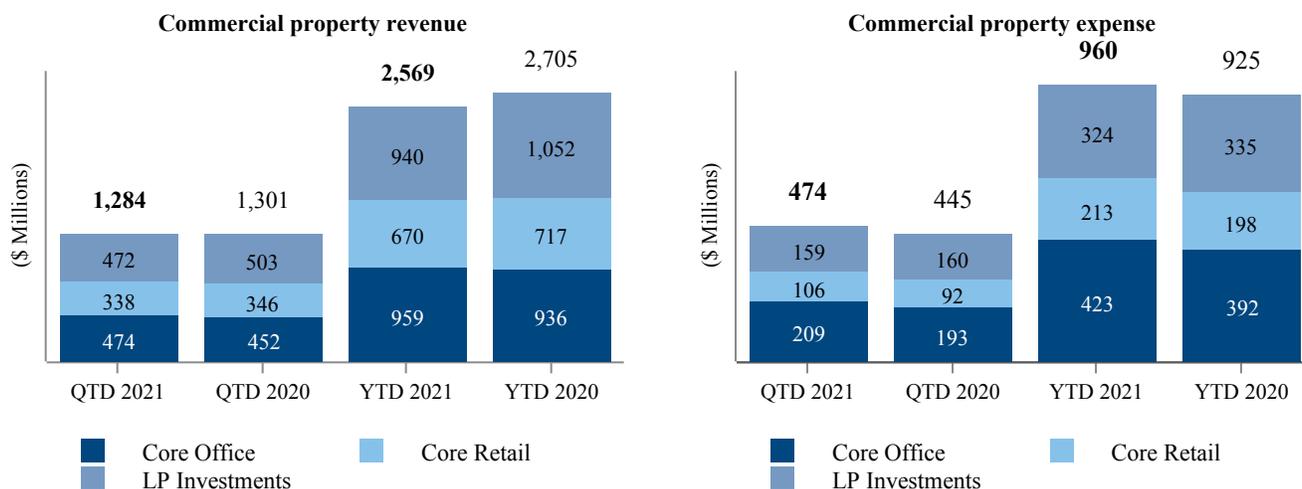
Our basic and diluted net (loss) income attributable to Unitholders per unit and weighted average units outstanding are calculated as follows:

(US\$ Millions, except per unit information)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Less: Non-controlling interests	367	(259)	832	(146)
Less: Preferred unit dividends	11	11	22	20
Net income (loss) attributable to Unitholders - basic ⁽¹⁾	\$ 308	\$ (1,264)	\$ 563	\$ (1,759)
Dilutive effect of conversion of options	—	—	—	—
Net income (loss) attributable to Unitholders - diluted	\$ 308	\$ (1,264)	\$ 563	\$ (1,759)
Weighted average number of units outstanding - basic ⁽¹⁾	1,005.7	1,005.6	1,005.7	1,009.6
Conversion of options	—	—	—	—
Weighted average number of units outstanding - diluted	1,005.7	1,005.6	1,005.7	1,009.6
Net income (loss) per unit attributable to Unitholders - basic⁽¹⁾⁽²⁾	\$ 0.31	\$ (1.26)	\$ 0.56	\$ (1.74)
Net income (loss) per unit attributable to Unitholders - diluted⁽²⁾	\$ 0.31	\$ (1.26)	\$ 0.56	\$ (1.74)

⁽¹⁾ Basic net income (loss) attributable to Unitholders per unit requires the inclusion of preferred shares of the Operating Partnership that are mandatorily convertible into LP Units without an add back to earnings of the associated carry on the preferred shares.

⁽²⁾ Net income (loss) attributable to Unitholders is a non-IFRS measure as described in the "Performance Measures" section on page 4.

Commercial property revenue and direct commercial property expense



For the three months ended June 30, 2021, commercial property revenue decreased by \$17 million compared to the same period in the prior year primarily due to property dispositions in our LP Investments segment and expirations and bankruptcies in our Core Retail portfolio, which reflects the ongoing impact of the shutdown on our business. These decreases were partially offset by the lease-up of 100 Bishopsgate which became operational in the prior year, as well as the positive impact of foreign currency translation.

Direct commercial property expense increased by \$29 million due to re-opening of properties within our Core Retail portfolio that were closed in the prior year due to the shutdown, as well as the impact of foreign currency translation. Margins in 2021 were 63.1%, a decrease of 2.7% over 2020.

For the six months ended June 30, 2021, commercial property revenue decreased by \$136 million compared to the same period in the prior year due to property dispositions in our LP Investments segment and expirations and bankruptcies in our Core Retail portfolio, which reflects the ongoing impact of the shutdown on our business. Additionally, our Core Office portfolio experienced 3% same-property loss, attributable to lower parking and retail revenue due to the shutdown as well as lease expirations since the prior year. These decreases were partially offset by the positive impact of foreign currency translation and leasing at 100 Bishopsgate which became operational in the prior year.

Direct commercial property expense increased by \$35 million compared to the prior year. Margins in 2021 were 62.6%, a decrease of 3.2% compared to 2020.

Commercial property NOI decreased by \$46 million to \$810 million during the three months ended June 30, 2021 compared with \$856 million during the same period in the prior year. Commercial property NOI decreased by \$171 million to \$1,609 million during the six months ended June 30, 2021, compared with \$1,780 million during the same period in the prior year. The decreases were primarily driven by the reasons mentioned above.

Hospitality revenue and direct hospitality expense



For the three months ended June 30, 2021, hospitality revenue increased by \$146 million compared to the same period in the prior year. The prior year was impacted due to closures and cancellations related to COVID-19, primarily at Center Parcs and Atlantis. The majority of our hospitality investments operated at a loss given reduced occupancy levels or mandated closures. Certain of our hospitality assets have now entered the recovery phase, as mandated closures and restrictions have started to lift and there is increased demand for leisure travel. Direct hospitality expense increased to \$120 million for the three months ended June 30, 2021, compared to \$106 million in the same period in the prior year.

For the six months ended June 30, 2021, hospitality revenue decreased by \$161 million compared to the same period in the prior year. This decrease was due to the impact of the shutdown in the first quarter of 2021, as the majority of our hotels were operating at a loss due to government mandated closures and reduced occupancy levels.

Direct hospitality expense decreased to \$193 million for the six months ended June 30, 2021, compared to \$396 million in the same period in the prior year, driven by the deconsolidation of Atlantis. Additionally, we have been able to reduce operating costs at our hotels that are closed or operating at reduced occupancy levels, however certain fixed costs remain and are not offset by revenues because of closures and/or drastically reduced occupancy as a result of the shutdown.

Hospitality NOI increased by \$132 million to \$76 million during three months ended June 30, 2021 compared to \$(56) million during the same period in the prior year. For the six months ended June 30, 2021, hospitality NOI increased by \$42 million to \$62 million compared to \$20 million during the same period in the prior year. The increase is almost entirely attributable to the impact of the shutdown in the prior year.

Investment and other revenue, and investment and other expense

Investment and other revenue includes management fees, leasing fees, development fees, interest income and other non-rental revenue. Investment and other revenue increased by \$94 million and \$70 million for the three and six months ended June 30, 2021, respectively, compared to the same period in the prior year. The increase is primarily due to higher interest income and an incremental distribution from BSREP III of approximately \$40 million associated with the sale of a life science portfolio.

Investment and other expense for the three and six months ended June 30, 2021 increased by \$14 million and \$18 million to \$23 million and \$31 million, respectively, compared to the prior year.

Interest expense

Interest expense increased by \$111 million and \$14 million for the three and six months ended June 30, 2021 as compared to the same period in the prior year. This increase is due to defeasance costs of approximately \$98 million incurred to refinance our manufactured housing portfolio in the current period, partially offset by the impact of the historically low interest rate environment on our variable debt obligations coupled with reduced debt levels from disposition activity. The increase is also due to interest expense from Corporate bond issuances.

General and administrative expense

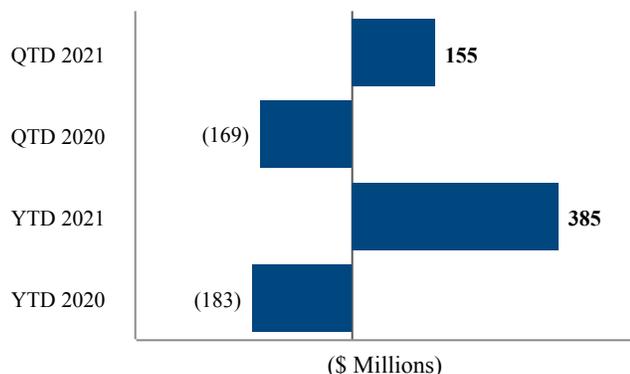
General and administrative expense increased by \$48 million for the three months ended June 30, 2021 as compared to the same period in the prior year. The increase was primarily attributable to higher management fees and transaction costs associated with the Hospitality Investors Trust transaction during the current period, partially offset by reduced compensation and benefits expense compared to the prior year.

General and administrative expense increased by \$65 million for the six months ended June 30, 2021 as compared to the same period in the prior year. The increase was due to the reasons discussed above.

Fair value gains (losses), net

Fair value gains (losses), net includes valuation gains (losses) on commercial properties and developments as well as mark-to-market adjustments on financial instruments and derivatives and foreign currency gains (losses) on disposal of assets denominated in foreign currencies. While we measure and record our commercial properties and developments using valuations prepared by management in accordance with our policy, external appraisals and market comparables, when available, are used to support our valuations.

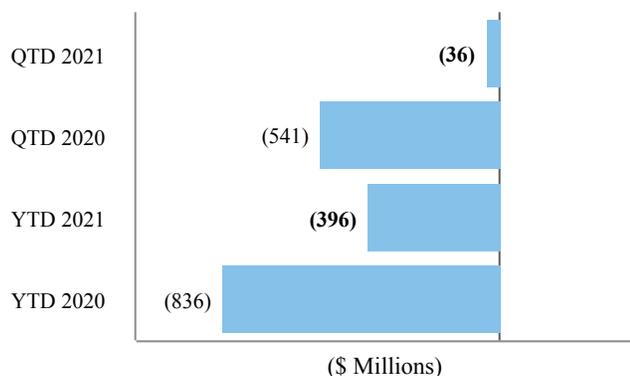
Fair value gains (losses) , net - Core Office



Fair value gains, net for our Core Office segment were \$155 million and \$385 million for the three and six months ended June 30, 2021, respectively. The current period gains are driven by a reduction in risk at a development in the U.K as the development continues through the lease-up phase, gains on certain of our multifamily developments in the U.S. due to updated cashflow assumptions, favorable market rent assumptions at an asset in Brazil, and burn-off of free rent in Midtown New York and London.

Fair value losses, net for our Core Office segment were \$183 million for the six months ended June 30, 2020. These losses primarily reflected the impact of the shutdown on our near and mid-term cash flows.

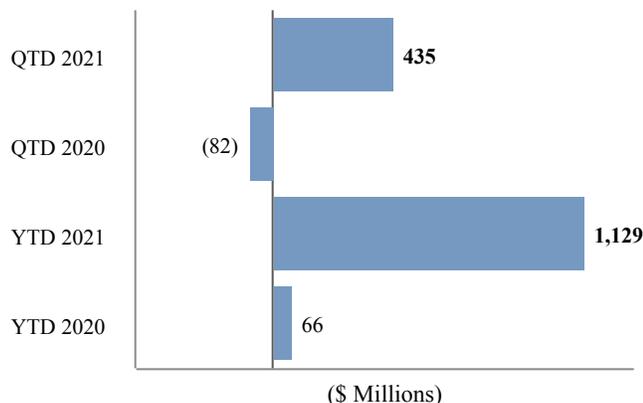
Fair values losses, net - Core Retail



Fair value losses, net for our Core Retail segment were \$(36) million and \$(396) million for the three and six months ended June 30, 2021, respectively. Fair value losses, net for our Core Retail portfolio are primarily due to updated cash flow assumptions, which included the impact of an anchor-tenant expiration at one of our malls and realized losses on the disposition of two assets.

Fair value losses, net for our Core Retail segment were \$836 million for the six months ended June 30, 2020. These losses reflected updated cashflow assumptions on a suite-by-suite basis with revised market leasing assumptions, vacancy reserve, downtime, retention assumptions and capital costs due to the shutdown and the resulting store closures. These losses also reflected updated valuation metrics where necessary to reflect changes to property level risk profiles.

Fair values gains (losses), net - LP Investments



Fair value gains, net for our LP Investments segment were \$435 million and \$1,129 million for the three and six months ended June 30, 2021, respectively. These gains were driven by capitalization rate compression in our manufactured housing portfolio and an office asset in the U.K. Our student housing portfolio also benefited from capitalization rate compression, as well as increased cash flows from the upcoming school year.

Fair value gains, net for our LP Investments segment for the six months ended June 30, 2020 were \$66 million primarily due to capitalization rate compression in South Korea and increased operating cash flows in certain office assets in India. These gains were partially offset by certain of our asset classes that were more materially impacted than others from the shutdown, mostly our retail assets and certain of our office investments. We revisited cash flow assumptions for each of our assets and took into consideration the type of asset, location, the credit-quality of our tenants, renewal rates, average lease term and restrictions that might impact our ability to collect rent. Based on this, we reflected some negative near-term cash flow assumptions into our valuation models.

Fair value sensitivity

The following table presents a sensitivity analysis to the impact of a 0.25 basis point (“bps”) increase of the discount rate and terminal capitalization or overall implied capitalization rate (“ICR”) on fair values of the partnership’s commercial properties for the six months ended June 30, 2021, for properties valued using the discounted cash flow or direct capitalization method, respectively:

Jun. 30, 2021									
(US\$ Millions)	Commercial properties	Commercial developments	Discount rate (“DR”)	Terminal capitalization rate (“TCR”)	Investment horizon (years)	Impact of +25bps DR	Impact of +25bps TCR	Impact of +25bps DR and +25bps TCR or +25bps ICR	
Core Office									
United States	\$ 14,821	\$ 505	6.9%	5.6 %	12	\$ (329)	\$ (435)	\$ (752)	
Canada	4,842	65	5.9%	5.2 %	10	(111)	(161)	(253)	
Australia	2,341	459	6.6%	5.7 %	10	(59)	(100)	(161)	
Europe	2,600	273	4.6%	3.8 %	10	(51)	(109)	(158)	
Brazil	380	—	7.6%	7.0 %	10	(6)	(6)	(2)	
Core Retail	20,037	—	7.0%	5.3 %	10	(678)	(405)	(1,067)	
LP Investments									
LP Investments- Office	8,352	743	9.6%	7.1 %	7	(134)	(269)	(399)	
LP Investments- Retail	2,238	—	8.6%	7.0 %	10	(47)	(77)	(126)	
Hospitality	89	—	—%	— %	—	—	—	—	
Mixed-use	3,042	—	7.2%	5.1 %	10	(85)	(86)	(139)	
Multifamily ⁽¹⁾	2,018	—	4.7%	n/a	n/a	—	(97)	(97)	
Triple Net Lease ⁽¹⁾	3,704	—	6.2%	n/a	n/a	—	(141)	(141)	
Student Housing ⁽¹⁾	2,911	314	4.9%	n/a	n/a	—	(129)	(129)	
Manufactured Housing ⁽¹⁾	3,453	—	4.6%	n/a	n/a	—	(176)	(176)	
Investment property impact	\$ 70,828	\$ 2,359				\$ (1,500)	\$ (2,191)	\$ (3,600)	

⁽¹⁾ The valuation method used to value multifamily, triple net lease, student housing, and manufactured housing properties is the direct capitalization method. The rates presented as the discount rate relate to the overall implied capitalization rate. The terminal capitalization rate and investment horizon are not applicable.

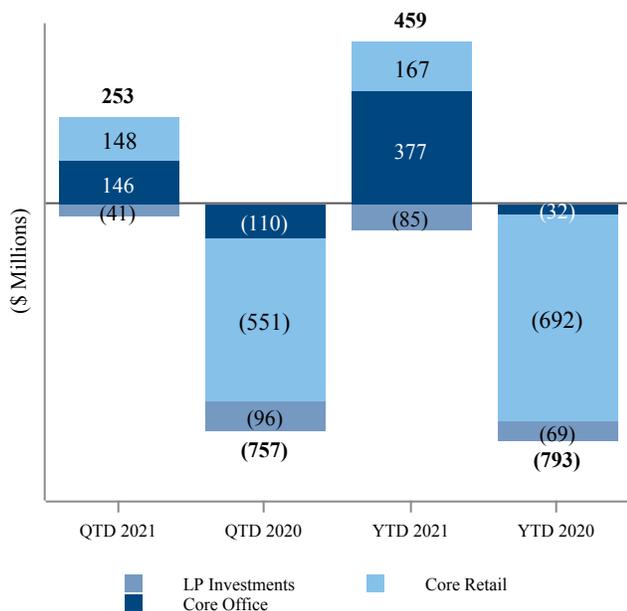
In addition, for the three and six months ended June 30, 2021, we recorded fair value losses, net of \$56 million and fair value gains, net of \$20 million (2020 - fair value losses, net of \$11 million and \$160 million), respectively, related to mark-to-market adjustments of financial instruments and the settlement of derivative contracts during the period.

Share of net earnings from equity accounted investments

Our most significant equity accounted investments are:

- In Core Office - Canary Wharf and Manhattan West.
- In Core Retail - Ala Moana Center in Hawaii, Fashion Show in Las Vegas and Grand Canal Shoppes in Las Vegas.
- In LP Investments - our interest in the retail fund in Brazil.

Share of net earnings (losses) from equity accounted investments



Our share of net earnings (losses) from equity accounted investments for the three and six months ended June 30, 2021 was \$253 million and \$459 million, respectively, which represents an increase of \$1,010 million and \$1,252 million, respectively, compared to the prior year. The current year earnings are primarily due to higher investment property fair value gains, gains on derivatives and the favorable impact of foreign currency translation, partially offset by losses in our hospitality portfolio in the first quarter of 2021, which continued to be impacted by the shutdown. The prior year included fair value losses on our Core Retail portfolio, which included updated cash flow assumptions on a suite-by-suite basis, as well as lower share of net earnings from our hospitality portfolio due to the impact of the shutdown on our business.

Income tax expense

The increase in income tax expense for the three and six months ended June 30, 2021 compared to the prior year is primarily due to an increase in book income and an increase in tax rates due to legislative changes. These increases were partially offset by restructuring of certain subsidiaries occurring in the first quarter of 2021.

Reconciliation of Non-IFRS measures

As described in the “Performance Measures” section on page 4, our partnership uses non-IFRS measures to assess the performance of its operations. An analysis of the measures and reconciliation to IFRS measures is included below.

The following table reconciles net income (loss) to NOI for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 1,284	\$ 1,301	\$ 2,569	\$ 2,705
Direct commercial property expense	(474)	(445)	(960)	(925)
Commercial property NOI	810	856	1,609	1,780
Hospitality revenue	196	50	255	416
Direct hospitality expense	(120)	(106)	(193)	(396)
Hospitality NOI	76	(56)	62	20
Total NOI	886	800	1,671	1,800
Investment and other revenue	180	86	286	216
Share of net earnings from equity accounted investments	253	(757)	459	(793)
Interest expense	(710)	(599)	(1,322)	(1,308)
Depreciation and amortization	(68)	(83)	(136)	(170)
General and administrative expense	(243)	(195)	(456)	(391)
Investment and other expense	(23)	(9)	(31)	(13)
Fair value gains (losses), net	498	(803)	1,138	(1,113)
Income (loss) before taxes	773	(1,560)	1,609	(1,772)
Income tax expense	(87)	48	(192)	(113)
Net income (loss)	\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Net income (loss) attributable to non-controlling interests	367	(259)	832	(146)
Net income (loss) attributable to Unitholders	\$ 319	\$ (1,253)	\$ 585	\$ (1,739)

The following table reconciles net income (loss) to FFO and Company FFO for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Add (deduct):				
Fair value (gains) losses, net	(498)	803	(1,138)	1,113
Share of equity accounted fair value (gains) losses, net	(105)	908	(181)	1,158
Depreciation and amortization of real estate assets	46	66	91	135
Income tax expense	87	(48)	192	113
Non-controlling interests in above items	(72)	(47)	(150)	(190)
FFO	\$ 144	\$ 170	\$ 231	\$ 444
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	14	12	29	23
Transaction costs, net ⁽¹⁾	55	(12)	73	(2)
(Gains)/losses associated with non-investment properties, net ⁽¹⁾	—	—	—	3
Imputed interest ⁽²⁾	4	8	9	16
BSREP III earnings ⁽³⁾	(41)	—	(41)	3
Company FFO	\$ 176	\$ 178	\$ 301	\$ 487

⁽¹⁾ Presented net of non-controlling interests.

⁽²⁾ Represents imputed interest associated with financing the partnership’s share of commercial developments accounted for under the equity method.

⁽³⁾ BSREP III is accounted for as a financial asset which results in FFO being recognized in line with distributions received. As such, the BSREP III earnings adjustment picks up our proportionate share of the Company FFO.

Statement of Financial Position Highlights and Key Metrics

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Investment properties		
Commercial properties	\$ 70,828	\$ 70,294
Commercial developments	2,359	2,316
Equity accounted investments	20,442	19,719
Property, plant and equipment	6,897	5,235
Cash and cash equivalents	2,302	2,473
Assets held for sale	965	588
Total assets	111,304	107,951
Debt obligations	55,281	54,337
Liabilities associated with assets held for sale	4	396
Total equity	42,229	41,523
Equity attributable to Unitholders⁽¹⁾	\$ 25,539	\$ 25,137
Equity per unit⁽²⁾	\$ 27.08	\$ 26.66

⁽¹⁾ Equity attributable to Unitholders is a non-IFRS measure as described in the "Performance Measures" section on page 4.

⁽²⁾ Assumes conversion of mandatorily convertible preferred shares. See page 16 for additional information.

As of June 30, 2021, we had \$111,304 million in total assets, compared with \$107,951 million at December 31, 2020. This \$3,353 million increase was primarily due to the consolidation of a hospitality portfolio previously accounted for as a financial asset.

Commercial properties are commercial, operating, rent-producing properties. Commercial properties increased from \$70,294 million at the end of 2020 to \$70,828 million at June 30, 2021. The increase was largely due to gains in our LP Investments and Core Office segments as discussed above, acquisitions of a manufactured housing portfolio and a multifamily asset and capital expenditures. These increases were partially offset by property dispositions and valuation losses in our retail portfolio.

Commercial developments consist of commercial property development sites, density rights and related infrastructure. The total fair value of development land and infrastructure was \$2,359 million at June 30, 2021, an increase of \$43 million from the balance at December 31, 2020. The increase is primarily due to incremental capital spend and valuation gains on our active developments, partially offset by the partial disposition of Bay Adelaide North in Toronto.

The following table presents the changes in investment properties from December 31, 2020 to June 30, 2021:

(US\$ Millions)	Jun. 30, 2021	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 70,294	\$ 2,316
Acquisitions	337	12
Capital expenditures	410	369
Dispositions ⁽¹⁾	(295)	(344)
Fair value (losses) gains, net	883	129
Foreign currency translation	(7)	(3)
Transfer between commercial properties and commercial developments	120	(120)
Reclassifications to assets held for sale and other changes	(914)	—
Investment properties, end of period	\$ 70,828	\$ 2,359

⁽¹⁾ Property dispositions represent the carrying value on date of sale.

Equity accounted investments increased by \$723 million since December 31, 2020. The increase is primarily due to the deconsolidation of our interest in Bay Adelaide North upon partial disposition, as well as an increase in our share of earnings from equity accounted investments, driven by fair value gains and gains on derivative instruments.

The following table presents a roll-forward of changes in our equity accounted investments:

(US\$ Millions)	Jun. 30, 2021
Equity accounted investments, beginning of period	\$ 19,719
Additions	584
Disposals and return of capital distributions	(149)
Share of net earnings from equity accounted investments	459
Distributions received	(92)
Foreign currency translation	17
Reclassification (to)/from assets held for sale	(117)
Other comprehensive income and other	21
Equity accounted investments, end of period	\$ 20,442

Property, plant and equipment increased by \$1,662 million since December 31, 2020, after our preferred equity interest in a hospitality portfolio was converted into common shares and which resulted in us acquiring control over the investment.

As of June 30, 2021, assets held for sale primarily included eight retail assets in the U.S., nine multifamily assets in the U.S, five triple-net lease assets in the U.S, an office asset in the U.S., and a hotel in the U.S., as we intend to sell controlling interests in these properties to third parties in the next 12 months.

The following table presents changes in our assets held for sale from December 31, 2020 to June 30, 2021:

(US\$ Millions)	Jun. 30, 2021
Balance, beginning of period	\$ 588
Reclassification to/(from) assets held for sale, net	1,045
Disposals	(671)
Fair value adjustments	3
Other	—
Balance, end of period	\$ 965

Our debt obligations increased to \$55,281 million at June 30, 2021 from \$54,337 million at December 31, 2020. The increase was driven by the consolidation of a hospitality portfolio and the acquisition and upfinancing of a manufactured housing portfolio, partially offset by repayment of the partnership's credit facilities and property-level debt and the deconsolidation of Bay Adelaide North.

The following table presents additional information on our partnership's outstanding debt obligations:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Corporate borrowings	\$ 1,924	\$ 3,232
Funds subscription facilities	300	314
Non-recourse borrowings		
Property-specific borrowings	46,618	44,515
Subsidiary borrowings	6,439	6,276
Total debt obligations	\$ 55,281	\$ 54,337
Current	11,986	13,074
Non-current	43,295	41,263
Total debt obligations	\$ 55,281	\$ 54,337

The following table presents the components used to calculate equity attributable to Unitholders per unit:

(US\$ Millions, except unit information)	Jun. 30, 2021	Dec. 31, 2020
Total equity	\$ 42,229	\$ 41,523
Less:		
Interests of others in operating subsidiaries and properties	15,991	15,687
Preferred equity	699	699
Equity attributable to Unitholders	25,539	25,137
Mandatorily convertible preferred shares	1,694	1,679
Total equity attributable to Unitholders	27,233	26,816
Partnership units	935,748,916	935,984,543
Mandatorily convertible preferred shares	70,051,024	70,051,024
Total partnership units	1,005,799,940	1,006,035,567
Total equity attributable to Unitholders per unit	\$ 27.08	\$ 26.66

Equity attributable to Unitholders was \$25,539 million at June 30, 2021, an increase of \$402 million from the balance at December 31, 2020. The increase was primarily due to income earned during the period, partially offset by distributions. Assuming the conversion of mandatorily convertible preferred shares, equity attributable to Unitholders increased to \$27.08 per unit at June 30, 2021 from \$26.66 per unit at December 31, 2020.

Interests of others in operating subsidiaries and properties was \$15,991 million at June 30, 2021, an increase of \$304 million from the balance of \$15,687 million at December 31, 2020.

(US\$ Millions, except per unit information)	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$1,660	\$1,450	\$1,620	\$1,636	\$1,437	\$1,900	\$2,087	\$2,017
Direct operating costs	594	559	566	677	551	770	783	776
Net income (loss)	686	731	(38)	(135)	(1,512)	(373)	1,551	870
Net income (loss) attributable to Unitholders	319	266	(390)	(229)	(1,253)	(486)	1,022	474
Net income (loss) per share attributable to Unitholders - basic	\$ 0.31	\$ 0.25	\$ (0.38)	\$ (0.24)	\$ (1.26)	\$ (0.49)	\$ 1.00	\$ 0.46
Net income (loss) per share attributable to Unitholders - diluted	\$ 0.31	\$ 0.25	\$ (0.38)	\$ (0.24)	\$ (1.26)	\$ (0.49)	\$ 1.00	\$ 0.46

Revenue varies from quarter to quarter due to acquisitions and dispositions of commercial and other income producing assets, changes in occupancy levels, including mandated closures, as well as the impact of leasing activity at market net rents. In addition, revenue also fluctuates as a result of changes in foreign exchange rates and seasonality. Seasonality primarily affects our retail assets, wherein the fourth quarter exhibits stronger performance in conjunction with the holiday season. In addition, our North American hospitality assets generally have stronger performance in the winter and spring months compared to the summer and fall months, while our European hospitality assets exhibit the strongest performance during the summer months. Seasonality, however, has been less of an impact in the last four quarters due to the material effect of the economic shutdown on our retail and hospitality sectors. Fluctuations in our net income is also impacted by the fair value of properties in the period to reflect changes in valuation metrics driven by market conditions or property cash flows.

SEGMENT PERFORMANCE

Our operations are organized into four operating segments which include Core Office, Core Retail, LP Investments and Corporate.

The following table presents FFO by segment:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Core Office	\$ 131	\$ 115	\$ 254	\$ 236
Core Retail	103	147	198	335
LP Investments	40	(11)	34	38
Corporate	(130)	(81)	(255)	(165)
FFO	\$ 144	\$ 170	\$ 231	\$ 444

The following table presents equity attributable to Unitholders by segment as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Core Office	\$ 15,081	\$ 14,246
Core Retail	12,738	12,500
LP Investments	5,179	5,262
Corporate	(7,459)	(6,871)
Total	\$ 25,539	\$ 25,137

Core Office

Overview

Our Core Office portfolio consists of interests in 143 high-quality office properties totaling over 98 million square feet, which are located primarily in the world's leading commercial markets such as New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin, as well as approximately 6 million square feet of active office and multifamily developments and office redevelopments. We believe these assets have a stable cash flow profile due to long-term leases in place. The drivers of earnings growth in this business include the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy, that are expected to generate strong same-property NOI growth without significant capital investment. Furthermore, we expect to earn higher unlevered, pre-tax returns on construction costs from our development pipeline. However, we caution you that as a result of the global economic shutdown, we have seen slower than usual leasing activity, and we may be unable to achieve these returns in the near term. We do expect rent growth to be minimal for the next 6-12 months, but we have a strong average lease-life and occupancy that we think will benefit us from more adverse impacts resulting from the shutdown.

Summary of Operating Results

The following table presents FFO and net income (loss) attributable to Unitholders in our Core Office segment for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
FFO	\$ 131	\$ 115	\$ 254	\$ 236
Net income (loss) attributable to Unitholders	276	(158)	757	(92)

FFO from our Core Office segment was \$131 million for the three months ended June 30, 2021 as compared to \$115 million in the same period in the prior year. This increase is largely attributable to condominium sales at a residential tower in London, the impact of foreign currency translation and incremental NOI at 100 Bishopsgate in London as the asset continues through the lease-up phase. These increases were partially offset by dispositions as mentioned in investment activity.

FFO from our Core Office segment was \$254 million for the six months ended June 30, 2021 as compared to \$236 million in the same period in the prior year. This increase is largely attributable to the reasons mentioned above.

Net income attributable to Unitholders increased by \$434 million to \$276 million during the three months ended June 30, 2021 as compared to net loss of \$158 million during the same period in 2020. The increase is largely attributable to fair value gains on investment properties and the impact of foreign currency translation, partially offset by mark-to-market adjustments on financial instruments in the current period and the impact from dispositions.

Net income attributable to Unitholders increased by \$849 million to \$757 million during the six months ended June 30, 2021 as compared to a loss of \$92 million during the same period in 2020. The increase is attributable to the reasons mentioned above.

Leasing Activity

The following table presents key operating metrics for our Core Office portfolio as at and for the three months ended June 30, 2021 and 2020:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Jun. 30, 2021	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Total portfolio:				
NOI ⁽¹⁾	\$ 265	\$ 256	\$ 117	\$ 116
Number of properties	74	73	69	64
Leasable square feet (in thousands)	50,361	48,585	29,443	27,750
Occupancy	87.7%	90.6%	90.8%	95.3%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 33.62	\$ 31.19	\$ 52.07	\$ 43.66
Same-property:				
NOI ^(1,3)	\$ 260	\$ 259	\$ 116	\$ 109
Number of properties	73	73	62	62
Leasable square feet (in thousands)	50,351	50,323	27,465	25,567
Occupancy	87.7%	90.6%	92.7%	94.9%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 33.62	\$ 32.75	\$ 51.19	\$ 48.13

⁽¹⁾ NOI for unconsolidated properties is presented on a proportionate basis, representing the Unitholders' interest in the property. See "Reconciliation of Non-IFRS Measures - Core Office" below for a description of the key components of NOI in our Core Office segment.

⁽²⁾ Annualized cash rent from leases on a per square foot basis including tenant expense reimbursements, less operating expenses incurred for that space, but excluding the impact of straight-line rent or amortization of free rent periods.

⁽³⁾ Presented using normalized foreign exchange rates, using the June 30, 2021 exchange rate.

NOI from our consolidated properties increased to \$265 million during the three months ended June 30, 2021 from \$256 million in the same quarter in 2020. The increase was attributable to the impact of foreign currency translation, incremental NOI in London from 100 Bishopsgate and in Sydney from 388 George Street due to leasing activity subsequent to substantial completion of both assets in 2020, and higher parking and ancillary revenue in the U.S. as the economy and return-to-office rates improve subsequent to the shutdown. Same-property NOI for our consolidated properties for the three months ended June 30, 2021 compared with the same period in the prior year was flat at \$260 million. Same-property NOI benefited from the impact of foreign currency translation, leasing activity at 100 Bishopsgate and higher retail and parking revenue as discussed above, offset by expirations and dispositions.

NOI from our unconsolidated properties, which is presented on a proportionate basis was flat at \$117 million during the three months ended June 30, 2021, compared to \$116 million in the prior year. Unconsolidated NOI benefited from the impact of foreign currency translation, leasing at One Manhattan West and the Grace Building, and the substantial completion of ICD Brookfield Place in Dubai in the prior year. These increases were offset by expirations and dispositions since the prior year. Same-property NOI increased compared to the prior year due to leasing activity and the impact of foreign currency translation, as discussed above.

The following table presents certain key operating metrics related to leasing activity in our Core Office segment for the six months ended June 30, 2021 and 2020:

(US\$, except where noted)	Total portfolio	
	Jun. 30, 2021	Jun. 30, 2020
Leasing activity (square feet in thousands)		
New leases	632	1,052
Renewal leases	1,981	1,595
Total leasing activity	2,613	2,647
Average term (in years)	8.1	8.5
Year one leasing net rents (per square foot) ⁽¹⁾	\$ 44.20	\$ 36.06
Average leasing net rents (per square foot) ⁽¹⁾	49.05	37.68
Expiring net rents (per square foot) ⁽¹⁾	39.95	33.37
Estimated market net rents for similar space (per square foot) ⁽¹⁾	39.38	42.19
Tenant improvement and leasing costs (per square foot)	81.58	36.64

⁽¹⁾ Presented using normalized foreign exchange rates, using the June 30, 2021 exchange rate.

For the six months ended June 30, 2021, we leased approximately 2.6 million square feet at average in-place net rents of \$49.05 per square foot. Approximately 24% of our leasing activity represented new leases. Our overall Core Office portfolio's in-place net rents are currently 3% above market net rents as at June 30, 2021. For the six months ended June 30, 2021, tenant improvements and leasing costs related to leasing activity were \$81.58 per square foot, compared to \$36.64 per square foot in the prior year.

We calculate net rent as the annualized amount of cash rent receivable from leases on a per square foot basis, including tenant expense reimbursements, less operating expenses being incurred for that space, excluding the impact of straight-lining rent escalations or

amortization of free rent periods. This measure represents the amount of cash, on a per square foot basis, generated from leases in a given period.

Valuation Metrics

The key valuation metrics for commercial properties in our Core Office segment on a weighted-average basis are as follows:

	Jun. 30, 2021			Dec. 31, 2020		
	Discount rate	Terminal capitalization rate	Investment horizon	Discount rate	Terminal capitalization rate	Investment horizon
Consolidated properties						
United States	6.9 %	5.6 %	12	6.9%	5.6 %	12
Canada	5.9 %	5.2 %	10	5.9%	5.2 %	10
Australia	6.6 %	5.7 %	10	6.6%	5.7 %	10
Europe	4.6 %	3.8 %	10	5.2%	3.8 %	10
Brazil	7.6 %	7.0 %	10	7.6%	7.0 %	10
Unconsolidated properties						
United States	6.4 %	4.7 %	11	6.4 %	4.7 %	11
Australia	6.3 %	4.9 %	10	6.3 %	5.3 %	10
Europe ⁽¹⁾	5.5 %	4.6 %	10	5.6 %	4.7 %	10

⁽¹⁾ Certain properties in Europe accounted for under the equity method are valued using both discounted cash flow and yield models. For comparative purposes, the discount and terminal capitalization rates and investment horizon calculated under the discounted cash flow method are presented in the table above.

Financial Position

The following table provides an overview of the financial position of our Core Office segment as at June 30, 2021 and December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Investment properties		
Commercial properties	\$ 24,984	\$ 24,604
Commercial developments	1,302	1,329
Equity accounted investments	9,813	8,866
Accounts receivable and other	1,307	1,094
Cash and cash equivalents	632	458
Assets held for sale	109	196
Total assets	\$ 38,147	\$ 36,547
Debt obligations	14,063	13,681
Capital securities	870	863
Accounts payable and other liabilities	1,828	1,664
Deferred tax liability	1,157	1,151
Liabilities associated with assets held for sale	—	80
Non-controlling interests of others in operating subsidiaries and properties	5,148	4,862
Equity attributable to Unitholders	\$ 15,081	\$ 14,246

Equity attributable to Unitholders increased by \$835 million to \$15,081 million at June 30, 2021 from \$14,246 million at December 31, 2020. The increase relates to net income in the current period and the impact of foreign currency translation.

Commercial properties totaled \$24,984 million at June 30, 2021, compared to \$24,604 million at December 31, 2020. The increase was driven primarily by fair value gains, the impact of foreign currency translation and incremental capital expenditures.

Commercial developments decreased by \$27 million from December 31, 2020 to June 30, 2021. The decrease was primarily due to partial disposition of Bay Adelaide North, which was previously consolidated and is now accounted for under the equity method. The decrease was partially offset by incremental capital expenditures on our active developments.

The following table presents changes in our partnership's equity accounted investments in the Core Office segment from December 31, 2020 to June 30, 2021:

(US\$ Millions)	Jun. 30, 2021
Equity accounted investments, beginning of period	\$ 8,866
Additions	498
Share of net earnings, including fair value gains	377
Distributions received	(72)
Foreign currency translation	13
Reclassification to assets held for sale	(109)
Other comprehensive income and Other	240
Equity accounted investments, end of period	\$ 9,813

Equity accounted investments increased by \$947 million since December 31, 2020 to \$9,813 million at June 30, 2021. The increase was driven by the acquisition of Brookfield Place Sydney, the deconsolidation of Bay Adelaide North as mentioned above, as well as an increase in share of net earnings.

Assets held for sale and related liabilities as of June 30, 2021 includes our interest in an office asset in the U.S. and a multifamily asset in the U.S., as we intend to sell controlling interests in this property to third parties in the next 12 months, market conditions permitting.

Debt obligations increased from \$13,681 million at December 31, 2020 to \$14,063 million at June 30, 2021. This increase is the result of refinancing activity of property-level debt and drawdowns on existing facilities to fund capital expenditures on development properties, partially offset by the deconsolidation of Bay Adelaide North.

The following table provides additional information on our outstanding capital securities – Core Office:

(US\$ Millions)	Shares outstanding	Cumulative dividend rate	Jun. 30, 2021	Dec. 31, 2020
Brookfield Office Properties Inc. ("BPO") Class B Preferred Shares:				
Series 1 ⁽¹⁾	3,600,000	70% of bank prime	—	—
Series 2 ⁽¹⁾	3,000,000	70% of bank prime	—	—
Capital Securities – Fund Subsidiaries			870	863
Total capital securities			\$ 870	\$ 863

⁽¹⁾ BPO Class B Preferred Shares, Series 1 and 2 capital securities are owned by Brookfield Asset Management. BPO has an offsetting loan receivable against these securities earning interest at 95% of bank prime.

We had \$870 million of capital securities – fund subsidiaries outstanding at June 30, 2021 as compared to \$863 million at December 31, 2020. Capital securities – fund subsidiaries includes \$814 million (December 31, 2020 - \$807 million) of equity interests in Brookfield DTLA Holdings LLC ("DTLA") held by co-investors in the fund, which have been classified as a liability, rather than as non-controlling interest, as holders of these interests can cause DTLA to redeem their interests in the fund for cash equivalent to the fair value of the interests on October 15, 2023, and on every fifth anniversary thereafter. In addition, capital securities – fund subsidiaries also includes \$56 million at June 30, 2021 (December 31, 2020 - \$56 million) which represents the equity interests held by the partnership's co-investor in Brookfield D.C. Office Partners LLC ("D.C. Venture"), which have been classified as a liability, rather than as non-controlling interest, due to the fact that on June 18, 2023, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Venture for cash equivalent to the fair value of the interests.

Active Developments

The following table summarizes the scope and progress of active developments in our Core Office segment as of June 30, 2021:

(Millions, except square feet in thousands)	Total square feet under construction (in 000's)	Proportionate square feet under construction (in 000's)	Expected date of accounting stabilization	Percent pre-leased	Cost		Loan	
					Total ⁽¹⁾	To-date	Total	Drawn
Office:								
Manhattan West Retail, Midtown New York ⁽²⁾	70	39	Q4 2021	58 %	\$ 125	\$ 96	\$ 64	\$ 30
Wood Wharf - 20 Water Street, London ⁽²⁾	236	118	Q1 2022	18 %	£ 57	£ 50	£ 47	£ 24
1 The Esplanade, Sydney ⁽²⁾	610	153	Q2 2023	64 %	A\$ 171	A\$ 62	A\$ —	A\$ —
Bay Adelaide North, Toronto ⁽²⁾	823	412	Q4 2023	89 %	C\$ 248	C\$ 166	C\$ 175	C\$ 92
Two Manhattan West, Midtown New York ⁽²⁾	1,948	1,091	Q4 2023	23 %	\$ 1,331	\$ 693	\$ 812	\$ 224
Leadenhall Court, London	430	430	Q1 2026	57 %	£ 564	£ 154	£ 426	£ 39
Office Redevelopment:								
1100 Avenue of the Americas, Midtown New York ⁽²⁾	376	136	Q2 2022	95 %	\$ 113	\$ 82	\$ 62	\$ 34
Multifamily:								
Wood Wharf - One Park Drive, London ⁽²⁾⁽³⁾	426	213	Q4 2021	n/a	£ 202	£ 182	£ 133	£ 102
Halley Rise, Phase I, Washington D.C. ⁽⁴⁾	359	359	Q1 2023	n/a	\$ 153	\$ 123	\$ 111	\$ 70
755 Figueroa, Los Angeles ⁽²⁾	674	319	Q1 2025	n/a	\$ 262	\$ 100	\$ 166	\$ 42
Hotel:								
1 Charter Street, London ⁽²⁾	188	94	Q2 2022	n/a	£ 70	£ 33	£ 47	£ 19
Wood Wharf - 15 Water Street, London ⁽²⁾	94	24	Q2 2023	n/a	£ 31	£ 5	£ 19	£ 4
Pendry Manhattan West, Midtown New York ⁽²⁾	184	103	Q3 2023	n/a	\$ 162	\$ 141	\$ 62	\$ 34
Total	6,418	3,491						

⁽¹⁾ Net of NOI earned during stabilization.

⁽²⁾ Presented on a proportionate basis at our ownership interest in each of these developments.

⁽³⁾ Represents condominium/market sale developments.

⁽⁴⁾ Includes retail square feet that is 94% leased to Wegmans Food Market and other retailers.

Our development pipeline consists of prominent, large-scale projects located primarily in the high growth markets of London and New York. For the office developments, we generally look to secure anchor leases before launching the projects. We monitor the scope and progress of our active developments and have an established track record of completion on time and within budget. We have recently completed office towers in the prime markets of New York, London and Dubai and completed two urban multifamily developments in New York. Our current office and redevelopment projects stand at an average 50% pre-leased and despite the global economic shutdown, are generally tracking on time and budget.

Reconciliation of Non-IFRS Measures – Core Office

The key components of NOI in our Core Office segment are presented below:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 474	\$ 452	\$ 959	\$ 936
Hospitality revenue ⁽¹⁾	2	(2)	3	5
Direct commercial property expense	(209)	(193)	(423)	(392)
Direct hospitality expense ⁽¹⁾	(2)	(1)	(4)	(6)
Total NOI	\$ 265	\$ 256	\$ 535	\$ 543

⁽¹⁾ Hospitality revenue and direct hospitality expense within our Core Office segment primarily consists of revenue and expenses incurred at a hotel adjacent to the Allen Center in Houston.

The following table reconciles Core Office NOI to net (loss) income for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Same-property NOI	\$ 260	\$ 259	\$ 528	\$ 545
Currency variance	—	(12)	—	(20)
NOI related to acquisitions and dispositions	5	9	7	18
Total NOI	265	256	535	543
Investment and other revenue	63	44	107	83
Interest expense	(139)	(140)	(282)	(296)
Depreciation and amortization on real estate assets	(3)	(3)	(8)	(6)
Investment and other expense	(23)	(9)	(31)	(13)
General and administrative expense	(65)	(60)	(128)	(125)
Fair value gains (losses), net	155	(169)	385	(183)
Share of net earnings from equity accounted investments	146	(110)	377	(32)
Income before taxes	399	(191)	955	(29)
Income tax benefit (expense)	(25)	26	(13)	4
Net income (loss)	374	(165)	942	(25)
Net income attributable to non-controlling interests	98	(7)	185	67
Net income (loss) attributable to Unitholders	\$ 276	\$ (158)	\$ 757	\$ (92)

The following table reconciles Core Office net income to FFO for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 374	\$ (165)	\$ 942	\$ (25)
Add (deduct):				
Fair value (gains) losses, net	(155)	169	(385)	183
Share of equity accounted fair value losses (gains), net	(60)	183	(212)	171
Depreciation and amortization of real estate assets	1	—	2	1
Income tax expense	25	(26)	13	(4)
Non-controlling interests in above items	(54)	(46)	(106)	(90)
FFO	\$ 131	\$ 115	\$ 254	\$ 236

The following table reconciles Core Office share of net earnings from equity accounted investments for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Unconsolidated properties NOI	\$ 117	\$ 116	\$ 233	\$ 209
Unconsolidated properties fair value gains (losses), net	60	(183)	212	(171)
Other expenses	(31)	(43)	(68)	(70)
Share of net earnings from equity accounted investments	\$ 146	\$ (110)	\$ 377	\$ (32)

Core Retail

Overview

Our Core Retail segment consists of 119 best-in-class retail properties containing over 117 million square feet in the United States. These assets have a stable revenue profile due to long-term leases in place. The key drivers of growth in the business include the mark-to-market of rents upon lease expiry, escalation provisions in leases and operating expense monitoring that are expected to generate same property NOI growth. Furthermore, we expect to earn higher unlevered, pre-tax returns on construction costs from our redevelopment pipeline, which will also drive NOI growth. However, this business has been significantly impacted by the economic shutdown. NOI growth has been partially offset by the impact of tenant bankruptcies in the last 18 months, and while significant progress has been made on re-letting the majority of that space, we are now facing potential new tenant-viability challenges as a result of the shutdown. It is possible that more bankruptcies result from the shutdown which could lead to further down-time in the near and mid-term and rate growth may continue to be a challenge in the near-term.

Summary of Operating Results

The following table presents FFO and net (loss) income attributable to Unitholders in our Core Retail segment for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
FFO	\$ 103	\$ 147	\$ 198	\$ 335
Net income (loss) attributable to Unitholders	126	(920)	(154)	(1,218)

FFO earned in our Core Retail segment for the three months ended June 30, 2021 was \$103 million compared to \$147 million for the same period in the prior year. FFO decreased due to the impact of tenant vacancies and rent abatements resulting from the shutdown.

For the six months ended June 30, 2021, FFO earned in our Core Retail segment was \$198 million compared to \$335 million for the same period in the prior year. FFO decreased due to the impacts of the shutdown. Additionally, the prior year benefited from gains on the sale of our interest in two operating companies.

Net income attributable to Unitholders was \$126 million for the three months ended June 30, 2021 as compared to a loss of \$920 million during the same period in the prior year. The increase in net income attributable to Unitholders is primarily attributable to fair value losses recorded in the prior year, as we adjusted our cash flow assumptions on a suite-by-suite basis to reflect the impact of the shutdown on our near and mid-term cash flows. The reduction in fair value losses more than offset the decline in FFO in the current period.

Net loss attributable to Unitholders was \$154 million for the six months ended June 30, 2021 compared to a loss of \$1,218 million during the same period in the prior year. The reduction in net loss over the prior year is due to the reasons discussed above.

Leasing Activity

The following table presents key operating metrics in our Core Retail portfolio as at and for the three months ended June 30, 2021 and 2020:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Jun. 30, 2021	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Total portfolio:				
NOI	\$ 232	\$ 254	\$ 163	\$ 186
Number of malls and urban retail properties	62	63	57	59
Leasable square feet (in thousands)	54,153	55,519	63,442	64,496
Same-property:				
Number of malls and urban retail properties	56	56	56	56
Leasable square feet- mall and freestanding (in thousands)	22,794	22,794	29,452	29,525
Leased % ⁽¹⁾	90.3 %	93.8 %	93.3 %	95.6 %
Occupancy % ⁽¹⁾	89.5 %	93.0 %	92.3 %	95.0 %
Permanent Occupancy % ⁽¹⁾	83.7 %	88.4 %	87.5 %	91.8 %

⁽¹⁾ Presented on a same-property basis.

NOI from our consolidated properties decreased to \$232 million during the three months ended June 30, 2021 from \$254 million in the same quarter in 2020 primarily due to the negative impact of the global economic shutdown, partially offset by an increase in lease termination income.

NOI from our unconsolidated properties decreased to \$163 million during the three months ended June 30, 2021 from \$186 million in the same quarter in 2020 primarily due to the impact of the shutdown as discussed above.

The results of our operations are primarily driven by changes in occupancy and in-place rental rates. The following table presents new and renewal leases for the trailing 12 months compared to expiring leases for the prior tenant in the same suite, for leases where the downtime between new and previous tenant is less than 24 months, among other metrics.

(US\$, except where noted)	Total Portfolio	
	Jun. 30, 2021	Jun. 30, 2020
Number of leases	552	1,032
Leasing activity (square feet in thousands)	1,923	3,701
Average term in years	6.8	6.9
Initial rent per square foot ⁽¹⁾	\$ 49.19	\$ 52.48
Expiring rent per square foot ⁽²⁾	47.52	49.26
Initial rent spread per square foot	1.67	3.22
% change	3.5 %	6.5 %
Tenant allowances and leasing costs (US\$ in millions)	\$ 47	\$ 49

⁽¹⁾ Represents initial rent over the term consisting of base minimum rent and common area costs.

⁽²⁾ Represents expiring rent at end of lease consisting of base minimum rent and common area costs.

Through June 30, 2021, we leased approximately 1.9 million square feet at initial rents approximately 3.5% higher than expiring net rents on a suite-to-suite basis.

Our Core Retail portfolio same-property occupancy rate at June 30, 2021 was 89.5% and 92.3%, for consolidated and unconsolidated properties, respectively, a decrease from the same period in the prior year due to tenant vacancies.

Valuation Metrics

The key valuation metrics of the properties in our Core Retail segment on a weighted-average basis are presented in the following table. The valuations are most sensitive to changes in the discount rate, terminal capitalization rate, and timing or variability of cash flows.

	Jun. 30, 2021			Dec. 31, 2020		
	Discount rate	Terminal capitalization rate	Investment horizon	Discount rate	Terminal capitalization rate	Investment horizon
Consolidated properties						
United States	7.0 %	5.3 %	10	7.0%	5.3 %	10
Unconsolidated properties						
United States	6.4 %	4.9 %	10	6.3 %	4.9 %	10

Financial Position

The following table presents an overview of the financial position of our Core Retail segment as at June 30, 2021 and December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Investment properties		
Commercial properties	\$ 20,037	\$ 20,324
Equity accounted investments	9,728	9,685
Accounts receivable and other	792	899
Cash and cash equivalents	417	205
Assets held for sale	54	353
Total assets	31,028	31,466
Debt obligations	15,939	16,290
Accounts payable and other liabilities	796	853
Deferred tax liability	33	23
Liabilities associated with assets held for sale	—	263
Non-controlling interest	1,522	1,537
Equity attributable to Unitholders	\$ 12,738	\$ 12,500

Equity attributable to Unitholders in the Core Retail segment increased by \$238 million at June 30, 2021 from December 31, 2020 primarily due to the net income recognized during the period.

The following table presents a roll-forward of our partnership's equity accounted investments for the year ended June 30, 2021:

(US\$ Millions)	Jun. 30, 2021
Equity accounted investments, beginning of year	\$ 9,685
Additions	23
Disposals and return of capital	(1)
Share of net earnings from equity accounted investments	167
Distributions	(157)
Other	11
Equity accounted investments, end of period	\$ 9,728

Equity accounted investments increased by \$43 million to \$9,728 million, primarily due to share of net earnings from equity accounted investments, partially offset by distributions in the current period.

Reconciliation of Non-IFRS Measures – Core Retail

The key components of NOI in our Core Retail segment are presented below:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 338	\$ 346	\$ 670	\$ 717
Direct commercial property expense	(106)	(92)	(213)	(198)
Total NOI	\$ 232	\$ 254	\$ 457	\$ 519

The following table reconciles Core Retail NOI to net (loss) income attributable to Unitholders for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Total NOI	\$ 232	\$ 254	\$ 457	\$ 519
Investment and other revenue	34	24	66	97
Interest expense	(165)	(144)	(328)	(318)
Depreciation and amortization on real estate assets	(6)	(5)	(12)	(12)
General and administrative expense	(48)	(62)	(101)	(128)
Fair value (losses), net	(36)	(541)	(396)	(836)
Share of net earnings (losses) from equity accounted investments	148	(551)	167	(692)
(Loss) income before taxes	159	(1,025)	(147)	(1,370)
Income tax benefit	(12)	5	(11)	19
Net income (loss)	\$ 147	\$ (1,020)	\$ (158)	\$ (1,351)
Net income (loss) attributable to non-controlling interests	21	(100)	(4)	(133)
Net income (loss) attributable to Unitholders	\$ 126	\$ (920)	\$ (154)	\$ (1,218)

The following table reconciles Core Retail net (loss) income to FFO for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 147	\$ (1,020)	\$ (158)	\$ (1,351)
Add (deduct):				
Share of equity accounted fair value losses (gains), net	(76)	647	(19)	906
Fair value losses, net	36	541	396	836
Income tax (benefit)	12	(5)	11	(19)
Non-controlling interests in above items	(16)	(16)	(32)	(37)
FFO	\$ 103	\$ 147	\$ 198	\$ 335

The following table reconciles Core Retail share of net earnings from equity accounted investments for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Unconsolidated properties NOI	\$ 390	\$ 186	\$ 324	\$ 391
Unconsolidated properties fair value gains (losses), net and income tax expense	76	(647)	19	(906)
Other expenses	(318)	(90)	(176)	(177)
Share of net earnings and (losses) from equity accounted investments	\$ 148	\$ (551)	\$ 167	\$ (692)

LP Investments

Overview

Our LP Investments portfolio includes our equity invested in Brookfield-sponsored real estate opportunity funds, which target high-quality assets with operational upside across various real estate sectors, including office, retail, multifamily, logistics, hospitality, triple net lease, student housing and manufactured housing. We target to earn opportunistic returns on our LP Investments portfolio. We caution you that in light of the global economic shutdown, we may be unable to achieve these returns in the near term.

The partnership has interests in the following Brookfield-sponsored real estate opportunity funds:

- BSREP I - 31% interest in BSREP I, which is an opportunistic real estate fund with \$4.4 billion in committed capital in aggregate, targeting gross returns of 20%. The fund is in its 10th year, is fully invested and is executing realizations.
- BSREP II - 26% interest in BSREP II, which is an opportunistic real estate fund with \$9.0 billion in committed capital in aggregate, targeting gross returns of 20%. The fund is in its 7th year and is fully invested.
- BSREP III - 7% interest in BSREP III, which is an opportunistic real estate fund with \$15.0 billion in committed capital in aggregate, targeting gross returns of 20%; the fund is in its 4th year.
- A blended 36% interest in two value-add multifamily funds totaling \$1.8 billion targeting gross returns of 16%. These funds seek to invest in a geographically diverse portfolio of U.S. multifamily properties through acquisition and development.
- A blended 13% interest in a series of real estate debt funds totaling \$5.4 billion which seek to invest in commercial real estate debt secured by properties in strategic locations.

While our economic interest in these funds are less than 50% in each case, we consolidate several of the portfolios, specifically BSREP I and BSREP II, held through the LP Investments as Brookfield Asset Management's oversight as general partner together with our exposure to variable returns of the investments through our LP interests provide us with control over the investments. We do not consolidate our interest in BSREP III as our 7% non-voting interest does not provide us with control over the investment and therefore is accounted for as a financial asset.

Summary of Operating Results

Our LP investments, unlike our Core portfolios, have a defined hold period and typically generate the majority of profits from realization events including the sale of an asset or portfolio of assets, or the exit of the entire investment. The combination of gains from realization events and FFO earned during the hold period represent our earnings on capital invested in these funds and, once distributed by the Brookfield-sponsored real estate opportunity funds, provide liquidity to support our target distributions.

The following table presents distributions received on our LP Investments in Brookfield-sponsored real estate opportunity funds received on sale or refinancing events within the funds for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Return of invested capital	\$ 82	\$ 7	\$ 288	\$ 21
Distribution of earnings and gains on invested capital	271	24	396	73
Total LP Investments distributions	\$ 353	\$ 31	\$ 684	\$ 94
Less: Incentive fees	\$ —	\$ (2)	\$ (8)	\$ (9)
Total LP Investments distributions, net	\$ 353	\$ 29	\$ 676	\$ 85

During the six months ended June 30, 2021, return of invested capital and distribution of earnings and gains on invested capital primarily related to the full disposition of our self-storage portfolio and partial disposition of a portfolio of triple-net lease assets from the

prior year, and distributions of income from our manufactured housing portfolio. Total LP Investments distributions for the six months ended June 30, 2021 were net of incentive fees primarily from the dispositions mentioned above. Distribution of earnings and gains on invested capital in the prior period are primarily due to the disposition of multifamily assets in our second value-add multifamily fund, an office asset in BSREP II and distributions of income from our hotel and multifamily assets and our investment in a Brookfield-sponsored debt fund.

The following table presents FFO and net loss attributable to Unitholders in our LP Investments segment for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
FFO	40	(11)	34	38
Net income (loss) attributable to Unitholders	105	(105)	241	(129)

FFO increased by \$51 million for the three months ended June 30, 2021 primarily due to increased earnings in our hospitality portfolio, as certain of our assets were able to open or operate at increased capacity as mandated closures and occupancy restrictions lifted. In addition, we benefited from the impact of foreign exchange. These increases were partially offset by defeasance costs incurred upon refinancing our manufactured housing portfolio as well as the impact of property dispositions since the prior year.

FFO decreased by \$4 million for the six months ended June 30, 2021 primarily due to reduced NOI from our hospitality properties in the first quarter of 2021 as a result of the shutdown. The decrease was offset by the reasons mentioned above.

Net income attributable to Unitholders increased for the three months ended June 30, 2021 by \$210 million, driven by the increase in FFO discussed above, as well as fair value gains in our manufactured housing portfolio, a multifamily portfolio, an office asset in the U.K. and our student housing portfolio, primarily due to capitalization rate compression. Fair value gains in our student housing portfolio were also driven by increased cash flows.

Net income attributable to Unitholders increased for the six months ended June 30, 2021 by \$370 million for the reasons mentioned above, partially offset by lower hospitality earnings in our hospitality portfolio in the first quarter of 2021.

Financial Position

The following table presents an overview of the financial position of our LP Investments segment as at June 30, 2021 and December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Investment properties	\$ 26,864	\$ 26,353
Property, plant and equipment	6,682	5,010
Equity accounted investments	901	1,168
Accounts receivable and other	5,310	5,250
Cash and cash equivalents	1,223	1,789
Assets held for sale	802	39
Total assets	\$ 41,782	\$ 39,609
Debt obligations	23,354	21,134
Capital securities	182	431
Accounts payable and other liabilities	3,755	3,458
Liabilities associated with assets held for sale	4	53
Non-controlling interests of others in operating subsidiaries and properties	9,308	9,271
Equity attributable to Unitholders	\$ 5,179	\$ 5,262

The increase in investment properties is primarily the result fair value gains as discussed above, as well as property acquisitions and incremental capital spend in the period. These increases were partially offset by dispositions in the current period and the negative impact of foreign currency translation.

The increase in property, plant and equipment is due to the consolidation of a hospitality portfolio, as we gained control over the investment after our preferred equity interest was converted to common shares.

The following table presents a roll-forward of changes in our property, plant and equipment within our LP Investments segment:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Cost:		
Balance at the beginning of period	\$ 5,305	\$ 6,992
Additions	1,777	140
Disposals	(28)	(68)
Foreign currency translation	15	142
Impact of deconsolidation due to loss of control and other ⁽¹⁾	(12)	(1,901)
	7,057	5,305
Accumulated fair value changes:		
Balance at the beginning of period	475	1,324
Revaluation (losses) gains, net ⁽²⁾	—	(124)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	(1)	(729)
Disposals	—	13
Provision for impairment ⁽²⁾	—	(15)
Foreign currency translation	4	6
	478	475
Accumulated depreciation:		
Balance at the beginning of period	(770)	(1,288)
Depreciation	(108)	(270)
Disposals	27	27
Foreign currency translation	(4)	(25)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	2	786
	(853)	(770)
Total property, plant and equipment	\$ 6,682	\$ 5,010

⁽¹⁾ The prior year includes the impact of deconsolidation of the Atlantis.

⁽²⁾ The prior year impairment losses were recorded in revaluation losses, net in other comprehensive income and fair value (losses) gains, net in the income statement, which was a result of the impairment tests performed on each of the partnership's hospitality investments from the impact of the shutdown as discussed above.

Equity accounted investments decreased during the six months ended June 30, 2021 primarily due to the change in accounting treatment of an investment in a Brookfield-sponsored debt fund from the equity method and is now accounted for as a financial asset.

Assets held for sale and related liabilities as of June 30, 2021 includes five triple-net lease assets in the U.S., a hotel in the U.S, eight multifamily assets in the U.S. and five retail assets in the U.S., as we intend to sell controlling interests in these properties to third parties in the next 12 months, market conditions permitting.

Debt obligations increased primarily due to the consolidation of a hospitality portfolio and upfinancing our manufactured housing portfolio, partially offset by dispositions and the impact of foreign currency translation.

Reconciliation of Non-IFRS Measures - LP Investments

The following table reconciles LP Investments NOI to net income (loss) for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 472	\$ 503	\$ 940	\$ 1,052
Hospitality revenue	194	52	252	411
Direct commercial property expense	(159)	(160)	(324)	(335)
Direct hospitality expense	(118)	(105)	(189)	(390)
Total NOI	389	290	679	738
Investment and other revenue	81	16	110	32
Interest expense	(334)	(259)	(570)	(578)
General and administrative expense	(70)	(46)	(111)	(85)
Investment and other expense	—	—	—	—
Depreciation and amortization	(59)	(75)	(116)	(152)
Fair value gains, net	435	(82)	1,129	66
Share of net (losses) earnings from equity accounted investments	(41)	(96)	(85)	(69)
Income before taxes	401	(252)	1,036	(48)
Income tax expense	(48)	(5)	(144)	(161)
Net income (loss)	353	(257)	892	(209)
Net income attributable to non-controlling interests	248	(152)	651	(80)
Net income (loss) attributable to Unitholders	\$ 105	\$ (105)	\$ 241	\$ (129)

The following table reconciles LP Investments net income to FFO for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 353	\$ (257)	\$ 892	\$ (209)
Add (deduct):				
Fair value (gains) losses, net	(435)	82	(1,129)	(66)
Share of equity accounted fair value losses, net	31	78	50	81
Depreciation and amortization of real estate assets	45	66	89	134
Income tax expense	48	5	144	161
Non-controlling interests in above items	(2)	15	(12)	(63)
FFO	\$ 40	\$ (11)	\$ 34	\$ 38

Corporate

Certain amounts are allocated to our corporate segment as those activities should not be used to evaluate our other segments' operating performance.

Summary of Operating Results

The following table presents FFO and net loss attributable to Unitholders in our corporate segment for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
FFO	\$ (130)	\$ (81)	\$ (255)	\$ (165)
Net loss attributable to Unitholders	(188)	(70)	(259)	(300)

FFO was a loss of \$130 million (2020 - loss of \$81 million) and \$255 million (2020 - loss of \$165 million) for the three and six months ended June 30, 2021, respectively. Corporate FFO generally includes interest expense and general and administrative expense.

Interest expense for the three months ended June 30, 2021 totaled \$72 million (2020 - \$56 million), which reflects \$37 million (2020 - \$36 million) of interest expense on capital securities and \$35 million (2020 - \$20 million) of interest expense on our credit facilities and corporate bonds. For the six months ended June 30, 2021, interest expense totaled \$142 million (2020 - \$116 million), which reflects \$74 million (2020 - \$73 million) of interest expense on capital securities and \$68 million (2020 - \$43 million) of interest expense on our credit facilities and corporate bonds.

Another component of FFO is general and administrative expense, which, for the three months ended June 30, 2021 was \$60 million (2020 - \$27 million) and consists of \$31 million (2020 - \$14 million) of asset management fees, equity enhancement fees of \$15 million (2020 - nil) and \$14 million (2020 - \$13 million) of other corporate costs. For the six months ended June 30, 2021 general and

administrative expense was \$116 million (2020 - \$53 million) and consists of \$61 million (2020 - \$28 million) of asset management fees, equity enhancement fees of \$27 million (2020 - nil) and \$28 million (2020 - \$25 million) of other corporate costs.

For the three and six months ended June 30, 2021, we also recorded an income tax expense of \$2 million and income tax expense \$24 million (2020 - income tax benefit of \$22 million and income tax benefit of \$25 million), respectively, allocated to the corporate segment related to an increase in book income of our holding companies and their subsidiaries. The benefit in the prior year related to a decrease of deferred tax liabilities of our holding companies and their subsidiaries.

Financial Position

The following table presents equity attributable to Unitholders at the corporate level:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Accounts receivable and other	\$ 317	\$ 308
Cash and cash equivalents	30	21
Total assets	347	329
Debt obligations	1,925	3,232
Capital securities	1,754	1,739
Deferred tax liabilities	70	37
Accounts payable and other liabilities	3,345	1,476
Preferred equity	699	699
Non-controlling interests	13	17
Equity attributable to Unitholders	\$ (7,459)	\$ (6,871)

The corporate balance sheet includes corporate debt and capital securities from our partnership. The decrease in equity attributable to Unitholders is primarily due to the current period net loss and distributions to Unitholders.

During the first quarter of 2020, we issued \$279 million of our Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 at a coupon rate of 5.75% per annum, payable quarterly in arrears. We also issued C\$400 million of medium term notes at a fixed interest rate of 3.93% to fund sustainable building initiatives and C\$100 million of medium term notes at a fixed interest rate of 4.35% for general corporate purposes.

In the third quarter of 2020, we issued C\$500 million of medium term notes at a fixed interest rate of 3.93%. Proceeds are being used to fund recently completed and future green initiatives.

In addition, as at June 30, 2021, we had \$15 million (December 31, 2020 - \$15 million) of preferred shares with a cumulative dividend rate of 5% outstanding. The preferred shares were issued by various holding entities of our partnership.

The following table provides additional information on our outstanding capital securities – corporate:

(US\$ Millions)	Shares Outstanding	Cumulative Dividend Rate	Jun. 30, 2021	Dec. 31, 2020
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25 %	\$ 593	\$ 586
Series 2	24,000,000	6.50 %	559	555
Series 3	24,000,000	6.75 %	542	538
Brookfield Property Split Corp. Senior Preferred Shares:				
Class A Series 1	842,534	5.25 %	21	21
Class A Series 2	556,746	5.75 %	11	11
Class A Series 3	789,092	5.00 %	16	16
Class A Series 4	594,994	5.20 %	12	12
Total capital securities - corporate			\$ 1,754	\$ 1,739

Reconciliation of Non-IFRS Measures – Corporate

The following table reconciles Corporate net loss to net loss attributable to Unitholders for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net loss	\$ (188)	\$ (70)	\$ (259)	\$ (300)
Net loss attributable to non-controlling interests	—	—	—	—
Net loss attributable to Unitholders	\$ (188)	\$ (70)	\$ (259)	\$ (300)

The following table reconciles Corporate net loss to FFO for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net loss	\$ (188)	\$ (70)	\$ (259)	\$ (300)
Add (deduct):				
Fair value (gains) losses, net	56	11	(20)	160
Income tax expense	2	(22)	24	(25)
Non-controlling interests in above items	—	—	—	—
FFO	\$ (130)	\$ (81)	\$ (255)	\$ (165)

LIQUIDITY AND CAPITAL RESOURCES

The capital of our business consists of debt obligations, capital securities, preferred stock and equity. Our objective when managing this capital is to maintain an appropriate balance between holding a sufficient amount of equity capital to support our operations and reducing our weighted average cost of capital to improve our return on equity. As at June 30, 2021, capital totaled \$100 billion (December 31, 2020 - \$99 billion).

We attempt to maintain a level of liquidity to ensure we are able to participate in investment opportunities as they arise and to better withstand sudden adverse changes in economic circumstances. Our primary sources of liquidity include cash, undrawn committed credit facilities, construction facilities, cash flow from operating activities and access to public and private capital markets. In addition, we structure our affairs to facilitate monetization of longer-duration assets through financings and co-investor participations.

We seek to increase income from our existing properties by maintaining quality standards for our properties that promote high occupancy rates and support increases in rental rates while reducing tenant turnover and related costs, and by controlling operating expenses. Consequently, we believe our revenue, along with proceeds from financing activities and divestitures, will continue to provide the necessary funds to cover our short-term liquidity needs. However, material changes in the factors described above may adversely affect our net cash flows. We anticipate certain planned divestitures may be delayed as a result of the global economic shutdown but do not anticipate execution risk that would have a material impact to our cashflows. Delays might be caused due to reduced business travel which could have an impact on physical touring of targeted assets for disposal.

The future impact of the shutdown on our level of liquidity remains uncertain at this time. Measures undertaken by governments and companies around the world in our principal markets have resulted in the temporary closure of certain of our operating assets. The duration of such measures may impact our ability to collect rental income, particularly in our retail assets, and to generate hospitality revenue. The longer-term impact of the pandemic and resulting economic downturn could reduce demand for real estate and hospitality bookings, though we have begun to see some very modest recovery in certain of our hospitality assets.

Consequently, we are reviewing, and where appropriate adjusting, our current capital expenditure and financing assumptions on existing and future projects to reflect any potential shorter- and longer-term impact of the pandemic. Adjustments may include, but are not limited to, additional draws on existing development facilities, pursuing additional development facilities on certain projects, extension of payment terms to suppliers, and temporary cessation of additional construction work (and related incurrence of expenditures).

We continue to review contractual arrangements with our tenants to assess the rights and responsibilities of the partnership and our tenants in response to the impact of the measures undertaken by governments and/or tenants. Potential responses may include, but are not limited to, payment holidays / extension of payment terms from tenants, adjustments to the duration of leases, and renegotiation of lease terms.

We expect to be able to refinance the majority of debt obligations maturing in the near term or to exercise contractual extension options thereon. In certain instances, particularly where a property has been required to close temporarily, we plan to seek certain modifications to mortgages, including lease restructuring approvals and technical default waivers, and potentially interest deferrals on many loans until the property has reopened. Certain development assets with construction facilities in place will require development waivers subject to a protracted work stoppage.

In addition, certain debt obligations are subject to financial covenants. We are continuously reviewing the financial covenants of each debt instrument and, where applicable, working with our lenders to address debt instruments which may potentially approach or breach covenant limits. Such adjustments may include, but are not limited to, adjustment to the covenant limits, interest payment holidays, and temporary suspension of covenant testing.

In order to maintain financial flexibility, we maintain capacity under credit facilities at BPY and certain subsidiaries. As at June 30, 2021, the available liquidity under such credit facilities was \$467 million. We believe we will be able to continue to borrow funds on these facilities from our lenders when and as required.

Our principal liquidity needs for the current year and for periods beyond include:

- Recurring expenses;
- Debt service requirements;
- Distributions to Preferred Unitholders;
- Capital expenditures deemed mandatory, including tenant improvements;
- Development costs not covered under construction loans;
- Unfunded committed capital to funds;
- Investing activities which could include:
 - Discretionary capital expenditures;
 - Property acquisitions;
 - Future developments; and
 - Repurchase of our units.

We plan to meet these liquidity needs by accessing our group-wide liquidity of \$5,176 million at June 30, 2021 as highlighted in the table below. In addition, we have the ability to supplement this liquidity through cash generated from operating activities, asset sales, co-investor interests and financing opportunities.

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Proportionate cash retained at subsidiaries	\$ 2,117	\$ 1,733
Proportionate availability under subsidiary credit facilities	1,484	2,410
Proportionate availability under construction facilities	1,575	1,399
Group-wide liquidity⁽¹⁾	\$ 5,176	\$ 5,542

⁽¹⁾ This includes liquidity of investments which are not controlled and can only be obtained through distributions which the partnership does not control.

We finance our assets principally at the operating company level with asset-specific debt that generally has long maturities, few restrictive covenants and with recourse only to the asset. We endeavor to maintain prudent levels of debt and strive to ladder our principal repayments over a number of years.

The following table summarizes our secured debt obligations on investment properties by contractual maturity over the next five years and thereafter:

(US\$ Millions)	Jun. 30, 2021
2021	\$ 5,439
2022	8,174
2023	6,423
2024	9,172
2025	3,280
2026 and thereafter	8,560
Deferred financing costs	(247)
Secured debt obligations	\$ 40,801
Debt to capital ratio	55.0 %

We generally believe that we will be able to either extend the maturity date, repay, or refinance the debt that is scheduled to mature in 2021-2022, however, approximately 2.4% of our debt obligations represent non-recourse mortgages where we have suspended contractual payments. We are currently engaging in modification or restructuring discussions with the respective creditors. These negotiations may, under certain circumstances, result in certain properties securing these loans being transferred to the lenders.

Currently, our debt to capital ratio is 55.0%. We expect to be able to decrease our debt to capital ratios from these levels through the repayment of capital securities, credit facilities and debt related to the acquisition of a further interest in our retail assets with cash flow generated in the business and raised from asset sales. In addition, we expect to improve other credit metrics through the benefit of additional earnings from the completion and stabilization of our active development pipeline. The timing of achieving these expectations may be delayed due to the impact of the global economic shutdown.

Our partnership's operating subsidiaries are subject to limited financial covenants in respect of their corporate debt and are in compliance with all material covenants at June 30, 2021. The partnership's operating subsidiaries are also in compliance with all covenants and other capital requirements related to regulatory or contractual obligations of material consequence to our partnership.

For the three and six month periods ended June 30, 2021 and 2020, the partnership made distributions to Unitholders of nil and \$312 million (2020 - \$313 million and \$624 million), respectively. This compares to cash flow from operating activities of \$2,325 million and \$838 million for the six months ended June 30, 2021 and 2020. Pursuant to the terms of the agreement governing the privatization with Brookfield Asset Management, Unitholders did not receive a quarterly distribution for the quarter ended June 30, 2021.

RISKS AND UNCERTAINTIES

The financial results of our business are impacted by the performance of our properties and various external factors influencing the specific sectors and geographic locations in which we operate, including: macro-economic factors such as economic growth, changes in currency, inflation and interest rates; regulatory requirements and initiatives; and litigation and claims that arise in the normal course of business. As vaccination campaigns against COVID-19 ramp up, the macroeconomic outlook has improved in certain geographies with the return of more favorable economic conditions, including the removal of occupancy restrictions and government-mandated closures. However, uncertainty remains in the near-term surrounding risks of new economic restrictions and general uncertainty surrounding supply chains, disrupted travel, impacted social conditions and the labor markets.

Our property investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (including the availability and costs of mortgage funds), local conditions (including an oversupply of space or a reduction in demand for real estate in the markets in which we operate), the attractiveness of the properties to tenants, competition from other landlords with competitive space and our ability to provide adequate maintenance at an economical cost.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether a property is producing sufficient income to service these expenses. Certain properties are subject to mortgages which require substantial debt service payments. If we become unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. We believe the stability and long-term nature of our contractual revenues effectively mitigates these risks.

We are affected by local, regional, national and international economic conditions and other events and occurrences that affect the markets in which we own assets. As noted above, economic conditions have been impacted substantially by the global economic shutdown. A protracted decline in economic conditions would cause downward pressure on our operating margins and asset values as a result of lower demand for space.

The majority of our properties are located in North America, Europe and Australia, with a growing presence in South America and Asia. A prolonged downturn in the economies of these regions would result in reduced demand for space and number of prospective tenants and will affect the ability of our properties to generate significant revenue. If there is an increase in operating costs resulting from inflation and other factors, we may not be able to offset such increases by increasing rents.

We are subject to risks that affect the retail environment, including unemployment, weak income growth, lack of available consumer credit, industry slowdowns and plant closures, consumer confidence, increased consumer debt, poor housing market conditions, adverse weather conditions, natural disasters and the need to pay down existing obligations. These risks may be exacerbated by the ongoing global economic shutdown. All of these factors could negatively affect consumer spending, and adversely affect the sales of our retail tenants. This could have an unfavorable effect on our operations and our ability to attract new retail tenants. In addition, our retail tenants face competition from retailers at other regional malls, outlet malls and other discount shopping centers, discount shopping clubs, catalogue companies, and through internet sales and telemarketing. Competition of these types could reduce the percentage rent payable by certain retail tenants and adversely affect our revenues and cash flows.

As owners of office and retail properties, lease rollovers also present a risk, as continued growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies. Refer to "Lease Rollover Risk" below for further details.

As a result of the COVID-19 pandemic, our LP Units traded at historic lows, and compared to equity per unit, which is largely based on the fair value of our investment properties less outstanding debt obligations, traded at a significant discount as a result of concerns over liquidity, leverage restrictions and distribution requirements. In part, as a result of adverse economic conditions and increasing pressure within the real estate sector of which we are a part, our LP Units have regularly traded at a discount since our inception. We cannot predict whether our LP Units will trade above, at or below our equity per unit in the future.

For a more detailed description of the risk factors facing our business, please refer to the section entitled Item 3.D. "Key Information - Risk Factors" in our December 31, 2020 annual report on Form 20-F.

Public Health Risk

Our business has been and is expected to continue to be adversely affected by the effects of the COVID-19 pandemic and the preventative measures taken to curb the spread of the virus, as well as the potential for future outbreaks of other highly infectious or contagious diseases. Business has slowed significantly around the globe including in our hospitality, retail, student housing, triple-net lease, mixed-use and office businesses, and there can be no assurance that strategies to address potential disruptions in operations will mitigate the adverse impacts related to the outbreak. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of this pandemic, including any responses to it, will be on the global economy, our company and our businesses or for how long disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and cannot be predicted, including new information which may emerge concerning the severity and transmissibility of this coronavirus and actions taken, including the pace, availability, distribution and acceptance of effective vaccines, to contain the COVID-19 or its impact, among others. Such developments, depending on their nature, duration, and intensity, could have a material adverse effect on our business, financial position, results of operations or cash flows.

We operate in industries or geographies impacted by COVID-19. Many of these are facing financial and operational hardships due to COVID-19 and responses to it. Adverse impacts on our business may include:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or tenant action;
- a slowdown in business activity may severely impact our tenants' businesses, financial condition and liquidity and may cause one or more of our tenants to be unable to fund their business operations, meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations;
- an increase in re-leasing timelines, potential delays in lease-up of vacant space and the market rates at which such lease will be executed;
- reduced economic activity could result in a prolonged recession, which could negatively impact consumer discretionary spending; and
- expected completion dates for our development and redevelopment projects may be subject to delay as a result of local economic conditions that may continue to be disrupted as a result of the COVID-19 pandemic.

If these and potential other disruptions caused by COVID-19 continue, our business could be materially adversely affected.

Credit Risk

Credit risk arises from the possibility that tenants may be unable to fulfill their lease commitments. We mitigate this risk by ensuring that our tenant mix is diversified and by limiting our exposure to any one tenant. We also maintain a portfolio that is diversified by property type so that exposure to a business sector is lessened. The global economic shutdown has increased the risk in the near-term of our tenants' ability to fulfill lease commitments, which has been materially impacted by retail store closures, quarantines and stay-at-home orders. Many of our tenants could declare bankruptcy or become insolvent and cease business operations as a result of prolonged mitigation efforts. Our hospitality assets are experiencing the most immediate impact, and our retail assets were most adversely impacted in the second half of 2020, as stay-at-home orders have lifted and our retail centers are fully open. Our office asset tenants do not presently have as acute difficulty in fulfilling lease commitments in the near-term.

Government and government agencies comprise 7.4% of our Core Office segment tenant base and, as at June 30, 2021, no one tenant comprises more than this.

The following list shows the largest tenants by leasable area in our Core Office portfolio and their respective credit ratings and exposure as at June 30, 2021:

Tenant	Primary location	Credit rating ⁽¹⁾	Exposure (%) ⁽²⁾
Government and Government Agencies	Various	AA+/AAA	7.4 %
Morgan Stanley	NY/London	A+	2.6 %
Barclays	London/Toronto/Calgary	A	2.0 %
CIBC World Markets ⁽³⁾	Calgary/Toronto/NY	AA	1.8 %
Suncor Energy Inc.	Calgary	BBB+	1.8 %
EY	Various	Not Rated	1.5 %
Bank of Montreal	Calgary/Toronto	AA	1.4 %
Cenovus	Calgary	BBB-	1.3 %
Royal Bank of Canada	Various	AA-	1.3 %
Deloitte	Various	Not Rated	1.3 %
Total			22.4 %

⁽¹⁾ From Standard & Poor's Rating Services, Moody's Investment Services, Inc. or DBRS Limited.

⁽²⁾ Prior to considering the partnership's interest in partially-owned properties.

⁽³⁾ CIBC World Markets leases 1.1 million square feet at 300 Madison Avenue in New York, of which they sublease 940,000 square feet to PricewaterhouseCoopers LLP and approximately 100,000 square feet to Sumitomo Corporation of America.

The following list reflects the largest tenants in our Core Retail portfolio as at June 30, 2021. The largest ten tenants in our portfolio accounted for approximately 22.1% of minimum rents, tenant recoveries and other.

Tenant	Primary Brands	Exposure (%) ⁽¹⁾
L Brands, Inc	Victoria's Secret, Bath & Body Works, PINK	3.7 %
Foot Locker, Inc	Footlocker, Champs Sports, Footaction USA, House of Hoops	3.3 %
LVMH	Louis Vuitton, Sephora, Fendi, Bulgari, Dior, Tag Heuer	3.1 %
The Gap, Inc	Gap, Banana Republic, Old Navy, Athleta	2.2 %
American Eagle Outfitters, Inc	American Eagle Outfitters, Aerie	2.0 %
Signet Jewelers Limited	Zales, Gordon's, Kay, Jared	1.9 %
F21 Opco, Llc	Forever 21	1.6 %
Luxottica Group S.P.A.	Lenscrafters, Sunglass Hut, Pearle Vision	1.5 %
H&M Hennes & Mauritz	H&M, COS	1.5 %
Express, Inc	Express, Express Men, Express Factory	1.3 %
Total		22.1 %

⁽¹⁾ Exposure is a percentage of minimum rents and tenant recoveries.

Lease Roll-over Risk

Lease roll-over risk arises from the possibility that we may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon early lease expiry. Due to the global economic shutdown, we may experience an increase in re-leasing timelines, potential delays in lease-up of vacant space and the market rates at which such leases will be executed could be impacted. We attempt to stagger the lease expiry profile so that we are not faced with disproportionate amounts of space expiring in any one year. On average, approximately 8.7% of our Core Office and Core Retail leases mature annually through 2025. Our Core Office and Core Retail leases have a weighted average remaining lease life of approximately 6.8 years. We further mitigate this risk by maintaining a diversified portfolio mix by geographic location and by pro-actively leasing space in advance of its contractual expiry.

The following table sets out lease expiries, by square footage, for our Core Office and Core Retail portfolios at June 30, 2021, including our unconsolidated investments:

(Sq. ft. in thousands)	Current	2021	2022	2023	2024	2025	2026	2027	2028 and beyond	Total
Core Office	8,899	971	4,811	4,176	4,469	5,105	5,432	4,483	41,461	79,807
Total % expiring	11.2 %	1.2 %	6.0 %	5.2 %	5.6 %	6.4 %	6.8 %	5.6 %	52.0 %	100.0 %
Core Retail ⁽¹⁾	4,407	2,013	7,104	6,866	7,196	4,918	4,381	3,857	11,412	52,154
Total % expiring	8.0 %	3.9 %	13.6 %	13.2 %	13.8 %	9.4 %	8.4 %	7.4 %	22.3 %	100.0 %

⁽¹⁾ Represents regional malls only and excludes traditional anchor and specialty leasing agreements.

Tax Risk

We are subject to income taxes in various jurisdictions, and our tax liabilities are dependent upon the distribution of income among these different jurisdictions. Our effective income tax rate is influenced by a number of factors, including changes in tax law, tax treaties, interpretation of existing laws, and our ability to sustain our reporting positions on examination. Changes in any of those factors could change our effective tax rate, which could adversely affect our profitability and results of operations.

Environmental Risk

As an owner of real property, we are subject to various federal, provincial, state and municipal laws relating to environmental matters. Such laws provide that we could be liable for the costs of removing certain hazardous substances and remediating certain hazardous locations. The failure to remove such substances or remediate such locations, if any, could adversely affect our ability to sell such real estate or to borrow using such real estate as collateral and could potentially result in claims against us. We are not aware of any material non-compliance with environmental laws at any of our properties nor are we aware of any material pending or threatened investigations or actions by environmental regulatory authorities in connection with any of our properties or any material pending or threatened claims relating to environmental conditions at our properties.

We will continue to make the necessary capital and operating expenditures to ensure that we are compliant with environmental laws and regulations. Although there can be no assurances, we do not believe that costs relating to environmental matters will have a material adverse effect on our business, financial condition or results of operations. However, environmental laws and regulations can change and we may become subject to more stringent environmental laws and regulations in the future, which could have an adverse effect on our business, financial condition or results of operations.

Economic Risk

Real estate is relatively illiquid and may be even more illiquid in the context of the global economic shutdown. Such illiquidity may limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. Also, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the markets in which we operate.

Our commercial properties generate a relatively stable source of income from contractual tenant rent payments. Continued growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies. We are substantially protected against short-term market conditions, as most of our leases are long-term in nature with an average term of over six years.

Insurance Risk

Our insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates. We maintain insurance on our properties in amounts and with deductibles that we believe are in line with what owners of similar properties carry. We maintain all risk property insurance and rental value coverage (including coverage for the perils of flood, earthquake and weather catastrophe).

Interest Rate and Financing Risk

We have an on-going need to access debt markets to refinance maturing debt as it comes due. There is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to us or on any terms at all. This risk may be increased as a result of disrupted market conditions resulting from the global economic shutdown. Our strategy to stagger the maturities of our mortgage portfolio attempts to mitigate our exposure to excessive amounts of debt maturing in any one year and to maintain relationships with a large number of lenders to limit exposure to any one counterparty.

Approximately 47% of our outstanding debt obligations at June 30, 2021 are floating rate debt compared to 43% at December 31, 2020. This debt is subject to fluctuations in interest rates. A 100 basis point increase in interest rates relating to our corporate and commercial floating rate debt obligations would result in an increase in annual interest expense of approximately \$261 million. A 100 basis point increase in interest rates relating to fixed rate debt obligations due within one year would result in an increase in annual interest expense of approximately \$33 million upon refinancing. In addition, we have exposure to interest rates within our equity accounted investments. We have mitigated, to some extent, the exposure to interest rate fluctuations through interest rate derivative contracts. See “*Derivative Financial Instruments*” below in this MD&A.

At June 30, 2021, our consolidated debt to capitalization was 55% (December 31, 2020 – 55%). It is our view this level of indebtedness is conservative given the cash flow characteristics of our properties and the fair value of our assets. Based on this, we believe that all debts will be financed or repaid as they come due in the foreseeable future.

Foreign Exchange Risk

As at and for the six months ended June 30, 2021, approximately 33% of our assets and 29% of our revenues originated outside the United States and consequently are subject to foreign currency risk due to potential fluctuations in exchange rates between these currencies and the U.S. Dollar. To mitigate this risk, we attempt to maintain a natural hedged position with respect to the carrying value of assets through debt agreements denominated in local currencies and, from time to time, supplemented through the use of derivative contracts as discussed under “*Derivative Financial Instruments*”.

DERIVATIVE FINANCIAL INSTRUMENTS

We and our operating entities use derivative and non-derivative instruments to manage financial risks, including interest rate, commodity, equity price and foreign exchange risks. The use of derivative contracts is governed by documented risk management policies and approved limits. We do not use derivatives for speculative purposes. We and our operating entities use the following derivative instruments to manage these risks:

- foreign currency forward contracts to hedge exposures to Canadian Dollar, Australian Dollar, British Pound, Euro, Chinese Yuan, Brazilian Real, Indian Rupee and South Korean Won denominated investments in foreign subsidiaries and foreign currency denominated financial assets;
- interest rate swaps to manage interest rate risk associated with planned refinancings and existing variable rate debt;
- interest rate caps to hedge interest rate risk on certain variable rate debt; and
- cross-currency swaps to manage interest rate and foreign currency exchange rates on existing variable rate debt.

The global economic shutdown has impacted business across the globe and we are monitoring its impact on our business. While it is difficult to predict how significant the impact will be, our business is highly resilient in some of the most critical sectors in the world and has a robust balance sheet with a strong investment grade rating.

There have been no other material changes to our financial risk exposure or risk management activities since December 31, 2020. Please refer to Note 33, *Financial Instruments* in our December 31, 2020 annual report on Form 20-F for a detailed description of our financial risk exposure and risk management activities.

Interest Rate Hedging

The following table provides our outstanding derivatives that are designated as cash flow hedges of variability in interest rates associated with forecasted fixed rate financings and existing variable rate debt as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Jun. 30, 2021	Interest rate caps of US\$ LIBOR debt	\$ 9,155	2.5% - 5.5%	Jul. 2021 - Jun. 2024	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(84)
	Interest rate caps of £ LIBOR debt	3,270	2.0% - 2.5%	Aug. 2021 - Dec. 2023	—
	Interest rate caps of £ SONIA debt	471	1.0% - 1.0%	Mar. 2025	2
	Interest rate caps of € EURIBOR debt	106	1.3%	Apr. 2022	—
	Interest rate caps of C\$ LIBOR debt	240	2.0%	Oct. 2021	—
	Interest rate swaps of AUD BBSW/BBSY debt	436	0.8% - 1.6%	Apr. 2023 - Feb. 2026	(6)
Dec. 31, 2020	Interest rate caps of US\$ LIBOR debt	\$ 8,371	2.5% - 5.5%	May 2021 - Sep. 2023	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(112)
	Interest rate caps of £ LIBOR debt	3,198	2.0% - 2.5%	Jan. 2021 - Jan. 2022	—
	Interest rate caps of € EURIBOR debt	119	1.3%	Apr. 2021	—
	Interest rate caps of C\$ LIBOR debt	189	3.0%	Oct. 2021 - Oct. 2022	—
	Interest rate swaps of AUD BBSW/BBSY debt	447	0.8% - 1.6%	Apr. 2023 - Apr. 2024	(11)

For the three and six months ended June 30, 2021, the amount of hedge ineffectiveness recorded in earnings in connection with our interest rate hedging activities was nil and nil (2020 - nil and nil), respectively.

Foreign Currency Hedging

The following table provides our outstanding derivatives that are designated as net investments of foreign subsidiaries or foreign currency cash flow hedges as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Jun. 30, 2021	Net investment hedges	€ 110	€0.81/\$ - €0.88/\$	Sep. 2021 - Feb. 2023	\$ 5
	Net investment hedges	£ 2,000	£0.71/\$ - £0.86/\$	Sep. 2021 - Dec. 2023	(35)
	Net investment hedges	A\$ 556	A\$1.29/\$ - A\$1.45/\$	Sep. 2021 - Jul. 2022	8
	Net investment hedges	C¥ 853	C¥6.63/\$ - C¥6.83/\$	Sep. 2021 - Jun. 2023	—
	Net investment hedges	C\$ 153	C\$1.23/\$ - C\$1.27/\$	Mar. 2023 - Mar. 2024	(1)
	Net investment hedges	R\$ 1,160	R\$4.98/\$ - R\$5.95/\$	May 2023 - Sep. 2021	(9)
	Net investment hedges	¥ 720,095	¥1,095.50/\$ - ¥1,135.90/\$	Jun. 2022 - Jun. 2023	5
	Net investment hedges	Rs 67,701	Rs76.35/\$ - Rs86.71/\$	Jan. 2022 - May. 2024	(3)
	Net investment hedges	£ 90	£0.91/€ - £0.91/€	Apr. 2022 - Apr. 2022	—
	Cross currency swaps of C\$ LIBOR debt	C\$ 2,400	C\$1.29/\$ - C\$1.38/\$	Oct. 2021 - Jan. 2027	109
Dec. 31, 2020	Net investment hedges	€ —	€0.87/\$ - €0.88/\$	Sep. 2021 - Sep. 2021	\$ 1
	Net investment hedges	£ 201	£0.50/\$ - £1.08/\$	Mar. 2021 - Dec. 2021	5
	Net investment hedges	A\$ 240	A\$1.34/\$ - A\$1.52/\$	Jun. 2021 - Dec. 2021	3
	Net investment hedges	C¥ 813	C¥4.02/\$ - C¥7.43/\$	Mar. 2021 - Sep. 2021	(11)
	Net investment hedges	R\$ 620	R\$5.20/\$ - R\$5.20/\$	Mar. 2021 - Mar. 2021	(3)
	Net investment hedges	¥ 720,095	¥914.84/\$ - ¥1,169.58/\$	Mar. 2021 - Jun. 2022	(54)
	Net investment hedges	Rs 4,703	Rs76.28/\$	Jun. 2021	(2)
	Net investment hedges	£ 90	£0.89/€ - £0.93/€	Apr. 2021 - Apr. 2021	—
	Cross currency swaps of C\$ LIBOR debt	C\$ 2,400	C\$0.81/\$ - C\$1.70/\$	Oct. 2021 - Jan. 2027	66

For the three and six months ended June 30, 2021, the amount of hedge ineffectiveness recorded in earnings in connection with our foreign currency hedging activities was not significant.

Other Derivatives

The following table presents details of our derivatives, not designated as hedges for accounting purposes, that have been entered into to manage financial risks as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Derivative type	Notional	Rates	Maturity dates	Fair value
Jun. 30, 2021	Interest rate caps	\$ 3,594	3.5% - 4.5%	Sep. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt	1,210	2.8% - 6.4%	Sep. 2021 - Jun. 2033	(253)
	Interest rate swaps of US\$ debt	1,447	0.8% - 5.1%	Nov. 2022 - Mar. 2024	(21)
	Embedded derivative	—	—	Aug. 2025 - Aug. 2026	28
Dec. 31, 2020	Interest rate caps	\$ 3,560	3.0% - 5.0%	Jan. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt	1,285	2.7% - 6.4%	Mar. 2021 - Jun. 2030	(308)
	Interest rate swaps of US\$ debt	1,746	0.8% - 5.1%	Jun. 2021 - Mar. 2024	(32)
	Interest rate swaptions	350	2.0%	Mar. 2031 - Mar. 2031	—

For the three and six months ended June 30, 2021, the partnership recognized fair value losses, net of approximately \$3 million and \$3 million (2020 - losses of \$2 million and \$54 million), respectively, related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

RELATED PARTIES

In the normal course of operations, the partnership enters into transactions with related parties. These transactions are recognized in the consolidated financial statements. These transactions have been measured at exchange value and are recognized in the consolidated financial statements. The immediate parent of the partnership is Brookfield Property Partners Limited. The ultimate parent of the partnership is Brookfield Asset Management. Other related parties of the partnership include Brookfield Asset Management's subsidiaries and operating entities, certain joint ventures and associates accounted for under the equity method, as well as officers of such entities and their spouses.

We have a management agreement with our service providers, wholly-owned subsidiaries of Brookfield Asset Management. Pursuant to a Master Services Agreement, we pay a base management fee ("base management fee"), to the service providers equal to 0.5% of the total capitalization of the partnership, subject to an annual minimum of \$50 million plus annual inflation adjustments. The amount of the equity enhancement distribution is reduced by the amount by which the base management fee is greater than \$50 million per annum, plus annual inflation adjustments ("equity enhancement adjustment").

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Base fee amount at 0.125% of current capitalization	\$ 31	\$ 18	\$ 61	\$ 34
Fee on increased market capitalization (.3125%)	43	9	81	13
Total calculated fees	74	27	142	47
Less credits:				
Equity enhancement adjustment	(17)	(4)	(33)	(6)
Creditable operating payments and other adjustments	(11)	(11)	(21)	(24)
Total fee, subject to minimum adjusted for inflation	46	12	88	17
Total fee, by component:				
Base fee	31	12	61	17
Equity enhancement adjustment	15	—	27	—
Total fee	\$ 46	\$ 12	\$ 88	\$ 17

In connection with the issuance of preferred equity units of the operating partnership ("Preferred Equity Units") to a third party in the fourth quarter of 2014, Brookfield Asset Management has contingently agreed to acquire the seven-year and ten-year tranches of Preferred Equity Units from such investor for the initial issuance price plus accrued and unpaid distributions and to exchange such units for Preferred Equity Units with terms and conditions substantially similar to the twelve-year tranche to the extent that the market price of the LP Units is less than 80% of the exchange price at maturity.

On June 29, 2021, Brookfield Premier Real Estate Partners Australia ("BPREP-A") acquired Brookfield Place Sydney from Brookfield Strategic Real Estate Partners I ("BSREP I") fund for approximately \$153 million.

On July 26, 2021, Brookfield Asset Management completed its previously announced acquisition of all of the LP units of BPY that it did not previously own. The LP Units were delisted from the TSX and Nasdaq at market close on July 26, 2021. Based on unitholder elections, together with the amounts owing to holders of BPYU shares, an aggregate of 51,971,192 units were elected for cash, 271,358,615 units were elected for BAM class A limited voting shares ("BAM shares") and 17,970,971 units were elected for BPY preferred units with a liquidation preference of \$25.00 per unit ("BPY preferred units"). The BPY preferred units began trading on the TSX (BPYP.PR.A) and Nasdaq (BPYPM) on July 27, 2021. As holders elected to receive more BAM shares than were available under the transaction, unitholders

that elected to receive BAM shares received 54.5316% of the aggregate BAM shares they elected to receive and the balance was delivered 93.05% in cash and 6.95% in BPY preferred units. Unitholders who made an election to receive 100% of their consideration in one of the three available options received, respectively per BPY Unit i) 100% cash election: \$18.17 in cash ii) 100% BAM shares election: \$7.69 in cash, 0.2185 BAM shares and 0.0230 in BPY preferred units iii) 100% BPY preferred units: 0.7268 BPY preferred units. Total consideration paid by Brookfield Asset Management to complete the transaction was \$3.0 billion in cash paid and 59,279,263 BAM Class A shares issued. BPY issued 19,287,783 BPY preferred units in connection with the transaction.

During the year ended December 31, 2020, we issued 9,416,816 LP Units at \$11.36 per unit, 2,696,841 LP Units at \$12.00 per unit, 5,967,063 LP Units at \$12.65 per unit, 13,392,277 LP Units at \$13.92 per unit, and 18,715,912 Redeemable/Exchangeable Partnership Units at \$12.00 per unit to Brookfield Asset Management.

The following table summarizes transactions with related parties:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	(515)	(91)
Loans and notes receivable	177	50
Receivables and other assets	64	59
Deposit payable to Brookfield Asset Management ⁽¹⁾	(2,847)	(754)
Property-specific debt obligations	(101)	—
Loans and notes payable and other liabilities	(448)	(313)
Preferred shares held by Brookfield Asset Management	(15)	(15)

⁽¹⁾ As of June 30, 2021, a \$2,847 million on-demand deposit was payable to Brookfield Asset Management, provided for in the deposit agreement between the partnership and Brookfield Asset Management. The deposit limit was increased to \$3.0 billion in the second quarter of 2021.

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Transactions with related parties:				
Commercial property revenue ⁽¹⁾	\$ 9	\$ 8	\$ 17	\$ 15
Management fee income	6	15	13	25
Interest expense on debt obligations	10	2	15	9
General and administrative expense ⁽²⁾	64	35	129	73
Construction costs ⁽³⁾	47	110	97	228
Incentive fees	22	1	22	7

⁽¹⁾ Amounts received from Brookfield Asset Management and its subsidiaries for the rental of office premises.

⁽²⁾ Includes amounts paid to Brookfield Asset Management and its subsidiaries for management fees, management fees associated with the partnership's private fund investments, and administrative services.

⁽³⁾ Includes amounts paid to Brookfield Asset Management and its subsidiaries for construction costs of development properties.

ADDITIONAL INFORMATION
CRITICAL ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS
USE OF ESTIMATES

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of our ongoing evaluation of these estimates forms the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions.

Prior to the end of the first quarter, the global economic shutdown prompted certain responses from global government authorities across the various geographies in which the partnership owns and operates investment properties. Such responses, have included mandatory temporary closure of, or imposed limitations on, the operations of certain non-essential properties and businesses including office properties and retail malls and associated businesses which operate within these properties such as retailers and restaurants. In addition, shelter-in-place mandates and severe travel restrictions have had a significant adverse impact on consumer spending and demand in the near term. These negative economic indicators, restrictions and closure have created significant estimation uncertainty in the determination of the fair value of investment properties as of June 30, 2021. Specifically, while discount and capitalization rates are inherently uncertain, there has been an absence of recently observed market transactions across the partnership's geographies to support changes in such rates which is a key input into the determination of fair value. In addition, the partnership has had to make assumptions with respect to the length and severity of these restrictions and closures as well as the viability of our tenants in consideration of any credit reserves that should be applied based on deemed tenant risk and the recovery period in estimating the impact and timing of future cash flows generated from investment properties and used in the discounted cash flow model used to determine fair value. As a result of this material estimation uncertainty there is a risk that the assumptions used to determine fair value as of June 30, 2021 may result in a material adjustment to the fair value of investment properties in future reporting periods as more information becomes available.

For further reference on accounting policies and critical judgments and estimates, see our significant accounting policies contained in Note 2, *Summary of Significant Accounting Policies* to the December 31, 2020 consolidated financial statements and Note 2c, *Summary of Significant Accounting Policies: Adoption of Accounting Standards* of the Financial Statements.

TREND INFORMATION

We seek to increase the cash flows from our office and retail property activities through continued leasing activity as described below. In particular, we are operating below our historical office occupancy level in the United States, which provides the opportunity to expand cash flows through higher occupancy. However, our future results may be impacted by risks associated with the global pandemic caused by a novel strain of coronavirus, COVID-19, and the related reduction in commerce and travel and substantial volatility in stock markets worldwide, which may result in a decrease of cash flows and impairment losses and/or revaluations on our investments and real estate properties, and we may be unable to achieve our expected returns. In addition, we expect to face a meaningful amount of lease rollover in 2021 and 2022, which may restrain FFO growth from this part of our portfolio in the near future. Our belief is as to the opportunities for our partnership to increase its occupancy levels, lease rates and cash flows are based on assumptions about our business and markets that management believes are reasonable in the circumstances. There can be no assurance as to growth in occupancy levels, lease rates or cash flows. See "*Statement Regarding Forward-looking Statements and Use of Non-IFRS Measures*".

We believe our global scale and best-in-class operating platforms provide us with a unique competitive advantage as we are able to efficiently allocate capital around the world toward those sectors and geographies where we see the greatest returns. We actively recycle assets on our balance sheet as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns. In addition, due to the scale of our stabilized portfolio and flexibility of our balance sheet, our business model is self-funding and does not require us to access capital markets to fund our continued growth.

Given the small amount of new office and retail development that occurred over the last decade and the near total development halt during the global financial crisis, we see an opportunity to advance our development inventory in the near term in response to demand we are seeing in our major markets. In addition, we continue to reposition and redevelop existing retail properties, in particular, a number of the highest performing shopping centers in the United States.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

CONTROLS AND PROCEDURES

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes made in our internal control over financial reporting that have occurred during the six months ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting due to the global economic shutdown.

Corporate Information

CORPORATE PROFILE

Brookfield Property Partners is one of the world's largest commercial real estate companies, with over \$89 billion in total assets. We are leading owners, operators and investors in commercial property assets, with a diversified portfolio of premier office and retail assets, as well as multifamily, triple net lease, logistics, hospitality, student housing and manufactured housing assets. Further information is available at bpy.brookfield.com. Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

Brookfield Property Partners is the flagship listed real estate company of Brookfield Asset Management, a leading global alternative asset manager with over \$600 billion in assets under management.

BROOKFIELD PROPERTY PARTNERS

73 Front Street, 5th Floor
Hamilton, HM 12
Bermuda
Tel: (441) 294-3309
bpy.brookfield.com

UNITHOLDERS INQUIRIES

Brookfield Property Partners welcomes inquiries from Unitholders, analysts, media representatives and other interested parties. Questions relating to investor relations or media inquiries can be directed to Matt Cherry, Senior Vice President, Investor Relations and Communications at (212) 417-7488 or via e-mail at matthew.cherry@brookfield.com. Inquiries regarding financial results can be directed to Bryan Davis, Chief Financial Officer at (212) 417-7166 or via e-mail at bryan.davis@brookfield.com. Unitholder questions relating to distributions, address changes and unit certificates should be directed to the partnership's transfer agent, AST Trust Company, as listed below.

AST TRUST COMPANY (Canada)

By mail: P.O. Box 4229
Station A
Toronto, Ontario, M5W 0G1
Tel: (416) 682-3860; (800) 387-0825
Fax: (888) 249-6189
E-mail: inquiries@astfinancial.com
Web site: www.astfinancial.com/ca

COMMUNICATIONS

We strive to keep our Unitholders updated on our progress through a comprehensive annual report, quarterly interim reports and periodic press releases.

Brookfield Property Partners maintains a website, bpy.brookfield.com, which provides access to our published reports, press releases, statutory filings, supplementary information and unit and distribution information as well as summary information on the partnership.

We maintain an investor relations program and respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts and Unitholders to ensure that accurate information is available to investors.

Brookfield Property Partners L.P.

Condensed consolidated financial statements (unaudited)
As at June 30, 2021 and December 31, 2020 and
for the three and six months ended June 30, 2021 and 2020

Brookfield Property Partners L.P.

Condensed Consolidated Balance Sheets

Unaudited (US\$ Millions)	Note	As at	
		Jun. 30, 2021	Dec. 31, 2020
Assets			
Non-current assets			
Investment properties	3	\$ 73,187	\$ 72,610
Equity accounted investments	4	20,442	19,719
Property, plant and equipment	5	6,897	5,235
Goodwill	6	1,082	1,080
Intangible assets	7	991	982
Other non-current assets	8	3,485	3,177
Loans and notes receivable		184	139
Total non-current assets		106,268	102,942
Current assets			
Loans and notes receivable		72	77
Accounts receivable and other	9	1,697	1,871
Cash and cash equivalents		2,302	2,473
Total current assets		4,071	4,421
Assets held for sale	10	965	588
Total assets		\$ 111,304	\$ 107,951
Liabilities and equity			
Non-current liabilities			
Debt obligations	11	\$ 43,295	\$ 41,263
Capital securities	12	2,151	2,384
Other non-current liabilities	14	1,858	1,703
Deferred tax liabilities		3,111	2,858
Total non-current liabilities		50,415	48,208
Current liabilities			
Debt obligations	11	11,986	13,074
Capital securities	12	655	649
Accounts payable and other liabilities	15	6,015	4,101
Total current liabilities		18,656	17,824
Liabilities associated with assets held for sale	10	4	396
Total liabilities		69,075	66,428
Equity			
Limited partners	16	12,066	11,709
General partner	16	4	4
Preferred equity	16	699	699
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units	16, 17	12,447	12,249
Limited partnership units of Brookfield Office Properties Exchange LP	16, 17	71	73
FV LTIP units of the Operating Partnership	16, 17	50	52
Class A shares of Brookfield Property REIT Inc. ("BPYU")	16, 17	901	1,050
Interests of others in operating subsidiaries and properties	17	15,991	15,687
Total equity		42,229	41,523
Total liabilities and equity		\$ 111,304	\$ 107,951

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Income Statements

Unaudited (US\$ Millions, except per unit amounts)	Note	Three months ended Jun. 30,		Six months ended Jun. 30,	
		2021	2020	2021	2020
Commercial property revenue	18	\$ 1,284	\$ 1,301	\$ 2,569	\$ 2,705
Hospitality revenue	19	196	50	255	416
Investment and other revenue	20	180	86	286	216
Total revenue		1,660	1,437	3,110	3,337
Direct commercial property expense	21	474	445	960	925
Direct hospitality expense	22	120	106	193	396
Investment and other expense		23	9	31	13
Interest expense		710	599	1,322	1,308
Depreciation and amortization	23	68	83	136	170
General and administrative expense	24	243	195	456	391
Total expenses		1,638	1,437	3,098	3,203
Fair value gains (losses), net	25	498	(803)	1,138	(1,113)
Share of net earnings (losses) from equity accounted investments	4	253	(757)	459	(793)
Income (loss) before income taxes		773	(1,560)	1,609	(1,772)
Income tax expense (benefit)	13	87	(48)	192	113
Net income (loss)		\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Net income (loss) attributable to:					
Limited partners		\$ 148	\$ (586)	\$ 274	\$ (814)
General partner		—	—	—	—
Non-controlling interests attributable to:					
Redeemable/exchangeable and special limited partnership units		156	(586)	284	(810)
Limited partnership units of Brookfield Office Properties					
Exchange LP		1	(3)	2	(5)
FV LTIP units of the Operating Partnership		1	(3)	1	(2)
Class A shares of Brookfield Property REIT Inc.		13	(75)	24	(108)
Interests of others in operating subsidiaries and properties		367	(259)	832	(146)
Total		\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Net income (loss) per LP Unit:					
Basic	16	\$ 0.31	\$ (1.26)	\$ 0.56	\$ (1.74)
Diluted	16	\$ 0.31	\$ (1.26)	\$ 0.56	\$ (1.74)

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Comprehensive Income

Unaudited (US\$ Millions)	Note	Three months ended Jun. 30,		Six months ended Jun. 30,	
		2021	2020	2021	2020
Net income (loss)		\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)
Other comprehensive income (loss)	27				
Items that may be reclassified to net income:					
Foreign currency translation		95	101	25	(253)
Cash flow hedges		41	77	95	(77)
Equity accounted investments		4	(9)	27	(78)
Items that will not be reclassified to net income:					
Securities - fair value through other comprehensive income ("FVTOCI")		(2)	3	(2)	25
Share of revaluation deficit on equity accounted investments		(1)	(196)	(1)	(217)
Remeasurement of defined benefit obligations		—	(1)	—	(1)
Revaluation deficit		(99)	(159)	(99)	(255)
Total other comprehensive income (loss)		38	(184)	45	(856)
Total comprehensive income (loss)		\$ 724	\$ (1,696)	\$ 1,462	\$ (2,741)
Comprehensive income (loss) attributable to:					
Limited partners					
Net income (loss)		\$ 148	\$ (586)	\$ 274	\$ (814)
Other comprehensive income (loss)		52	21	69	(228)
		200	(565)	343	(1,042)
Non-controlling interests					
Redeemable/exchangeable and special limited partnership units					
Net income (loss)		156	(586)	284	(810)
Other comprehensive income (loss)		52	19	71	(228)
		208	(567)	355	(1,038)
Limited partnership units of Brookfield Office Properties Exchange LP					
Net income (loss)		1	(3)	2	(5)
Other comprehensive income (loss)		—	1	—	(1)
		1	(2)	2	(6)
FV LTIP units of the Operating Partnership					
Net income (loss)		1	(3)	1	(2)
Other comprehensive income (loss)		—	—	—	(1)
		1	(3)	1	(3)
Class A shares of Brookfield Property REIT Inc.					
Net income (loss)		13	(75)	24	(108)
Other comprehensive income (loss)		4	4	6	(30)
		17	(71)	30	(138)
Interests of others in operating subsidiaries and properties					
Net income (loss)		367	(259)	832	(146)
Other comprehensive income (loss)		(70)	(229)	(101)	(368)
		297	(488)	731	(514)
Total comprehensive income (loss)		\$ 724	\$ (1,696)	\$ 1,462	\$ (2,741)

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Changes in Equity

Unaudited (US\$ Millions)	Limited partners				Total limited partners equity	General partner				Preferred Equity		Non-controlling interests					Total equity
	Capital	Retained earnings	Ownership Changes	Accumulated other comprehensive (loss) income		Capital	Retained earnings	Ownership Changes	Accumulated other comprehensive (loss) income	Total general partner equity	Total preferred equity	Redeemable / exchangeable and special limited partnership units	Limited partnership units of Brookfield Office Properties Exchange LP	FV LTIP units of the Operating Partnership	Class A shares of Brookfield Property REIT Inc.	Interests of others in operating subsidiaries and properties	
Balance as at Dec. 31, 2020	\$ 8,562	\$ 486	\$ 3,010	\$ (349)	\$ 11,709	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 12,249	\$ 73	\$ 52	\$ 1,050	\$ 15,687	\$ 41,523
Net income	—	274	—	—	274	—	—	—	—	—	—	284	2	1	24	832	1,417
Other comprehensive income (loss)	—	—	—	69	69	—	—	—	—	—	—	71	—	—	6	(101)	45
Total comprehensive income	—	274	—	69	343	—	—	—	—	—	—	355	2	1	30	731	1,462
Distributions	—	(145)	—	—	(145)	—	—	—	—	—	—	(152)	(1)	(1)	(13)	(1,550)	(1,862)
Preferred distributions	—	(11)	—	—	(11)	—	—	—	—	—	—	(11)	—	—	(1)	—	(23)
Issuance / repurchase of interests in operating subsidiaries	4	(7)	14	—	11	—	—	—	—	—	—	11	—	1	(17)	1,123	1,129
Exchange of exchangeable units	2	—	1	(1)	2	—	—	—	—	—	—	—	(3)	—	—	—	(1)
Conversion of Class A shares of Brookfield Property REIT Inc.	104	—	46	—	150	—	—	—	—	—	—	—	—	—	(150)	—	—
Change in relative interests of non-controlling interests	—	—	10	(3)	7	—	—	—	—	—	—	(5)	—	(3)	2	—	1
Balance as at Jun. 30, 2021	\$ 8,672	\$ 597	\$ 3,081	\$ (284)	\$ 12,066	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 12,447	\$ 71	\$ 50	\$ 901	\$ 15,991	\$ 42,229
Balance as at Dec. 31, 2019	\$ 9,257	\$ 2,539	\$ 1,960	\$ (482)	\$ 13,274	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 420	\$ 13,200	\$ 87	\$ 35	\$ 1,930	\$ 15,985	\$ 44,935
Net (loss) income	—	(814)	—	—	(814)	—	—	—	—	—	—	(810)	(5)	(2)	(108)	(146)	(1,885)
Other comprehensive (loss)	—	—	—	(228)	(228)	—	—	—	—	—	—	(228)	(1)	(1)	(30)	(368)	(856)
Total comprehensive (loss)	—	(814)	—	(228)	(1,042)	—	—	—	—	—	—	(1,038)	(6)	(3)	(138)	(514)	(2,741)
Distributions	—	(291)	—	—	(291)	—	—	—	—	—	—	(290)	(2)	(1)	(40)	(375)	(999)
Preferred distributions	—	(10)	—	—	(10)	—	—	—	—	—	—	(9)	—	—	(1)	—	(20)
Issuance / repurchase of interest in operating subsidiaries	(208)	(14)	84	—	(138)	—	—	—	—	—	279	(9)	—	3	(19)	288	404
Exchange of exchangeable units	1	—	—	—	1	—	—	—	—	—	—	—	(1)	—	—	—	—
Conversion of Class A shares of Brookfield Property REIT Inc.	117	—	122	—	239	—	—	—	—	—	—	—	—	—	(239)	—	—
Change in relative interest of non-controlling interests	—	—	(95)	(3)	(98)	—	—	—	—	—	—	67	—	18	13	—	—
Balance as at Jun. 30, 2020	\$ 9,167	\$ 1,410	\$ 2,071	\$ (713)	\$ 11,935	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 11,921	\$ 78	\$ 52	\$ 1,506	\$ 15,384	\$ 41,579

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Cash Flows

Unaudited (US\$ Millions)	Note	Six Months Ended Jun. 30,	
		2021	2020
Operating activities			
Net income (loss)		\$ 1,417	\$ (1,885)
Share of equity accounted (earnings) losses, net of distributions		(367)	979
Fair value (gains) losses, net	25	(1,138)	1,113
Deferred income tax expense	13	148	78
Depreciation and amortization	23	136	170
Working capital and other		2,129	383
		2,325	838
Financing activities			
Debt obligations, issuance		6,880	5,868
Debt obligations, repayments		(7,039)	(5,282)
Capital securities redeemed		(248)	(13)
Preferred equity issued		—	279
Non-controlling interests, issued		1,164	208
Non-controlling interests, purchased		—	(29)
Repayment of lease liabilities		(12)	(9)
Limited partnership units, repurchased		—	(124)
Class A shares of Brookfield Property REIT Inc., repurchased		(18)	(18)
Distributions to non-controlling interests in operating subsidiaries		(1,497)	(377)
Preferred distributions		(23)	(20)
Distributions to limited partnership unitholders		(145)	(291)
Distributions to redeemable/exchangeable and special limited partnership unitholders		(152)	(290)
Distributions to holders of Brookfield Office Properties Exchange LP units		(1)	(2)
Distributions to holders of FV LTIP units of the Operating Partnership		(1)	(1)
Distributions to holders of Class A shares of Brookfield Property REIT Inc.		(13)	(40)
		(1,105)	(141)
Investing activities			
Acquisitions			
Investment properties		(1,131)	(1,089)
Property, plant and equipment		(63)	(81)
Equity accounted investments		(569)	(191)
Financial assets and other		(724)	(609)
Cash acquired in business combinations		36	—
Dispositions			
Investment properties		381	450
Property, plant and equipment		—	7
Equity accounted investments		250	54
Financial assets and other		543	890
Cash impact of deconsolidation and reclassification to assets held for sale		—	(18)
Restricted cash and deposits		(116)	10
		(1,393)	(577)
Cash and cash equivalents			
Net change in cash and cash equivalents during the period		(173)	120
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies		2	(28)
Balance, beginning of period		2,473	1,438
Balance, end of period		\$ 2,302	\$ 1,530
Supplemental cash flow information			
Cash paid for:			
Income taxes, net of refunds received		\$ 19	\$ 69
Interest (excluding dividends on capital securities)		\$ 1,149	\$ 1,182

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Notes to the Condensed Consolidated Financial Statements

NOTE 1. ORGANIZATION AND NATURE OF THE BUSINESS

Brookfield Property Partners L.P. (“BPY” or the “partnership”) was formed as a limited partnership under the laws of Bermuda, pursuant to a limited partnership agreement dated January 3, 2013, as amended and restated on August 8, 2013. BPY is a subsidiary of Brookfield Asset Management Inc. (“Brookfield Asset Management” or the “parent company”) and is the primary entity through which the parent company and its affiliates own, operate, and invest in commercial and other income producing property on a global basis.

The partnership’s sole direct investments are a 49% managing general partnership units (“GP Units” or “GP”) interest in Brookfield Property L.P. (the “operating partnership”) and an interest in BP US REIT LLC, which hold the partnership’s interest in commercial and other income producing property operations. The GP Units provide the partnership with the power to direct the relevant activities of the operating partnership.

The partnership’s limited partnership units (“BPY Units” or “LP Units”) are listed and publicly traded on the Nasdaq Stock Market (“Nasdaq”) and the Toronto Stock Exchange (“TSX”) under the symbols “BPY” and “BPY.UN”, respectively.

The registered head office and principal place of business of the partnership is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The interim condensed consolidated financial statements of the partnership and its subsidiaries have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB, have been omitted or condensed.

These condensed consolidated financial statements as of and for the three and six months ended June 30, 2021 were approved and authorized for issue by the Board of Directors of the partnership on August 3, 2021.

b) Basis of presentation

The interim condensed consolidated financial statements are prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2020, except for accounting standards adopted as identified in Note 2(c) below. Consequently, the information included in these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the partnership’s annual report on Form 20-F for the year ended December 31, 2020.

The interim condensed consolidated financial statements are unaudited and reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods presented in accordance with IFRS. The results reported in these interim condensed consolidated financial statements should not necessarily be regarded as indicative of results that may be expected for the entire year.

The interim condensed consolidated financial statements are prepared on a going concern basis and have been presented in U.S. Dollars rounded to the nearest million unless otherwise indicated.

c) Adoption of Accounting Standards:

i) Covid-19-Related Rent Concessions beyond June 30 2021, Amendment to IFRS 16 – Leases (“IFRS 16 Amendment”)

The partnership adopted the IFRS 16 Amendment as of January 1, 2021 in advance of its April 1, 2021 mandatory effective date. The IFRS 16 Amendment provides the partnership as lessee only with an extension to the scope of the exemption from assessing whether rent concessions related to COVID-19 meeting certain conditions are lease modifications. Such qualifying rent concessions are accounted for as if they are not lease modifications, generally resulting in the effects of rent abatements being recognized as variable lease payments. The partnership has applied the practical expedient to all such qualifying rent concessions. The adoption of the IFRS 16 Amendment did not have a material impact on the results of the partnership.

ii) Interest Rate Benchmark Reform-Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (“IBOR Phase 2 Amendments”)

The partnership adopted the IBOR Phase 2 Amendments as of January 1, 2021, its mandatory effective date. The IBOR Phase 2 Amendments provide additional guidance to address issues that will arise during the transition of benchmark interest rates. The IBOR Phase 2 Amendments primarily relate to the modification of financial instruments where the basis for determining the contractual cash flows changes as a result of IBOR reform, allowing for prospective application of the applicable benchmark interest rate, and to the application of hedge accounting, providing an exception such that changes in the formal designation and documentation of hedge accounting relationships that are needed to reflect the changes required by IBOR reform do not result in the discontinuation of hedge accounting or the designation of new hedging relationships. The partnership is progressing through its transition plan to address the impact and effect required changes as a result of amendments to the contractual terms of IBOR referenced floating-rate borrowings, interest rate swaps, interest rate caps, and to update hedge designations. The adoption did not have a significant impact on the partnership’s financial reporting.

d) Critical judgements and estimates in applying accounting policies

The preparation of the partnership's interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgment in applying the partnership's accounting policies. The accounting policies and critical estimates and assumptions have been set out in Note 2, *Summary of Significant Accounting Policies*, to the partnership's consolidated financial statements for the year ended December 31, 2020 and have been consistently applied in the preparation of the interim condensed consolidated financial statements as of and for the three and six months ended June 30, 2021.

Prior to the end of the first quarter of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19, which prompted certain responses from global government authorities across the various geographies in which the partnership owns and operates investment properties ("global economic shutdown" or "the shutdown"). Such responses included mandatory temporary closure of, or imposed limitations on, the operations of certain non-essential properties and businesses including office properties and retail malls and associated businesses which operate within these properties such as retailers and restaurants. In addition, shelter-in-place mandates and severe travel restrictions had a significant adverse impact on consumer spending and demand in the near term. As vaccination campaigns against COVID-19 ramp up, the macroeconomic outlook has improved in certain geographies with the return of more favorable economic conditions, including the removal of occupancy restrictions and government-mandated closures. However, uncertainty remains in the near-term surrounding risks of new economic restrictions and general uncertainty surrounding leasing trends, market rates, and the ability to exist investments in the partnership's expected timeframe. These circumstances have created estimation uncertainty in the determination of the fair value of investment properties as of June 30, 2021. For the current period, we undertook a process to assess the appropriateness of the discount and terminal capitalization rates considering changes to property-level cash flows and any risk premium inherent in such cash flow changes as well as the current cost of capital and capital spreads. In addition, we reviewed and adjusted our cash flow models with a view of risk and long-term value.

Judgment is applied when determining whether indicators of impairment exist when assessing the carrying values of the partnership's property, plant and equipment and intangible assets for potential impairment as a result of COVID-19. Consideration is given to a combination of factors, including but not limited to forecasts of revenues and expenses, valuations of assets, and projections of market trends and economic environments.

NOTE 3. INVESTMENT PROPERTIES

The following table presents a roll forward of the partnership's investment property balances, all of which are considered Level 3 within the fair value hierarchy, for the six months ended June 30, 2021 and the year ended December 31, 2020:

(US\$ Millions)	Six months ended Jun. 30, 2021			Year ended Dec. 31, 2020		
	Commercial properties	Commercial developments	Total	Commercial properties	Commercial developments	Total
Balance, beginning of period	\$ 70,294	\$ 2,316	\$ 72,610	\$ 71,565	\$ 3,946	\$ 75,511
Changes resulting from:						
Property acquisitions	337	12	349	647	108	755
Capital expenditures	410	369	779	1,140	857	1,997
Property dispositions ⁽¹⁾	(295)	(344)	(639)	(2,339)	(21)	(2,360)
Fair value gains (losses), net	883	129	1,012	(1,607)	219	(1,388)
Foreign currency translation	(7)	(3)	(10)	322	(44)	278
Transfer between commercial properties and commercial developments	120	(120)	—	2,709	(2,709)	—
Reclassifications to assets held for sale and other changes	(914)	—	(914)	(2,143)	(40)	(2,183)
Balance, end of period ⁽²⁾	\$ 70,828	\$ 2,359	\$ 73,187	\$ 70,294	\$ 2,316	\$ 72,610

⁽¹⁾ Property dispositions represent the fair value on date of sale.

⁽²⁾ Includes right-of-use commercial properties and commercial developments of \$730 million and \$22 million, respectively, as of June 30, 2021 (December 31, 2020 - \$729 million and \$10 million). Current lease liabilities of \$36 million (December 31, 2020 - \$35 million) have been included in accounts payable and other liabilities and non-current lease liabilities of \$722 million (December 31, 2020 - \$712 million) have been included in other non-current liabilities.

The partnership determines the fair value of each commercial property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflows in respect of such leases. Investment property valuations are generally completed by undertaking one of two accepted income approach methods, which include either: i) discounting the expected future cash flows, generally over a term of 10 years including a terminal value based on the application of a capitalization rate to estimated year 11 cash flows; or ii) undertaking a direct capitalization approach whereby a capitalization rate is applied to estimated current year cash flows. Where there has been a recent market transaction for a specific property, such as an acquisition or sale of a partial interest, the partnership values the property on that basis. In determining the appropriateness of the methodology applied, the partnership considers the relative uncertainty of the timing and amount of expected cash flows and the impact such uncertainty would have in arriving at a reliable estimate of fair value. The partnership prepares these valuations considering asset and market specific factors, as well as observable transactions for similar assets. The determination of fair value requires the use of estimates, which are internally determined and compared with market data, third-party reports and research as well as observable conditions. Except for the impacts of the shutdown which are discussed below, there are currently no other known trends, events or uncertainties that the partnership reasonably believes could have a sufficiently pervasive impact across the partnership's businesses to materially affect the methodologies or assumptions utilized to determine the estimated fair values reflected in this report. Discount rates and capitalization rates are inherently uncertain and may be impacted by, among other things, movements in interest rates in the geographies and markets in which the assets are located. Changes in estimates of

discount and capitalization rates across different geographies and markets are often independent of each other and not necessarily in the same direction or of the same magnitude. Further, impacts to the partnership's fair values of commercial properties from changes in discount or capitalization rates and cash flows are usually inversely correlated. Decreases (increases) in the discount rate or capitalization rate result in increases (decreases) of fair value. Such decreases (increases) may be mitigated by decreases (increases) in cash flows included in the valuation analysis, as circumstances that typically give rise to increased interest rates (e.g., strong economic growth, inflation) usually give rise to increased cash flows at the asset level. Refer to the table below for further information on valuation methods used by the partnership for its asset classes.

Commercial developments are also measured using a discounted cash flow model, net of costs to complete, as of the balance sheet date. Development sites in the planning phases are measured using comparable market values for similar assets.

In accordance with its policy, the partnership generally measures and records its commercial properties and developments using valuations prepared by management. However, for certain subsidiaries, the partnership relies on quarterly valuations prepared by external valuation professionals. Management compares the external valuations to the partnership's internal valuations to review the work performed by the external valuation professionals. Additionally, a number of properties are externally appraised each year and the results of those appraisals are compared to the partnership's internally prepared values.

2021 Conditions

Global Economic Shutdown

The COVID-19 pandemic has continued to cause disruption to business activities and supply chains as well as disrupted travel and adversely impacted local, regional, national and international economic conditions. As a result, future revenues and cash flows produced by these investment properties and our equity accounted investment properties continue to be more uncertain than normal. In response, the partnership has adjusted cash flow assumptions for its estimate of near-term disruption to cash flows to reflect collections, vacancy and assumptions with respect to new leasing activity. In addition, the partnership has continued to assess the appropriateness of the discount and terminal capitalization rates giving consideration to changes to property level cash flows and any risk premium inherent in such cash flow changes as well as the current cost of capital and credit spreads.

Valuation Metrics

The key valuation metrics for the partnership's consolidated commercial properties are set forth in the following tables below on a weighted-average basis:

Consolidated properties	Primary valuation method	Jun. 30, 2021			Dec. 31, 2020		
		Discount rate	Terminal capitalization rate	Investment horizon (years)	Discount rate	Terminal capitalization rate	Investment horizon (years)
Core Office							
United States	Discounted cash flow	6.9%	5.6 %	12	6.9%	5.6 %	12
Canada	Discounted cash flow	5.9%	5.2 %	10	5.9%	5.2 %	10
Australia	Discounted cash flow	6.6%	5.7 %	10	6.6%	5.7 %	10
Europe	Discounted cash flow	4.6%	3.8 %	10	5.2%	3.8 %	10
Brazil	Discounted cash flow	7.6%	7.0 %	10	7.6%	7.0 %	10
Core Retail	Discounted cash flow	7.0%	5.3 %	10	7.0%	5.3 %	10
LP Investments- Office	Discounted cash flow	9.6%	7.1 %	7	9.7%	7.2 %	7
LP Investments- Retail	Discounted cash flow	8.6%	7.0 %	10	8.7%	7.0 %	10
Mixed-use	Discounted cash flow	7.2%	5.1 %	10	7.3%	5.2 %	10
Multifamily⁽¹⁾	Direct capitalization	4.7%	n/a	n/a	4.9%	n/a	n/a
Triple Net Lease⁽¹⁾	Direct capitalization	6.2%	n/a	n/a	6.2%	n/a	n/a
Student Housing⁽¹⁾	Direct capitalization	4.9%	n/a	n/a	4.9%	n/a	n/a
Manufactured Housing⁽¹⁾	Direct capitalization	4.6%	n/a	n/a	4.8%	n/a	n/a

⁽¹⁾ The valuation method used to value multifamily, triple net lease, student housing, and manufactured housing properties is the direct capitalization method. The rates presented as the discount rate relate to the overall implied capitalization rate. The terminal capitalization rate and investment horizon are not applicable.

Fair Value Measurement

The following table presents the partnership's investment properties measured at fair value in the condensed consolidated financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined in Note 2(i), *Summary of Significant Accounting Policies: Fair value measurement*, in the consolidated financial statements as of December 31, 2020:

(US\$ Millions)	Jun. 30, 2021				Dec. 31, 2020			
			Level 3				Level 3	
	Level 1	Level 2	Commercial properties	Commercial developments	Level 1	Level 2	Commercial properties	Commercial developments
Core Office								
United States	\$ —	\$ —	\$ 14,821	\$ 505	\$ —	\$ —	\$ 14,682	\$ 411
Canada	—	—	4,842	65	—	—	4,721	381
Australia	—	—	2,341	459	—	—	2,366	365
Europe	—	—	2,600	273	—	—	2,526	173
Brazil	—	—	380	—	—	—	309	—
Core Retail	—	—	20,037	—	—	—	20,324	—
LP Investments								
LP Investments- Office	—	—	8,352	743	—	—	7,946	781
LP Investments- Retail	—	—	2,238	—	—	—	2,538	—
Hospitality	—	—	89	—	—	—	84	—
Mixed-Use	—	—	3,042	—	—	—	3,096	—
Multifamily	—	—	2,018	—	—	—	2,442	—
Triple Net Lease	—	—	3,704	—	—	—	3,719	—
Student Housing	—	—	2,911	314	—	—	2,757	205
Manufactured Housing	—	—	3,453	—	—	—	2,784	—
Total	\$ —	\$ —	\$ 70,828	\$ 2,359	\$ —	\$ —	\$ 70,294	\$ 2,316

Fair Value Sensitivity

The following table presents a sensitivity analysis to the impact of a 25 basis point movement of the discount rate and terminal capitalization or overall implied capitalization rate on fair values of the partnership's commercial properties for the six months ended June 30, 2021, for properties valued using the discounted cash flow or direct capitalization method, respectively:

(US\$ Millions)	Jun. 30, 2021
	Impact on fair value of commercial properties
Core Office	
United States	752
Canada	253
Australia	161
Europe	158
Brazil	2
Core Retail	1,067
LP Investments	
LP Investments- Office	399
LP Investments- Retail	126
Mixed-use	139
Multifamily	97
Triple Net Lease	141
Student Housing	129
Manufactured Housing	176
Total	\$ 3,600

NOTE 4. EQUITY ACCOUNTED INVESTMENTS

The partnership has investments in joint arrangements that are joint ventures, and also has investments in associates. Joint ventures hold individual commercial properties, hotels, and portfolios of commercial properties and developments that the partnership owns together with co-owners where decisions relating to the relevant activities of the joint venture require the unanimous consent of the co-owners. Details of the partnership's investments in joint ventures and associates, which have been accounted for in accordance with the equity method of accounting, are as follows:

(US\$ Millions)	Principal activity	Principal place of business	Proportion of ownership interests		Carrying value	
			Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Joint Ventures						
Canary Wharf Joint Venture ⁽¹⁾	Property holding company	United Kingdom	50 %	50 %	\$ 3,588	\$ 3,440
Manhattan West, New York	Property holding company	United States	56 %	56 %	2,296	2,122
Ala Moana Center, Hawaii	Property holding company	United States	50 %	50 %	1,907	1,862
BPYU JV Pool A	Property holding company	United States	50 %	50 %	1,740	1,723
BPYU JV Pool B	Property holding company	United States	51 %	51 %	1,123	1,121
Fashion Show, Las Vegas	Property holding company	United States	50 %	50 %	840	835
Grace Building, New York	Property holding company	United States	50 %	50 %	701	676
BPYU JV Pool C	Property holding company	United States	50 %	50 %	686	692
BPYU JV Pool D	Property holding company	United States	48 %	48 %	564	548
Southern Cross East, Melbourne	Property holding company	Australia	50 %	50 %	449	433
The Grand Canal Shoppes, Las Vegas	Property holding company	United States	50 %	50 %	407	416
One Liberty Plaza, New York	Property holding company	United States	51 %	51 %	409	382
680 George Street, Sydney	Property holding company	Australia	50 %	50 %	390	375
Brookfield Place Sydney ⁽²⁾	Property holding company	Australia	50 %	— %	378	—
The Mall in Columbia, Maryland	Property holding company	United States	50 %	50 %	305	298
Brookfield Brazil Retail Fundo de Investimento em Participação (“Brazil Retail”)	Holding company	Brazil	46 %	46 %	267	251
Potsdamer Platz, Berlin	Property holding company	Germany	25 %	25 %	261	255
BPYU JV Pool G	Property holding company	United States	68 %	68 %	261	251
Brookfield D.C. Office Partners LLC (“D.C. Venture”), Washington, D.C.	Property holding company	United States	51 %	51 %	254	257
Baybrook Mall, Texas	Property holding company	United States	51 %	51 %	254	251
Shops at La Cantera, Texas	Property holding company	United States	50 %	50 %	252	249
Miami Design District, Florida	Property holding company	United States	22 %	22 %	236	238
BPYU JV Pool F	Property holding company	United States	51 %	51 %	219	253
Other ⁽³⁾	Various	Various	15% - 55%	14% - 55%	2,433	2,510
					20,220	19,438
Associates						
Various	Various	Various	31% -31%	16% - 31%	222	281
					222	281
Total					\$ 20,442	\$ 19,719

⁽¹⁾ Stork Holdco LP is the joint venture through which the partnership acquired Canary Wharf Group plc in London.

⁽²⁾ Refer to Note 30, Related Parties for further information around the Brookfield Place Sydney acquisition in the current period.

⁽³⁾ Other joint ventures consists of approximately 37 joint ventures.

The following table presents the change in the balance of the partnership's equity accounted investments as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Six months ended		Year ended Dec. 31, 2020
	Jun. 30, 2021		
Equity accounted investments, beginning of period	\$	19,719	\$ 20,764
Additions		584	522
Disposals and return of capital distributions		(149)	(108)
Share of net earnings (losses) from equity accounted investments		459	(749)
Distributions received		(92)	(618)
Foreign currency translation		17	107
Reclassification (to) from assets held for sale ⁽¹⁾		(117)	121
Other comprehensive income and other		21	(320)
Equity accounted investments, end of period	\$	20,442	\$ 19,719

⁽¹⁾ The partnership's interest in the Diplomat Resort and Spa ("Diplomat") in Florida was reclassified from assets held for sale in the second quarter of 2020.

The key valuation metrics for the partnership's commercial properties held within the partnership's equity accounted investments are set forth in the table below on a weighted-average basis:

Equity accounted investments	Primary valuation method	Jun. 30, 2021			Dec. 31, 2020		
		Discount rate	Terminal capitalization rate	Investment horizon (yrs)	Discount rate	Terminal capitalization rate	Investment horizon (yrs)
Core Office							
United States	Discounted cash flow	6.4%	4.7 %	11	6.4 %	4.7 %	11
Australia	Discounted cash flow	6.3%	4.9 %	10	6.3 %	5.3 %	10
Europe	Discounted cash flow	5.5%	4.6 %	10	5.6 %	4.7 %	10
Core Retail							
United States	Discounted cash flow	6.4%	4.9 %	10	6.3 %	4.9 %	10
LP Investments - Office	Discounted cash flow	5.9%	5.0 %	10	6.0 %	5.3 %	10
LP Investments - Retail	Discounted cash flow	7.4%	6.1 %	10	7.4 %	6.1 %	10
Multifamily⁽¹⁾	Direct capitalization	4.3%	n/a	n/a	4.3 %	n/a	n/a

⁽¹⁾ The valuation method used to value multifamily investments is the direct capitalization method. The rates presented as the discount rate relate to the overall implied capitalization rate. The terminal capitalization rate and investment horizon are not applicable.

Summarized financial information in respect of the partnership's equity accounted investments is presented below:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Non-current assets	\$ 77,468	\$ 77,818
Current assets	4,824	5,054
Total assets	82,292	82,872
Non-current liabilities	35,052	34,509
Current liabilities	3,847	5,886
Total liabilities	38,899	40,395
Net assets	43,393	42,477
Partnership's share of net assets	\$ 20,442	\$ 19,719

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Revenue	\$ 1,086	\$ 1,031	\$ 2,110	\$ 2,274
Expenses	852	724	1,675	1,550
Income from equity accounted investments ⁽¹⁾	31	9	39	27
Income before fair value gains, net	265	316	474	751
Fair value gains (losses), net	220	(1,791)	430	(2,271)
Net income (loss)	485	(1,475)	904	(1,520)
Partnership's share of net earnings (losses)	\$ 253	\$ (757)	\$ 459	\$ (793)

⁽¹⁾ Share of net earnings from equity accounted investments recorded by the partnership's joint ventures and associates.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment primarily consists of hospitality assets such as Center Parcs UK, a portfolio of select-service hotels in the U.S., extended-stay hotels in the U.S. and a hotel at International Financial Center (“IFC Seoul”).

The following table presents the useful lives of each hospitality asset by class:

Hospitality assets by class	Useful life (in years)
Building and building improvements	5 to 50+
Land improvements	15
Furniture, fixtures and equipment	3 to 10

On June 30, 2021, the partnership obtained control over a portfolio of select-service hotels (“Hospitality Investors Trust”) after converting its preferred equity interest and becoming the 100% common equity holder. The partnership’s investment in the subsidiary was accounted for as a financial asset prior to this date. This transaction was accounted for as a business combination.

The following table summarizes the amounts recognized on a provisional basis as of the acquisition date for each major class of assets acquired and liabilities assumed, in addition to the consideration paid in connection with this business combination during the six months ended June 30, 2021:

(US\$ Millions)	Hospitality Investors Trust
Cash and cash equivalents	\$ 49
Accounts receivable and other	75
Equity accounted investments	10
Property, plant and equipment	1,720
Total assets	1,854
Less:	
Debt obligations	(1,319)
Accounts payable and other	(63)
Net assets acquired	\$ 472
Consideration ⁽¹⁾	\$ 472

⁽¹⁾ Consideration includes \$8 million of contingent consideration, with the balance related to the fair value of the partnership’s forfeited preferred equity interest.

In the period from the acquisition date to June 30, 2021, the partnership recorded nil revenue and nil net income in connection with the business combination. If the transaction had occurred on January 1, 2021, the partnership’s total revenue and net income would have been \$147 million and \$(104) million, respectively, for the six months ended June 30, 2021.

The following table presents the change to the components of the partnership's hospitality assets for the six months ended June 30, 2021 and for the year ended December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Cost:		
Balance at the beginning of period	\$ 5,575	\$ 7,246
Additions	1,786	164
Disposals	(40)	(75)
Foreign currency translation	16	142
Impact of deconsolidation due to loss of control and other ⁽¹⁾	(10)	(1,902)
	7,327	5,575
Accumulated fair value changes:		
Balance at the beginning of period	488	1,343
Revaluation (losses) gains, net ⁽²⁾⁽³⁾	—	(130)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	—	(729)
Disposals	—	13
Provision for impairment ⁽²⁾	—	(15)
Foreign currency translation	4	6
	492	488
Accumulated depreciation:		
Balance at the beginning of period	(828)	(1,311)
Depreciation	(128)	(306)
Disposals	37	28
Foreign currency translation	(5)	(25)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	2	786
	(922)	(828)
Total property, plant and equipment⁽⁴⁾	\$ 6,897	\$ 5,235

⁽¹⁾ The prior year includes the impact of deconsolidation of the Atlantis.

⁽²⁾ The prior year impairment losses were recorded in revaluation losses, net in other comprehensive income and fair value (losses) gains, net in the income statement, which was a result of the impairment tests performed on each of the partnership's hospitality investments from the impact of the shutdown as discussed above.

⁽³⁾ The prior year revaluation (losses) gains, net includes \$258 million of impairment losses offset by \$128 million of revaluation gains.

⁽⁴⁾ Includes right-of-use assets of \$177 million (December 31, 2020 - \$164 million).

NOTE 6. GOODWILL

Goodwill of \$1,082 million at June 30, 2021 (December 31, 2020 - \$1,080 million) is primarily attributable to Center Parcs UK of \$833 million and IFC Seoul of \$231 million (December 31, 2020 - \$824 million and \$240 million, respectively). The partnership performs a goodwill impairment test annually unless there are indicators of impairment identified during the year. In the second quarter of 2021, the partnership did not identify any impairment indicators.

NOTE 7. INTANGIBLE ASSETS

The partnership's intangible assets are presented on a cost basis, net of accumulated amortization and accumulated impairment losses in the condensed consolidated balance sheets. These intangible assets primarily represent the trademark assets related to Center Parcs UK.

The trademark assets of Center Parcs UK had a carrying amount of \$990 million as of June 30, 2021 (December 31, 2020 - \$982 million). They have been determined to have an indefinite useful life as the partnership has the legal right to operate these trademarks exclusively in certain territories and in perpetuity. The business model of Center Parcs UK is not subject to technological obsolescence or commercial innovations in any material way.

Intangible assets by class	Useful life (in years)
Trademarks	Indefinite
Other	4 to 7

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are amortized over their respective useful lives as listed above. Amortization expense is recorded as part of depreciation and amortization of non-real estate assets expense.

The following table presents the components of the partnership's intangible assets as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Cost	\$ 1,032	\$ 1,016
Accumulated amortization	(41)	(34)
Balance, end of period	\$ 991	\$ 982

The following table presents a roll forward of the partnership's intangible assets for the six months ended June 30, 2021 and the year ended December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Balance, beginning of period	\$ 982	\$ 1,162
Acquisitions	5	6
Amortization	(8)	(12)
Impairment losses	—	(18)
Foreign currency translation	12	30
Impact of deconsolidation due to loss of control and other ⁽¹⁾	—	(186)
Balance, end of period	\$ 991	\$ 982

⁽¹⁾ The prior year includes the impact of the deconsolidation of Atlantis.

NOTE 8. OTHER NON-CURRENT ASSETS

The components of other non-current assets are as follows:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Securities - FVTPL	\$ 1,760	\$ 1,612
Derivative assets	142	72
Securities - FVTOCI	114	86
Restricted cash	350	241
Inventory ⁽¹⁾	787	877
Other	332	289
Total other non-current assets	\$ 3,485	\$ 3,177

⁽¹⁾ Includes right-of-use inventory assets of \$33 million (December 31, 2020 - \$33 million)

Securities - FVTPL

Securities - FVTPL includes the partnership's investment in BSREP III, with a carrying value of the financial asset at June 30, 2021 of \$883 million (December 31, 2020 - \$756 million). In the prior year, Securities - FVTPL included an investment in convertible preferred units of Hospitality Investors Trust. The preferred units earned a fixed cumulative dividend of 7.5% per annum compounding quarterly. Additionally, the partnership received distributions in additional convertible preferred units of Hospitality Investors Trust at 5.0% per annum compounding quarterly. The carrying value of these convertible preferred units at June 30, 2021 was nil (December 31, 2020 - \$447 million). During the period, the partnership gained control over the investment after converting the preferred units into common shares and became the 100% common equity holder.

NOTE 9. ACCOUNTS RECEIVABLE AND OTHER

The components of accounts receivable and other are as follows:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Derivative assets	\$ 69	\$ 164
Accounts receivable ⁽¹⁾ - net of expected credit loss of \$120 million (December 31, 2020 - \$114 million)	565	753
Restricted cash and deposits	322	292
Prepaid expenses	276	330
Other current assets	465	332
Total accounts receivable and other	\$ 1,697	\$ 1,871

⁽¹⁾ See Note 30, Related Parties, for further discussion

With respect to accounts receivable, the partnership recorded a \$25 million (2020 - \$37 million) loss allowance in commercial property operating expenses for the six months ended June 30, 2021. As of June 30, 2021, office rent collections have returned to pre-pandemic levels and the partnership has collected 89% of second quarter retail rents. While working to preserve profitability and cash flow, the partnership is also working with its tenants regarding requests for lease concessions and other forms of assistance, predominantly within the Core Retail segment. As of June 30, 2021, in response to the COVID-19 pandemic, the partnership granted rent deferrals of 1% and rent abatements of 3% of 2021 retail rent. The rent abatements granted were considered lease modification and will be recognized prospectively over the remaining lease terms from the period the rent was abated. While the partnership anticipates that it may grant further rent concessions, such as the deferral or abatement of lease payments, such rent concession requests are evaluated on a case-by-case basis. Where tenants are expected to be able to meet their lease obligations after concessions have been granted, the allowance for expected credit losses includes only the portion of the expected abatements that is deemed attributable to the current period, considering the weighted average remaining lease terms. Not all requests for rent relief will be granted as the partnership does not intend to forgo its legally enforceable contractual rights that exist under its lease agreements.

NOTE 10. HELD FOR SALE

Non-current assets and groups of assets and liabilities which comprise disposal groups are presented as assets held for sale where the asset or disposal group is available for immediate sale in its present condition, and the sale is highly probable.

The following is a summary of the assets and liabilities that were classified as held for sale as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Investment properties	\$ 836	\$ 481
Equity accounted investments	117	102
Accounts receivable and other assets	12	5
Assets held for sale	965	588
Debt obligations	—	380
Accounts payable and other liabilities	4	16
Liabilities associated with assets held for sale	\$ 4	\$ 396

The following table presents the change to the components of the assets held for sale for the six months ended June 30, 2021 and the year ended December 31, 2020:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Balance, beginning of period	\$ 588	\$ 387
Reclassification to (from) assets held for sale, net	1,045	2,381
Disposals	(671)	(2,222)
Fair value adjustments	3	9
Foreign currency translation	—	20
Other	—	13
Balance, end of period	\$ 965	\$ 588

At December 31, 2020, assets held for sale included an office asset in Australia, a multifamily asset in the U.S., two malls in the U.S., a mall in Brazil and four triple net lease assets in the U.S.

In the first quarter of 2021, the partnership sold two malls in the U.S, a triple-net lease asset in the U.S., a plot of land in the U.S, and a multifamily asset in the U.S. for net proceeds of approximately \$56 million.

In the second quarter of 2021, the partnership sold two multifamily assets in the U.S, a mall in Brazil, a triple-net-lease asset and an office asset in Australia for net proceeds of approximately \$161 million.

At June 30, 2021, assets held for sale included five triple-net lease assets in the U.S, nine multifamily assets in the U.S., a hotel in the U.S, eight malls in the U.S, and an office asset in the U.S, as the partnership intends to sell controlling interest in these assets to third parties in the next 12 months.

NOTE 11. DEBT OBLIGATIONS

The partnership's debt obligations include the following:

(US\$ Millions)	Jun. 30, 2021		Dec. 31, 2020	
	Weighted-average rate	Debt balance	Weighted-average rate	Debt balance
Unsecured facilities:				
Brookfield Property Partners' credit facilities	— %	—	1.75 %	1,357
Brookfield Property Partners' corporate bonds	4.14 %	1,940	4.14 %	1,890
Brookfield Property REIT Inc. term debt	2.84 %	3,877	2.90 %	3,976
Brookfield Property REIT Inc. senior secured notes	5.75 %	945	5.75 %	945
Brookfield Property REIT Inc. corporate facility	2.39 %	1,225	2.41 %	1,015
Brookfield Property REIT Inc. junior subordinated notes	1.64 %	206	1.66 %	206
Subsidiary borrowings	1.63 %	270	1.69 %	196
Secured debt obligations:				
Funds subscription credit facilities ⁽¹⁾	2.52 %	301	2.51 %	315
Fixed rate	4.27 %	26,603	4.27 %	28,446
Variable rate	3.23 %	20,205	3.61 %	16,629
Deferred financing costs		(291)		(258)
Total debt obligations		\$ 55,281		\$ 54,717
Current		11,986		13,074
Non-current		43,295		41,263
Debt associated with assets held for sale		—		380
Total debt obligations		\$ 55,281		\$ 54,717

⁽¹⁾ Funds subscription credit facilities are secured by co-investors' capital commitments.

The partnership generally believes that it will be able to either extend the maturity date, repay, or refinance the debt that is scheduled to mature in 2021-2022, however, approximately 2.4% of its debt obligations represent non-recourse mortgages where the partnership has suspended contractual payment. The partnership is currently engaging in modification or restructuring discussions with the respective creditors. These negotiations may, under certain circumstances, result in certain properties securing these loans being transferred to the lenders.

Debt obligations include foreign currency denominated debt in the functional currencies of the borrowing subsidiaries. Debt obligations by currency are as follows:

(Millions)	Jun. 30, 2021		Dec. 31, 2020	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
U.S. Dollars	\$ 38,126	\$ 38,126	\$ 37,413	\$ 37,413
British Pounds	7,043 £	5,092	6,809 £	4,981
Canadian Dollars	4,431 C\$	5,493	4,408 C\$	5,613
South Korean Won	2,018 ₩	2,280,000	2,093 ₩	2,280,000
Australian Dollars	1,665 A\$	2,220	1,473 A\$	1,914
Indian Rupee	1,769 Rs	131,981	2,257 Rs	164,753
Brazilian Reais	181 R\$	903	180 R\$	936
Chinese Yuan	37 C¥	240	22 C¥	143
Euros	302 €	255	320 €	262
Deferred financing costs		(291)		(258)
Total debt obligations	\$ 55,281		\$ 54,717	

The components of changes in debt obligations, including changes related to cash flows from financing activities, are summarized in the table below:

(US\$ Millions)	Non-cash changes in debt obligations							Jun. 30, 2021
	Dec. 31, 2020	Debt obligation issuance, net of repayments	Assumed from business combinations	Assumed by purchaser	Amortization of deferred financing costs and (premium) discount	Foreign currency translation	Other	
Debt obligations	\$ 54,717	(159)	1,319	(454)	16	37	(195) \$	55,281

NOTE 12. CAPITAL SECURITIES

The partnership has the following capital securities outstanding as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Shares outstanding	Cumulative dividend rate	Jun. 30, 2021	Dec. 31, 2020
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25 %	\$ 593	\$ 586
Series 2	24,000,000	6.50 %	559	555
Series 3	24,000,000	6.75 %	542	538
Brookfield Office Properties Inc. ("BPO") Class B Preferred Shares:				
Series 1 ⁽¹⁾	3,600,000	70% of bank prime	—	—
Series 2 ⁽¹⁾	3,000,000	70% of bank prime	—	—
Brookfield Property Split Corp. ("BOP Split") Senior Preferred Shares:				
Series 1	842,534	5.25 %	21	21
Series 2	556,746	5.75 %	11	11
Series 3	789,092	5.00 %	16	16
Series 4	594,994	5.20 %	12	12
BSREP II RH B LLC ("Manufactured Housing") Preferred Capital	—	9.00 %	—	249
Rouse Properties L.P. ("Rouse") Series A Preferred Shares	5,600,000	5.00 %	142	142
BSREP II Vintage Estate Partners LLC ("Vintage Estate") Preferred Shares	10,000	5.00 %	40	40
Capital Securities – Fund Subsidiaries			870	863
Total capital securities			\$ 2,806	\$ 3,033
Current			655	649
Non-current			2,151	2,384
Total capital securities			\$ 2,806	\$ 3,033

⁽¹⁾ BPO Class B Preferred Shares, Series 1 and 2 capital securities are owned by Brookfield Asset Management. BPO has an offsetting loan receivable against these securities earning interest at 95% of bank prime.

Cumulative preferred dividends on the BOP Split Senior Preferred Shares are payable quarterly, as and when declared by BOP Split. On April 6, 2021, BOP Split declared quarterly dividends payable for the BOP Split Senior Preferred Shares.

Capital securities includes nil at June 30, 2021 (December 31, 2020 - \$249 million) of preferred equity interests held by a third party investor in Manufactured Housing which have been classified as a liability, rather than as a non-controlling interest, due to the fact the holders are entitled to distributions equal to their capital balance plus 9% annual return payable in monthly distributions until maturity in December 2025. The capital securities were redeemed in the second quarter of 2021.

Capital securities also includes \$142 million at June 30, 2021 (December 31, 2020 - \$142 million) of preferred equity interests held by a third party investor in Rouse which have been classified as a liability, rather than as a non-controlling interest, due to the fact that the interests are mandatorily redeemable on or after November 12, 2025 for a set price per unit plus any accrued but unpaid distributions; distributions are capped and accrue regardless of available cash generated.

Capital securities also includes \$40 million at June 30, 2021 (December 31, 2020 - \$40 million) of preferred equity interests held by the partnership's co-investor in Vintage Estate which have been classified as a liability, rather than as non-controlling interest, due to the fact that the preferred equity interests are mandatorily redeemable on April 26, 2023 for cash at an amount equal to the outstanding principal balance of the preferred equity plus any accrued but unpaid dividend.

The Capital Securities – Fund Subsidiaries includes \$814 million at June 30, 2021 (December 31, 2020 - \$807 million) of equity interests in Brookfield DTLA Holdings LLC ("DTLA") held by co-investors in DTLA which have been classified as a liability, rather than as non-controlling interest, as holders of these interests can cause DTLA to redeem their interests in the fund for cash equivalent to the fair value of the interests on October 15, 2023, and on every fifth anniversary thereafter. Capital Securities – Fund Subsidiaries are measured at FVTPL.

Capital Securities – Fund Subsidiaries also includes \$56 million at June 30, 2021 (December 31, 2020 - \$56 million) which represents the equity interests held by the partnership’s co-investor in the D.C. Venture which have been classified as a liability, rather than as non-controlling interest, due to the fact that on June 18, 2023, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Venture for cash equivalent to the fair value of the interests.

At June 30, 2021, capital securities includes \$39 million (December 31, 2020 - \$38 million) repayable in Canadian Dollars of C\$49 million (December 31, 2020 - C\$49 million).

Reconciliation of cash flows from financing activities from capital securities is shown in the table below:

(US\$ Millions)	Dec. 31, 2020	Capital securities redeemed	Non-cash changes on capital securities	
			Fair value changes	Jun. 30, 2021
Capital securities	\$ 3,033	\$ (248)	\$ 21	\$ 2,806

NOTE 13. INCOME TAXES

The partnership is a flow-through entity for tax purposes and as such is not subject to Bermudian taxation. However, income taxes are recognized for the amount of taxes payable by the primary holding subsidiaries of the partnership (“Holding Entities”), any direct or indirect corporate subsidiaries of the Holding Entities and for the impact of deferred tax assets and liabilities related to such entities.

The components of income tax expense include the following:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Current income tax	\$ 18	\$ 10	\$ 44	\$ 35
Deferred income tax	69	(58)	148	78
Income tax expense (benefit)	\$ 87	\$ (48)	\$ 192	\$ 113

The partnership’s income tax expense increased for the three and six months ended June 30, 2021 as compared to the same period in the prior year primarily due to an increase in book income and an increase in tax rates due to legislative changes. These increases were partially offset by a restructuring of certain subsidiaries occurring in the first quarter of 2021.

NOTE 14. OTHER NON-CURRENT LIABILITIES

The components of other non-current liabilities are as follows:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Accounts payable and accrued liabilities	\$ 533	\$ 437
Lease liabilities ⁽¹⁾	896	875
Derivative liabilities	304	272
Provisions	111	105
Deferred revenue	14	14
Total other non-current liabilities	\$ 1,858	\$ 1,703

(1) For the three and six months ended June 30, 2021, interest expense relating to total lease liabilities (see Note 15, Accounts Payable And Other Liabilities for the current portion) was \$15 million and \$30 million (2020 - \$15 million and \$29 million), respectively.

NOTE 15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

The components of accounts payable and other liabilities are as follows:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Accounts payable and accrued liabilities	\$ 1,928	\$ 2,094
Loans and notes payable ⁽¹⁾	3,227	1,062
Derivative liabilities	155	416
Deferred revenue	642	441
Lease liabilities ⁽²⁾	43	43
Other liabilities	20	45
Total accounts payable and other liabilities	\$ 6,015	\$ 4,101

(1) See Note 30, Related Parties, for further discussion

(2) See Note 14, Other Non-Current Liabilities for further information on the interest expense related to these liabilities.

NOTE 16. EQUITY

The partnership's capital structure is comprised of seven classes of partnership units: GP Units, LP Units, redeemable/exchangeable partnership units of the operating partnership ("Redeemable/Exchangeable Partnership Units"), special limited partnership units of the operating partnership ("Special LP Units"), limited partnership units of Brookfield Office Properties Exchange LP ("Exchange LP Units"), FV LTIP units of the operating partnership ("FV LTIP Units") and BPYU Units. In addition, the partnership issued Class A Cumulative Redeemable Perpetual Preferred Units, Series 1 in the first quarter of 2019, Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 in the third quarter of 2019 and Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 in the first quarter of 2020 ("Preferred Equity Units").

a) General and limited partnership equity

GP Units entitle the holder to the right to govern the financial and operating policies of the partnership. The GP Units are entitled to a 1% general partnership interest.

LP Units entitle the holder to their proportionate share of distributions and are listed and publicly traded on the Nasdaq and the TSX. Each LP Unit entitles the holder thereof to one vote for the purposes of any approval at a meeting of limited partners, provided that holders of the Redeemable/Exchangeable Partnership Units that are exchanged for LP Units will only be entitled to a maximum number of votes in respect of the Redeemable/Exchangeable Partnership Units equal to 49% of the total voting power of all outstanding units.

The following table presents changes to the GP Units and LP Units from the beginning of the year:

(Thousands of units)	General partnership units		Limited partnership units	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Outstanding, beginning of period	139	139	435,980	439,802
Exchange LP Units exchanged	—	—	113	169
BPYU Units exchanged	—	—	5,647	11,580
Distribution Reinvestment Program	—	—	123	998
Issued under unit-based compensation plan	—	—	105	—
LP Units issued	—	—	—	59,497
Repurchase of LP Units	—	—	—	(76,066)
Outstanding, end of period	139	139	441,968	435,980

b) Units of the operating partnership held by Brookfield Asset Management

Redeemable/Exchangeable Partnership Units

There were 451,365,017 and 451,365,017 Redeemable/Exchangeable Partnership Units outstanding at June 30, 2021 and December 31, 2020, respectively.

Special limited partnership units

Brookfield Property Special L.P. is entitled to receive equity enhancement distributions and incentive distributions from the operating partnership as a result of its ownership of the Special LP Units.

There were 4,759,997 Special LP Units outstanding at June 30, 2021 and December 31, 2020.

c) Limited partnership units of Brookfield Office Properties Exchange LP ("Exchange LP")

The Exchange LP Units are exchangeable at any time on a one-for-one basis, at the option of the holder, subject to their terms and applicable law, for LP Units. An Exchange LP Unit provides a holder thereof with economic terms that are substantially equivalent to those of a LP Unit. Subject to certain conditions and applicable law, Exchange LP will have the right, commencing June 9, 2021, to redeem all of the then outstanding Exchange LP Units at a price equal to the 20-day volume-weighted average trading price of an LP Unit plus all declared, payable, and unpaid distributions on such units.

The following table presents changes to the Exchange LP Units from the beginning of the year:

(Thousands of units)	Limited Partnership Units of Brookfield Office Properties Exchange LP	
	Jun. 30, 2021	Dec. 31, 2020
Outstanding, beginning of period	2,714	2,883
Exchange LP Units exchanged ⁽¹⁾	(113)	(169)
Outstanding, end of period	2,601	2,714

⁽¹⁾ Exchange LP Units that have been exchanged are held by an indirect subsidiary of the partnership. Refer to the Condensed Consolidated Statements of Changes in Equity for the impact of such exchanges on the carrying value of Exchange LP Units.

d) FV LTIP Units

The partnership issued FV LTIP Units under the Brookfield Property Partners BPY FV LTIP Unit Plan to certain participants in the third quarter of 2019. Each FV LTIP unit will vest over a period of five years and is redeemable for LP Units, BPYU Units or a cash payment subject to a conversion adjustment. There were 1,824,879 and 1,899,661 FV LTIP Units outstanding at June 30, 2021 and December 31, 2020, respectively.

e) Class A shares of Brookfield Property REIT Inc.

BPYU Units were issued to former GGP Inc. (“GGP”) common shareholders who elected to receive BPYU Units as consideration, in connection with the August 28, 2018 closing of the partnership’s acquisition of all outstanding common shares of GGP not already owned by the partnership. Each BPYU Unit is structured to provide an economic return equivalent to an LP Unit. The holder of a BPYU Unit has the right, at any time, to request the unit be redeemed for cash equivalent to the value of an LP Unit. In the event the holder of a BPYU Unit exercises this right, the partnership has the right, at its sole discretion, to satisfy the redemption request with an LP Unit rather than cash. As a result, BPYU Units participate in earnings and distribution on a per unit basis equivalent to the per unit participation of LP Units. The partnership presents BPYU Units as a component of non-controlling interest.

The following table presents changes to the BPYU Units from the beginning of the year:

(Thousands of units)	Class A shares of Brookfield Property REIT Inc.	
	Jun. 30, 2021	Dec. 31, 2020
Outstanding, beginning of period	39,127	64,025
BPYU Units exchanged ⁽¹⁾	(5,647)	(11,580)
Repurchases of BPYU Units	(842)	(13,396)
BPYU Units vested	377	84
Forfeitures	(6)	(6)
Outstanding, end of period⁽²⁾	33,009	39,127

⁽¹⁾ Represents BPYU Units that have been exchanged for LP Units. Refer to the Condensed Consolidated Statements of Changes in Equity for the impact of such exchanges on the carrying value of BPYU Units.

⁽²⁾ In addition, there were 1,882,742 BPYU Units held in treasury as of June 30, 2021.

f) Preferred Equity Units

The partnership’s preferred equity consists of 7,360,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 1 at \$25.00 per unit at a coupon rate of 6.5%, 10,000,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 at \$25.00 per unit at a coupon rate of 6.375% and 11,500,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 at \$25.00 per unit at a coupon rate of 5.75%. At June 30, 2021, Preferred Equity Units had a total carrying value of \$699 million (December 31, 2020 - \$699 million).

g) Distributions

Distributions made to each class of partnership units, including units of subsidiaries that are exchangeable into LP Units, are as follows:

(US\$ Millions, except per unit information)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Limited Partners	\$ —	\$ 145	\$ 145	\$ 291
Holder of:				
Redeemable/Exchangeable Partnership Units	—	145	150	287
Special LP Units	—	1	2	3
Exchange LP Units	—	1	1	2
FV LTIP Units	—	1	1	1
BPYU Units	—	20	13	40
Total	\$ —	\$ 313	\$ 312	\$ 624
Per unit⁽¹⁾	\$ 0.3325	\$ 0.3325	\$ 0.3325	\$ 0.6650

⁽¹⁾ Per unit outstanding on the distribution record date.

h) Earnings per unit

The partnership's net income per LP Unit and weighted average units outstanding are calculated as follows:

(US\$ Millions, except unit information)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Net income (loss) attributable to limited partners	\$ 148	\$ (586)	\$ 274	\$ (814)
Income (loss) reallocation related to mandatorily convertible preferred shares	13	(47)	20	(64)
Less: Preferred unit dividends attributable to limited partners	(6)	(6)	(11)	(10)
Net income (loss) attributable to limited partners – basic	155	(639)	283	(888)
Dilutive effect of conversion of preferred shares and options	—	—	—	—
Net income (loss) attributable to limited partners – diluted	\$ 155	\$ (639)	\$ 283	\$ (888)
(in millions of units/shares)				
Weighted average number of LP Units outstanding	437.7	437.6	436.9	439.1
Mandatorily convertible preferred shares	70.1	70.1	70.1	70.1
Weighted average number of LP Units - basic	507.8	507.7	507.0	509.2
Dilutive effect of the conversion of preferred shares and options ⁽¹⁾	—	—	—	—
Weighted average number of LP units outstanding - diluted	507.8	507.7	507.0	509.2

⁽¹⁾ There was no dilutive impact from options during the period as the average market price did not exceed the exercise price.

NOTE 17. NON-CONTROLLING INTERESTS

Non-controlling interests consists of the following:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Redeemable/Exchangeable Partnership Units and Special LP Units ⁽¹⁾	\$ 12,447	\$ 12,249
Exchange LP Units ⁽¹⁾	71	73
FV LTIP Units ⁽¹⁾	50	52
BPYU Units ⁽¹⁾	901	1,050
Interests of others in operating subsidiaries and properties:		
Preferred shares held by Brookfield Asset Management	15	15
Preferred equity of subsidiaries	2,999	3,000
Non-controlling interests in subsidiaries and properties	12,977	12,672
Total interests of others in operating subsidiaries and properties	15,991	15,687
Total non-controlling interests	\$ 29,460	\$ 29,111

⁽¹⁾ Each unit within these classes of non-controlling interest has economic terms substantially equivalent to those of an LP Unit. As such, income attributed to each unit or share of non-controlling interest is equivalent to that allocated to an LP Unit. The proportion of interests held by holders of the Redeemable/Exchangeable Units and Exchange LP Units changes as a result of issuances, repurchases and exchanges. Consequently, the partnership adjusted the relative carrying amounts of the interests held by limited partners and non-controlling interests based on their relative share of the equivalent LP Units. The difference between the adjusted value and the previous carrying amounts was attributed to current LP Units as ownership changes in the Condensed Consolidated Statement of Changes in Equity.

Non-controlling interests of others in operating subsidiaries and properties consist of the following:

(US\$ Millions)	Jurisdiction of formation	Proportion of economic interests held by non-controlling interests			
		Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
BPO ⁽¹⁾	Canada	— %	— %	\$ 5,016	\$ 4,758
BPR Retail Holdings LLC ⁽²⁾	United States	— %	— %	1,522	1,537
BSREP II PBSA Ltd. ⁽³⁾	Bermuda	75 %	75 %	1,043	961
BSREP CARS Sub-Pooling LLC ⁽³⁾	United States	74 %	74 %	836	889
Brookfield India Real Estate Trust ⁽³⁾⁽⁴⁾	India	82 %	— %	716	—
BSREP II MH Holdings LLC ⁽³⁾	United States	74 %	74 %	695	998
BSREP II Korea Office Holdings Pte. Ltd. ⁽³⁾	United Kingdom	78 %	78 %	642	627
BSREP II Aries Pooling LLC ⁽³⁾	United States	74 %	74 %	555	425
Center Parcs UK ⁽³⁾	United States	73 %	73 %	551	550
Brookfield Fairfield Multifamily Value Add Fund III LP ⁽³⁾	United States	70 %	70 %	444	365
BSREP II Retail Upper Pooling LLC ⁽³⁾	South Korea	50 %	50 %	379	423
BSREP India Office Holdings Pte. Ltd. ⁽³⁾	United States	67 %	67 %	147	323
Other	Various	33% - 74%	33% - 76%	3,445	3,831
Total				\$ 15,991	\$ 15,687

⁽¹⁾ Includes non-controlling interests in BPO subsidiaries which vary from 1% - 100%.

⁽²⁾ Includes non-controlling interests in BPYU subsidiaries.

⁽³⁾ Includes non-controlling interests representing interests held by other investors in Brookfield-sponsored real estate funds and holding entities through which the partnership participates in such funds. Also includes non-controlling interests in underlying operating entities owned by these funds.

⁽⁴⁾ In the first quarter of 2021, BSREP I and BSREP II co-sponsored the launch of the Brookfield India Real Estate Trust ("India REIT") initial public offering. The India REIT was seeded with three assets from an investment in BSREP I and an asset from an investment in BSREP II. BSREP I and BSREP II have an approximate 54% controlling interest in the India REIT. The partnership continues to consolidate its investment in the assets seeded into the India REIT, as the partnership retains a controlling interest via its investment in BSREP I and BSREP II.

NOTE 18. COMMERCIAL PROPERTY REVENUE

The components of commercial property revenue are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Base rent	\$ 870	\$ 870	\$ 1,718	\$ 1,789
Straight-line rent	15	22	25	41
Lease termination	12	4	45	11
Other lease income ⁽¹⁾	145	160	304	357
Other revenue from tenants ⁽²⁾	242	245	477	507
Total commercial property revenue	\$ 1,284	\$ 1,301	\$ 2,569	\$ 2,705

⁽¹⁾ Other lease income includes parking revenue and recovery of property tax and insurance expenses from tenants.

⁽²⁾ Consists of recovery of certain operating expenses from tenants which are accounted for in accordance with IFRS 15, Revenue from Contracts with Customers.

As a result of the shutdown, certain of the partnership's tenants, primarily in the Core Retail segment, requested rental assistance, in the form of either a deferral or rent reduction. Lease concessions granted in response to the shutdown are accounted for as a lease modification and are recognized prospectively over the remaining lease term when they become legally enforceable. In the current period, the partnership granted abatements of \$56 million for the six months ended June 30, 2021, primarily related to prior year rents in response to tenants impacted by the shutdown.

NOTE 19. HOSPITALITY REVENUE

The components of hospitality revenue are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Room, food and beverage	\$ 165	\$ 42	\$ 218	\$ 318
Gaming, and other leisure activities	25	1	25	68
Other hospitality revenue	6	7	12	30
Total hospitality revenue	\$ 196	\$ 50	\$ 255	\$ 416

NOTE 20. INVESTMENT AND OTHER REVENUE

The components of investment and other revenue are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Investment income	\$ 49	\$ 24	\$ 74	\$ 47
Fee revenue	59	50	119	113
Dividend income	48	2	59	36
Interest income and other	9	10	19	20
Other	15	0	15	—
Total investment and other revenue	\$ 180	\$ 86	\$ 286	\$ 216

NOTE 21. DIRECT COMMERCIAL PROPERTY EXPENSE

The components of direct commercial property expense are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Property maintenance	\$ 172	\$ 162	\$ 354	\$ 336
Real estate taxes	152	151	309	308
Employee compensation and benefits	40	38	78	80
Lease expense ⁽¹⁾	3	4	6	8
Other ⁽²⁾	107	90	213	193
Total direct commercial property expense	\$ 474	\$ 445	\$ 960	\$ 925

⁽¹⁾ Represents the operating expenses relating to variable lease payments not included in the measurement of the lease liability

⁽²⁾ For the three and six months ended June 30, 2021, the partnership recorded a loss allowance in commercial property operating expense of \$12 million and \$25 million (2020 - \$37 million and \$37 million), respectively.

NOTE 22. DIRECT HOSPITALITY EXPENSE

The components of direct hospitality expense are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Employee compensation and benefits	\$ 26	\$ 44	\$ 46	\$ 126
Cost of food, beverage, and retail goods sold	38	11	45	80
Maintenance and utilities	20	20	38	57
Marketing and advertising	6	3	12	23
Other	30	28	52	110
Total direct hospitality expense	\$ 120	\$ 106	\$ 193	\$ 396

NOTE 23. DEPRECIATION AND AMORTIZATION

The components of depreciation and amortization expense are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Depreciation and amortization of real estate assets	\$ 46	\$ 66	\$ 91	\$ 135
Depreciation and amortization of non-real estate assets ⁽¹⁾	22	17	45	35
Total depreciation and amortization	\$ 68	\$ 83	\$ 136	\$ 170

⁽¹⁾ For the three and six months ended June 30, 2021, included \$2 million and \$4 million (2020 - \$3 million and \$5 million) of depreciation expense relating to right-of-use property, plant and equipment.

NOTE 24. GENERAL AND ADMINISTRATIVE EXPENSE

The components of general and administrative expense are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Employee compensation and benefits	\$ 88	\$ 98	\$ 175	\$ 197
Management fees	55	24	106	48
Transaction costs	25	4	29	7
Other	75	69	146	139
Total general and administrative expense	\$ 243	\$ 195	\$ 456	\$ 391

NOTE 25. FAIR VALUE GAINS (LOSSES), NET

The components of fair value gains (losses), net, are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Commercial properties	\$ 439	\$ (907)	\$ 883	\$ (996)
Commercial developments	100	94	129	182
Incentive fees ⁽¹⁾	(7)	(1)	(7)	(7)
Financial instruments and other ⁽²⁾	(34)	11	133	(292)
Total fair values gains (losses), net	\$ 498	\$ (803)	\$ 1,138	\$ (1,113)

⁽¹⁾ Represents incentive fees the partnership is obligated to pay to the general partner of the partnership's various fund investments.

⁽²⁾ For the three and six months ended June 30, 2021, primarily includes fair value (losses) gains on financial instruments.

NOTE 26. UNIT-BASED COMPENSATION

The partnership grants options to certain employees under its amended and restated BPY Unit Option Plan ("BPY Plan"). Pursuant to the BPY Plan, options may be settled for the in-the-money amount of the option in LP Units upon exercise. Consequently, options granted to employees under the BPY Plan are accounted for as an equity-based compensation agreement.

During the three and six months ended June 30, 2021, the partnership incurred \$7 million and \$9 million (2020 - \$6 million and \$12 million), respectively, of expense in connection with its unit-based compensation plans.

a) BPY Unit Option Plan

Awards under the BPY Plan ("BPY Awards") generally vest 20% per year over a period of five years and expire 10 years after the grant date, with the exercise price set at the time such options were granted. Upon exercise of a vested BPY Award, the participant is entitled to receive LP Units or a cash payment equal to the amount by which the fair market value of an LP Unit at the date of exercise exceeds the exercise price of the BPY Award. Subject to a separate adjustment arising from forfeitures, the estimated expense is revalued every reporting period using the Black-Scholes model as a result of the cash settlement provisions of the plan for certain employees. In terms of measuring expected life of the BPY Awards with various term lengths and vesting periods, BPY will segregate each set of similar BPY Awards and, if different, exercise price, into subgroups and apply a weighted average within each group.

There were no BPY Awards granted during the period ended June 30, 2021.

i. Equity-settled BPY Awards

The change in the number of options outstanding under the equity-settled BPY Awards at June 30, 2021 and December 31, 2020 is as follows:

	Jun. 30, 2021		Dec. 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	18,633,094	\$ 20.56	19,915,189	\$ 20.58
Granted	—	—	—	—
Exercised	(1,730,200)	17.43	—	—
Expired/forfeited	(367,101)	21.23	(1,282,095)	20.87
Outstanding, end of period	16,535,793	20.87	18,633,094	20.56
Exercisable, end of period	16,517,043	\$ 20.87	18,614,344	\$ 20.56

The following table sets out details of options issued and outstanding at June 30, 2021 and December 31, 2020 under the equity-settled BPY Awards by expiry date:

Expiry date	Jun. 30, 2021		Dec. 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
2021	—	\$ —	—	\$ —
2022	152,200	17.86	987,700	18.09
2023	190,520	16.80	1,108,420	16.80
2024	11,672,690	20.59	11,775,394	20.59
2025	1,823,682	25.18	1,923,706	25.18
2026	2,602,951	19.51	2,744,124	19.51
2027	93,750	22.92	93,750	22.92
2028	—	—	—	—
Total	16,535,793	\$ 20.87	18,633,094	\$ 20.56

ii. Cash-settled BPY Awards

The change in the number of options outstanding under the cash-settled BPY Awards at June 30, 2021 and December 31, 2020 is as follows:

	Jun. 30, 2021		Dec. 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	573,690	\$ 21.75	603,891	\$ 21.55
Granted	—	—	—	—
Exercised	—	—	—	—
Expired/forfeited	—	—	(30,201)	18.09
Outstanding, end of period	573,690	21.75	573,690	21.75
Exercisable, end of period	573,690	\$ 21.75	573,690	\$ 21.75

The following table sets out details of options issued and outstanding at June 30, 2021 and December 31, 2020 under the cash-settled BPY Awards by expiry date:

Expiry date	Jun. 30, 2021		Dec. 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
2021	—	\$ —	—	\$ —
2022	22,200	17.93	22,200	17.93
2023	28,800	16.80	28,800	16.80
2024	175,415	20.59	175,415	20.59
2025	213,038	25.18	213,038	25.18
2026	134,237	19.51	134,237	19.51
Total	573,690	\$ 21.75	573,690	\$ 21.75

b) Restricted BPY LP Unit Plan

The Brookfield Property Group Restricted BPY LP Unit Plan provides for awards to participants of LP Units purchased on the Nasdaq (“Restricted Units”). Under the Restricted BPY LP Unit Plan, units awarded generally vest over a period of five years, except as otherwise determined or for Restricted Units awarded in lieu of a cash bonus as elected by the participant, which may vest immediately. The estimated total compensation cost measured at grant date is evenly recognized over the vesting period of five years.

As of June 30, 2021, the total number of Restricted Units outstanding was 448,530 (December 31, 2020 - 523,573) with a weighted average exercise price of \$18.78 (December 31, 2020 - \$19.87).

c) Restricted BPY LP Unit Plan (Canada)

The Restricted BPY LP Unit Plan (Canada) is substantially similar to the Restricted BPY LP Unit Plan described above, except that it is for Canadian employees, there is a five-year hold period, and purchases of units are made on the TSX instead of the Nasdaq.

As of June 30, 2021, the total number of Canadian Restricted Units outstanding was 451,275 (December 31, 2020 - 482,464) with a weighted average exercise price of C\$24.43 (December 31, 2020 - C\$25.38).

d) Restricted BPYU Unit Plan

The Restricted BPYU Unit Plan provides for awards to participants of BPYU Units purchased on the Nasdaq (“Restricted BPYU Units”). Under the Restricted BPYU Unit Plan, units awarded generally vest over a period of five years, except as otherwise determined or for Restricted BPYU

Units awarded in lieu of a cash bonus as elected by the participant, which may vest immediately. The estimated total compensation cost measured at grant date is evenly recognized over the vesting period of five years.

As of June 30, 2021, the total number of Restricted BPYU Units outstanding was 3,122,804 (December 31, 2020 - 1,808,765) with a weighted average exercise price of \$18.59 (December 31, 2020 - \$18.82).

e) BPY FV LTIP Unit Plan

The partnership issued FV LTIP Units to certain participants. Each FV LTIP Unit will vest over a period of five years and is redeemable for LP Units, BPYU Units or a cash payment subject to a conversion adjustment.

As of June 30, 2021, the total number of FV LTIP Units was 1,824,879 (December 31, 2020 - 1,899,661) with a weighted average exercise price of \$19.13 (December 31, 2020 - \$19.12)

f) Deferred Share Unit Plan

In addition to the above, BPO has a deferred share unit plan. At June 30, 2021, BPO has 272,562 deferred share units (December 31, 2020 - 267,534) outstanding and vested.

g) GGP LTIP Plans

In connection with the GGP acquisition, the partnership issued options under the Brookfield Property Partners BPY Unit Option Plan (GGP (“GGP Options”) and BPY AO LTIP Units of the operating partnership (“AO LTIP Options”) to certain participants. Each GGP Option will vest within ten years following the original grant date and is redeemable for LP Units or a cash payment equal to the amount by which the fair market value of an LP Unit at the date exceeds the exercise price of the BPY Option. Each AO LTIP will vest within ten years of its original grant date and is redeemable for LP Units or a cash payment subject to a conversion adjustment.

As of June 30, 2021, the total number of GGP Options outstanding was 131,872 (December 31, 2020 - 136,662) with a weighted average exercise price of \$26.05 (December 31, 2020 - \$26.05).

As of June 30, 2021, the total number of AO LTIP Options outstanding was 737,636 (December 31, 2020 - 1,079,069) with a weighted average exercise price of \$22.54 (December 31, 2020 - \$22.54).

NOTE 27. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) consists of the following:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Items that may be reclassified to net income:				
Foreign currency translation				
Net unrealized foreign currency translation gains (losses) in respect of foreign operations	\$ 93	\$ 149	\$ 3	\$ (1,024)
Reclassification of realized foreign currency translation gains to net income on dispositions of foreign operations	25	—	25	—
Gains on hedges of net investments in foreign operations, net of income taxes for the three and six months ended Jun. 30, 2021 of nil and nil (2020 – nil and nil)	(23)	(48)	(3)	771
	95	101	25	(253)
Cash flow hedges				
Gains (losses) on derivatives designated as cash flow hedges, net of income taxes for the three and six months ended Jun. 30, 2021 of \$(5) million and \$(8) million (2020 – \$(5) million and \$(6) million)	41	77	95	(77)
	41	77	95	(77)
Equity accounted investments				
Share of unrealized foreign currency translation (losses) gains in respect of foreign operations	—	1	(1)	1
Gains (losses) on derivatives designated as cash flow hedges	4	(10)	28	(79)
	4	(9)	27	(78)
Items that will not be reclassified to net income:				
Unrealized gains on securities - FVTOCI, net of income taxes for the three and six months ended Jun. 30, 2021 of \$(3) million and \$(13) million (2020 – \$8 million and \$30 million)	(2)	3	(2)	25
Share of revaluation (deficit) on equity accounted investments	(1)	(196)	(1)	(217)
Net remeasurement (losses) on defined benefit obligations	—	(1)	—	(1)
Revaluation (deficit), net of income taxes for the three and six months ended Jun. 30, 2021 of \$(99) million and \$(99) million (2020 – \$1 million and \$(38) million)	(99)	(159)	(99)	(255)
	(102)	(353)	(102)	(448)
Total other comprehensive income (loss)	\$ 38	\$ (184)	\$ 45	\$ (856)

NOTE 28. OBLIGATIONS, GUARANTEES, CONTINGENCIES AND OTHER

In the normal course of operations, the partnership and its consolidated entities execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions, business acquisitions, sales of assets and sales of services.

Certain of the partnership's operating subsidiaries have also agreed to indemnify their directors and certain of their officers and employees. The nature of substantially all of the indemnification undertakings prevent the partnership from making a reasonable estimate of the maximum potential amount that it could be required to pay third parties as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, neither the partnership nor its consolidated subsidiaries have made significant payments under such indemnification agreements.

The partnership and its operating subsidiaries may be contingently liable with respect to litigation and claims that arise from time to time in the normal course of business or otherwise.

During 2013, Brookfield Asset Management announced the final close on the \$4.4 billion Brookfield Strategic Real Estate Partners ("BSREP") fund, a global private fund focused on making opportunistic investments in commercial property. The partnership, as lead investor, committed approximately \$1.3 billion to the fund. As of June 30, 2021, there remained approximately \$160 million of uncontributed capital commitments.

In April 2016, Brookfield Asset Management announced the final close on the \$9.0 billion second BSREP fund to which the partnership had committed \$2.3 billion as lead investor. As of June 30, 2021, there remained approximately \$840 million of uncontributed capital commitments.

In November 2017, Brookfield Asset Management announced the final close on the \$2.9 billion fifth Brookfield Real Estate Finance Fund ("BREF") to which the partnership had committed \$400 million. As of June 30, 2021, there remained approximately \$175 million of uncontributed capital commitments.

In September 2018, Brookfield Asset Management announced the final close on the \$1.0 billion third Brookfield Fairfield U.S. Multifamily Value Add Fund (“VAMF”) to which the partnership had committed \$300 million. As of June 30, 2021, there remained approximately \$140 million of uncontributed capital commitments.

In January 2019, Brookfield Asset Management announced the final close on the \$15.0 billion third BSREP fund to which the partnership has committed \$1.0 billion. As of June 30, 2021, there remained approximately \$620 million of uncontributed capital commitments.

In October of 2020, Brookfield Asset Management announced the final close on the €619 million (\$734 million) Brookfield European Real estate Partnership fund to which the partnership has committed €100 million (\$119 million). As of June 30, 2021, there remained approximately €44 million (\$52 million) of uncontributed capital commitments.

The partnership maintains insurance on its properties in amounts and with deductibles that it believes are in line with what owners of similar properties carry. The partnership maintains all risk property insurance and rental value coverage (including coverage for the perils of flood, earthquake and named windstorm). The partnership does not conduct its operations, other than those of equity accounted investments, through entities that are not fully or proportionately consolidated in these financial statements, and has not guaranteed or otherwise contractually committed to support any material financial obligations not reflected in these financial statements.

NOTE 29. FINANCIAL INSTRUMENTS

a) Derivatives and hedging activities

The partnership and its operating entities use derivative and non-derivative instruments to manage financial risks, including interest rate, commodity, equity price and foreign exchange risks. The use of derivative contracts is governed by documented risk management policies and approved limits. The partnership does not use derivatives for speculative purposes. The partnership and its operating entities use the following derivative instruments to manage these risks:

- foreign currency forward contracts to hedge exposures to Canadian Dollar, Australian Dollar, British Pound, Euro, Chinese Yuan, Brazilian Real, Indian Rupee and South Korean Won denominated net investments in foreign subsidiaries and foreign currency denominated financial assets;
- interest rate swaps to manage interest rate risk associated with planned refinancings and existing variable rate debt;
- interest rate caps to hedge interest rate risk on certain variable rate debt; and
- cross-currency swaps to manage interest rate and foreign currency exchange rates on existing variable rate debt.

There have been no material changes to the partnership’s financial risk exposure or risk management activities since December 31, 2020. Please refer to Note 33, *Financial Instruments* in the December 31, 2020 annual report on Form 20-F for a detailed description of the partnership’s financial risk exposure and risk management activities.

Interest Rate Hedging

The following table provides the partnership’s outstanding derivatives that are designated as cash flow hedges of variability in interest rates associated with forecasted fixed rate financings and existing variable rate debt as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Jun. 30, 2021	Interest rate caps of US\$ LIBOR debt	\$ 9,155	2.5% - 5.5%	Jul. 2021 - Jun. 2024	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(84)
	Interest rate caps of £ LIBOR debt	3,270	2.0% - 2.5%	Aug. 2021 - Dec. 2023	—
	Interest rate caps of £ SONIA debt	471	1.0%	Mar. 2025	2
	Interest rate caps of € EURIBOR debt	106	1.3%	Apr. 2022	—
	Interest rate caps of C\$ LIBOR debt	240	2.0%	Oct. 2021	—
	Interest rate swaps of AUD BBSW/BBSY debt	436	0.8% - 1.6%	Apr. 2023 - Feb. 2026	(6)
Dec. 31, 2020	Interest rate caps of US\$ LIBOR debt	\$ 8,371	2.5% - 5.5%	May 2021 - Sep. 2023	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(112)
	Interest rate caps of £ LIBOR debt	3,198	2.0% - 2.5%	Jan. 2021 - Jan. 2022	—
	Interest rate caps of € EURIBOR debt	119	1.3%	Apr. 2021	—
	Interest rate caps of C\$ LIBOR debt	189	3.0%	Oct. 2021 - Oct. 2022	—
	Interest rate swaps of AUD BBSW/BBSY debt	447	0.8% - 1.6%	Apr. 2023 - Apr. 2024	(11)

For the three and six months ended June 30, 2021, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership’s interest rate hedging activities was nil and nil (2020 - nil and nil).

Foreign Currency Hedging

The following table provides the partnership's outstanding derivatives that are designated as net investments of foreign subsidiaries or foreign currency cash flow hedges as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item		Notional	Rates	Maturity dates	Fair value
Jun. 30, 2021	Net investment hedges	€	110	€0.81/\$ - €0.88/\$	Sep. 2021 - Feb. 2023	\$ 5
	Net investment hedges	£	2,000	£0.71/\$ - £0.86/\$	Sep. 2021 - Dec. 2023	(35)
	Net investment hedges	A\$	556	A\$1.29/\$ - A\$1.45/\$	Sep. 2021 - Jul. 2022	8
	Net investment hedges	C¥	853	C¥6.63/\$ - C¥6.83/\$	Sep. 2021 - Jun. 2023	—
	Net investment hedges	C\$	153	C\$1.23/\$ - C\$1.27/\$	Mar. 2023 - Mar. 2024	(1)
	Net investment hedges	R\$	1,160	R\$4.98/\$ - R\$5.95/\$	May 2023 - Sep. 2021	(9)
	Net investment hedges	₩	720,095	₩1,095.50/\$ - ₩1,135.90/\$	Jun. 2022 - Jun. 2023	5
	Net investment hedges	Rs	67,701	Rs76.35/\$ - Rs86.71/\$	Jan. 2022 - May. 2024	(3)
	Net investment hedges	£	90	£0.91/€ - £0.91/€	Apr. 2022 - Apr. 2022	—
	Cross currency swaps of C\$ LIBOR debt	C\$	2,400	C\$1.29/\$ - C\$1.38/\$	Oct. 2021 - Jan. 2027	109
Dec. 31, 2020	Net investment hedges	€	—	€0.87/\$ - €0.88/\$	Sep. 2021 - Sep. 2021	\$ 1
	Net investment hedges	£	201	£0.50/\$ - £1.08/\$	Mar. 2021 - Dec. 2021	5
	Net investment hedges	A\$	240	A\$1.34/\$ - A\$1.52/\$	Jun. 2021 - Dec. 2021	3
	Net investment hedges	C¥	813	C¥4.02/\$ - C¥7.43/\$	Mar. 2021 - Sep. 2021	(11)
	Net investment hedges	R\$	620	R\$5.20/\$ - R\$5.20/\$	Mar. 2021 - Mar. 2021	(3)
	Net investment hedges	₩	720,095	₩914.84/\$ - ₩1,169.58/\$	Mar. 2021 - Jun. 2022	(54)
	Net investment hedges	Rs	4,703	Rs76.28/\$	Jun. 2021	(2)
	Net investment hedges	£	90	£0.89/€ - £0.93/€	Apr. 2021 - Apr. 2021	—
	Cross currency swaps of C\$ LIBOR debt	C\$	2,400	C\$0.81/\$ - C\$1.70/\$	Oct. 2021 - Jan. 2027	66

For the three and six months ended June 30, 2021 and 2020, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's foreign currency hedging activities was not significant.

Other Derivatives

The following table presents details of the partnership's other derivatives, not designated as hedges for accounting purposes, that have been entered into to manage financial risks as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Derivative type		Notional	Rates	Maturity dates	Fair value
Jun. 30, 2021	Interest rate caps	\$	3,594	3.5% - 4.5%	Sep. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt		1,210	2.8% - 6.4%	Sep. 2021 - Jun. 2033	(253)
	Interest rate swaps of US\$ debt		1,447	0.8% - 5.1%	Nov. 2022 - Mar. 2024	(21)
	Embedded derivative		—	—%	Aug. 2025 - Aug. 2026	28
Dec. 31, 2020	Interest rate caps	\$	3,560	3.0% - 5.0%	Jan. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt		1,285	2.7% - 6.4%	Mar. 2021 - Jun. 2030	(308)
	Interest rate swaps of US\$ debt		1,746	0.8% - 5.1%	Jun. 2021 - Mar. 2024	(32)
	Interest rate swaptions		350	2.0%	Mar. 2031 - Mar. 2031	—

For the three and six months ended June 30, 2021, the partnership recognized fair value losses, net of \$3 million and \$3 million (2020 - losses of \$2 million and \$54 million), respectively, related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

b) Measurement and classification of financial instruments

Classification and Measurement

The following table outlines the classification and measurement basis, and related fair value for disclosures, of the financial assets and liabilities in the interim condensed consolidated financial statements:

(US\$ Millions)	Classification and measurement basis	Jun. 30, 2021		Dec. 31, 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans and notes receivable	Amortized cost	\$ 256	\$ 256	\$ 216	\$ 216
Other non-current assets					
Securities - FVTPL	FVTPL	1,760	1,760	1,612	1,612
Derivative assets	FVTPL	142	142	72	72
Securities - FVTOCI	FVTOCI	114	114	86	86
Restricted cash	Amortized cost	350	350	241	241
Current assets					
Securities - FVTPL	FVTPL	—	—	107	107
Derivative assets	FVTPL	69	69	164	164
Accounts receivable ⁽¹⁾	Amortized cost	577	577	758	674
Restricted cash	Amortized cost	322	322	292	292
Cash and cash equivalents	Amortized cost	2,302	2,302	2,473	2,473
Total financial assets		\$ 5,892	\$ 5,892	\$ 6,021	\$ 5,937
Financial liabilities					
Debt obligations ⁽²⁾	Amortized cost	\$ 55,281	\$ 55,500	\$ 54,717	\$ 54,897
Capital securities	Amortized cost	1,936	1,936	2,170	2,170
Capital securities - fund subsidiaries	FVTPL	870	870	863	863
Other non-current liabilities					
Accounts payable	Amortized cost	533	533	437	437
Derivative liabilities	FVTPL	304	304	272	272
Accounts payable and other liabilities					
Accounts payable and other ⁽³⁾	Amortized cost	1,932	1,932	2,110	2,110
Loans and notes payable	Amortized cost	3,227	3,227	1,062	1,062
Derivative liabilities	FVTPL	155	155	416	416
Total financial liabilities		\$ 64,238	\$ 64,457	\$ 62,047	\$ 62,227

⁽¹⁾ Includes other receivables associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of \$12 million and \$5 million as of June 30, 2021 and December 31, 2020, respectively.

⁽²⁾ Includes debt obligations associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of nil and \$380 million as of June 30, 2021 and December 31, 2020, respectively.

⁽³⁾ Includes accounts payable and other liabilities associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of \$4 million and \$16 million as of June 30, 2021 and December 31, 2020, respectively.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Fair value measurement establishes a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Quoted market prices (unadjusted) in active markets represent a Level 1 valuation. When quoted market prices in active markets are not available, the partnership maximizes the use of observable inputs within valuation models. When all significant inputs are observable, either directly or indirectly, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3, which reflect the partnership's market assumptions and are noted below. This hierarchy requires the use of observable market data when available.

The following table outlines financial assets and liabilities measured at fair value in the consolidated financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

(US\$ Millions)	Jun. 30, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Securities - FVTPL	\$ 20	\$ 113	\$ 1,627	\$ 1,760	\$ —	\$ 123	\$ 1,596	\$ 1,719
Securities - FVTOCI	—	—	114	114	—	—	86	86
Derivative assets	—	211	—	211	—	236	—	236
Total financial assets	\$ 20	\$ 324	\$ 1,741	\$ 2,085	\$ —	\$ 359	\$ 1,682	\$ 2,041
Financial liabilities								
Capital securities - fund subsidiaries	\$ —	\$ —	\$ 870	\$ 870	\$ —	\$ —	\$ 863	\$ 863
Derivative liabilities	—	459	—	459	—	688	—	688
Total financial liabilities	\$ —	\$ 459	\$ 870	\$ 1,329	\$ —	\$ 688	\$ 863	\$ 1,551

During the period, the partnership transferred its preferred shares in an operating company from level 3 to level 1, as the operating company underwent an initial public offering. The carrying value of the investment at June 30, 2021 is \$20 million. There were no transfers between levels for the year ended December 31, 2020.

The following table presents the change in the balance of financial assets and financial liabilities accounted for at fair value categorized as Level 3 as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Jun. 30, 2021		Dec. 31, 2020	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Balance, beginning of period	\$ 1,682	\$ 863	\$ 1,371	\$ 922
Acquisitions	389	—	324	—
Dispositions	(43)	—	(10)	—
Fair value gains, net and OCI	166	7	(3)	(59)
Other ⁽¹⁾	(453)	—	—	—
Balance, end of period	\$ 1,741	\$ 870	\$ 1,682	\$ 863

⁽¹⁾ Includes the impact of consolidation of Hospitality Investors Trust in the current period. Refer to Note 5, Property, Plant and Equipment for further information.

NOTE 30. RELATED PARTIES

In the normal course of operations, the partnership enters into transactions with related parties. These transactions have been measured at exchange value and are recognized in the consolidated financial statements. The immediate parent of the partnership is Brookfield Property Partners Limited. The ultimate parent of the partnership is Brookfield Asset Management. Other related parties of the partnership include Brookfield Asset Management's subsidiaries and operating entities, certain joint ventures and associates accounted for under the equity method, as well as officers of such entities and their spouses.

The partnership has a management agreement with its service providers, wholly-owned subsidiaries of Brookfield Asset Management. Pursuant to a Master Services Agreement, the partnership pays a base management fee ("base management fee"), to the service providers equal to 0.5% of the total capitalization of the partnership, subject to an annual minimum of \$50 million plus annual inflation adjustments. The amount of the equity enhancement distribution is reduced by the amount by which the base management fee is greater than \$50 million per annum, plus annual inflation adjustments ("equity enhancement adjustment").

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Base fee amount at 0.125% of current capitalization	\$ 31	\$ 18	\$ 61	\$ 34
Fee on increased market capitalization (.3125%)	43	9	81	13
Total calculated fees	74	27	142	47
Less credits:				
Equity enhancement adjustment	(17)	(4)	(33)	(6)
Creditable operating payments and other adjustments	(11)	(11)	(21)	(24)
Total fee, subject to minimum adjusted for inflation	46	12	88	17
Total fee, by component:				
Base fee	31	12	61	17
Equity enhancement adjustment	15	—	27	—
Total fee	\$ 46	\$ 12	\$ 88	\$ 17

In connection with the issuance of preferred equity units of the operating partnership to a third party in the fourth quarter of 2014, Brookfield Asset Management contingently agreed to acquire the seven-year and ten-year tranches of preferred equity units from the holder for the initial

issuance price plus accrued and unpaid distributions and to exchange such units for preferred equity units with terms and conditions substantially similar to the twelve-year tranche to the extent that the market price of the LP Units is less than 80% of the exchange price at maturity.

On June 29, 2021, Brookfield Premier Real Estate Partners Australia (“BPREP-A”) acquired Brookfield Place Sydney from Brookfield Strategic Real Estate Partners I (“BSREP I”) fund for approximately \$153 million.

On July 26, 2021, Brookfield Asset Management completed its previously announced acquisition of all of the LP units of BPY it did not previously own. Refer to Note 33, *Subsequent Events*, for further detail.

During the year ended December 31, 2020, we issued 9,416,816 LP Units at \$11.36 per unit, 2,696,841 LP Units at \$12.00 per unit, 5,967,063 LP Units at \$12.65 per unit, 13,392,277 LP Units at \$13.92 per unit, and 18,715,912 Redeemable/Exchangeable Partnership Units at \$12.00 per unit to Brookfield Asset Management.

The following table summarizes transactions with related parties:

(US\$ Millions)	Jun. 30, 2021	Dec. 31, 2020
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	(515)	(91)
Loans and notes receivable	177	50
Receivables and other assets	64	59
Deposit payable to Brookfield Asset Management ⁽¹⁾	(2,847)	(754)
Property-specific debt obligations	(101)	—
Loans and notes payable and other liabilities	(448)	(313)
Preferred shares held by Brookfield Asset Management	(15)	(15)

⁽¹⁾ As of June 30, 2021, a \$2,847 million on-demand deposit was payable to Brookfield Asset Management, provided for in the deposit agreement between the partnership and Brookfield Asset Management. The deposit limit was increased to \$3.0 billion in the second quarter of 2021.

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
Transactions with related parties:				
Commercial property revenue ⁽¹⁾	\$ 9	\$ 8	\$ 17	\$ 15
Management fee income	6	15	13	25
Interest expense on debt obligations	10	2	15	9
General and administrative expense ⁽²⁾	64	35	129	73
Construction costs ⁽³⁾	47	110	97	228
Incentive fees	22	1	22	7

⁽¹⁾ Amounts received from Brookfield Asset Management and its subsidiaries for the rental of office premises.

⁽²⁾ Includes amounts paid to Brookfield Asset Management and its subsidiaries for management fees, management fees associated with the partnership’s investments in private funds, and administrative services.

⁽³⁾ Includes amounts paid to Brookfield Asset Management and its subsidiaries for construction costs of development properties.

NOTE 31. SUBSIDIARY PUBLIC ISSUERS

BOP Split was incorporated for the purpose of being an issuer of preferred shares and owning a portion of the partnership’s investment in BPO common shares. Pursuant to the terms of a Plan of Arrangement, holders of outstanding BPO Class AAA Preferred Shares Series G, H, J and K, which were convertible into BPO common shares, were able to exchange their shares for BOP Split Senior Preferred Shares, subject to certain conditions. The BOP Split Senior Preferred shares are listed on the TSX and began trading on June 11, 2014. All shares issued by BOP Split are retractable by the holders at any time for cash.

In connection with an internal restructuring completed in July 2016, the partnership and certain of its related entities agreed to guarantee all of BPO’s Class AAA Preferred Shares and all of BPO’s debt securities issued pursuant to BPO’s indenture dated December 8, 2009.

In April 2018, the partnership formed two subsidiaries, Brookfield Property Finance ULC and Brookfield Property Preferred Equity Inc. to act as issuers of debt and preferred securities, respectively. The partnership and certain of its related entities have agreed to guarantee securities issued by these entities.

The following table provides consolidated summary financial information for the partnership, BOP Split, BPO, Brookfield Property Finance ULC, Brookfield Property Preferred Equity Inc. and the holding entities:

(US\$ Millions) For the three months ended Jun. 30, 2021	Brookfield Property Partners L.P.	BOP Split	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Holding entities ⁽²⁾	Additional holding entities and eliminations ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Property Partners L.P consolidated
Revenue	\$ —	\$ 45	\$ 191	\$ 133	\$ 160	\$ —	\$ 21	\$ 1,110	\$ 1,660
Net income attributable to unitholders ⁽¹⁾	156	145	123	319	129	—	(25)	(528)	319
For the three months ended Jun. 30, 2020									
Revenue	\$ —	\$ 10	\$ 43	\$ —	\$ 15	\$ 186	\$ —	\$ 1,183	\$ 1,437
Net income attributable to unitholders ⁽¹⁾	(627)	(63)	(117)	—	(49)	(1,253)	57	799	(1,253)

⁽¹⁾ Includes net income attributable to LP Units, GP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units and BPYU Units.

⁽²⁾ Includes the operating partnership, Brookfield BPY Holdings Inc., Brookfield BPY Retail Holdings II Inc., BPY Bermuda Holdings Limited, and BPY Bermuda Holdings II Limited.

⁽³⁾ Includes BPY Bermuda Holdings IV Limited, BPY Bermuda Holdings V Limited and BPY Bermuda Holdings VI Limited, which serve as guarantors for BPO but not BOP Split, net of intercompany balances and transactions with other holding entities.

⁽⁴⁾ Includes elimination of intercompany transactions and balances necessary to present the partnership on a consolidated basis.

(US\$ Millions) For the six months ended Jun. 30, 2021	Brookfield Property Partners L.P.	BOP Split	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Holding entities ⁽²⁾	Additional holding entities and eliminations ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Property Partners L.P consolidated
Revenue	\$ —	\$ 91	\$ 285	\$ —	\$ 41	\$ 270	\$ 236	\$ 2,187	\$ 3,110
Net income attributable to unitholders ⁽¹⁾	286	422	394	—	(50)	585	237	(1,289)	585
For the six months ended Jun. 30, 2020									
Revenue	\$ —	\$ 74	\$ 82	\$ —	\$ 30	\$ 386	\$ 4	\$ 2,761	\$ 3,337
Net income attributable to unitholders ⁽¹⁾	(871)	(7)	(90)	—	63	(1,739)	(16)	921	(1,739)

⁽¹⁾ Includes net income attributable to LP Units, GP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units.

⁽²⁾ Includes the operating partnership, Brookfield BPY Holdings Inc., Brookfield BPY Retail Holdings II Inc., BPY Bermuda Holdings Limited, and BPY Bermuda Holdings II Limited.

⁽³⁾ Includes BPY Bermuda Holdings IV Limited, BPY Bermuda Holdings V Limited and BPY Bermuda Holdings VI Limited, which serve as guarantors for BPO but not BOP Split, net of intercompany balances and transactions with other holding entities.

⁽⁴⁾ Includes elimination of intercompany transactions and balances necessary to present the partnership on a consolidated basis.

(US\$ Millions) As of Jun. 30, 2021	Brookfield Property Partners L.P.	BOP Split	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Holding entities ⁽²⁾	Additional holding entities and eliminations ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Property Partners L.P consolidated
Current assets	\$ —	\$ 576	\$ 124	\$ —	\$ 1,486	\$ 9,332	\$ 189	\$ (7,636)	\$ 4,071
Non-current assets	12,888	30,917	24,068	—	450	38,446	2,210	(2,711)	106,268
Assets held for sale	—	—	—	—	—	—	—	965	965
Current liabilities	—	3,646	1,153	—	353	8,969	1,618	2,917	18,656
Non-current liabilities	—	4,656	4,286	—	1,614	12,571	51	27,237	50,415
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	4	4
Preferred equity	699	—	—	—	—	—	—	—	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,839	—	—	—	—	13,152	15,991
Equity attributable to unitholders⁽¹⁾	\$ 12,189	\$ 23,191	\$ 15,914	\$ —	\$ (31)	\$ 26,238	\$ 730	\$ (52,692)	\$ 25,539

⁽¹⁾ Includes net income attributable to LP Units, GP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units.

⁽²⁾ Includes the operating partnership, Brookfield BPY Holdings Inc., Brookfield BPY Retail Holdings II Inc., BPY Bermuda Holdings Limited, and BPY Bermuda Holdings II Limited.

⁽³⁾ Includes BPY Bermuda Holdings IV Limited, BPY Bermuda Holdings V Limited and BPY Bermuda Holdings VI Limited, which serve as guarantors for BPO but not BOP Split, net of intercompany balances and transactions with other holding entities.

⁽⁴⁾ Includes elimination of intercompany transactions and balances necessary to present the partnership on a consolidated basis.

(US\$ Millions) As of Dec. 31, 2020	Brookfield Property Partners L.P.	BOP Split	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Holding entities ⁽²⁾	Additional holding entities and eliminations ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Property Partners L.P consolidated
Current assets	\$ —	\$ 545	\$ 171	\$ —	\$ 1,457	\$ 8,780	\$ 196	\$ (6,728)	\$ 4,421
Non-current assets	12,628	30,137	23,542	—	438	38,142	2,227	(4,172)	102,942
Assets held for sale	—	—	—	—	—	—	—	588	588
Current liabilities	—	3,595	678	—	336	7,587	1,356	4,272	17,824
Non-current liabilities	—	4,542	5,270	—	1,571	13,499	531	22,795	48,208
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	396	396
Preferred equity	699	—	—	—	—	—	—	—	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,686	—	—	—	—	13,001	15,687
Equity attributable to unitholders⁽¹⁾	\$ 11,929	\$ 22,545	\$ 15,079	\$ —	\$ (12)	\$ 25,836	\$ 536	\$ (50,776)	\$ 25,137

⁽¹⁾ Includes net income attributable to LP Units, GP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units.

⁽²⁾ Includes the operating partnership, Brookfield BPY Holdings Inc., Brookfield BPY Retail Holdings II Inc., BPY Bermuda Holdings Limited, and BPY Bermuda Holdings II Limited.

⁽³⁾ Includes BPY Bermuda Holdings IV Limited, BPY Bermuda Holdings V Limited and BPY Bermuda Holdings VI Limited, which serve as guarantors for BPO but not BOP Split, net of intercompany balances and transactions with other holding entities.

⁽⁴⁾ Includes elimination of intercompany transactions and balances necessary to present the partnership on a consolidated basis.

NOTE 32. SEGMENT INFORMATION

a) Operating segments

IFRS 8, *Operating Segments*, requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker (“CODM”) for the purpose of allocating resources to the segment and to assessing its performance. The partnership’s operating segments are organized into four reportable segments: i) Core Office, ii) Core Retail, iii) LP Investments and iv) Corporate. This is consistent with how the partnership presents financial information to the CODM and investors. These segments are independently and regularly reviewed and managed by the Chief Executive Officer, who is considered the CODM.

b) Basis of measurement

The CODM measures and evaluates the performance of the partnership’s operating segments based on funds from operations (“FFO”). This performance metric does not have standardized meanings prescribed by IFRS and therefore may differ from similar metrics used by other

companies and organizations. Management believes that while not an IFRS measure, FFO is the most consistent metric to measure the partnership's financial statements and for the purpose of allocating resources and assessing its performance.

The partnership defines FFO as net income, prior to fair value gains, net, depreciation and amortization of real estate assets, and income taxes less non-controlling interests of others in operating subsidiaries and properties share of these items. When determining FFO, the partnership also includes its proportionate share of the FFO of unconsolidated partnerships and joint ventures and associates.

c) Reportable segment measures

The following summaries present certain financial information regarding the partnership's operating segments for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Total revenue		FFO	
	2021	2020	2021	2020
Three months ended Jun. 30,				
Core Office	\$ 539	\$ 494	\$ 131	\$ 115
Core Retail	372	370	103	147
LP Investments	747	571	40	(11)
Corporate	2	2	(130)	(81)
Total	\$ 1,660	\$ 1,437	\$ 144	\$ 170

(US\$ Millions)	Total revenue		FFO	
	2021	2020	2021	2020
Six months ended Jun. 30,				
Core Office	\$ 1,069	\$ 1,024	\$ 254	\$ 236
Core Retail	736	814	198	335
LP Investments	1,302	1,495	34	38
Corporate	3	4	(255)	(165)
Total	\$ 3,110	\$ 3,337	\$ 231	\$ 444

The following summaries presents the detail of total revenue from the partnership's operating segments for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 356	\$ 118	\$ 2	\$ 63	\$ 539
Core Retail	271	67	—	34	372
LP Investments	415	57	194	81	747
Corporate	—	—	—	2	2
Total	\$ 1,042	\$ 242	\$ 196	\$ 180	\$ 1,660

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 347	\$ 105	\$ (2)	\$ 44	\$ 494
Core Retail	273	73	—	24	370
LP Investments	436	67	52	16	571
Corporate	—	—	—	2	2
Total	\$ 1,056	\$ 245	\$ 50	\$ 86	\$ 1,437

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 733	\$ 226	\$ 3	\$ 107	\$ 1,069
Core Retail	538	132	—	66	736
LP Investments	820	120	252	110	1,302
Corporate	—	—	—	3	3
Total	\$ 2,091	\$ 478	\$ 255	\$ 286	\$ 3,110

(US\$ Millions)	Lease revenue		Other revenue from tenants		Hospitality revenue		Investment and other revenue		Total revenue	
Six months ended Jun. 30, 2020										
Core Office	\$	715	\$	221	\$	5	\$	83	\$	1,024
Core Retail		569		148		—		97		814
LP Investments		914		138		411		32		1,495
Corporate		—		—		—		4		4
Total	\$	2,198	\$	507	\$	416	\$	216	\$	3,337

The following summary presents information about certain consolidated balance sheet items of the partnership, on a segmented basis, as of June 30, 2021 and December 31, 2020:

(US\$ Millions)	Total assets		Total liabilities	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Core Office	\$ 38,147	\$ 36,547	\$ 17,918	\$ 17,439
Core Retail	31,028	31,466	16,768	17,429
LP Investments	41,782	39,609	27,295	25,076
Corporate	347	329	7,094	6,484
Total	\$ 111,304	\$ 107,951	\$ 69,075	\$ 66,428

The following summary presents a reconciliation of FFO to net income for the three and six months ended June 30, 2021 and 2020:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2021	2020	2021	2020
FFO⁽¹⁾	\$ 144	\$ 170	\$ 231	\$ 444
Depreciation and amortization of real estate assets	(46)	(66)	(91)	(135)
Fair value gains, net	498	(803)	1,138	(1,113)
Share of equity accounted income - non-FFO	105	(908)	181	(1,158)
Income tax expense	(87)	48	(192)	(113)
Non-controlling interests of others in operating subsidiaries and properties – non-FFO	(295)	306	(682)	336
Net income (loss) attributable to unitholders⁽²⁾	319	(1,253)	585	(1,739)
Non-controlling interests of others in operating subsidiaries and properties	367	(259)	832	(146)
Net income (loss)	\$ 686	\$ (1,512)	\$ 1,417	\$ (1,885)

⁽¹⁾ FFO represents interests attributable to GP Units, LP Units, Exchange LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units and BPYU Units. The interests attributable to Exchange LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units and BPYU Units are presented as non-controlling interests in the consolidated statements of income.

⁽²⁾ Includes net income attributable to GP Units, LP Units, Exchange LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units and BPYU Units. The interests attributable to Exchange LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units and BPYU Units are presented as non-controlling interests in the consolidated statements of income.

NOTE 33. SUBSEQUENT EVENTS

On July 26, 2021, Brookfield Asset Management completed its previously announced acquisition of all of the LP units of BPY that it did not previously own. The LP Units were delisted from the TSX and Nasdaq at market close on July 26, 2021. Based on unitholder elections, together with the amounts owing to holders of BPYU shares, an aggregate of 51,971,192 units were elected for cash, 271,358,615 units were elected for BAM class A limited voting shares (“BAM shares”) and 17,970,971 units were elected for BPY preferred units with a liquidation preference of \$25.00 per unit (“BPY preferred units”). The BPY preferred units began trading on the TSX (BPYP.PR.A) and Nasdaq (BPYPM) on July 27, 2021. As holders elected to receive more BAM shares than were available under the transaction, unitholders that elected to receive BAM shares received 54.5316% of the aggregate BAM shares they elected to receive and the balance was delivered 93.05% in cash and 6.95% in BPY preferred units. Unitholders who made an election to receive 100% of their consideration in one of the three available options received, respectively per BPY Unit i) 100% cash election: \$18.17 in cash ii) 100% BAM shares election: \$7.69 in cash, 0.2185 BAM shares and 0.0230 in BPY preferred units iii) 100% BPY preferred units: 0.7268 BPY preferred units. Cash consideration of \$3.0 billion was funded by Brookfield Asset Management to BPY prior to closing in exchange for Redeemable/Exchangeable Partnership Units and common equity of a BPY subsidiary. 59,279,263 BAM Class A shares and 19,287,783 BPY preferred units were issued to public Unitholders in connection with the transaction. The BPY preferred units will be classified as a liability on the balance sheet.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS – FULL CERTIFICATE

I, Brian W. Kingston, Chief Executive Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P., certify the following:

1. Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Property Partners L.P. (the “issuer”) for the interim period ended June 30, 2021.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings

- (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

5.1 Control framework: The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on April 1, 2021 and ended on June 30, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 6, 2021

/s/ Brian W. Kingston

Brian W. Kingston
Chief Executive Officer of Brookfield Property Group LLC,
a manager of the issuer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS – FULL CERTIFICATE

I, Bryan K. Davis, Chief Financial Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P., certify the following:

1. Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Property Partners L.P. (the “issuer”) for the interim period ended June 30, 2021.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. Responsibility: The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings

- (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

5.1 Control framework: The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

5.2 ICFR – material weakness relating to design: N/A

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on April 1, 2021 and ended on June 30, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 6, 2021

/s/ Bryan K. Davis

Bryan K. Davis
Chief Financial Officer of Brookfield Property Group LLC,
a manager of the issuer

Board of Directors

CAROLINE ATKINSON

Independent Director, Senior Advisor to
Rock Creek Investment Firm

JEFFREY BLIDNER

Vice Chair of Brookfield Asset Management

SOON YOUNG CHANG

Director of Dubai World, Senior Advisor of
Investment Corporation of Dubai

OMAR CARNEIRO DA CUNHA

Independent Director, Senior Partner of
Dealmaker Ltd. and BOND Consultoria
Empresarial e Participacoes

STEPHEN DENARDO

Independent Director, Managing Director
and President and Chief Executive Officer of
RiverOak Investment Corp., LLC

LOUIS JOSEPH MAROUN

Independent Director, Chairman of
Sigma Real Estate Advisors/Sigma Capital Corporation

DOUG MCGREGOR

Independent Director, Group Head, RBC Capital Markets and
RBC Investor & Treasury Services, Chairman and CEO of
RBC Capital Markets

LARS RODERT

Independent Director, Founder and
Chief Executive Officer of ÖstVäst Capital Management

MICHAEL WARREN

Independent Director
Managing Director of Albright Stonebridge Group

Officers

BRIAN KINGSTON

Chief Executive Officer,
Brookfield Property Group

BRYAN DAVIS

Chief Financial Officer,
Brookfield Property Group

Brookfield Property Partners Corporate Information

HEAD OFFICE

73 Front Street, 5th Floor
Hamilton, Bermuda HM 12
Tel: +441 294.3309
bpy.brookfield.com

TRANSFER AGENT

AST Trust Company (Canada)
P.O. Box 700
Station B
Montreal, Quebec H3B 3K3
Tel: +1 877.715.0498 or 416.682.3860
Fax: +1 888.249.6189
www.astfinancial.com/ca
inquiries@astfinancial.com

Stock Exchange Listing

SYMBOL	EXCHANGE
BPY	NASDAQ
BPY.UN	TSX

UNITHOLDER INFORMATION

Brookfield Property Partners welcomes inquiries from unitholders, analysts and other interested parties. Questions relating to investor relations and financial results can be directed to Matt Cherry, Senior Vice President, Investor Relations and Communications at 212-417-7488 or via email at matthew.cherry@brookfield.com.

Unitholder questions relating to distributions, address changes and unit certificates should be directed to our company's transfer agent, AST Trust Company (Canada) as listed above.



BROOKFIELD PROPERTY PARTNERS L.P.

bpy.brookfield.com

NASDAQ: BPY
TSX: BPY.UN