



Brookfield Property Partners L.P.

Q1 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 May 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: May 7, 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 March 31, 2021 and December 31, 2020 and for the three months ended March 31, 2021 and 2020
99.2	Unaudited condensed consolidated financial statements of Brookfield Property Partners L.P. as of March 31, 2021 and December 31, 2020 and for the three months ended March 31, 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 March 31, 2021 and December 31, 2020 and results of operations for the three months ended March 31, 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 March 31, 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 and substantial volatility in stock markets worldwide, 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 participates 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 months ended March 31, 2021 and includes material information up to May 7, 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

- 139 premier properties
- 96 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 7 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 14.

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 14 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 14.

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 14 and Equity attributable to Unitholders to total equity on page 15.

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 90% occupancy level and an average 6.4 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. During the current period, cash flow adjustments have been made as we have taken into account the anticipated outcome of tenant negotiations, leasing downtime, nil-to-minimal rental growth in the near-term and bad debt reserves, as new information related to the pandemic is understood.

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, and currently remain closed or are operating at very low occupancy, either as a result of mandatory closure orders from various government authorities or due to severe travel restrictions.

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. Due to uncertainty surrounding COVID-19, the volatility of current markets, pace and size of government policy responses and the lack of private market transactions, for the current period, we did not take a holistic approach to adjusting discount rates and/or terminal capitalization rates on any of our sectors, but rather an asset-by-asset view of risk and long-term value was applied in consideration of a reduction in cashflows in our models. Management also considered changes to risk-free borrowing rates in consideration of risk applied in our models.

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 March 31, 2021, we obtained external appraisals of 26 of our Core Office properties representing a gross property value of \$14 billion (or 8% of the portfolio). These external appraisals were within 0.04% 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 March 31, 2021 and December 31, 2020 and for the three months ended March 31, 2021 and 2020. Further details on our results from operations and our financial positions are contained within the “*Segment Performance*” section beginning on page 18.

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 months ended March 31, 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 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 the Brookfield Strategic Real Estate Partners II (“BSREP II”) fund 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 months ended March 31, 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 Mar. 31,	
	2021	2020
Net income (loss)	\$ 731	\$ (373)
Net income (loss) attributable to Unitholders ⁽¹⁾	266	(486)
NOI ⁽¹⁾	785	1,000
FFO ⁽¹⁾	87	274
Company FFO ⁽¹⁾	125	309

⁽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 14.

We recognized net income for the three months ended March 31, 2021 of \$731 million which compares to net loss of \$(373) million for the same period in the prior year. Net income per unit attributable to Unitholders was \$0.25 in the current period as compared to a loss of \$(0.49) in the prior year. The increase is primarily attributable to fair value gains in certain of our LP Investments portfolios, primarily our manufactured housing portfolio and an office asset in the UK, driven by capitalization rate compression. These gains were partially offset by fair value losses in our Core Retail portfolio, driven by updated cash flows assumptions due to an anchor-tenant expiration and realized losses on the dispositions of two properties.

FFO decreased to \$87 million during the three months ended March 31, 2021 compared with \$274 million during the same period in the prior year. The decrease was driven by expirations and incremental abatements in our Core Retail portfolio in the current period, as well as gains on the sale of our interest in two operating companies benefiting the prior year. Additionally, operating losses from our hospitality portfolio due to government-mandated closures primarily at Center Parcs in the U.K. and lower occupancy at Atlantis in the Bahamas, as a result of the shutdown, contributed to the decline in FFO. Our hotels are running, on average, at much lower occupancies than is required to break even, and some properties continue to be closed subsequent to the quarter. The decrease in FFO was also driven by dispositions since the prior year, partially offset by lower interest expense due to the impact of the historically low interest rate environment on our variable debt obligations.

Operating Results

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Commercial property revenue	\$ 1,285	\$ 1,404
Hospitality revenue	59	366
Investment and other revenue	106	130
Total revenue	1,450	1,900
Direct commercial property expense	486	480
Direct hospitality expense	73	290
Investment and other expense	8	4
Interest expense	612	709
Depreciation and amortization	68	87
General and administrative expense	213	196
Total expenses	1,460	1,766
Fair value gains (losses), net	640	(310)
Share of earnings from equity accounted investments	206	(36)
Income before taxes	836	(212)
Income tax expense (benefit)	105	161
Net income (loss)	\$ 731	\$ (373)
Net income (loss) attributable to non-controlling interests of others in operating subsidiaries and properties	465	113
Net income (loss) attributable to Unitholders⁽¹⁾	\$ 266	\$ (486)

⁽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 14.

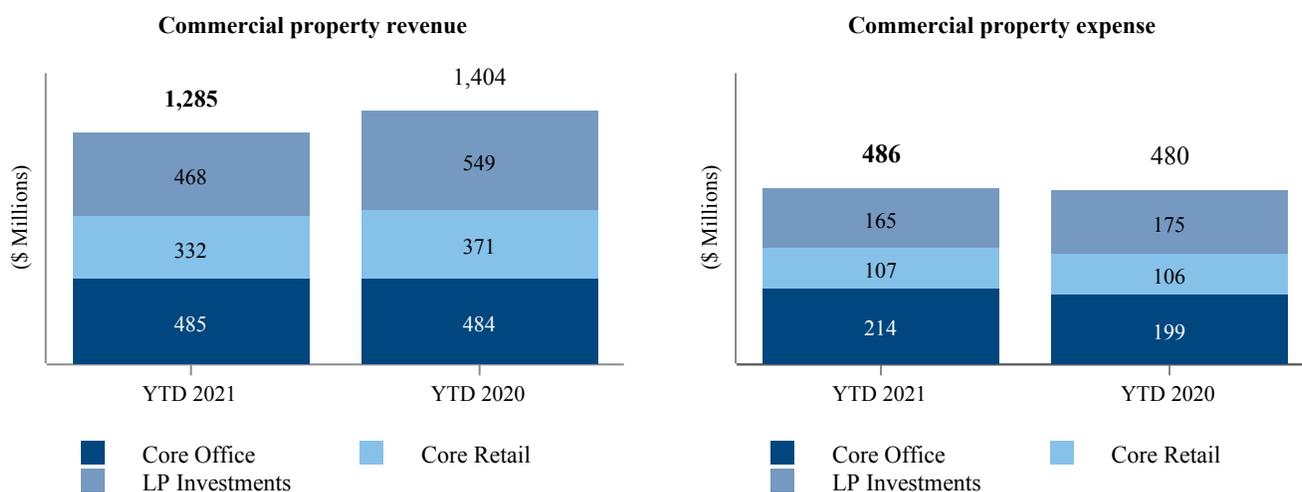
Our basic and diluted net (loss) income attributable to Unitholders per unit and weighted average units outstanding are calculated as follows:

(US\$ Millions, except per unit information)	Three months ended Mar. 31,	
	2021	2020
Net income (loss)	\$ 731	\$ (373)
Less: Non-controlling interests	465	113
Less: Preferred unit dividends	11	9
Net income (loss) attributable to Unitholders - basic ⁽¹⁾	\$ 255	\$ (495)
Dilutive effect of conversion of options	—	—
Net income (loss) attributable to Unitholders - diluted	\$ 255	\$ (495)
Weighted average number of units outstanding - basic ⁽¹⁾	1,005.8	1,013.5
Conversion of options	—	—
Weighted average number of units outstanding - diluted	1,005.8	1,013.5
Net income (loss) per unit attributable to Unitholders - basic⁽¹⁾⁽²⁾	\$ 0.25	\$ (0.49)
Net income (loss) per unit attributable to Unitholders - diluted⁽²⁾	\$ 0.25	\$ (0.49)

⁽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



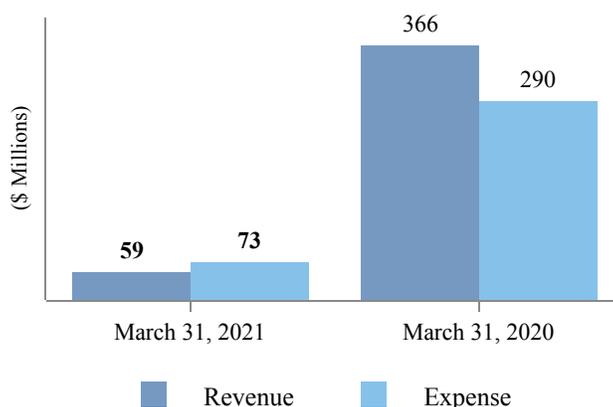
For the three months ended March 31, 2021, commercial property revenue decreased by \$119 million compared to the same period in the prior year due to property dispositions in our LP Investments segment and expirations and bankruptcies in our Core Retail portfolio, which reflects the ongoing impact of the shutdown on our business. Additionally, our Core Office portfolio generated 6% 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.

Direct commercial property expense was flat at \$486 million when compared to the prior year. Margins in 2021 were 62.2%, a decrease of 3.6% compared to 2020.

Commercial property NOI decreased by \$125 million to \$799 million during the three months ended March 31, 2021, compared with \$924 million during the same period in the prior year. The decrease was primarily driven by the reasons as mentioned above.

Hospitality revenue and direct hospitality expense

Hospitality revenue and expense for the three months ended,



Our hospitality assets have experienced a significant slowing of operations and closures since the month of March 2020 due to continued travel restrictions and stay-at-home orders as a direct result of the global economic shutdown; the impact of which is reflected in our revenues.

For the three months ended March 31, 2021, hospitality revenue decreased by \$307 million compared to the same period in the prior year. This decrease was due to the continued impact of the shutdown, as discussed above.

Direct hospitality expense decreased to \$73 million for the three months ended March 31, 2021, compared to \$290 million in the same period in the prior year. We have been able to reduce operating costs given most hotels are closed, 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.

For the three months ended March 31, 2021, hospitality NOI decreased by \$90 million to \$(14) million compared to \$76 million during the same period in the prior year. The decrease is almost entirely attributable to the global economic shutdown.

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 decreased by \$24 million for the three months ended March 31, 2021, respectively, compared to the same period in the prior year. The decrease is primarily due to the prior year benefiting from gains on the sale of our interest in two operating companies within our Core Retail portfolio.

Investment and other expense for the three months ended March 31, 2021 increased by \$4 million to \$8 million compared to the prior year.

Interest expense

Interest expense decreased by \$97 million for the three months ended March 31, 2021 as compared to the same period in the prior year. This decrease is due to the historically low interest rate environment on our variable debt obligations coupled with reduced debt levels from disposition activity. The decrease is partially offset by interest expense from Corporate bond issuances.

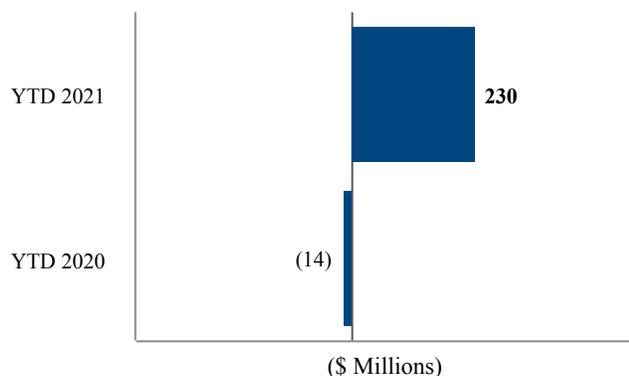
General and administrative expense

General and administrative expense increased by \$17 million for the three months ended March 31, 2021 as compared to the same period in the prior year. The increase was attributable to higher management fee expense.

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.

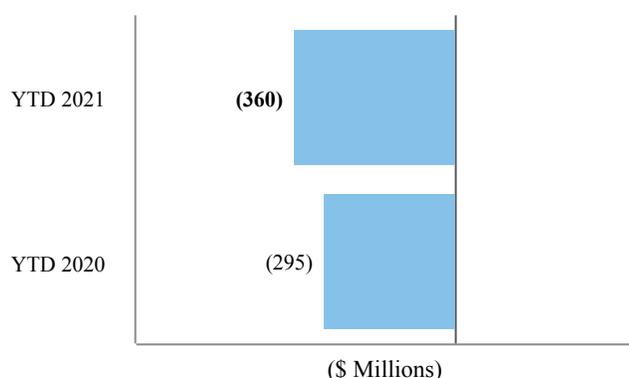
Fair value (losses) gains, net - Core Office



Fair value gains, net for our Core Office segment were \$230 million for the three months ended March 31, 2021. 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, as well as gains on certain of our multifamily developments in the U.S. due to updated cash flow assumptions.

Fair value losses, net for our Core Office segment were \$14 million for the three months ended March 31, 2020.

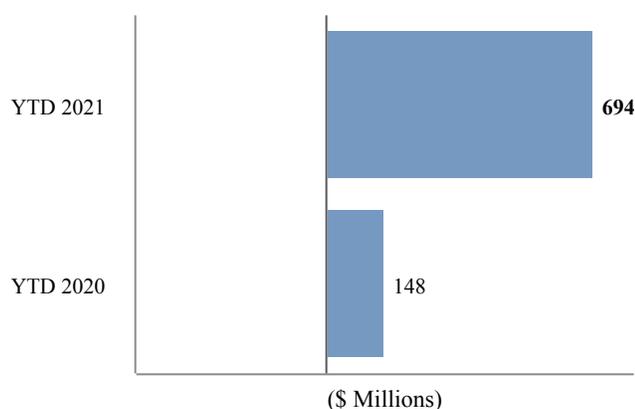
Fair values losses, net - Core Retail



Fair value losses, net for our Core Retail segment were \$(360) million for the three months ended March 31, 2021. Fair value losses, net for our Core Retail portfolio is primarily due to updated cash flow assumptions, including as a result 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 \$295 million for the three months ended March 31, 2020. These losses reflected updated cashflow assumptions on a sensitized basis which assumed there would be a percentage of rent that we would not collect over a period of time due to the shutdown and the resulting store closures.

Fair values gains, net - LP Investments



Fair value gains, net for our LP Investments segment were \$694 million for the three months ended March 31, 2021. These gains were driven by capitalization rate compression in our manufactured housing portfolio and an office asset in the U.K.

Fair value gains, net for our LP Investments segment for the three months ended March 31, 2020 were \$148 million primarily due to capitalization rate compression in South Korea and increased operating cash flows in certain office assets in India.

Fair value sensitivity

The following table presents a sensitivity analysis to the impact of a 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 three months ended March 31, 2021, for properties valued using the discounted cash flow or direct capitalization method, respectively:

Mar. 31, 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	\$ 14,729	\$ 456	6.9%	5.6 %	12	\$ (334)	\$ (427)	\$ (750)	
Canada	4,776	64	5.9%	5.2 %	10	(81)	(131)	(223)	
Australia	2,362	398	6.6%	5.7 %	10	(65)	(107)	(169)	
Europe	2,562	258	5.2%	3.8 %	10	(51)	(108)	(156)	
Brazil	294	—	7.6%	7.0 %	10	(5)	(5)	(2)	
Core Retail	20,043	—	7.0%	5.3 %	10	(688)	(411)	(1,082)	
LP Investments									
LP Investments- Office	8,172	751	9.7%	7.1 %	7	(133)	(264)	(392)	
LP Investments- Retail	2,427	—	8.6%	7.0 %	10	(61)	(92)	(145)	
Hospitality	89	—	—%	— %	—	—	—	—	
Mixed-use	3,022	—	7.3%	5.2 %	10	(61)	(96)	(155)	
Multifamily ⁽¹⁾	2,512	—	4.9%	n/a	n/a	—	(120)	(120)	
Triple Net Lease ⁽¹⁾	3,742	—	6.3%	n/a	n/a	—	(143)	(143)	
Student Housing ⁽¹⁾	2,828	239	4.9%	n/a	n/a	—	(125)	(125)	
Manufactured Housing ⁽¹⁾	3,237	—	4.6%	n/a	n/a	—	(165)	(165)	
Investment property impact	\$ 70,795	\$ 2,166				\$ (1,479)	\$ (2,194)	\$ (3,627)	

⁽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.

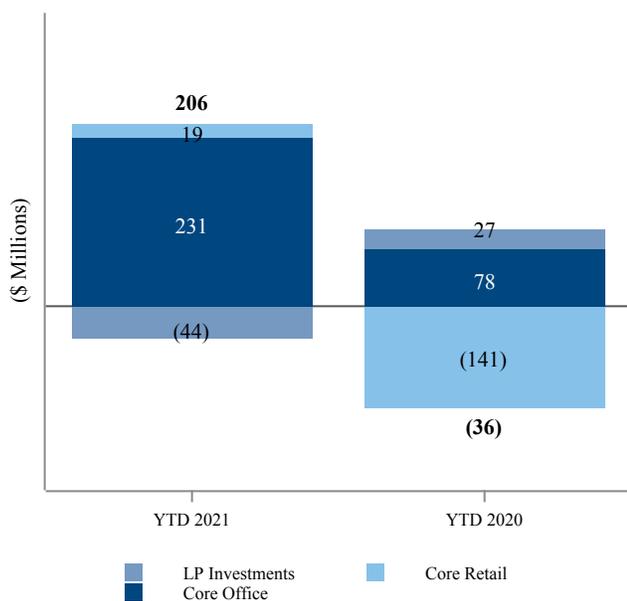
In addition, for the three months ended March 31, 2021, we recorded fair value gains, net of \$76 million (2020 - fair value losses, net of \$149 million), respectively, related to mark-to-market adjustments of financial instruments and the settlement of derivative contracts during the quarter primarily due to the decrease in market interest rates.

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 months ended March 31, 2021 was \$206 million, which represents an increase of \$242 million compared to the prior year. The current year earnings are primarily due to gains on derivatives, partially offset by losses in our hospitality portfolio, which continues to be impacted by the shutdown. The prior year included fair value losses on our Core Retail portfolio, which reflected updated cash flow assumptions on a sensitized basis, to estimate the impact of the shutdown on our business.

Income tax expense

The decrease in income tax expense for the three months ended March 31, 2021 compared to the prior year is primarily due to tax benefits from an internal restructuring of subsidiaries. Those tax benefits were partially offset by an increase in book income and other write-offs previously recognized in deferred tax assets.

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 months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Commercial property revenue	\$ 1,285	\$ 1,404
Direct commercial property expense	(486)	(480)
Commercial property NOI	799	924
Hospitality revenue	59	366
Direct hospitality expense	(73)	(290)
Hospitality NOI	(14)	76
Total NOI	785	1,000
Investment and other revenue	106	130
Share of net earnings from equity accounted investments	206	(36)
Interest expense	(612)	(709)
Depreciation and amortization	(68)	(87)
General and administrative expense	(213)	(196)
Investment and other expense	(8)	(4)
Fair value gains (losses), net	640	(310)
Income (loss) before taxes	836	(212)
Income tax expense	(105)	(161)
Net income (loss)	\$ 731	\$ (373)
Net income (loss) attributable to non-controlling interests	465	113
Net income (loss) attributable to Unitholders	\$ 266	\$ (486)

The following table reconciles net income (loss) to FFO and Company FFO for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Net income (loss)	\$ 731	\$ (373)
Add (deduct):		
Fair value (gains) losses, net	(640)	310
Share of equity accounted fair value (gains) losses, net	(76)	250
Depreciation and amortization of real estate assets	45	69
Income tax expense	105	161
Non-controlling interests in above items	(78)	(143)
FFO	\$ 87	\$ 274
Add (deduct):		
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	15	11
Transaction costs, net ⁽¹⁾	18	10
(Gains)/losses associated with non-investment properties, net ⁽¹⁾	—	3
Imputed interest ⁽²⁾	5	8
BSREP III earnings ⁽³⁾	—	3
Company FFO	\$ 125	\$ 309

⁽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)	Mar. 31, 2021	Dec. 31, 2020
Investment properties		
Commercial properties	\$ 70,795	\$ 70,294
Commercial developments	2,166	2,316
Equity accounted investments	19,903	19,719
Property, plant and equipment	5,189	5,235
Cash and cash equivalents	1,635	2,473
Assets held for sale	285	588
Total assets	107,674	107,951
Debt obligations	53,240	54,337
Liabilities associated with assets held for sale	114	396
Total equity	41,871	41,523
Equity attributable to Unitholders⁽¹⁾	\$ 25,114	\$ 25,137
Equity per unit⁽²⁾	\$ 26.65	\$ 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 15 for additional information.

As of March 31, 2021, we had \$107,674 million in total assets, compared with \$107,951 million at December 31, 2020. This \$277 million decrease was primarily due to distributions of realized gains from our LP Investments segment. These decreases were partially offset by valuation gains in certain portfolios within the LP Investments segment and Core Office segment as discussed above.

Commercial properties are commercial, operating, rent-producing properties. Commercial properties increased from \$70,294 million at the end of 2020 to \$70,795 million at March 31, 2021. The increase was largely due to gains in our manufactured housing and office portfolios mentioned above, as well as a multifamily acquisition and capital expenditures. These increases were partially offset by valuation losses in our retail portfolio, property dispositions and the negative impact of foreign exchange.

Commercial developments consist of commercial property development sites, density rights and related infrastructure. The total fair value of development land and infrastructure was \$2,166 million at March 31, 2021, a decrease of \$150 million from the balance at December 31, 2020. The decrease is primarily due to the partial disposition of Bay Adelaide North in Toronto, partially offset by incremental capital spend on our active developments.

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

(US\$ Millions)	Mar. 31, 2021	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 70,294	\$ 2,316
Acquisitions	157	12
Capital expenditures	207	199
Dispositions ⁽¹⁾	(127)	(344)
Fair value (losses) gains, net	444	29
Foreign currency translation	(111)	6
Transfer between commercial properties and commercial developments	52	(52)
Reclassifications to assets held for sale and other changes	(121)	—
Investment properties, end of period	\$ 70,795	\$ 2,166

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

Equity accounted investments increased by \$184 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 gains on derivative instruments.

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

(US\$ Millions)	Mar. 31, 2021
Equity accounted investments, beginning of period	\$ 19,719
Additions	104
Disposals and return of capital distributions	(67)
Share of net earnings from equity accounted investments	206
Distributions received	(51)
Foreign currency translation	(12)
Reclassification (to)/from assets held for sale	—
Other comprehensive income and other	4
Equity accounted investments, end of period	\$ 19,903

Property, plant and equipment decreased by \$46 million since December 31, 2020, primarily due to depreciation recorded in the current period.

As of March 31, 2021, assets held for sale primarily included a retail asset in Brazil, two multifamily assets in the U.S, four triple-net lease assets in the U.S, and a Core Office asset in Australia, 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 March 31, 2021:

(US\$ Millions)	Mar. 31, 2021
Balance, beginning of period	\$ 588
Reclassification to/(from) assets held for sale, net	120
Disposals	(422)
Fair value adjustments	—
Other	(1)
Balance, end of period	\$ 285

Our debt obligations decreased to \$53,240 million at March 31, 2021 from \$54,337 million at December 31, 2020. The decrease was driven 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)	Mar. 31, 2021	Dec. 31, 2020
Corporate borrowings	\$ 2,621	\$ 3,232
Funds subscription facilities	372	314
Non-recourse borrowings		
Property-specific borrowings	43,978	44,515
Subsidiary borrowings	6,269	6,276
Total debt obligations	\$ 53,240	\$ 54,337
Current	14,619	13,074
Non-current	38,621	41,263
Total debt obligations	\$ 53,240	\$ 54,337

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

(US\$ Millions, except unit information)	Mar. 31, 2021	Dec. 31, 2020
Total equity	\$ 41,871	\$ 41,523
Less:		
Interests of others in operating subsidiaries and properties	16,058	15,687
Preferred equity	699	699
Equity attributable to Unitholders	25,114	25,137
Mandatorily convertible preferred shares	1,686	1,679
Total equity attributable to Unitholders	26,800	26,816
Partnership units	935,617,918	935,984,543
Mandatorily convertible preferred shares	70,051,024	70,051,024
Total partnership units	1,005,668,942	1,006,035,567
Total equity attributable to Unitholders per unit	\$ 26.65	\$ 26.66

Equity attributable to Unitholders was \$25,114 million at March 31, 2021, a decrease of \$23 million from the balance at December 31, 2020. The decrease was primarily due to distributions during the period, partially offset by income earned during the period. Assuming the conversion of mandatorily convertible preferred shares, equity attributable to Unitholders decreased to \$26.65 per unit at March 31, 2021 from \$26.66 per unit at December 31, 2020.

Interests of others in operating subsidiaries and properties was \$16,058 million at March 31, 2021, an increase of \$371 million from the balance of \$15,687 million at December 31, 2020.

(US\$ Millions, except per unit information)	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 1,450	\$ 1,620	\$ 1,636	\$ 1,437	\$ 1,900	\$ 2,087	\$ 2,017	\$ 2,026
Direct operating costs	559	566	677	551	770	783	776	785
Net income (loss)	731	(38)	(135)	(1,512)	(373)	1,551	870	23
Net income (loss) attributable to Unitholders	266	(390)	(229)	(1,253)	(486)	1,022	474	127
Net income (loss) per share attributable to Unitholders - basic	\$ 0.25	\$ (0.38)	\$ (0.24)	\$ (1.26)	\$ (0.49)	\$ 1.00	\$ 0.46	\$ 0.12
Net income (loss) per share attributable to Unitholders - diluted	\$ 0.25	\$ (0.38)	\$ (0.24)	\$ (1.26)	\$ (0.49)	\$ 1.00	\$ 0.46	\$ 0.12

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 Mar. 31,	
	2021	2020
Core Office	\$ 123	\$ 121
Core Retail	95	188
LP Investments	(6)	49
Corporate	(125)	(84)
FFO	\$ 87	\$ 274

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

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Core Office	\$ 14,668	\$ 14,246
Core Retail	12,221	12,500
LP Investments	5,246	5,262
Corporate	(7,021)	(6,871)
Total	\$ 25,114	\$ 25,137

Core Office

Overview

Our Core Office portfolio consists of interests in 139 high-quality office properties totaling over 96 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 7 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 (loss) income attributable to Unitholders in our Core Office segment for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
FFO	\$ 123	\$ 121
Net income (loss) attributable to Unitholders	481	66

FFO from our Core Office segment was \$123 million for the three months ended March 31, 2021 as compared to \$121 million in the same period in the prior year. This increase is largely attributable to lower interest expense as a result of the historically low interest rate environment, partially offset by a reduction in same-property income driven by the impact of the global economic shutdown which resulted in a reduction to parking income and percentage rents typically earned from certain retail tenants within the portfolio, as well as lease expirations.

Net income (loss) attributable to Unitholders increased by \$415 million to \$481 million during the three months ended March 31, 2021 as compared to \$66 million during the same period in 2020. The increase is largely attributable to valuation gains at a development in the U.K., which reflects a reduction in risk as the development continues through the lease-up phase, as well as gains on certain of our multifamily developments in the U.S. The current period also benefited from gains on derivative instruments.

Leasing Activity

The following table presents key operating metrics for our Core Office portfolio as at and for the three months ended March 31, 2021 and 2020:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
Total portfolio:				
NOI ⁽¹⁾	\$ 270	\$ 287	\$ 116	\$ 93
Number of properties	77	72	63	64
Leasable square feet (in thousands)	50,986	47,643	28,714	27,750
Occupancy	87.8%	91.1%	90.6%	95.1%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 33.24	\$ 29.48	\$ 49.15	\$ 43.27
Same-property:				
NOI ^(1,3)	\$ 268	\$ 285	\$ 110	\$ 110
Number of properties	74	74	61	61
Leasable square feet (in thousands)	49,957	41,983	25,534	24,908
Occupancy	87.8%	91.0%	92.7%	94.8%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 32.16	\$ 32.58	\$ 48.44	\$ 48.35

⁽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 March 31, 2021 exchange rate.

NOI from our consolidated properties decreased to \$270 million during the three months ended March 31, 2021 from \$287 million in the same quarter in 2020. The decrease was attributable to lower parking revenue and percentage rents, as the shutdown continues to impact our office business. The decrease was partially offset by incremental NOI in London from 100 Bishopsgate, due to leasing activity subsequent to the substantial completion in 2020. Same-property NOI for our consolidated properties for the three months ended March 31, 2021 compared with the same period in the prior year decreased by \$17 million to \$268 million. This decrease was primarily the result of lower parking revenue and percentage rents earned due to the shutdown, as well as lease expirations since the prior year.

NOI from our unconsolidated properties, which is presented on a proportionate basis increased to \$116 million during the three months ended March 31, 2021, compared to the prior year. The increase is attributable to leasing activity, including activity at One Manhattan West and 655 New York Avenue subsequent to substantial completion in the prior year, as well as higher lease termination income earned in the current period. Same-property NOI remained unchanged compared to the prior year, as leasing activity at recently completed developments as mentioned above was offset by the impact of the shutdown on parking income and retail NOI across the portfolio.

The following table presents certain key operating metrics related to leasing activity in our Core Office segment for the three months ended March 31, 2021 and 2020:

(US\$, except where noted)	Total portfolio	
	Mar. 31, 2021	Mar. 31, 2020
Leasing activity (square feet in thousands)		
New leases	231	770
Renewal leases	663	1,226
Total leasing activity	894	1,996
Average term (in years)	8.1	8.5
Year one leasing net rents (per square foot) ⁽¹⁾	\$ 54.17	\$ 35.33
Average leasing net rents (per square foot) ⁽¹⁾	57.26	36.44
Expiring net rents (per square foot) ⁽¹⁾	41.48	31.48
Estimated market net rents for similar space (per square foot) ⁽¹⁾	38.64	43.01
Tenant improvement and leasing costs (per square foot)	45.35	28.28

⁽¹⁾ Presented using normalized foreign exchange rates, using the March 31, 2021 exchange rate.

For the three months ended March 31, 2021, we leased approximately 0.9 million square feet at average in-place net rents of \$57.26 per square foot. Approximately 26% of our leasing activity represented new leases. Our overall Core Office portfolio's in-place net rents are currently 2% above market net rents as at March 31, 2021. For the three months ended March 31, 2021, tenant improvements and leasing costs related to leasing activity were \$45.35 per square foot, compared to \$28.28 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:

	Mar. 31, 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	5.2 %	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 %	5.3 %	10	6.3 %	5.3 %	10
Europe ⁽¹⁾	5.6 %	4.7 %	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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Investment properties		
Commercial properties	\$ 24,724	\$ 24,604
Commercial developments	1,176	1,329
Equity accounted investments	9,357	8,866
Accounts receivable and other	1,220	1,094
Cash and cash equivalents	495	458
Assets held for sale	37	196
Total assets	\$ 37,009	\$ 36,547
Debt obligations	13,720	13,681
Capital securities	855	863
Accounts payable and other liabilities	1,734	1,664
Deferred tax liability	1,127	1,151
Liabilities associated with assets held for sale	—	80
Non-controlling interests of others in operating subsidiaries and properties	4,905	4,862
Equity attributable to Unitholders	\$ 14,668	\$ 14,246

Equity attributable to Unitholders increased by \$422 million to \$14,668 million at March 31, 2021 from \$14,246 million at December 31, 2020. The increase relates to net income in the current period, partially offset by the negative impact of foreign currency translation.

Commercial properties totaled \$24,724 million at March 31, 2021, compared to \$24,604 million at December 31, 2020. The increase was driven primarily by fair value gains and incremental capital expenditures.

Commercial developments decreased by \$153 million from December 31, 2020 to March 31, 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 March 31, 2021:

(US\$ Millions)	Mar. 31, 2021
Equity accounted investments, beginning of period	\$ 8,866
Additions	56
Share of net earnings, including fair value gains	231
Distributions received	(37)
Foreign currency translation	12
Other comprehensive income and Other	229
Equity accounted investments, end of period	\$ 9,357

Equity accounted investments increased by \$491 million since December 31, 2020 to \$9,357 million at March 31, 2021. The increase was driven by an increase in share of net earnings as well as the deconsolidation of Bay Adelaide North as mentioned above.

Assets held for sale and related liabilities as of March 31, 2021 includes our interest in an office asset in Australia, 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 \$13,720 million at March 31, 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	Mar. 31, 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			855	863
Total capital securities			\$ 855	\$ 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 \$855 million of capital securities – fund subsidiaries outstanding at March 31, 2021 as compared to \$863 million at December 31, 2020. Capital securities – fund subsidiaries includes \$799 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 March 31, 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 March 31, 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	56 %	\$ 125	\$ 86	\$ 64	\$ 30
Wood Wharf - 20 Water Street, London ⁽²⁾	236	118	Q1 2022	— %	£ 57	£ 36	£ 47	£ 21
1 The Esplanade, Sydney ⁽²⁾	610	305	Q2 2023	64 %	A\$ 336	A\$ 104	A\$ —	A\$ —
Bay Adelaide North, Toronto ⁽²⁾	823	412	Q4 2023	89 %	C\$ 248	C\$ 150	C\$ 175	C\$ 75
Two Manhattan West, Midtown New York ⁽²⁾	1,948	1,091	Q4 2023	25 %	\$ 1,331	\$ 629	\$ 812	\$ 224
Leadenhall Court, London	430	430	Q1 2026	57 %	£ 564	£ 136	£ 426	£ 21
Office Redevelopment:								
1100 Avenue of the Americas, Midtown New York ⁽²⁾	376	136	Q2 2022	95 %	\$ 113	\$ 77	\$ 62	\$ 25
Multifamily:								
Wood Wharf - One Park Drive, London ⁽²⁾⁽³⁾	426	213	Q4 2021	n/a	£ 202	£ 242	£ 135	£ 89
Newfoundland, London ⁽²⁾	594	297	Q1 2022	n/a	£ 279	£ 258	£ 174	£ 148
Halley Rise, Phase I, Washington D.C. ⁽⁴⁾	359	359	Q1 2023	n/a	\$ 153	\$ 106	\$ 111	\$ 56
755 Figueroa, Los Angeles ⁽²⁾	674	319	Q1 2025	n/a	£ 262	\$ 87	\$ 166	\$ 32
Hotel:								
1 Charter Street, London ⁽²⁾	188	94	Q2 2022	n/a	£ 70	£ 29	£ 47	£ 21
Wood Wharf - 15 Water Street, London ⁽²⁾	94	24	Q2 2023	n/a	£ 31	£ 4	£ 19	£ 4
Pendry Manhattan West, Midtown New York ⁽²⁾	184	103	Q3 2023	n/a	\$ 162	\$ 129	\$ 62	\$ 18
Total	7,012	3,940						

⁽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 and London 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 Mar. 31,	
	2021	2020
Commercial property revenue	\$ 485	\$ 484
Hospitality revenue ⁽¹⁾	1	7
Direct commercial property expense	(214)	(199)
Direct hospitality expense ⁽¹⁾	(2)	(5)
Total NOI	\$ 270	\$ 287

⁽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 months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Same-property NOI	\$ 268	\$ 285
Currency variance	—	(7)
NOI related to acquisitions and dispositions	2	9
Total NOI	270	287
Investment and other revenue	44	39
Interest expense	(143)	(156)
Depreciation and amortization on real estate assets	(5)	(3)
Investment and other expense	(8)	(4)
General and administrative expense	(63)	(65)
Fair value gains (losses), net	230	(14)
Share of net earnings from equity accounted investments	231	78
Income before taxes	556	162
Income tax benefit (expense)	12	(22)
Net income	568	140
Net income attributable to non-controlling interests	87	74
Net income attributable to Unitholders	\$ 481	\$ 66

The following table reconciles Core Office net income to FFO for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Net income (loss)	\$ 568	\$ 140
Add (deduct):		
Fair value (gains) losses, net	(230)	14
Share of equity accounted fair value losses (gains), net	(152)	(12)
Depreciation and amortization of real estate assets	1	1
Income tax expense	(12)	22
Non-controlling interests in above items	(52)	(44)
FFO	\$ 123	\$ 121

The following table reconciles Core Office share of net earnings from equity accounted investments for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Unconsolidated properties NOI	\$ 116	\$ 93
Unconsolidated properties fair value (losses) gains, net	152	12
Other expenses	(37)	(27)
Share of net earnings from equity accounted investments	\$ 231	\$ 78

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 months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
FFO	\$ 95	\$ 188
Net (loss) income attributable to Unitholders	(280)	(298)

For the three months ended March 31, 2021, FFO earned in our Core Retail segment was \$95 million compared to \$188 million for the same period in the prior year. FFO decreased due to lower share of earnings from equity accounted investments, due to tenant vacancies and rent abatements. Additionally, the prior year benefited from gains on the sale of our interest in two operating companies.

Net loss attributable to Unitholders was \$(280) million for the three months ended March 31, 2021 and is reflective of fair value losses due to updated cashflow assumptions, compared to a loss of \$(298) million during the same period in the prior year. The reduction in net loss over the prior year is primarily attributable to higher fair value losses recorded in the prior year, as we adjusted our cash flow assumptions on a sensitized basis to estimate the impact of COVID-19 and ensuing shutdown on our assets. The reduction in fair value losses more than offset the decline in FFO in the current quarter.

Leasing Activity

The following table presents key operating metrics in our Core Retail portfolio as at and for the three months ended March 31, 2021 and 2020:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2020
Total portfolio:				
NOI	\$ 225	\$ 265	\$ 161	\$ 205
Number of malls and urban retail properties	62	62	57	60
Leasable square feet (in thousands)	53,956	54,764	63,497	65,176
Same-property:				
Number of malls and urban retail properties	56	56	56	56
Leasable square feet- mall and freestanding (in thousands)	22,634	22,754	29,531	29,460
Leased % ⁽¹⁾	90.3 %	94.2 %	92.4 %	96.2 %
Occupancy % ⁽¹⁾	89.0 %	93.4 %	91.7 %	95.4 %
Permanent Occupancy % ⁽¹⁾	84.0 %	88.6 %	87.5 %	92.1 %

⁽¹⁾ Presented on a same-property basis.

NOI from our consolidated properties decreased to \$225 million during the three months ended March 31, 2021 from \$265 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 \$161 million during the three months ended March 31, 2021 from \$205 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	
	Mar. 31, 2021	Mar. 31, 2020
Number of leases	526	1,200
Leasing activity (square feet in thousands)	1,788	4,399
Average term in years	6.3	7.0
Initial rent per square foot ⁽¹⁾	\$ 51.65	\$ 50.20
Expiring rent per square foot ⁽²⁾	51.82	46.33
Initial rent spread per square foot	(0.17)	3.87
% change	(0.3)%	8.4 %
Tenant allowances and leasing costs (US\$ in millions)	\$ 21	\$ 29

⁽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 March 31, 2021, we leased approximately 1.8 million square feet at initial rents approximately (0.3)% lower than expiring net rents on a suite-to-suite basis.

Our Core Retail portfolio same-property occupancy rate at March 31, 2021 was 89.0% and 91.7%, 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.

	Mar. 31, 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Investment properties		
Commercial properties	\$ 20,043	\$ 20,324
Equity accounted investments	9,640	9,685
Accounts receivable and other	800	899
Cash and cash equivalents	189	205
Assets held for sale	102	353
Total assets	30,774	31,466
Debt obligations	16,222	16,290
Accounts payable and other liabilities	806	853
Deferred tax liability	21	23
Liabilities associated with assets held for sale	—	263
Non-controlling interest	1,504	1,537
Equity attributable to Unitholders	\$ 12,221	\$ 12,500

Equity attributable to Unitholders in the Core Retail segment decreased by \$279 million at March 31, 2021 from December 31, 2020 primarily due to the net loss recognized during the period.

The following table presents a roll-forward of our partnership's equity accounted investments for the year ended March 31, 2021:

(US\$ Millions)	Mar. 31, 2021
Equity accounted investments, beginning of year	\$ 9,685
Additions	9
Disposals and return of capital	—
Share of net earnings from equity accounted investments	19
Distributions	(73)
Other	—
Equity accounted investments, end of period	\$ 9,640

Equity accounted investments decreased by \$45 million to \$9,640 million, primarily due to distributions in the 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 Mar. 31,	
	2021	2020
Commercial property revenue	\$ 332	\$ 371
Direct commercial property expense	(107)	(106)
Total NOI	\$ 225	\$ 265

The following table reconciles Core Retail NOI to net (loss) income attributable to Unitholders for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Total NOI	\$ 225	\$ 265
Investment and other revenue	32	73
Interest expense	(163)	(174)
Depreciation and amortization on real estate assets	(6)	(7)
Investment and other expense	—	—
General and administrative expense	(53)	(66)
Fair value (losses), net	(360)	(295)
Share of net earnings (losses) from equity accounted investments	19	(141)
(Loss) income before taxes	(306)	(345)
Income tax benefit	1	14
Net (loss) income	\$ (305)	\$ (331)
Net (loss) income attributable to non-controlling interests	(25)	(33)
Net (loss) income attributable to Unitholders	\$ (280)	\$ (298)

The following table reconciles Core Retail net (loss) income to FFO for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Net (loss) income	\$ (305)	\$ (331)
Add (deduct):		
Share of equity accounted fair value losses (gains), net	57	259
Fair value losses, net	360	295
Income tax (benefit)	(1)	(14)
Non-controlling interests in above items	(16)	(21)
FFO	\$ 95	\$ 188

The following table reconciles Core Retail share of net earnings from equity accounted investments for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Unconsolidated properties NOI	\$ (66)	\$ 205
Unconsolidated properties fair value (losses) gains, net and income tax expense	(57)	(259)
Other expenses	142	(87)
Share of net earnings and (losses) from equity accounted investments	\$ 19	\$ (141)

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 9th 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 6th 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 generally consolidate the portfolios 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 months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Return of invested capital	\$ 322	\$ 14
Distribution of earnings and gains on invested capital	317	49
Total LP Investments distributions	\$ 639	\$ 63
Less: Incentive fees	\$ (19)	\$ (7)
Total LP Investments distributions, net	\$ 620	\$ 56

During the three months ended March 31, 2021, return of invested capital and distribution of earnings and gains on invested capital primarily related to dispositions from the prior quarter, including the full disposition of our self-storage portfolio, partial disposition of a portfolio of triple-net lease assets, and disposition of two office assets in Brazil. Total LP Investments distributions for the three months ended March 31, 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 and an office asset in BSREP II and distributions of income from our hotel and multifamily assets.

The following table presents FFO and net loss attributable to Unitholders in our LP Investments segment for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
FFO	(6)	49
Net income (loss) attributable to Unitholders	136	(24)

FFO decreased by \$55 million for the three months ended March 31, 2021 primarily due to reduced NOI from our hospitality properties, as they continue to be impacted by the shutdown, as well as property dispositions since the prior year. These decreases were partially offset by lower interest due to the historically low interest rate environment.

Net income attributable to Unitholders increased for the three months ended March 31, 2021 by \$160 million driven by fair value gains in certain of our portfolios, including our manufactured housing portfolio and an office asset in the U.K, driven by capitalization rate compression. These gains were partially offset by lower earnings from our hospitality properties as discussed above.

Financial Position

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

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Investment properties	\$ 27,018	\$ 26,353
Property, plant and equipment	4,969	5,010
Equity accounted investments	906	1,168
Accounts receivable and other	5,569	5,250
Cash and cash equivalents	934	1,789
Assets held for sale	146	39
Total assets	\$ 39,542	\$ 39,609
Debt obligations	20,676	21,134
Capital securities	430	431
Accounts payable and other liabilities	3,440	3,458
Liabilities associated with assets held for sale	114	53
Non-controlling interests of others in operating subsidiaries and properties	9,636	9,271
Equity attributable to Unitholders	\$ 5,246	\$ 5,262

The increase in investment properties is primarily the result fair value gains on our manufactured housing portfolio and an office asset in the U.K, as well as property acquisitions and incremental capital spend in the period. These increases were partially offset by the negative impact of foreign currency translation.

The decrease in property, plant and equipment is the result of depreciation recorded in the period.

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

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Cost:		
Balance at the beginning of period	\$ 5,305	\$ 6,992
Additions	24	140
Disposals	—	(68)
Foreign currency translation	—	142
Impact of deconsolidation due to loss of control and other ⁽¹⁾	(12)	(1,901)
	5,317	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⁾	—	(729)
Disposals	—	13
Provision for impairment ⁽²⁾	—	(15)
Foreign currency translation	1	6
	476	475
Accumulated depreciation:		
Balance at the beginning of period	(770)	(1,288)
Depreciation	(54)	(270)
Disposals	—	27
Foreign currency translation	(1)	(25)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	1	786
	(824)	(770)
Total property, plant and equipment	\$ 4,969	\$ 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 three months ended March 31, 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 March 31, 2021 includes four triple-net lease assets in the U.S. and two multifamily 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 decreased primarily due repayments of property-level debt as well as the positive 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 months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Commercial property revenue	\$ 468	\$ 549
Hospitality revenue	58	359
Direct commercial property expense	(165)	(175)
Direct hospitality expense	(71)	(285)
Total NOI	290	448
Investment and other revenue	29	16
Interest expense	(236)	(319)
General and administrative expense	(41)	(39)
Investment and other expense	—	—
Depreciation and amortization	(57)	(77)
Fair value gains, net	694	148
Share of net (losses) earnings from equity accounted investments	(44)	27
Income before taxes	635	204
Income tax expense	(96)	(156)
Net income	539	48
Net income attributable to non-controlling interests	403	72
Net income (loss) attributable to Unitholders	\$ 136	\$ (24)

The following table reconciles LP Investments net income to FFO for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Net income	\$ 539	\$ 48
Add (deduct):		
Fair value gains, net	(694)	(148)
Share of equity accounted fair value losses, net	19	3
Depreciation and amortization of real estate assets	44	68
Income tax expense	96	156
Non-controlling interests in above items	(10)	(78)
FFO	\$ (6)	\$ 49

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 months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
FFO	\$ (125)	\$ (84)
Net loss attributable to Unitholders	(71)	(230)

FFO was a loss of \$(125) million (2020 - loss of \$(84) million) for the three months ended March 31, 2021, respectively. Corporate FFO includes interest expense and general and administrative expense.

For the three months ended March 31, 2021, interest expense totaled \$70 million (2020 - \$60 million), which reflects \$37 million (2020 - \$36 million) of interest expense on capital securities and \$33 million (2020 - \$24 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 March 31, 2021 general and administrative expense was \$56 million (2020 - \$26 million) and consists of \$30 million (2020 - \$14 million) of asset management fees, equity enhancement fees of \$12 million (2020 - nil) and \$14 million (2020 - \$12 million) of other corporate costs.

For the three months ended March 31, 2021, we also recorded an income tax expense \$22 million (2020 - income tax benefit of \$3 million), respectively, allocated to the corporate segment which primarily 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)	Mar. 31, 2021	Dec. 31, 2020
Accounts receivable and other	\$ 332	\$ 308
Cash and cash equivalents	17	21
Total assets	349	329
Debt obligations	2,622	3,232
Capital securities	1,746	1,739
Deferred tax liabilities	63	37
Accounts payable and other liabilities	2,227	1,476
Preferred equity	699	699
Non-controlling interests	13	17
Equity attributable to Unitholders	\$ (7,021)	\$ (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 March 31, 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	Mar. 31, 2021	Dec. 31, 2020
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25 %	\$ 589	\$ 586
Series 2	24,000,000	6.50 %	557	555
Series 3	24,000,000	6.75 %	540	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	789,718	5.00 %	16	16
Class A Series 4	594,994	5.20 %	12	12
Total capital securities - corporate			\$ 1,746	\$ 1,739

Reconciliation of Non-IFRS Measures – Corporate

The following table reconciles Corporate net loss to net loss attributable to Unitholders for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Net loss	\$ (71)	\$ (230)
Net loss attributable to non-controlling interests	—	—
Net loss attributable to Unitholders	\$ (71)	\$ (230)

The following table reconciles Corporate net loss to FFO for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Net loss	\$ (71)	\$ (230)
Add (deduct):		
Fair value (gains) losses, net	(76)	149
Income tax expense	22	(3)
Non-controlling interests in above items	—	—
FFO	\$ (125)	\$ (84)

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 March 31, 2021, capital totaled \$98 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 March 31, 2021, the available liquidity under such credit facilities was \$877 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 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 \$5,337 million at March 31, 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)	Mar. 31, 2021	Dec. 31, 2020
Proportionate cash retained at subsidiaries	\$ 1,466	\$ 1,733
Proportionate availability under subsidiary credit facilities	2,129	2,410
Proportionate availability under construction facilities	1,742	1,399
Group-wide liquidity⁽¹⁾	\$ 5,337	\$ 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)	Mar. 31, 2021
2021	\$ 8,059
2022	7,105
2023	4,542
2024	8,312
2025	3,373
2026 and thereafter	8,319
Deferred financing costs	(217)
Secured debt obligations	\$ 39,493
Debt to capital ratio	54.1 %

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 2.7% of our debt obligations represent non-recourse mortgages where we have suspended contractual payment. 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. During the first quarter of 2021, we transferred two underperforming malls to the lender in the Core Retail segment.

Currently, our debt to capital ratio is 54.1%. 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 March 31, 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 month periods ended March 31, 2021 and 2020, the partnership made distributions to Unitholders of \$312 million (2020 - \$311 million), respectively. This compares to cash flow from operating activities of \$999 million and \$373 million for the three months ended March 31, 2021 and 2020. Pursuant to the terms of the agreement governing the pending privatization with Brookfield Asset Management, Unitholders will not receive further quarterly distributions.

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. In particular, in the near term, we expect to be impacted by the ongoing global economic shutdown, which has interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets, resulting in a general decline in equity prices and lower interest rates; impacted social conditions; and adversely impacted local, regional, national and international economic conditions, as well as 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 retail and hospitality assets are experiencing the most immediate impact. Our office asset tenants, while facing hardships from stay-at-home orders, do not presently have as acute difficulty in fulfilling lease commitments in near-term, they could face increased difficulty if prolonged mitigation efforts material impact their business.

Government and government agencies comprise 8% of our Core Office segment tenant base and, as at March 31, 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 March 31, 2021:

Tenant	Primary location	Credit rating ⁽¹⁾	Exposure (%) ⁽²⁾
Government and Government Agencies	Various	AA+/AAA	8.0 %
Morgan Stanley	NY/London	A	2.6 %
Barclays	London/Toronto/Calgary	BBB	2.0 %
CIBC World Markets ⁽³⁾	Calgary/Toronto/NY	AA	1.8 %
Suncor Energy Inc.	Calgary	BBB+	1.7 %
Bank of Montreal	Calgary/Toronto	AA	1.5 %
EY	Various	Not Rated	1.3 %
Cenovus	Calgary	BB	1.3 %
Royal Bank of Canada	Various	AA-	1.3 %
Deloitte	Various	Not Rated	1.3 %
Total			22.8 %

⁽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 March 31, 2021. The largest ten tenants in our portfolio accounted for approximately 21.3% of minimum rents, tenant recoveries and other.

Tenant	Primary Brands	Exposure (%) ⁽¹⁾
L Brands, Inc	Victoria's Secret, Bath & Body Works, PINK	3.6 %
Foot Locker, Inc	Footlocker, Champs Sports, Footaction USA, House of Hoops	3.2 %
LVMH	Louis Vuitton, Sephora, Fendi, Bulgari, Dior, Tag Heuer	2.9 %
The Gap, Inc	Gap, Banana Republic, Old Navy, Athleta	2.1 %
American Eagle Outfitters, Inc	American Eagle Outfitters, Aerie	1.9 %
Signet Jewelers Limited	Zales, Gordon's, Kay, Jared	1.8 %
Express, Inc	Express, Express Men, Express Factory	1.6 %
H&M Hennes & Mauritz	H&M, COS	1.5 %
Luxottica Group S.P.A.	Lenscrafters, Sunglass Hut, Pearle Vision	1.4 %
Abercrombie & Fitch Stores, Inc	Abercrombie, Abercrombie & Fitch, Hollister	1.3 %
Total		21.3 %

⁽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 6.9 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 March 31, 2021, including our unconsolidated investments:

(Sq. ft. in thousands)	Current	2021	2022	2023	2024	2025	2026	2027	2028 and beyond	Total
Core Office	8,919	2,458	5,465	3,891	4,706	4,696	5,881	4,247	39,440	79,703
Total % expiring	11.2 %	3.1 %	6.9 %	4.9 %	5.9 %	5.9 %	7.4 %	5.3 %	49.4 %	100.0 %
Core Retail ⁽¹⁾	4,682	3,025	6,958	6,760	7,139	4,927	4,243	3,830	10,950	52,514
Total % expiring	8.8 %	5.8 %	13.2 %	12.9 %	13.6 %	9.4 %	8.1 %	7.3 %	20.9 %	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 43% of our outstanding debt obligations at March 31, 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 \$229 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 \$24 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 March 31, 2021, our consolidated debt to capitalization was 54% (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 three months ended March 31, 2021, approximately 33% of our assets and 26% 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Mar. 31, 2021	Interest rate caps of US\$ LIBOR debt	\$ 9,470	2.5% - 5.5%	Apr. 2021 - Feb. 2023	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(93)
	Interest rate caps of £ LIBOR debt	3,224	2.0% - 2.5%	Jun. 2021 - Jan. 2022	—
	Interest rate caps of € EURIBOR debt	114	1.3%	Apr. 2021	—
	Interest rate caps of C\$ LIBOR debt	240	2.0%	Oct. 2021	—
	Interest rate swaps of AUD BBSW/BBSY debt	442	0.8% - 1.6%	Apr. 2023 - Feb. 2026	—
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 months ended March 31, 2021, the amount of hedge ineffectiveness recorded in earnings in connection with our interest rate hedging activities was nil (2020 - nil).

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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Mar. 31, 2021	Net investment hedges	€ 109	€0.81/\$ - €0.88/\$	Sep. 2021 - Feb. 2023	\$ 6
	Net investment hedges	£ 2,088	£0.72/\$ - £0.86/\$	Jun. 2021 - Mar. 2023	(25)
	Net investment hedges	A\$ 616	A\$1.29/\$ - A\$1.52/\$	Jun. 2021 - Jul. 2022	11
	Net investment hedges	C¥ 827	C¥6.70/\$ - C¥7.22/\$	Jun. 2021 - Sep. 2022	(9)
	Net investment hedges	C\$ 95	C\$1.26/\$ - C\$1.27/\$	Jun. 2021 - Mar. 2023	(1)
	Net investment hedges	R\$ 160	R\$5.51/\$	Jun. 2021	1
	Net investment hedges	₩ 720,095	₩1,095.50/\$ - ₩1,209.90/\$	Jun. 2021 - Mar. 2023	(15)
	Net investment hedges	Rs 36,471	Rs76.28/\$ - Rs78.18/\$	Jun. 2021 - Jul. 2022	(4)
	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	86
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 months ended March 31, 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Derivative type	Notional	Rates	Maturity dates	Fair value
Mar. 31, 2021	Interest rate caps	\$ 3,582	3.5% - 5.0%	Aug. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt	1,285	2.8% - 6.4%	Jun. 2021 - Jun. 2028	(193)
	Interest rate swaps of US\$ debt	1,746	0.8% - 5.1%	Jun. 2021 - Mar. 2024	(24)
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 months ended March 31, 2021, the partnership recognized fair value gains, net of approximately nil (2020 - losses of \$52 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 Mar. 31,	
	2021	2020
Base fee amount at 0.125% of current capitalization	\$ 30	\$ 16
Fee on increased market capitalization (.3125%)	38	4
Total calculated fees	68	20
Less credits:		
Equity enhancement adjustment	(16)	(2)
Creditable operating payments and other adjustments	(11)	(12)
Total fee, subject to minimum adjusted for inflation	41	6
Total fee, by component:		
Base fee	30	6
Equity enhancement adjustment	11	—
Total fee	\$ 41	\$ 6

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 January 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own. On April 1, 2021, Brookfield Asset Management and BPY reached an agreement to acquire all of the limited partnership units of the partnership for a price of \$18.17 per LP Unit, or \$6.5 billion in total value. The agreement provides that each holder of LP Units can elect to receive consideration per LP Unit of a combination of (i) 0.3979 class A limited voting shares of Brookfield Asset Management ("Brookfield Shares"), (ii) \$18.17 in cash, and/or (iii) 0.7268 preferred units of a subsidiary of our partnership with a liquidation preference of \$25.00 per unit ("New Preferred Units"), subject in each case to pro-rata based on a maximum of 59.3 million Brookfield Shares (approximately 42% of the total value of the LP Units), maximum cash consideration of \$3.27 billion (approximately 50% of the total value of the LP Units), and a maximum value of \$500 million in New Preferred Units (approximately 8% of the total value of the LP Units). If holders of LP Units collectively elect to receive in excess of \$500 million in New Preferred Units, the amount of New Preferred Units can increase to a maximum of \$1 billion, offset against the maximum amount of Brookfield Shares. The maximum amount of cash consideration would not be affected.

The independent members of the board of directors of the BPY General Partner unanimously approved the transaction and recommended that unitholders of BPY do the same.

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)	Mar. 31, 2021	Dec. 31, 2020
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	(393)	(91)
Loans and notes receivable	8	50
Receivables and other assets	59	59
Deposit payable to Brookfield Asset Management(1)	(1,695)	(754)
Property-specific debt obligations	(78)	—
Loans and notes payable and other liabilities	(351)	(313)
Preferred shares held by Brookfield Asset Management	(15)	(15)

⁽¹⁾ As of March 31, 2021, a \$1,695 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 agreement provides for a deposit limit of \$2.0 billion. Subsequent to quarter-end, the deposit limit was increased to \$3.0 billion.

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Transactions with related parties:		
Commercial property revenue ⁽¹⁾	\$ 8	\$ 7
Management fee income	7	10
Interest expense on debt obligations	5	7
General and administrative expense ⁽²⁾	65	38
Construction costs ⁽³⁾	50	118
Incentive fees	—	6

⁽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 March 31, 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 March 31, 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 three months ended March 31, 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 \$87 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. Brookfield Property Partners is listed on the Nasdaq Stock Market and Toronto Stock Exchange. 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 March 31, 2021 and December 31, 2020 and
for the three months ended March 31, 2021 and 2020

Brookfield Property Partners L.P.

Condensed Consolidated Balance Sheets

Unaudited (US\$ Millions)	Note	As at	
		Mar. 31, 2021	Dec. 31, 2020
Assets			
Non-current assets			
Investment properties	3	\$ 72,961	\$ 72,610
Equity accounted investments	4	19,903	19,719
Property, plant and equipment	5	5,189	5,235
Goodwill	6	1,079	1,080
Intangible assets	7	988	982
Other non-current assets	8	3,782	3,177
Loans and notes receivable		174	139
Total non-current assets		104,076	102,942
Current assets			
Loans and notes receivable		92	77
Accounts receivable and other	9	1,586	1,871
Cash and cash equivalents		1,635	2,473
Total current assets		3,313	4,421
Assets held for sale	10	285	588
Total assets		\$ 107,674	\$ 107,951
Liabilities and equity			
Non-current liabilities			
Debt obligations	11	\$ 38,621	\$ 41,263
Capital securities	12	2,132	2,384
Other non-current liabilities	14	1,829	1,703
Deferred tax liabilities		2,920	2,858
Total non-current liabilities		45,502	48,208
Current liabilities			
Debt obligations	11	14,619	13,074
Capital securities	12	899	649
Accounts payable and other liabilities	15	4,669	4,101
Total current liabilities		20,187	17,824
Liabilities associated with assets held for sale	10	114	396
Total liabilities		65,803	66,428
Equity			
Limited partners	16	11,706	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	12,242	12,249
Limited partnership units of Brookfield Office Properties Exchange LP	16, 17	72	73
FV LTIP units of the Operating Partnership	16, 17	51	52
Class A shares of Brookfield Property REIT Inc. ("BPYU")	16, 17	1,039	1,050
Interests of others in operating subsidiaries and properties	17	16,058	15,687
Total equity		41,871	41,523
Total liabilities and equity		\$ 107,674	\$ 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 Mar. 31,	
		2021	2020
Commercial property revenue	18	\$ 1,285	\$ 1,404
Hospitality revenue	19	59	366
Investment and other revenue	20	106	130
Total revenue		1,450	1,900
Direct commercial property expense	21	486	480
Direct hospitality expense	22	73	290
Investment and other expense		8	4
Interest expense		612	709
Depreciation and amortization	23	68	87
General and administrative expense	24	213	196
Total expenses		1,460	1,766
Fair value gains (losses), net	25	640	(310)
Share of net earnings (losses) from equity accounted investments	4	206	(36)
Income (loss) before income taxes		836	(212)
Income tax expense	13	105	161
Net income (loss)		\$ 731	\$ (373)
Net income (loss) attributable to:			
Limited partners		\$ 124	\$ (228)
General partner		—	—
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units		129	(226)
Limited partnership units of Brookfield Office Properties Exchange LP		1	(1)
FV LTIP units of the Operating Partnership		1	—
Class A shares of Brookfield Property REIT Inc.		11	(31)
Interests of others in operating subsidiaries and properties		465	113
Total		\$ 731	\$ (373)
Net income (loss) per LP Unit:			
Basic	16	\$ 0.25	\$ (0.49)
Diluted	16	\$ 0.25	\$ (0.49)

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 Mar. 31,	
		2021	2020
Net income (loss)		\$ 731	\$ (373)
Other comprehensive income (loss)	27		
Items that may be reclassified to net income:			
Foreign currency translation		(70)	(354)
Cash flow hedges		54	(154)
Equity accounted investments		23	(69)
Items that will not be reclassified to net income:			
Securities - fair value through other comprehensive income ("FVTOCI")		—	22
Share of revaluation surplus on equity accounted investments		—	(21)
Revaluation surplus (deficit)		—	(96)
Total other comprehensive income (loss)		7	(672)
Total comprehensive income (loss)		\$ 738	\$ (1,045)
Comprehensive income (loss) attributable to:			
Limited partners			
Net income (loss)		\$ 124	\$ (228)
Other comprehensive income (loss)		17	(249)
		141	(477)
Non-controlling interests			
Redeemable/exchangeable and special limited partnership units			
Net income (loss)		129	(226)
Other comprehensive income (loss)		19	(247)
		148	(473)
Limited partnership units of Brookfield Office Properties Exchange LP			
Net income (loss)		1	(1)
Other comprehensive income (loss)		—	(2)
		1	(3)
FV LTIP units of the Operating Partnership			
Net income (loss)		1	—
Other comprehensive income (loss)		—	(1)
		1	(1)
Class A shares of Brookfield Property REIT Inc.			
Net income (loss)		11	(31)
Other comprehensive income (loss)		2	(34)
		13	(65)
Interests of others in operating subsidiaries and properties			
Net income (loss)		465	113
Other comprehensive income (loss)		(31)	(139)
		434	(26)
Total comprehensive income (loss)		\$ 738	\$ (1,045)

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	—	124	—	—	124	—	—	—	—	—	—	129	1	1	11	465	731
Other comprehensive income (loss)	—	—	—	17	17	—	—	—	—	—	—	19	—	—	2	(31)	7
Total comprehensive income	—	124	—	17	141	—	—	—	—	—	—	148	1	1	13	434	738
Distributions	—	(145)	—	—	(145)	—	—	—	—	—	—	(152)	(1)	(1)	(13)	(768)	(1,080)
Preferred distributions	—	(6)	—	—	(6)	—	—	—	—	—	—	(5)	—	—	—	—	(11)
Issuance / repurchase of interests in operating subsidiaries	2	(11)	14	—	5	—	—	—	—	—	—	7	—	1	(17)	705	701
Exchange of exchangeable units	2	—	1	—	3	—	—	—	—	—	—	1	(4)	—	—	—	—
Change in relative interests of non-controlling interests	—	—	(1)	—	(1)	—	—	—	—	—	—	(6)	3	(2)	6	—	—
Balance as at Mar. 31, 2021	\$ 8,566	\$ 448	\$ 3,024	\$ (332)	\$ 11,706	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 12,242	\$ 72	\$ 51	\$ 1,039	\$ 16,058	\$ 41,871
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	—	(228)	—	—	(228)	—	—	—	—	—	—	(226)	(1)	—	(31)	113	(373)
Other comprehensive (loss)	—	—	—	(249)	(249)	—	—	—	—	—	—	(247)	(2)	(1)	(34)	(139)	(672)
Total comprehensive (loss)	—	(228)	—	(249)	(477)	—	—	—	—	—	—	(473)	(3)	(1)	(65)	(26)	(1,045)
Distributions	—	(146)	—	—	(146)	—	—	—	—	—	—	(144)	(1)	—	(20)	(118)	(429)
Preferred distributions	—	(4)	—	—	(4)	—	—	—	—	—	—	(3)	—	—	—	—	(7)
Issuance / repurchase of interest in operating subsidiaries	(158)	1	57	—	(100)	—	—	—	—	—	279	3	—	1	(1)	155	337
Exchange of exchangeable units	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of Class A shares of Brookfield Property REIT Inc.	110	—	111	—	221	—	—	—	—	—	—	—	—	—	(221)	—	—
Change in relative interest of non-controlling interests	—	—	(62)	(5)	(67)	—	—	—	—	—	—	54	—	20	(7)	—	—
Balance as at Mar. 31, 2020	\$ 9,209	\$ 2,162	\$ 2,066	\$ (736)	\$ 12,701	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 12,637	\$ 83	\$ 55	\$ 1,616	\$ 15,996	\$ 43,791

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Cash Flows

Unaudited (US\$ Millions)	Note	Three Months Ended Mar. 31,	
		2021	2020
Operating activities			
Net income (loss)		\$ 731	\$ (373)
Share of equity accounted (earnings) losses, net of distributions		(155)	141
Fair value (gains) losses, net	25	(640)	310
Deferred income tax expense	13	79	136
Depreciation and amortization	23	68	87
Working capital and other		916	72
		999	373
Financing activities			
Debt obligations, issuance		2,477	3,952
Debt obligations, repayments		(3,353)	(3,362)
Capital securities redeemed		(1)	—
Preferred equity issued		—	279
Non-controlling interests, issued		748	89
Non-controlling interests, purchased		—	(29)
Repayment of lease liabilities		(6)	(4)
Limited partnership units, repurchased		(18)	(101)
Class A shares of Brookfield Property REIT Inc., repurchased		—	(18)
Distributions to non-controlling interests in operating subsidiaries		(736)	(122)
Preferred distributions		(11)	(7)
Distributions to limited partnership unitholders		(145)	(146)
Distributions to redeemable/exchangeable and special limited partnership unitholders		(152)	(144)
Distributions to holders of Brookfield Office Properties Exchange LP units		(1)	(1)
Distributions to holders of FV LTIP units of the Operating Partnership		(1)	—
Distributions to holders of Class A shares of Brookfield Property REIT Inc.		(13)	(20)
		(1,212)	366
Investing activities			
Acquisitions			
Investment properties		(582)	(583)
Property, plant and equipment		(27)	(63)
Equity accounted investments		(104)	(89)
Financial assets and other		(424)	(390)
Dispositions			
Investment properties		198	201
Property, plant and equipment		—	2
Equity accounted investments		67	51
Financial assets and other		370	499
Restricted cash and deposits		(112)	13
		(614)	(359)
Cash and cash equivalents			
Net change in cash and cash equivalents during the period		(827)	380
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies		(11)	(42)
Balance, beginning of period		2,473	1,438
Balance, end of period		\$ 1,635	\$ 1,776
Supplemental cash flow information			
Cash paid for:			
Income taxes, net of refunds received		\$ 19	\$ 21
Interest (excluding dividends on capital securities)		\$ 546	\$ 827

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 months ended March 31, 2021 were approved and authorized for issue by the Board of Directors of the partnership on May 6, 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 months ended March 31, 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 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 March 31, 2021. Due to uncertainty surrounding COVID-19, the volatility of current markets, pace and size of government policy responses and the lack of private market transactions, 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 three months ended March 31, 2021 and the year ended December 31, 2020:

(US\$ Millions)	Three months ended Mar. 31, 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	157	12	169	647	108	755
Capital expenditures	207	199	406	1,140	857	1,997
Property dispositions ⁽¹⁾	(127)	(344)	(471)	(2,339)	(21)	(2,360)
Fair value gains (losses), net	444	29	473	(1,607)	219	(1,388)
Foreign currency translation	(111)	6	(105)	322	(44)	278
Transfer between commercial properties and commercial developments	52	(52)	—	2,709	(2,709)	—
Reclassifications to assets held for sale and other changes	(121)	—	(121)	(2,143)	(40)	(2,183)
Balance, end of period ⁽²⁾	\$ 70,795	\$ 2,166	\$ 72,961	\$ 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 March 31, 2021 (December 31, 2020 - \$729 million and \$10 million). Current lease liabilities of \$33 million (December 31, 2020 - \$35 million) have been included in accounts payable and other liabilities and non-current lease liabilities of \$725 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	Mar. 31, 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	5.2%	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	9.7%	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	7.3%	5.2 %	10	7.3%	5.2 %	10
Multifamily⁽¹⁾	Direct capitalization	4.9%	n/a	n/a	4.9%	n/a	n/a
Triple Net Lease⁽¹⁾	Direct capitalization	6.3%	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)	Mar. 31, 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	\$ —	\$ —	\$ 14,729	\$ 456	\$ —	\$ —	\$ 14,682	\$ 411
Canada	—	—	4,776	64	—	—	4,721	381
Australia	—	—	2,362	398	—	—	2,366	365
Europe	—	—	2,562	258	—	—	2,526	173
Brazil	—	—	294	—	—	—	309	—
Core Retail	—	—	20,043	—	—	—	20,324	—
LP Investments								
LP Investments- Office	—	—	8,172	751	—	—	7,946	781
LP Investments- Retail	—	—	2,427	—	—	—	2,538	—
Hospitality	—	—	89	—	—	—	84	—
Mixed-Use	—	—	3,022	—	—	—	3,096	—
Multifamily	—	—	2,512	—	—	—	2,442	—
Triple Net Lease	—	—	3,742	—	—	—	3,719	—
Student Housing	—	—	2,828	239	—	—	2,757	205
Manufactured Housing	—	—	3,237	—	—	—	2,784	—
Total	\$ —	\$ —	\$ 70,795	\$ 2,166	\$ —	\$ —	\$ 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 three months ended March 31, 2021, for properties valued using the discounted cash flow or direct capitalization method, respectively:

(US\$ Millions)	Mar. 31, 2021
	Impact on fair value of commercial properties
Core Office	
United States	750
Canada	223
Australia	169
Europe	156
Brazil	2
Core Retail	1,082
LP Investments	
LP Investments- Office	392
LP Investments- Retail	145
Mixed-use	155
Multifamily	120
Triple Net Lease	143
Student Housing	125
Manufactured Housing	165
Total	\$ 3,627

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	
			Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Joint Ventures						
Canary Wharf Joint Venture ⁽¹⁾	Property holding company	United Kingdom	50 %	50 %	\$ 3,569	\$ 3,440
Manhattan West, New York	Property holding company	United States	56 %	56 %	2,174	2,122
Ala Moana Center, Hawaii	Property holding company	United States	50 %	50 %	1,866	1,862
BPYU JV Pool A	Property holding company	United States	50 %	50 %	1,734	1,723
BPYU JV Pool B	Property holding company	United States	51 %	51 %	1,093	1,121
Fashion Show, Las Vegas	Property holding company	United States	50 %	50 %	834	835
Grace Building, New York	Property holding company	United States	50 %	50 %	699	676
BPYU JV Pool C	Property holding company	United States	50 %	50 %	683	692
BPYU JV Pool D	Property holding company	United States	48 %	48 %	546	548
Southern Cross East, Melbourne	Property holding company	Australia	50 %	50 %	428	433
The Grand Canal Shoppes, Las Vegas	Property holding company	United States	50 %	50 %	413	416
One Liberty Plaza, New York	Property holding company	United States	51 %	51 %	404	382
680 George Street, Sydney	Property holding company	Australia	50 %	50 %	382	375
The Mall in Columbia, Maryland	Property holding company	United States	50 %	50 %	298	298
Potsdamer Platz, Berlin	Property holding company	Germany	25 %	25 %	260	255
Brookfield D.C. Office Partners LLC ("D.C. Venture"), Washington, D.C.	Property holding company	United States	51 %	51 %	257	257
BPYU JV Pool G	Property holding company	United States	68 %	68 %	254	251
BPYU JV Pool F	Property holding company	United States	51 %	51 %	253	253
Shops at La Cantera, Texas	Property holding company	United States	50 %	50 %	250	249
Baybrook Mall, Texas	Property holding company	United States	51 %	51 %	250	251
Brookfield Brazil Retail Fundo de Investimento em Participação ("Brazil Retail")	Holding company	Brazil	46 %	46 %	229	251
Miami Design District, Florida	Property holding company	United States	22 %	22 %	227	238
Other ⁽²⁾	Various	Various	15% - 55%	14% - 55%	2,538	2,510
					19,641	19,438
Associates						
Various	Various	Various	31% -31%	16% - 31%	262	281
					262	281
Total					\$ 19,903	\$ 19,719

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

⁽²⁾ 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Three months ended	
	Mar. 31, 2021	Year ended Dec. 31, 2020
Equity accounted investments, beginning of period	\$ 19,719	\$ 20,764
Additions ⁽¹⁾	104	522
Disposals and return of capital distributions	(67)	(108)
Share of net earnings (losses) from equity accounted investments	206	(749)
Distributions received	(51)	(618)
Foreign currency translation	(12)	107
Reclassification from (to) assets held for sale ⁽²⁾	—	121
Other comprehensive income and other	4	(320)
Equity accounted investments, end of period	\$ 19,903	\$ 19,719

⁽¹⁾ The prior year includes \$70 million related to the Atlantis resort due to deconsolidation of the investment in the third quarter of 2020.

⁽²⁾ 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	Mar. 31, 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%	5.3 %	10	6.3 %	5.3 %	10
Europe	Discounted cash flow	5.6%	4.7 %	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	6.0%	5.3 %	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)	Mar. 31, 2021	Dec. 31, 2020
Non-current assets	\$ 77,759	\$ 77,818
Current assets	4,400	5,054
Total assets	82,159	82,872
Non-current liabilities	34,314	34,509
Current liabilities	6,252	5,886
Total liabilities	40,566	40,395
Net assets	41,593	42,477
Partnership's share of net assets	\$ 19,903	\$ 19,719

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Revenue	\$ 1,024	\$ 1,243
Expenses	823	826
Income from equity accounted investments ⁽¹⁾	8	18
Income before fair value gains, net	209	435
Fair value gains (losses), net	210	(480)
Net income (loss)	419	(45)
Partnership's share of net earnings (losses)	\$ 206	\$ (36)

⁽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 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

In the first quarter of 2021, the partnership tested its property, plant and equipment for impairment and found no impairment indicators.

The following table presents the change to the components of the partnership’s hospitality assets for the three months ended March 31, 2021 and for the year ended December 31, 2020:

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Cost:		
Balance at the beginning of period	\$ 5,575	\$ 7,246
Additions	30	164
Disposals	(4)	(75)
Foreign currency translation	—	142
Impact of deconsolidation due to loss of control and other ⁽¹⁾	(11)	(1,902)
	5,590	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	2	6
	490	488
Accumulated depreciation:		
Balance at the beginning of period	(828)	(1,311)
Depreciation	(65)	(306)
Disposals	2	28
Foreign currency translation	(1)	(25)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	1	786
	(891)	(828)
Total property, plant and equipment⁽⁴⁾	\$ 5,189	\$ 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 \$164 million (December 31, 2020 - \$164 million).

NOTE 6. GOODWILL

Goodwill of \$1,079 million at March 31, 2021 (December 31, 2020 - \$1,080 million) is primarily attributable to Center Parcs UK of \$830 million and IFC Seoul of \$232 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 first 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 \$987 million as of March 31, 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Cost	\$ 1,024	\$ 1,016
Accumulated amortization	(36)	(34)
Balance, end of period	\$ 988	\$ 982

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

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Balance, beginning of period	\$ 982	\$ 1,162
Acquisitions	—	6
Amortization	(3)	(12)
Impairment losses	—	(18)
Foreign currency translation	9	30
Impact of deconsolidation due to loss of control and other ⁽¹⁾	—	(186)
Balance, end of period	\$ 988	\$ 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)	Mar. 31, 2021	Dec. 31, 2020
Securities - FVTPL	\$ 2,067	\$ 1,612
Derivative assets	96	72
Securities - FVTOCI	85	86
Restricted cash	308	241
Inventory ⁽¹⁾	941	877
Other	285	289
Total other non-current assets	\$ 3,782	\$ 3,177

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

Securities - FVTPL

Securities - FVTPL consists of its investment in convertible preferred units of a U.S. hospitality operating company. The preferred units earn a fixed cumulative dividend of 7.5% per annum compounding quarterly. Additionally, the partnership receives distributions in additional convertible preferred units of the U.S. hospitality operating company at 5.0% per annum compounding quarterly. The carrying value of these convertible preferred units at March 31, 2021 was \$451 million (December 31, 2020 - \$447 million).

Also included in Securities - FVTPL is the partnership's investment in BSREP III, with a carrying value of the financial asset at March 31, 2021 of \$853 million (December 31, 2020 - \$756 million).

NOTE 9. ACCOUNTS RECEIVABLE AND OTHER

The components of accounts receivable and other are as follows:

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Derivative assets	\$ 116	\$ 164
Accounts receivable ⁽¹⁾ - net of expected credit loss of \$122 million (December 31, 2020 - \$114 million)	603	753
Restricted cash and deposits	347	292
Prepaid expenses	303	330
Other current assets	217	332
Total accounts receivable and other	\$ 1,586	\$ 1,871

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

With respect to accounts receivable, the partnership recorded a \$13 million (2020 - \$31 million) loss allowance in commercial property operating expenses for the three months ended March 31, 2021. As of March 31, 2021, office rent collections have returned to pre-pandemic levels and the partnership has collected 86% of first 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. The partnership continues to make meaningful progress in its negotiations with national and local tenants to secure rental payments, despite a significant portion of the partnership's tenants requesting rental assistance, whether in the form of deferral or rent abatement. As of March 31, 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Investment properties	\$ 181	\$ 481
Equity accounted investments	102	102
Accounts receivable and other assets	2	5
Assets held for sale	285	588
Debt obligations	113	380
Accounts payable and other liabilities	1	16
Liabilities associated with assets held for sale	\$ 114	\$ 396

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

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Balance, beginning of period	\$ 588	\$ 387
Reclassification to (from) assets held for sale, net	120	2,381
Disposals	(422)	(2,222)
Fair value adjustments	—	9
Foreign currency translation	—	20
Other	(1)	13
Balance, end of period	\$ 285	\$ 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.

At March 31, 2021, assets held for sale included four triple-net lease assets in the U.S, two multifamily assets in the U.S., a mall in Brazil, and an office asset in Australia, 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)	Mar. 31, 2021		Dec. 31, 2020	
	Weighted-average rate	Debt balance	Weighted-average rate	Debt balance
Unsecured facilities:				
Brookfield Property Partners' credit facilities	1.71 %	723	1.75 %	1,357
Brookfield Property Partners' corporate bonds	4.14 %	1,915	4.14 %	1,890
Brookfield Property REIT Inc. term debt	2.86 %	3,966	2.90 %	3,976
Brookfield Property REIT Inc. senior secured notes	5.75 %	945	5.75 %	945
Brookfield Property REIT Inc. corporate facility	2.36 %	985	2.41 %	1,015
Brookfield Property REIT Inc. junior subordinated notes	1.66 %	206	1.66 %	206
Subsidiary borrowings	1.65 %	237	1.69 %	196
Secured debt obligations:				
Funds subscription credit facilities ⁽¹⁾	2.51 %	373	2.51 %	315
Fixed rate	4.26 %	27,783	4.27 %	28,446
Variable rate	3.46 %	16,479	3.61 %	16,629
Deferred financing costs		(259)		(258)
Total debt obligations		\$ 53,353		\$ 54,717
Current		14,619		13,074
Non-current		38,621		41,263
Debt associated with assets held for sale		113		380
Total debt obligations		\$ 53,353		\$ 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 2.7% 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. During the first quarter of 2021, the partnership transferred two underperforming malls to the lender in the Core Retail segment.

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

(Millions)	Mar. 31, 2021		Dec. 31, 2020	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
U.S. Dollars	\$ 36,545	\$ 36,545	\$ 37,413	\$ 37,413
British Pounds	6,926 £	5,025	6,809 £	4,981
Canadian Dollars	4,369 C\$	5,488	4,408 C\$	5,613
South Korean Won	2,022 ₩	2,280,000	2,093 ₩	2,280,000
Australian Dollars	1,462 A\$	1,924	1,473 A\$	1,914
Indian Rupee	1,800 Rs	131,403	2,257 Rs	164,753
Brazilian Reais	164 R\$	935	180 R\$	936
Chinese Yuan	25 C¥	162	22 C¥	143
Euros	299 €	255	320 €	262
Deferred financing costs		(259)		(258)
Total debt obligations	\$ 53,353		\$ 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						Mar. 31, 2021
	Dec. 31, 2020	Debt obligation issuance, net of repayments	Assumed by purchaser	Amortization of deferred financing costs and (premium) discount	Foreign currency translation	Other	
Debt obligations	\$ 54,717	(876)	(301)	6	(1)	(192)	\$ 53,353

NOTE 12. CAPITAL SECURITIES

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

(US\$ Millions)	Shares outstanding	Cumulative dividend rate	Mar. 31, 2021	Dec. 31, 2020
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25 %	\$ 589	\$ 586
Series 2	24,000,000	6.50 %	557	555
Series 3	24,000,000	6.75 %	540	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	789,718	5.00 %	16	16
Series 4	594,994	5.20 %	12	12
BSREP II RH B LLC ("Manufactured Housing") Preferred Capital	—	9.00 %	248	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			855	863
Total capital securities			\$ 3,031	\$ 3,033
Current			899	649
Non-current			2,132	2,384
Total capital securities			\$ 3,031	\$ 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 \$248 million at March 31, 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.

Capital securities also includes \$142 million at March 31, 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 March 31, 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 \$799 million at March 31, 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 March 31, 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 March 31, 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	Non-cash changes on capital securities				Mar. 31, 2021
		Capital securities redeemed	Fair value changes	Foreign currency translation	Other	
Capital securities	\$ 3,033	\$ (1)	\$ 10	\$ (1)	\$ (11)	3,031

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 Mar. 31,	
	2021	2020
Current income tax	\$ 26	\$ 25
Deferred income tax	79	136
Income tax expense (benefit)	\$ 105	\$ 161

The partnership’s income tax expense decreased for the three months ended March 31, 2021 as compared to the same period in the prior year primarily due to tax benefits from an internal restructuring of subsidiaries. These tax benefits were partially offset by an increase in book income and other write-offs previously recognized in deferred tax assets.

NOTE 14. OTHER NON-CURRENT LIABILITIES

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

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Accounts payable and accrued liabilities	\$ 573	\$ 437
Lease liabilities ⁽¹⁾	892	875
Derivative liabilities	253	272
Provisions	99	105
Deferred revenue	12	14
Total other non-current liabilities	\$ 1,829	\$ 1,703

⁽¹⁾ For the three months ended March 31, 2021, interest expense relating to total lease liabilities (see Note 15, Accounts Payable And Other Liabilities for the current portion) was \$15 million (2020 - \$14 million).

NOTE 15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

(US\$ Millions)	Mar. 31, 2021	Dec. 31, 2020
Accounts payable and accrued liabilities	\$ 1,856	\$ 2,094
Loans and notes payable ⁽¹⁾	2,013	1,062
Derivative liabilities	220	416
Deferred revenue	496	441
Lease liabilities ⁽²⁾	41	43
Other liabilities	43	45
Total accounts payable and other liabilities	\$ 4,669	\$ 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	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Outstanding, beginning of period	139	139	435,980	439,802
Exchange LP Units exchanged	—	—	53	169
BPYU Units exchanged	—	—	—	11,580
Distribution Reinvestment Program	—	—	123	998
Issued under unit-based compensation plan	—	—	1	—
LP Units issued	—	—	—	59,497
Repurchase of LP Units	—	—	—	(76,066)
Outstanding, end of period	139	139	436,157	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 March 31, 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 March 31, 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	
	Mar. 31, 2021	Dec. 31, 2020
Outstanding, beginning of period	2,714	2,883
Exchange LP Units exchanged ⁽¹⁾	(53)	(169)
Outstanding, end of period	2,661	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 1,874,166 and 1,899,661 FV LTIP Units outstanding at March 31, 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.	
	Mar. 31, 2021	Dec. 31, 2020
Outstanding, beginning of period	39,127	64,025
BPYU Units exchanged ⁽¹⁾	—	(11,580)
Repurchases of BPYU Units	(842)	(13,396)
BPYU Units vested	377	84
Forfeitures	—	(6)
Outstanding, end of period⁽²⁾	38,662	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 March 31, 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 March 31, 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 Mar. 31,	
	2021	2020
Limited Partners	\$ 145	\$ 146
Holders of:		
Redeemable/Exchangeable Partnership Units	150	142
Special LP Units	2	2
Exchange LP Units	1	1
FV LTIP Units	1	—
BPYU Units	13	20
Total	\$ 312	\$ 311
Per unit⁽¹⁾	\$ 0.3325	\$ 0.3325

⁽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 Mar. 31,	
	2021	2020
Net income (loss) attributable to limited partners	\$ 124	\$ (228)
Income (loss) reallocation related to mandatorily convertible preferred shares	9	(17)
Less: Preferred unit dividends attributable to limited partners	(6)	(5)
Net income (loss) attributable to limited partners – basic	127	(250)
Dilutive effect of conversion of preferred shares and options	—	—
Net income (loss) attributable to limited partners – diluted	\$ 127	\$ (250)
(in millions of units/shares)		
Weighted average number of LP Units outstanding	436.0	440.7
Mandatorily convertible preferred shares	70.1	70.1
Weighted average number of LP Units - basic	506.1	510.8
Dilutive effect of the conversion of preferred shares and options ⁽¹⁾	—	—
Weighted average number of LP units outstanding - diluted	506.1	510.8

⁽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)	Mar. 31, 2021	Dec. 31, 2020
Redeemable/Exchangeable Partnership Units and Special LP Units ⁽¹⁾	\$ 12,242	\$ 12,249
Exchange LP Units ⁽¹⁾	72	73
FV LTIP Units ⁽¹⁾	51	52
BPYU Units ⁽¹⁾	1,039	1,050
Interests of others in operating subsidiaries and properties:		
Preferred shares held by Brookfield Asset Management	15	15
Preferred equity of subsidiaries	3,001	3,000
Non-controlling interests in subsidiaries and properties	13,042	12,672
Total interests of others in operating subsidiaries and properties	16,058	15,687
Total non-controlling interests	\$ 29,462	\$ 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			
		Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
BPO ⁽¹⁾	Canada	— %	— %	\$ 4,807	\$ 4,758
BPR Retail Holdings LLC ⁽²⁾	United States	— %	— %	1,503	1,537
BSREP II MH Holdings LLC ⁽³⁾	United States	74 %	74 %	1,323	998
BSREP II PBSA Ltd. ⁽³⁾	Bermuda	75 %	75 %	985	961
BSREP CARS Sub-Pooling LLC ⁽³⁾	United States	74 %	74 %	822	889
Brookfield India Real Estate Trust ⁽³⁾⁽⁴⁾	India	82 %	— %	728	—
BSREP II Korea Office Holdings Pte. Ltd. ⁽³⁾	United Kingdom	78 %	78 %	629	627
BSREP II Aries Pooling LLC ⁽³⁾	United States	74 %	74 %	493	425
Center Parcs UK ⁽³⁾	United States	73 %	73 %	470	550
Brookfield Fairfield Multifamily Value Add Fund III LP ⁽³⁾	United States	70 %	70 %	411	365
BSREP II Retail Upper Pooling LLC ⁽³⁾	South Korea	50 %	50 %	410	423
BSREP India Office Holdings Pte. Ltd. ⁽³⁾	United States	67 %	67 %	146	323
Other	Various	33% - 76%	33% - 76%	3,331	3,831
Total				\$ 16,058	\$ 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 Mar. 31,	
	2021	2020
Base rent	\$ 848	\$ 919
Straight-line rent	10	19
Lease termination	33	7
Other lease income ⁽¹⁾	159	197
Other revenue from tenants ⁽²⁾	235	262
Total commercial property revenue	\$ 1,285	\$ 1,404

⁽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 \$36 million, 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 Mar. 31,	
	2021	2020
Room, food and beverage	\$ 53	\$ 276
Gaming, and other leisure activities	—	67
Other hospitality revenue	6	23
Total hospitality revenue	\$ 59	\$ 366

NOTE 20. INVESTMENT AND OTHER REVENUE

The components of investment and other revenue are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Investment income	\$ 25	\$ 23
Fee revenue	60	63
Dividend income	11	34
Interest income and other	10	10
Total investment and other revenue	\$ 106	\$ 130

NOTE 21. DIRECT COMMERCIAL PROPERTY EXPENSE

The components of direct commercial property expense are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Property maintenance	\$ 182	\$ 174
Real estate taxes	157	157
Employee compensation and benefits	38	42
Lease expense ⁽¹⁾	3	4
Other ⁽²⁾	106	103
Total direct commercial property expense	\$ 486	\$ 480

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

⁽²⁾ For the three months ended March 31, 2021, the partnership recorded a \$13 million (2020 - \$31 million) loss allowance in commercial property operating expenses.

NOTE 22. DIRECT HOSPITALITY EXPENSE

The components of direct hospitality expense are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Employee compensation and benefits	\$ 20	\$ 82
Cost of food, beverage, and retail goods sold	7	69
Maintenance and utilities	18	37
Marketing and advertising	6	20
Other	22	82
Total direct hospitality expense	\$ 73	\$ 290

NOTE 23. DEPRECIATION AND AMORTIZATION

The components of depreciation and amortization expense are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Depreciation and amortization of real estate assets	\$ 45	\$ 69
Depreciation and amortization of non-real estate assets ⁽¹⁾	23	18
Total depreciation and amortization	\$ 68	\$ 87

⁽¹⁾ For the three months ended March 31, 2021, included \$2 million (2020 - \$2 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 Mar. 31,	
	2021	2020
Employee compensation and benefits	\$ 87	\$ 99
Management fees	51	24
Transaction costs	4	3
Other	71	70
Total general and administrative expense	\$ 213	\$ 196

NOTE 25. FAIR VALUE GAINS (LOSSES), NET

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

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Commercial properties	\$ 444	\$ (89)
Commercial developments	29	88
Incentive fees ⁽¹⁾	—	(6)
Financial instruments and other ⁽²⁾	167	(303)
Total fair values gains (losses), net	\$ 640	\$ (310)

⁽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 months ended March 31, 2021, primarily includes fair value 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 months ended March 31, 2021, the partnership incurred \$2 million (2020 - \$6 million) 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 March 31, 2021.

i. Equity-settled BPY Awards

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

	Mar. 31, 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	(18,000)	16.80	—	—
Expired/forfeited	(189,228)	21.07	(1,282,095)	20.87
Outstanding, end of period	18,425,866	20.56	18,633,094	20.56
Exercisable, end of period	18,407,116	\$ 20.55	18,614,344	\$ 20.56

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

Expiry date	Mar. 31, 2021		Dec. 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
2021	—	\$ —	—	\$ —
2022	973,300	18.09	987,700	18.09
2023	1,090,420	16.80	1,108,420	16.80
2024	11,687,478	20.59	11,775,394	20.59
2025	1,884,341	25.18	1,923,706	25.18
2026	2,696,577	19.51	2,744,124	19.51
2027	93,750	22.92	93,750	22.92
2028	—	—	—	—
Total	18,425,866	\$ 20.56	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 March 31, 2021 and December 31, 2020 is as follows:

	Mar. 31, 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 March 31, 2021 and December 31, 2020 under the cash-settled BPY Awards by expiry date:

Expiry date	Mar. 31, 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 March 31, 2021, the total number of Restricted Units outstanding was 645,222 (December 31, 2020 - 523,573) with a weighted average exercise price of \$19.15 (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 March 31, 2021, the total number of Canadian Restricted Units outstanding was 606,871 (December 31, 2020 - 482,464) with a weighted average exercise price of C\$24.71 (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 March 31, 2021, the total number of Restricted BPYU Units outstanding was 3,510,710 (December 31, 2020 - 1,808,765) with a weighted average exercise price of \$18.63 (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 March 31, 2021, the total number of FV LTIP Units was 1,874,166 (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 March 31, 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 March 31, 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 March 31, 2021, the total number of AO LTIP Options outstanding was 782,879 (December 31, 2020 - 1,079,069) with a weighted average exercise price of \$22.53 (December 31, 2020 - \$22.54).

NOTE 27. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) consists of the following:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Items that may be reclassified to net income:		
Foreign currency translation		
Net unrealized foreign currency translation (losses) gains in respect of foreign operations	\$ (90)	\$ (1,173)
Gains on hedges of net investments in foreign operations, net of income taxes for the three months ended Mar. 31, 2021 of nil (2020 – nil)	20	819
	(70)	(354)
Cash flow hedges		
Gains (losses) on derivatives designated as cash flow hedges, net of income taxes for the three months ended Mar. 31, 2021 of \$(3) million (2020 – \$(1) million)	54	(154)
	54	(154)
Equity accounted investments		
Share of unrealized foreign currency translation (losses) gains in respect of foreign operations	(1)	—
Gains (losses) on derivatives designated as cash flow hedges	24	(69)
	23	(69)
Items that will not be reclassified to net income:		
Unrealized gains on securities - FVTOCI, net of income taxes for the three months ended Mar. 31, 2021 of \$(10) million (2020 – \$22 million)	—	22
Share of revaluation (deficit) on equity accounted investments	—	(21)
Revaluation (deficit), net of income taxes for the three months ended Mar. 31, 2021 of nil (2020 – \$(39) million)	—	(96)
	—	(95)
Total other comprehensive income (loss)	\$ 7	\$ (672)

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 March 31, 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 March 31, 2021, there remained approximately \$920 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 March 31, 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 March 31, 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 March 31, 2021, there remained approximately \$453 million of uncontributed capital commitments.

In October of 2020, Brookfield Asset Management announced the final close on the €619 million (\$726 million) Brookfield European Real estate Partnership fund to which the partnership has committed €100 million (\$117 million). As of March 31, 2021, there remained approximately €91 million (\$107 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Mar. 31, 2021	Interest rate caps of US\$ LIBOR debt	\$ 9,470	2.5% - 5.5%	Apr. 2021 - Feb. 2023	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(93)
	Interest rate caps of £ LIBOR debt	3,224	2.0% - 2.5%	Jun. 2021 - Jan. 2022	—
	Interest rate caps of € EURIBOR debt	114	1.3%	Apr. 2021	—
	Interest rate caps of C\$ LIBOR debt	240	2.0%	Oct. 2021	—
	Interest rate swaps of AUD BBSW/BBSY debt	442	0.8% - 1.6%	Apr. 2023 - Feb. 2026	—
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 months ended March 31, 2021, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's interest rate hedging activities was nil (2020 - 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item		Notional	Rates	Maturity dates	Fair value
Mar. 31, 2021	Net investment hedges	€	109	€0.81/\$ - €0.88/\$	Sep. 2021 - Feb. 2023	\$ 6
	Net investment hedges	£	2,088	£0.72/\$ - £0.86/\$	Jun. 2021 - Mar. 2023	(25)
	Net investment hedges	A\$	616	A\$1.29/\$ - A\$1.52/\$	Jun. 2021 - Jul. 2022	11
	Net investment hedges	C¥	827	C¥6.70/\$ - C¥7.22/\$	Jun. 2021 - Sep. 2022	(9)
	Net investment hedges	C\$	95	C\$1.26/\$ - C\$1.27/\$	Jun. 2021 - Mar. 2023	(1)
	Net investment hedges	R\$	160	R\$5.51/\$	Jun. 2021	1
	Net investment hedges	₩	720,095	₩1,095.50/\$ - ₩1,209.90/\$	Jun. 2021 - Mar. 2023	(15)
	Net investment hedges	Rs	36,471	Rs76.28/\$ - Rs78.18/\$	Jun. 2021 - Jul. 2022	(4)
	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
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

For the three months ended March 31, 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Derivative type		Notional	Rates	Maturity dates	Fair value
Mar. 31, 2021	Interest rate caps	\$	3,582	3.5% - 5.0%	Aug. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt		1,285	2.8% - 6.4%	Jun. 2021 - Jun. 2028	(193)
	Interest rate swaps of US\$ debt		1,746	0.8% - 5.1%	Jun. 2021 - Mar. 2024	(24)
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 months ended March 31, 2021, the partnership recognized fair value gains, net of nil (2020 - losses of \$52 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	Mar. 31, 2021		Dec. 31, 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans and notes receivable	Amortized cost	\$ 266	\$ 266	\$ 216	\$ 216
Other non-current assets					
Securities - FVTPL	FVTPL	2,067	2,067	1,612	1,612
Derivative assets	FVTPL	96	96	72	72
Securities - FVTOCI	FVTOCI	85	85	86	86
Restricted cash	Amortized cost	308	308	241	241
Current assets					
Securities - FVTPL	FVTPL	—	—	107	107
Derivative assets	FVTPL	116	116	164	164
Accounts receivable ⁽¹⁾	Amortized cost	605	605	758	674
Restricted cash	Amortized cost	347	347	292	292
Cash and cash equivalents	Amortized cost	1,635	1,635	2,473	2,473
Total financial assets		\$ 5,525	\$ 5,525	\$ 6,021	\$ 5,937
Financial liabilities					
Debt obligations ⁽²⁾	Amortized cost	\$ 53,353	\$ 53,432	\$ 54,717	\$ 54,897
Capital securities	Amortized cost	2,176	2,176	2,170	2,170
Capital securities - fund subsidiaries	FVTPL	855	855	863	863
Other non-current liabilities					
Accounts payable	Amortized cost	573	573	437	437
Derivative liabilities	FVTPL	253	253	272	272
Accounts payable and other liabilities					
Accounts payable and other ⁽³⁾	Amortized cost	1,857	1,857	2,110	2,110
Loans and notes payable	Amortized cost	2,015	2,015	1,062	1,062
Derivative liabilities	FVTPL	220	220	416	416
Total financial liabilities		\$ 61,302	\$ 61,381	\$ 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 \$2 million and \$5 million as of March 31, 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 \$113 million and \$380 million as of March 31, 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 \$1 million and \$16 million as of March 31, 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)	Mar. 31, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Securities - FVTPL	—	132	1,935	2,067	—	123	1,596	1,719
Securities - FVTOCI	—	—	85	85	—	—	86	86
Derivative assets	—	212	—	212	—	236	—	236
Total financial assets	\$ —	\$ 344	\$ 2,020	\$ 2,364	\$ —	\$ 359	\$ 1,682	\$ 2,041
Financial liabilities								
Capital securities - fund subsidiaries	\$ —	\$ —	\$ 855	\$ 855	\$ —	\$ —	\$ 863	\$ 863
Derivative liabilities	—	473	—	473	—	688	—	688
Total financial liabilities	\$ —	\$ 473	\$ 855	\$ 1,328	\$ —	\$ 688	\$ 863	\$ 1,551

There were no transfers between levels during the three months ended March 31, 2021 and 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 March 31, 2021 and December 31, 2020:

(US\$ Millions)	Mar. 31, 2021		Dec. 31, 2020	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Balance, beginning of period	\$ 1,682	\$ 863	\$ 1,371	\$ 922
Acquisitions	312	—	324	—
Dispositions	(41)	—	(10)	—
Fair value gains, net and OCI	67	(8)	(3)	(59)
Other	—	—	—	—
Balance, end of period	\$ 2,020	\$ 855	\$ 1,682	\$ 863

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 Mar. 31,	
	2021	2020
Base fee amount at 0.125% of current capitalization	\$ 30	\$ 16
Fee on increased market capitalization (.3125%)	38	4
Total calculated fees	68	20
Less credits:		
Equity enhancement adjustment	(16)	(2)
Creditable operating payments and other adjustments	(11)	(12)
Total fee, subject to minimum adjusted for inflation	41	6
Total fee, by component:		
Base fee	30	6
Equity enhancement adjustment	11	—
Total fee	\$ 41	\$ 6

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 January 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own. On April 1, 2021, Brookfield Asset Management and the partnership reached an agreement, 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)	Mar. 31, 2021	Dec. 31, 2020
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	(393)	(91)
Loans and notes receivable	8	50
Receivables and other assets	59	59
Deposit payable to Brookfield Asset Management ⁽¹⁾	(1,695)	(754)
Property-specific debt obligations	(78)	—
Loans and notes payable and other liabilities	(351)	(313)
Preferred shares held by Brookfield Asset Management	(15)	(15)

⁽¹⁾ As of March 31, 2021, a \$1,695 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 agreement provides for a deposit limit of \$2.0 billion. Subsequent to quarter-end, the deposit limit was increased to \$3.0 billion.

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
Transactions with related parties:		
Commercial property revenue ⁽¹⁾	\$ 8	\$ 7
Management fee income	7	10
Interest expense on debt obligations	5	7
General and administrative expense ⁽²⁾	65	38
Construction costs ⁽³⁾	50	118
Incentive fees	—	6

⁽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 Mar. 31, 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	\$ —	\$ 47	\$ 94	\$ —	\$ 20	\$ 137	\$ 76	\$ 1,076	\$ 1,450
Net income attributable to unitholders ⁽¹⁾	130	278	271	—	(26)	266	182	(835)	266
For the three months ended Mar. 31, 2020									
Revenue	\$ —	\$ 64	\$ 39	\$ —	\$ 15	\$ 200	\$ 4	\$ 1,578	\$ 1,900
Net income attributable to unitholders ⁽¹⁾	(244)	56	27	—	112	(486)	(73)	122	(486)

⁽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 Mar. 31, 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	\$ —	\$ 580	\$ 125	\$ —	\$ 1,702	\$ 8,928	\$ 187	\$ (8,209)	\$ 3,313
Non-current assets	12,593	30,386	23,505	—	205	37,923	2,141	(2,677)	104,076
Assets held for sale	—	—	—	—	—	—	—	285	285
Current liabilities	—	3,598	1,418	—	335	8,069	1,335	5,432	20,187
Non-current liabilities	—	4,601	3,978	—	1,593	12,969	399	21,962	45,502
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	114	114
Preferred equity	699	—	—	—	—	—	—	—	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,839	—	—	—	—	13,219	16,058
Equity attributable to unitholders ⁽¹⁾	\$ 11,894	\$ 22,767	\$ 15,395	\$ —	\$ (21)	\$ 25,813	\$ 594	\$ (51,328)	\$ 25,114

⁽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 months ended March 31, 2021 and 2020:

(US\$ Millions) Three months ended Mar. 31,	Total revenue		FFO	
	2021	2020	2021	2020
Core Office	\$ 530	\$ 530	\$ 123	\$ 121
Core Retail	364	444	95	188
LP Investments	555	924	(6)	49
Corporate	1	2	(125)	(84)
Total	\$ 1,450	\$ 1,900	\$ 87	\$ 274

The following summaries presents the detail of total revenue from the partnership's operating segments for the three months ended March 31, 2021 and 2020:

(US\$ Millions)					
Three months ended Mar. 31, 2021	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 377	\$ 108	\$ 1	\$ 44	\$ 530
Core Retail	267	65	—	32	364
LP Investments	405	63	58	29	555
Corporate	—	—	—	1	1
Total	\$ 1,049	\$ 236	\$ 59	\$ 106	\$ 1,450

(US\$ Millions)					
Three months ended Mar. 31, 2020	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 369	\$ 115	\$ 7	\$ 39	\$ 530
Core Retail	296	75	—	73	444
LP Investments	478	71	359	16	924
Corporate	—	—	—	2	2
Total	\$ 1,143	\$ 261	\$ 366	\$ 130	\$ 1,900

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

(US\$ Millions)	Total assets		Total liabilities	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Core Office	\$ 37,009	\$ 36,547	\$ 17,436	\$ 17,439
Core Retail	30,774	31,466	17,049	17,429
LP Investments	39,542	39,609	24,660	25,076
Corporate	349	329	6,658	6,484
Total	\$ 107,674	\$ 107,951	\$ 65,803	\$ 66,428

The following summary presents a reconciliation of FFO to net income for the three months ended March 31, 2021 and 2020:

(US\$ Millions)	Three months ended Mar. 31,	
	2021	2020
FFO⁽¹⁾	\$ 87	\$ 274
Depreciation and amortization of real estate assets	(45)	(69)
Fair value gains, net	640	(310)
Share of equity accounted income - non-FFO	76	(250)
Income tax expense	(105)	(161)
Non-controlling interests of others in operating subsidiaries and properties – non-FFO	(387)	30
Net (loss) income attributable to unitholders⁽²⁾	266	(486)
Non-controlling interests of others in operating subsidiaries and properties	465	113
Net (loss) income	\$ 731	\$ (373)

⁽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

In April 2021, the deposit agreement dated February 2019 between the partnership and Brookfield Asset Management was amended such that the deposit limit provided for in the agreement was increased from \$2.0 billion to \$3.0 billion.

On January 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own. On April 1, 2021, Brookfield Asset Management and the partnership reached an agreement to acquire all of the limited partnership units of the partnership for a price of \$18.17 per LP Unit, or \$6.5 billion in total value. The agreement provides that each holder of LP Units can elect to

receive consideration per LP Unit of a combination of (i) 0.3979 class A limited voting shares of Brookfield Asset Management (“Brookfield Shares”), (ii) \$18.17 in cash, and/or (iii) 0.7268 preferred units of a subsidiary of our partnership with a liquidation preference of \$25.00 per unit (“New Preferred Units”), subject in each case to pro-rata based on a maximum of 59.3 million Brookfield Shares (approximately 42% of the total value of the LP Units), maximum cash consideration of \$3.27 billion (approximately 50% of the total value of the LP Units), and a maximum value of \$500 million in New Preferred Units (approximately 8% of the total value of the LP Units). If holders of LP Units collectively elect to receive in excess of \$500 million in New Preferred Units, the amount of New Preferred Units can increase to a maximum of \$1 billion, offset against the maximum amount of Brookfield Shares. The maximum amount of cash consideration would not be affected. The independent members of the board of directors of the BPY General Partner unanimously approved the transaction and recommended that unitholders of the partnership do the same.

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 March 31, 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 January 1, 2021 and ended on March 31, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: May 7, 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 March 31, 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 January 1, 2021 and ended on March 31, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: May 7, 2021

/s/ Bryan K. Davis

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



BROOKFIELD PROPERTY PARTNERS L.P.

bpy.brookfield.com

NASDAQ: BPY
TSX: BPY.UN