



Brookfield Property Partners L.P.

Q3 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 November 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: November 10, 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>
<u>99.1</u>	Management's Discussion and Analysis of Financial Results of Brookfield Property Partners L.P. as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020
<u>99.2</u>	Unaudited condensed consolidated financial statements of Brookfield Property Partners L.P. as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020
<u>99.3</u>	Certification of Chief Executive Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P.
<u>99.4</u>	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 September 30, 2021 and December 31, 2020 and results of operations for the three and nine months ended September 30, 2021 and 2020. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements (the "Financial Statements") and related notes as of September 30, 2021, included elsewhere in this report, and our annual report for the year ended December 31, 2020 on Form 20-F.

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"). Non-IFRS measures used in this MD&A are reconciled to or calculated from the most comparable IFRS measure. We utilize these measures in managing our business, including for 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 on page 25. We also caution readers that this MD&A may contain forward-looking statements, see page 30 for our "*Statement Regarding Forward-Looking Statements.*"

This MD&A includes financial data for the three and nine months ended September 30, 2021 and includes material information up to November 10, 2021.

OBJECTIVES AND FINANCIAL HIGHLIGHTS

BASIS OF PRESENTATION

Other than the impacts to our equity interests as a result of the July 26, 2021 transaction discussed below, there have been no material changes to our basis of presentation since the issuance of our annual report for the year ended December 31, 2020 on Form 20-F.

Prior to the Privatization described below, our partnership's equity interests include general partnership units ("GP Units"), 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. Holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units, Exchange LP Units and BPYU Units will be collectively referred to throughout this MD&A as "Unitholders". The LP Units, Redeemable/Exchangeable Partnership Units, Exchange LP Units and BPYU Units have the same economic attributes in all respects, except that the holders of Redeemable/Exchangeable Partnership Units and BPYU Units have the right to request that their units be redeemed for cash consideration. In the event that Brookfield Asset Management Inc. ("Brookfield Asset Management"), as the holder of the Redeemable/Exchangeable Partnership Units exercises this right, our partnership has the right, at its sole discretion, to satisfy the redemption request with its LP Units, rather than cash, on a one-for-one basis. As a result, Brookfield Asset Management, as holder of Redeemable/Exchangeable Partnership Units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP Units of our partnership. However, given the redemption feature referenced above and the fact that they were issued by our subsidiary, we present the Redeemable/Exchangeable Partnership Units as a component of non-controlling interests. The Exchange LP Units are exchangeable at any time on a one-for-one basis, at the option of the holder, for LP Units. We present the Exchange LP Units as a component of non-controlling interests. BPYU Units provide their holders with the right to request that their units be redeemed for cash consideration. In the event the holders of BPYU Units exercise this right, our partnership has the right at its sole discretion, to satisfy the redemption request with its LP Units, rather than cash, on a one-for-one basis. As a result, BPYU Units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of LP Units of our partnership. We present BPYU Units as a component of non-controlling interest.

On July 26, 2021, Brookfield Asset Management acquired all of the publicly traded LP Units outstanding that it did not previously own. In addition, i) the publicly held Exchange LP Units were acquired directly or indirectly by Brookfield Asset Management and subsequently converted into Class A LP Units of Brookfield Office Properties Exchange LP ("Class A Exchange LP Units"), ii) the publicly held BPYU Units were acquired in the privatization and the terms of the BPYU Units were subsequently amended to, among other things, remove the entitlement to be exchanged for LP Units, iii) new publicly traded preferred units were issued by Brookfield Property Preferred L.P. ("New LP Preferred Units"), a subsidiary of our partnership, and iv) non-voting Class B common shares in a BPY subsidiary were issued to Brookfield Asset Management ("Canholdco Class B Common Shares").

Financial data has been prepared using accounting policies in accordance with IFRS as issued by the IASB. 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

- 144 premier properties
- 97 million square feet
- 89% occupancy

CORE RETAIL PORTFOLIO

100 of the top 500 malls in the United States

- 117 best-in-class malls and urban retail properties
- 116 million square feet
- 93% occupancy

LP INVESTMENTS PORTFOLIO

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

INVESTMENT STRATEGY

Overall, our goal is to be the leading global owners and operator of high-quality real estate. 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.

Our diversified Core portfolios consist of high-quality office and retail assets in some of the world’s most dynamic markets. We target to earn core-plus total returns on our Core portfolios.

The Core portfolios include some of our most iconic assets, including Manhattan West in New York, Canary Wharf in London and Ala Moana in Honolulu. These large-scale mixed-use complexes in global gateway cities provide our tenants with a 24-hour, 7-days-a-week live, work, play environment. These assets have stable cash flow as a result of their long-term leases.

In addition, we actively recycle capital from certain Core assets on our balance sheet as they mature. These assets earn attractive short-term rates of return, as we acquire underperforming assets and improve their operations. We add significant value during this transitional period before ultimately selling them and reinvesting the proceeds.

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, mixed-use and other alternative real estate. We target to earn opportunistic returns on our LP Investments portfolio. These investments 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. As such, capital invested in our LP Investments recycles over time, as existing funds return capital, and we reinvest these proceeds in future vintages of Brookfield-sponsored funds.

There have been no material changes to our investment strategy since December 31, 2020. For a more detailed description of our investment strategy, please refer to the section titled Item 4.B. “*Business Overview*” in our December 31, 2020 annual report on Form 20-F.

PERFORMANCE MEASURES

We consider the following items to be important drivers of our current and anticipated financial performance:

- 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;
- preferred 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 non-IFRS measures including NOI, same-property NOI, funds from operations (“FFO”), Company FFO, Company FFO and realized gains, and equity attributable to Unitholders. We define these financial measures on page 24.

FINANCIAL STATEMENTS ANALYSIS

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section, we review our financial position and consolidated performance as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020. Further details on our results from operations and our financial positions are contained within the “*Segment Performance*” section beginning on page 13.

The Privatization impacted the composition of our equity structure. Refer to *Note 3, Privatization of the Partnership* of our Q3 2021 Financial Statements for further information.

The following acquisitions and dispositions affected our consolidated results for the three and nine months ended September 30, 2021 and 2020. Unless stated otherwise, proceeds represents the selling price attributable to the properties:

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). 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).
- In the second quarter of 2020, we sold approximately 50% of our interests in two multifamily properties into joint ventures with Brookfield Premier Real Estate Partners Pooling LLC (“BPREP”) for net proceeds of \$146 million. Prior to the transactions, our interests were consolidated but are now accounted for under the equity method.

In our Core Retail segment:

- In the third quarter of 2021, we sold two retail assets in the United States for approximately \$39 million.
- In the first quarter of 2021, two malls 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 third quarter of 2021, we sold eight multifamily assets in the United States for approximately \$690 million and a realized gain of approximately \$150 million.
- In the third quarter of 2021, we sold five retail assets in the United States for approximately \$19 million.
- In the second quarter of 2021, we converted our preferred equity interest in a portfolio of select-service hospitality assets (“Hospitality Investors Trust”) valued at approximately \$472 million into common shares. Prior to the transaction, our interest was reflected as a financial asset and is now consolidated, as we gained control over the investment.
- In the second quarter of 2021, we acquired a portfolio of manufactured housing assets in the Brookfield Strategic Real Estate Partners II (“BSREP II”) fund for consideration of approximately \$159 million.
- In the first quarter of 2021, we sold four retail assets in the United States for approximately \$73 million and a realized loss of \$97 million.
- In the fourth quarter of 2020, we sold our portfolio of self-storage assets in the United States in BSREP II for approximately \$1.2 billion and a realized gain of approximately \$244 million.
- In the fourth quarter of 2020, we sold a partial interest in a portfolio of triple-net lease assets in the United States in the Brookfield Strategic Real Estate Partners I (“BSREP I”) fund for approximately \$728 million and a realized gain of approximately \$105 million. As part of the sale, we no longer have certain voting rights, which has resulted in a loss of control over the investment; as a result, we deconsolidated our investment in the portfolio.
- In the fourth quarter of 2020, we sold two office assets in Brazil in the BSREP II fund for approximately R\$2.0 billion (\$379 million) and a realized gain of approximately R\$735 million (\$136 million).
- In the fourth quarter of 2020, we sold five multifamily assets in the United States in the BSREP II fund for approximately \$390 million and a realized gain of approximately \$61 million.
- In the third quarter of 2020, we completed the recapitalization of the Atlantis Paradise Island resort (“Atlantis”) with a consortium of investors who made a total commitment of \$300 million in the form of preferred equity, of which we committed approximately

\$125 million. As a result, we no longer control the previously consolidated investment and account for the investment under the equity method following recapitalization.

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

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

Operating Results

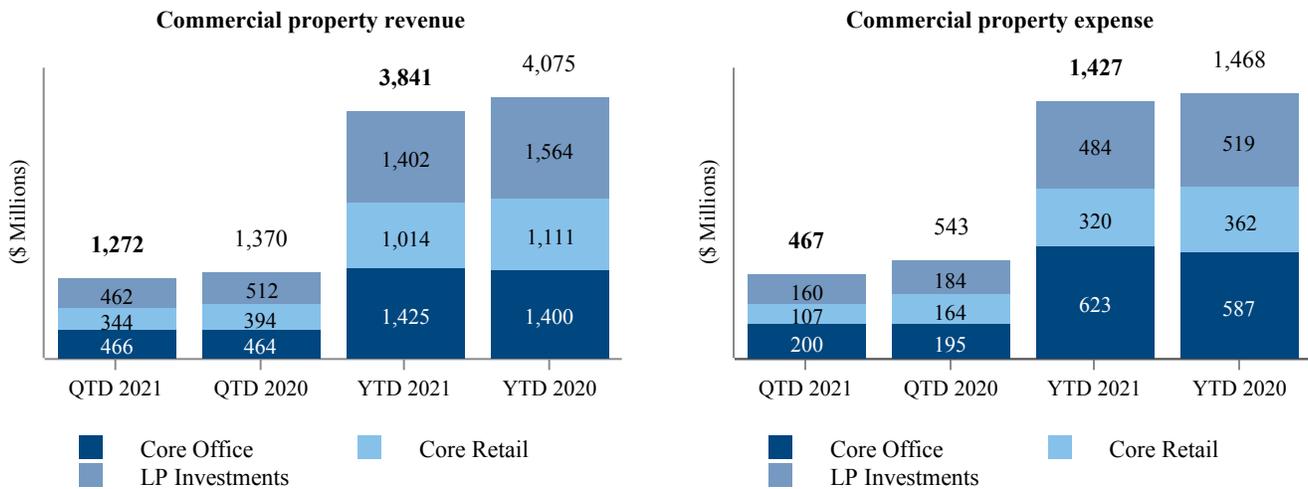
(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 1,272	\$ 1,370	\$ 3,841	\$ 4,075
Hospitality revenue	417	175	672	591
Investment and other revenue	132	91	418	307
Total revenue	1,821	1,636	4,931	4,973
Direct commercial property expense	467	543	1,427	1,468
Direct hospitality expense	219	134	412	530
Investment and other expense	31	5	62	18
Interest expense	616	642	1,938	1,950
Depreciation and amortization	87	83	223	253
General and administrative expense	235	205	691	596
Total expenses	1,655	1,612	4,753	4,815
Fair value gains (losses), net	50	(156)	1,188	(1,269)
Share of earnings from equity accounted investments	284	76	743	(717)
Income before taxes	500	(56)	2,109	(1,828)
Income tax expense (benefit)	100	79	292	192
Net income (loss)	\$ 400	\$ (135)	\$ 1,817	\$ (2,020)

We recognized net income for the three months ended September 30, 2021 of \$400 million which compares to a net loss of \$135 million for the same period in the prior year. The current period benefited from increased earnings in our hospitality portfolio, as the majority of our properties have started to recover following the recent global economic shutdown (“the shutdown”) caused by the coronavirus (“COVID-19”) pandemic. The prior year included higher fair value losses in our Core Retail portfolio, which reflected the impact of the shutdown on our near and mid-term cash flows.

Net income for the nine months ended September 30, 2021 was \$1,817 million compared to a loss of \$2,020 million for the same period in prior year. The increase is primarily attributable to the reasons mentioned above, in addition to fair value losses taken on our Core Office and Core Retail portfolios in the prior year, which reflected the impact of the shutdown on our near and mid-term cash flows.

Following the acquisition of all LP Units held by public holders by BAM on July 26, 2021, there are no longer publicly traded LP Units. As such, earnings per unit is no longer presented. Refer to *Note 3, Privatization of the Partnership* of our Q3 2021 Financial Statements for further discussion on the Privatization.

Commercial property revenue and direct commercial property expense



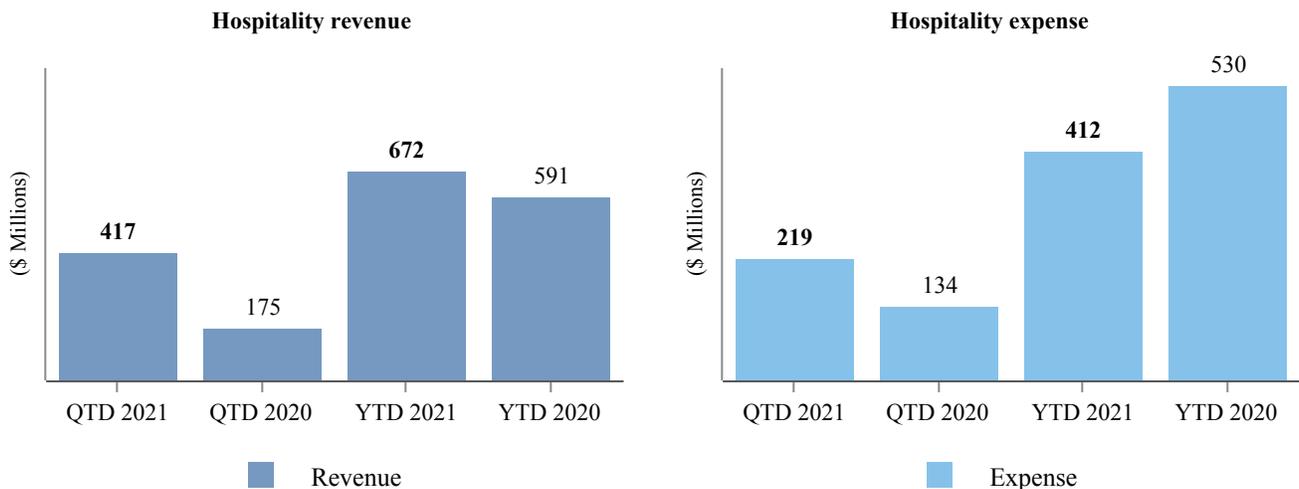
For the three months ended September 30, 2021, commercial property revenue decreased by \$98 million compared to the same period in the prior year primarily due to property dispositions in our LP Investments segment. These decreases were partially offset by same-property growth in our Core Office and Core Retail segments, as well as the positive impact of foreign currency translation.

Direct commercial property expense decreased by \$76 million due to dispositions since the prior year in our Core Retail and LP Investments segments. Margins in 2021 were 63.3%, a decrease of 2.9% over 2020.

For the nine months ended September 30, 2021, commercial property revenue decreased by \$234 million compared to the same period in the prior year due to property dispositions in our LP Investments segment and expirations and bankruptcies in our Core Retail portfolio, which reflects the ongoing impact of the shutdown on our business. Additionally, our Core Office portfolio experienced 2% same-property loss, attributable to lower parking and retail revenue due to the shutdown as well as lease expirations since the prior year. These decreases were partially offset by the positive impact of foreign currency translation and leasing at 100 Bishopsgate which became operational in the prior year.

Direct commercial property expense decreased by \$41 million compared to the prior year. Margins in 2021 were 62.8%, a decrease of 1.2% compared to 2020.

Hospitality revenue and direct hospitality expense



For the three months ended September 30, 2021, hospitality revenue increased by \$242 million compared to the same period in the prior year. The prior year was impacted by closures and cancellations related to COVID-19, primarily at Center Parcs and Atlantis. The majority of our hospitality investments operated at a loss given reduced occupancy levels or mandated closures. Certain of our hospitality assets have now entered the recovery phase, as mandated closures and restrictions have started to lift and there is increased demand for leisure

travel. The current period also benefited from incremental revenue due to the consolidation of Hospitality Investors Trust, as discussed above. Direct hospitality expense increased to \$219 million for the three months ended September 30, 2021, compared to \$134 million in the same period in the prior year.

For the nine months ended September 30, 2021, hospitality revenue increased by \$81 million compared to the same period in the prior year. This increase was due to the impact of the shutdown in the first quarter of 2021, as the majority of our hotels were operating at a loss due to government mandated closures and reduced occupancy levels.

Direct hospitality expense decreased to \$412 million for the nine months ended September 30, 2021, compared to \$530 million in the same period in the prior year, driven by the deconsolidation of Atlantis. Additionally, we were able to reduce operating costs at our hotels that were closed or operating at reduced occupancy levels; however, certain fixed costs remained and were not offset by revenues because of closures and/or drastically reduced occupancy as a result of the shutdown. These decreases were partially offset by additional expenses due to the consolidation of Hospitality Investors Trust, as discussed above.

Investment and other revenue, and investment and other expense

Investment and other revenue includes management fees, leasing fees, development fees, interest income and other non-rental revenue. Investment and other revenue increased by \$41 million and \$111 million for the three and nine months ended September 30, 2021, respectively, compared to the same period in the prior year. The increase is primarily due to higher leasing and development fees, higher interest income and a distribution from BSREP III of approximately \$40 million associated with the sale of a life science portfolio.

Investment and other expense for the three and nine months ended September 30, 2021 increased by \$26 million and \$44 million to \$31 million and \$62 million, respectively, compared to the prior year.

Interest expense

Interest expense decreased by \$26 million and \$12 million for the three and nine months ended September 30, 2021, respectively, as compared to the same period in the prior year. This decrease is due to the deconsolidation of Atlantis and the impact of the historically low interest rate environment on our variable debt obligations coupled with reduced debt levels from disposition activity. These decreases were partially offset by defeasance costs of approximately \$98 million incurred to refinance our manufactured housing portfolio in the current period, interest expense from Corporate bond issuances and the consolidation of Hospitality Investors Trust.

General and administrative expense

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

General and administrative expense increased by \$95 million for the nine months ended September 30, 2021 as compared to the same period in the prior year. The increase was due to transaction costs associated with the Hospitality Investors Trust transaction, in addition to the reasons discussed above.

Fair value gains (losses), net

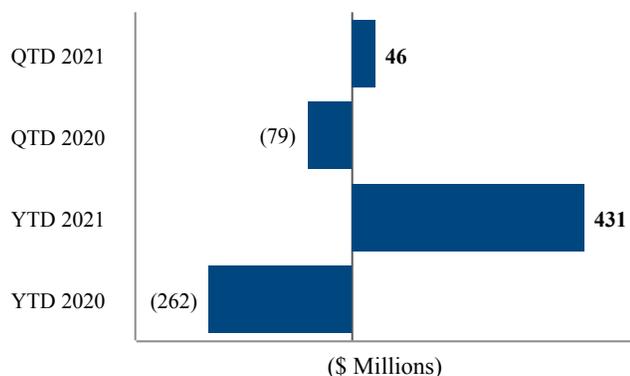
Fair value gains (losses), net includes valuation gains (losses) on commercial properties and developments as well as mark-to-market adjustments on financial instruments and derivatives and foreign currency gains (losses) on disposal of assets denominated in foreign currencies. While we measure and record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

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.

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 September 30, 2021, we obtained external appraisals of 22 of our Core Office properties representing a gross property value of \$16 billion (or 9% of the portfolio). These external appraisals were within 1% of management's valuations. Our historical dispositions further provides support for our valuations, as we typically contract at prices comparable to IFRS values.

There have been no material changes to our valuation methodology since December 31, 2020. Refer to our 2020 Annual Report on Form 20-F for further detail around the valuation methodology of our investment properties and hospitality properties.

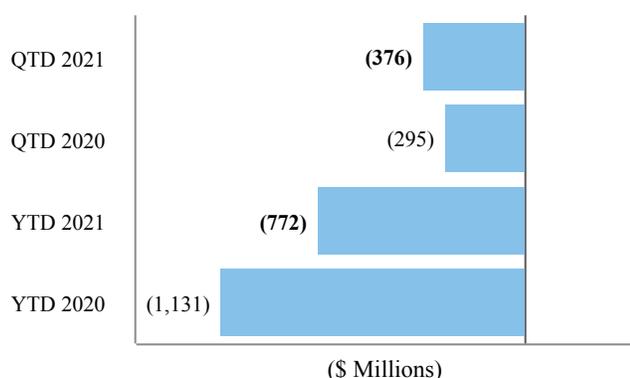
Fair value gains (losses), net - Core Office



Fair value gains, net for our Core Office segment were \$46 million and \$431 million for the three and nine months ended September 30, 2021, respectively. The current period gains are driven by improved valuation metrics and cash flow assumptions in our multifamily properties in the U.S. and higher cash flows in office properties in Brazil, New York and London. In addition, the value of our multifamily and office developments benefited from reduced risk profile and higher cash flows.

Fair value losses, net for our Core Office segment were \$262 million for the nine months ended September 30, 2020. These losses primarily reflected the impact of the shutdown on our near and mid-term cash flows.

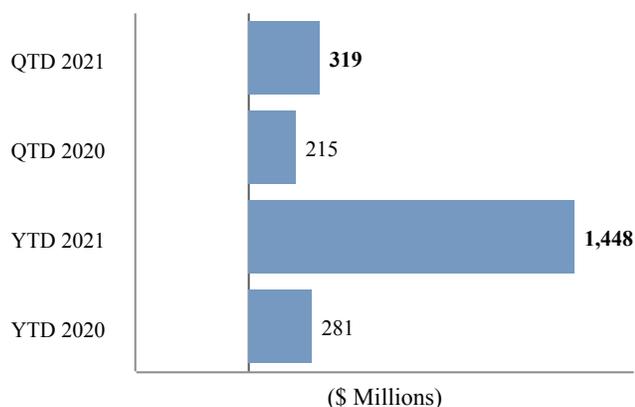
Fair values losses, net - Core Retail



Fair value losses, net for our Core Retail segment were \$376 million and \$772 million for the three and nine months ended September 30, 2021, respectively. Fair value losses, net for our Core Retail portfolio were primarily due to updated cash flow assumptions.

Fair value losses, net for our Core Retail segment were \$1,131 million for the nine months ended September 30, 2020. These losses reflected updated cash flow assumptions to reflect the impact of higher vacancy, longer downtime, and increased capital cost due to the shutdown and the resulting store closures. These losses also reflected updated valuation metrics to reflect changes to property level and market risk profiles.

Fair values gains, net - LP Investments



Fair value gains, net for our LP Investments segment were \$319 million and \$1,448 million for the three and nine months ended September 30, 2021, respectively. These gains were driven by updated valuation metrics in select manufactured housing, multifamily, student housing and office assets located in the U.S. and U.K.

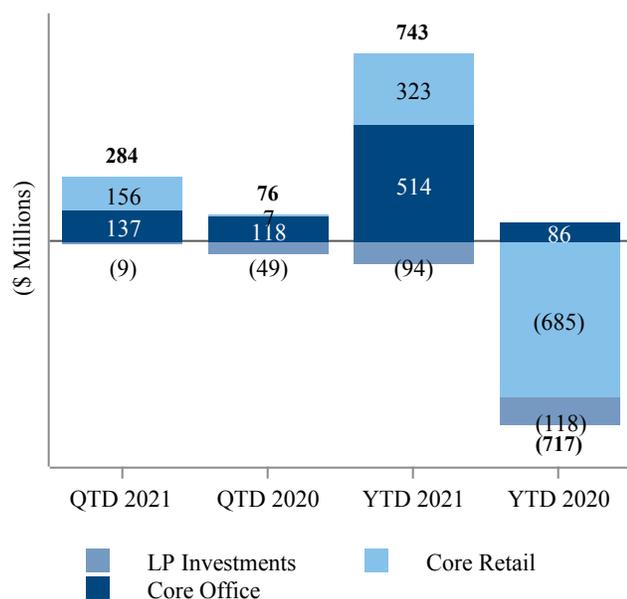
Fair value gains, net for our LP Investments segment for the nine months ended September 30, 2020 were \$281 million primarily due to updated valuation metrics in select office, student housing and manufactured housing assets in Brazil, the U.K. and the U.S. These gains were partially offset by certain of our asset classes that were more materially impacted than others from the shutdown, mostly our retail assets. We revisited cash flow assumptions for each of our assets based on location, the credit-quality of our tenants, renewal rates, average lease term and restrictions that might impact our ability to collect rent. Based on this, we reflected some negative near-term cash flow assumptions into our valuation models.

Share of net earnings from equity accounted investments

Our most significant equity accounted investments are:

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

Share of net earnings (losses) from equity accounted investments



Our share of net earnings (losses) from equity accounted investments for the three and nine months ended September 30, 2021 was \$284 million and \$743 million, respectively, which represents an increase of \$208 million and \$1,460 million, respectively, compared to the prior year. The increase in current year earnings is primarily due to higher investment property fair value gains, gains on derivatives and the favorable impact of foreign currency translation, partially offset by losses in our hospitality portfolio in the first quarter of 2021, which was impacted by the shutdown. The prior year included higher fair value losses on our Core Retail portfolio, which included updated cash flow assumptions, as well as lower share of net earnings from our hospitality portfolio due to the impact of the shutdown on our business.

Income tax expense

The increase in income tax expense for the three and nine months ended September 30, 2021 compared to the prior year is primarily due to an increase in book income and an increase in tax rates due to legislative changes. These increases were partially offset by restructuring and liquidation of certain subsidiaries, and tax benefits from Brookfield Opportunity Zone fund investments.

Statement of Financial Position Highlights and Key Metrics

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Investment properties		
Commercial properties	\$ 69,303	\$ 70,294
Commercial developments	2,595	2,316
Equity accounted investments	20,272	19,719
Property, plant and equipment	6,744	5,235
Cash and cash equivalents	2,138	2,473
Assets held for sale	1,407	588
Total assets	110,148	107,951
Debt obligations	55,310	54,337
Liabilities associated with assets held for sale	282	396
Total equity	42,699	41,523

As of September 30, 2021, we had \$110,148 million in total assets, compared with \$107,951 million at December 31, 2020. This \$2,197 million increase was primarily due to the consolidation of a hospitality portfolio previously accounted for as a financial asset and net income earned in the period.

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

(US\$ Millions)	Sep. 30, 2021	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 70,294	\$ 2,316
Acquisitions	467	60
Capital expenditures	588	594
Dispositions ⁽¹⁾	(302)	(344)
Fair value (losses) gains, net	741	163
Foreign currency translation	(561)	(44)
Transfer between commercial properties and commercial developments	150	(150)
Reclassifications to assets held for sale and other changes	(2,074)	—
Investment properties, end of period	\$ 69,303	\$ 2,595

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

Commercial properties are commercial, operating, rent-producing properties. Commercial properties decreased from \$70,294 million at the end of 2020 to \$69,303 million at September 30, 2021. The decrease was largely due to reclassifications to assets held for sale in our Core Office and LP Investments portfolio, the negative impact of foreign currency translation and dispositions. These decreases were partially offset by fair value gains in our LP Investments and Core Office segments as discussed above, acquisitions of a manufactured housing portfolio and a multifamily asset and capital expenditures. Refer to *Note 4, Investment Properties* of our Q3 2021 Financial Statements for further information.

Commercial developments consist of commercial property development sites, density rights and related infrastructure. The total fair value of development land and infrastructure was \$2,595 million at September 30, 2021, an increase of \$279 million from the balance at December 31, 2020. The increase is primarily due to incremental capital spend and valuation gains on our active developments, partially offset by the partial disposition of Bay Adelaide North in Toronto. Refer to *Note 4, Investment Properties* of our Q3 2021 Financial Statements for further information.

The following table presents a roll-forward of changes in our equity accounted investments December 31, 2020 to September 30, 2021:

(US\$ Millions)	Sep. 30, 2021
Equity accounted investments, beginning of period	\$ 19,719
Additions	655
Disposals and return of capital distributions	(356)
Share of net earnings from equity accounted investments	743
Distributions received	(139)
Foreign currency translation	(160)
Reclassification (to)/from assets held for sale	(190)
Equity accounted investments, end of period	\$ 20,272

Equity accounted investments increased by \$553 million since December 31, 2020. The increase is primarily due to an increase in share of net earnings from equity accounted investments, driven by same-property growth in our Core Office and Core Retail segments, as well as the acquisition of Brookfield Place Sydney and the deconsolidation of Bay Adelaide North upon partial disposition. These increases were partially offset by disposals and distributions received. Refer to *Note 5, Equity Accounted Investments* of our Q3 2021 Financial Statements for further information.

Property, plant and equipment increased by \$1,509 million since December 31, 2020, after our preferred equity interest in a hospitality portfolio was converted into common shares and which resulted in us acquiring control over the investment. Refer to *Note 6, Property, Plant and Equipment* of our Q3 2021 Financial Statements for further information. Property, plant and equipment primarily includes our hospitality assets which are revalued annually at December 31, using a depreciated replacement cost approach.

As of September 30, 2021, assets held for sale primarily included three multifamily assets in the U.S., an office asset in the U.K., an office portfolio in the U.S., three office assets in Brazil, a retail asset in the U.S., a hospitality asset in the U.S. and two triple-net lease assets in the U.S., as we intend to sell controlling interests in these properties to third parties in the next 12 months. Refer to *Note 11, Held For Sale* of our Q3 2021 Financial Statements for further information.

Our debt obligations increased to \$55,310 million at September 30, 2021 from \$54,337 million at December 31, 2020. The increase was driven by the consolidation of a hospitality portfolio and the acquisition and upfinancing of a manufactured housing portfolio, partially offset by the repayment of the partnership's credit facilities, the impact of foreign currency translation and the deconsolidation of Bay Adelaide North. Refer to *Note 12, Debt Obligations* of our Q3 2021 Financial Statements for further information.

Total equity was \$42,699 million at September 30, 2021, an increase of \$1,176 million from the balance at December 31, 2020. The increase was primarily due to contributions and income earned during the period, partially offset by distributions.

Interests of others in operating subsidiaries and properties was \$18,733 million at September 30, 2021, an increase of \$3,046 million from the balance of \$15,687 million at December 31, 2020. The increase was primarily attributable to the issuance of non-voting Canholdco Class B Common Shares in connection with the Privatization, as discussed in *Basis of Presentation*.

The following table summarizes our key operating results:

(US\$ Millions, except per unit information)	2021			2020				2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$1,821	\$1,660	\$1,450	\$1,620	\$1,636	\$1,437	\$1,900	\$2,087
Direct operating costs	686	594	559	566	677	551	770	783
Net income (loss)	400	686	731	(38)	(135)	(1,512)	(373)	1,551
Net income (loss) attributable to Unitholders	71	319	266	(390)	(229)	(1,253)	(486)	1,022

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, had 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 Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Core Office	\$ 153	\$ 132	\$ 407	\$ 368
Core Retail	115	90	313	425
LP Investments	59	13	93	51
Corporate	(161)	(101)	(416)	(266)
FFO	\$ 166	\$ 134	\$ 397	\$ 578

The following table presents Company FFO (“CFFO”) by segment:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Core Office	\$ 160	\$ 141	\$ 447	\$ 402
Core Retail	132	97	360	432
LP Investments	70	23	110	77
Corporate	(153)	(100)	(407)	(263)
CFFO	\$ 209	\$ 161	\$ 510	\$ 648

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Core Office	\$ 14,942	\$ 14,246
Core Retail	14,821	12,500
LP Investments	5,087	5,262
Corporate	(11,583)	(6,871)
Total	\$ 23,267	\$ 25,137

Core Office

Overview

Our Core Office portfolio consists of interests in 144 high-quality office properties totaling over 97 million square feet, which are located primarily in the world’s leading commercial markets such as New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin, as well as approximately 6 million square feet of active office and multifamily developments and office redevelopments. We believe these assets have a stable cash flow profile due to long-term leases in place. The drivers of earnings growth in this business include the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy, that are expected to generate strong same-property NOI growth without significant capital investment. Furthermore, we expect to earn higher unlevered, pre-tax returns on construction costs from our development pipeline.

Summary of Operating Results

The following table presents FFO, CFFO and net income in our Core Office segment for the three and nine months ended September 30, 2021 and 2020:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
FFO	\$ 153	\$ 132	\$ 407	\$ 368
CFFO	160	141	447	402
Net income	303	130	1,245	105

FFO from our Core Office segment was \$153 million for the three months ended September 30, 2021 as compared to \$132 million in the same period in the prior year. This increase is largely attributable to same-property NOI growth, higher fee revenue, and the positive impact of foreign currency translation. These increases were partially offset by dispositions as mentioned in investment activity.

FFO from our Core Office segment was \$407 million for the nine months ended September 30, 2021 as compared to \$368 million in the same period in the prior year. This increase is largely attributable to the reasons mentioned above, as well as condominium sales at a residential tower in London and incremental NOI at 100 Bishopsgate as the asset continued through lease-up.

For the three and nine months ended September 30, 2021, CFFO increased by \$19 million and \$45 million, respectively, primarily attributable to the FFO movements discussed above.

Net income increased by \$173 million to \$303 million during the three months ended September 30, 2021 as compared to net income of \$130 million during the same period in 2020. The increase is largely attributable to mark-to-market adjustments on financial instruments and the impact of foreign currency translation, partially offset by the impact from dispositions.

Net income increased by \$1,140 million to \$1,245 million during the nine months ended September 30, 2021 as compared to income of \$105 million during the same period in 2020. The increase is attributable to the reasons mentioned above and fair value gains on investment properties.

Key Operating Metrics

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

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Sep. 30, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020
Total portfolio:				
NOI ⁽¹⁾	\$ 266	\$ 267	\$ 124	\$ 111
Number of properties	74	75	70	64
Leasable square feet (in thousands)	50,361	50,126	29,469	27,750
Occupancy	87.2%	88.1%	91.2%	95.2%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 33.41	\$ 30.65	\$ 51.51	\$ 45.00
Same-property:				
NOI ^(1,3)	\$ 264	\$ 257	\$ 115	\$ 106
Number of properties	73	73	62	62
Leasable square feet (in thousands)	50,351	50,349	27,806	25,903
Occupancy	87.2%	89.9%	91.0%	92.1%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 33.41	\$ 32.39	\$ 50.40	\$ 47.51

⁽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 September 30, 2021 exchange rate.

NOI from our consolidated properties decreased to \$266 million during the three months ended September 30, 2021 from \$267 million in the same quarter in 2020. The decrease was attributable to lease expirations and dispositions since the prior year, partially offset by higher parking and ancillary revenue in the U.S. as the economy and return-to-office rates improve subsequent to the shutdown. Same-property NOI for our consolidated properties for the three months ended September 30, 2021 increased to \$264 million from \$257 million. Same-property NOI benefited from the impact of foreign currency translation and higher retail and parking revenue as discussed above, offset by expirations and dispositions.

NOI from our unconsolidated properties, which is presented on a proportionate basis increased to \$124 million during the three months ended September 30, 2021, compared to \$111 million in the prior year. Unconsolidated NOI benefited from the impact of foreign currency translation, leasing at One Manhattan West and the Grace Building, and the substantial completion of ICD Brookfield Place in Dubai in the prior year. These increases were offset by expirations and dispositions since the prior year. Same-property NOI increased compared to the prior year due to leasing activity and the impact of foreign currency translation, as discussed above.

The following table presents the changes in investment properties in the Core Office segment from December 31, 2020 to September 30, 2021:

(US\$ Millions)	Sep. 30, 2021	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 24,604	\$ 1,329
Property acquisitions	—	14
Capital expenditures	136	368
Property dispositions	(37)	(344)
Fair value gains, net	163	81
Foreign currency translation	(169)	(28)
Reclassifications to assets held for sale	(505)	—
Investment properties, end of period	\$ 24,192	\$ 1,420

Commercial properties totaled \$24,192 million at September 30, 2021, compared to \$24,604 million at December 31, 2020. The decrease was driven primarily by the reclassifications of two multifamily assets in the U.S. and an office asset in Brazil to assets held for sale and the impact of foreign currency translation, partially offset by fair value gains and incremental capital expenditures.

Commercial developments increased by \$91 million from December 31, 2020 to September 30, 2021. The increase was primarily due to incremental capital expenditures on our active developments, partially offset by the partial disposition of Bay Adelaide North, which was previously consolidated and is now accounted for under the equity method.

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

(US\$ Millions)	Sep. 30, 2021
Equity accounted investments, beginning of period	\$ 8,866
Additions	551
Disposals and return of capital distributions	(2)
Share of net earnings, including fair value gains	514
Distributions received	(114)
Foreign currency translation	(137)
Reclassification to assets held for sale	(190)
Other comprehensive income and Other	221
Equity accounted investments, end of period	\$ 9,709

Equity accounted investments increased by \$843 million since December 31, 2020 to \$9,709 million at September 30, 2021. The increase was driven by the acquisition of Brookfield Place Sydney, the deconsolidation of Bay Adelaide North as mentioned above, and an increase in share of net earnings.

Debt obligations increased by \$225 million since December 31, 2020 to \$13,906 million at September 30, 2021. The increase was driven by issuances and upfinancings, partially offset by the deconsolidation of Bay Adelaide North.

Active Developments

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

(Millions, except square feet in thousands)	Total square feet under construction (in 000's)	Proportionate square feet under construction (in 000's)	Expected date of accounting stabilization	Percent pre-leased	Cost		Loan	
					Total ⁽¹⁾	To-date	Total	Drawn
Office:								
Wood Wharf - 20 Water Street, London ⁽²⁾	236	118	Q4 2022	22 %	£ 61	£ 51	£ 47	£ 25
1 The Esplanade, Sydney ⁽²⁾	610	153	Q2 2023	75 %	A\$ 171	A\$ 75	A\$ —	A\$ —
Bay Adelaide North, Toronto ⁽²⁾	823	412	Q4 2023	89 %	C\$ 241	C\$ 180	C\$ 175	C\$ 106
Two Manhattan West, Midtown New York ⁽²⁾	1,948	1,091	Q4 2023	23 %	\$ 1,342	\$ 753	\$ 812	\$ 244
Leadenhall Court, London	430	430	Q1 2026	57 %	£ 564	£ 169	£ 426	£ 55
Office Redevelopment:								
1100 Avenue of the Americas, Midtown New York ⁽²⁾	376	136	Q3 2022	95 %	\$ 115	\$ 85	\$ 62	\$ 37
Multifamily:								
Wood Wharf - One Park Drive, London ⁽²⁾⁽³⁾	426	213	Q4 2021	n/a	£ 204	£ 190	£ 133	£ 110
Halley Rise, Phase I, Washington D.C. ⁽⁴⁾	355	355	Q1 2023	n/a	\$ 153	\$ 134	\$ 111	\$ 85
755 Figueroa, Los Angeles ⁽²⁾	674	319	Q1 2025	n/a	\$ 269	\$ 126	\$ 166	\$ 53
Hotel:								
Wood Wharf - 15 Water Street, London ⁽²⁾	187	94	Q2 2022	90 %	£ 70	£ 36	£ 47	£ 22
1 Charter Street, London ⁽²⁾	94	24	Q2 2023	n/a	£ 31	£ 6	£ 19	£ 4
Total	6,159	3,345						

⁽¹⁾ Net of NOI earned during stabilization.

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

⁽³⁾ Represents condominium/market sale developments.

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

Our development pipeline consists of prominent, large-scale projects located primarily in the high growth markets of London and New York. For the office developments, we generally look to secure anchor leases before launching the projects. We monitor the scope and progress of our active developments and have an established track record of completion on time and within budget. We have recently completed office towers in the prime markets of New York, London and Dubai and completed two urban multifamily developments in New York. Our current office and redevelopment projects stand at an average 52% pre-leased and despite the global economic shutdown, are generally tracking on time and budget.

Core Retail

Overview

Our Core Retail segment consists of 117 best-in-class retail properties containing over 116 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, CFFO and net loss in our Core Retail segment for the three and nine months ended September 30, 2021 and 2020:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
FFO	\$ 115	\$ 90	\$ 313	\$ 425
CFFO	132	97	360	432
Net loss	(156)	(270)	(314)	(1,621)

FFO earned in our Core Retail segment for the three months ended September 30, 2021 was \$115 million compared to \$90 million for the same period in the prior year. FFO increased due to higher overage rents, percentage rents and fee revenue.

For the nine months ended September 30, 2021, FFO earned in our Core Retail segment was \$313 million compared to \$425 million for the same period in the prior year. FFO decreased due to the impacts of the shutdown. Additionally, the prior year benefited from gains on the sale of our interest in two operating companies.

For the three and nine months ended September 30, 2021, CFFO increased by \$35 million and decreased by \$72 million, respectively, primarily attributable to the FFO movements discussed above.

Net loss was \$156 million for the three months ended September 30, 2021 as compared to a loss of \$270 million during the same period in the prior year. The increase in net income is primarily attributable to higher fair value losses recorded in the prior year, as we adjusted our cash flow assumptions on a suite-by-suite basis to reflect the impact of the shutdown on our near and mid-term cash flows.

Net loss was \$314 million for the nine months ended September 30, 2021 compared to a loss of \$1,621 million during the same period in the prior year. The reduction in net loss over the prior year is due to the reasons discussed above. The reduction in fair value losses more than offset the decline in FFO in the current period.

Key Operating Metrics

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

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Sep. 30, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020
Total portfolio:				
NOI	\$ 237	\$ 230	\$ 175	\$ 159
Number of malls and urban retail properties	59	63	56	59
Leasable square feet (in thousands)	51,888	55,414	62,840	64,319
Same-property:				
Number of malls and urban retail properties	53	53	55	55
Leasable square feet - mall and freestanding (in thousands)	21,816	21,518	29,336	29,421
Leased % ⁽¹⁾	91.1 %	92.4 %	94.0 %	94.6 %
Occupancy % ⁽¹⁾	90.1 %	91.6 %	92.8 %	94.0 %
Permanent Occupancy % ⁽¹⁾	84.0 %	87.2 %	87.5 %	90.9 %

⁽¹⁾ Presented on a same-property basis.

NOI from our consolidated properties increased to \$237 million during the three months ended September 30, 2021 from \$230 million in the same quarter in 2020 primarily due to increased overage rent and percentage rent.

NOI from our unconsolidated properties increased to \$175 million during the three months ended September 30, 2021 from \$159 million in the same quarter in 2020 for the reasons discussed above.

Our Core Retail portfolio same-property occupancy rate at September 30, 2021 was 90.1% and 92.8%, for consolidated and unconsolidated properties, respectively, a decrease from the same period in the prior year due to tenant vacancies.

The following table presents the changes in investment properties in the Core Retail segment from December 31, 2020 to September 30, 2021:

(US\$ Millions)	Sep. 30, 2021
	Commercial properties
Investment properties, beginning of period	\$ 20,324
Property acquisitions	18
Capital expenditures	158
Property dispositions	(9)
Fair value gains, net	(727)
Reclassifications to assets held for sale	(244)
Investment properties, end of period	19,520

Commercial properties decreased by \$804 million to \$19,520 million, primarily due to fair value losses and reclassifications to assets held for sale, partially offset by incremental capital expenditures.

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

(US\$ Millions)	Sep. 30, 2021
Equity accounted investments, beginning of year	\$ 9,685
Additions	32
Disposals and return of capital	(176)
Share of net earnings from equity accounted investments	323
Distributions	(11)
Other	11
Equity accounted investments, end of period	\$ 9,864

Equity accounted investments increased by \$179 million to \$9,864 million, primarily due to share of net earnings from equity accounted investments, partially offset by distributions in the current period.

Debt obligations decreased by \$2,554 million to \$13,736 million, primarily due to the repayment of corporate debt and the revolving facility.

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.

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

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

- A blended 13% interest in a series of real estate debt funds totaling \$5.4 billion which seek to invest in commercial real estate debt secured by properties in strategic locations.

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

Summary of Operating Results

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

The following table presents FFO, CFFO, CFFO and realized gains and net income (loss) in our LP Investments segment for the three and nine months ended September 30, 2021 and 2020:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
FFO	59	13	93	51
CFFO	70	23	110	77
CFFO and realized gains	125	26	472	94
Net income (loss)	346	88	1,238	(121)

FFO increased by \$46 million for the three months ended September 30, 2021 primarily due to increased earnings in our hospitality portfolio, as certain of our assets were able to open or operate at increased capacity as mandated closures and occupancy restrictions lifted. In addition, we benefited from the impact of foreign exchange.

FFO increased by \$42 million for the nine months ended September 30, 2021 primarily due to the reasons discussed above. The increase was partially offset by reduced NOI from our hospitality properties in the first quarter of 2021 as a result of the shutdown, defeasance costs incurred upon refinancing our manufactured housing portfolio as well as the impact of property dispositions since the prior year.

For the three and nine months ended September 30, 2021, CFFO increased by \$47 million and \$33 million, respectively, primarily attributable to the FFO movements discussed above. CFFO and realized gains increased by \$99 million and \$378 million, respectively, primarily due to realized gains on the dispositions of an office asset in Australia, an investment in an operating company, and a life-science portfolio.

Net income increased for the three months ended September 30, 2021 by \$258 million, driven by the increase in CFFO discussed above and fair value gains in a multifamily portfolio and U.K. student housing portfolio due to capitalization rate compression, partially offset by dispositions since the prior year.

Net income increased for the nine months ended September 30, 2021 by \$1,359 million for the reasons mentioned above, as well as fair value gains in our manufactured housing portfolio and an office asset in the U.K. These increases were partially offset by lower hospitality earnings in our hospitality portfolio in the first quarter of 2021.

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, CFFO and net (loss) in our corporate segment for the three and nine months ended September 30, 2021 and 2020:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
FFO	\$ (161)	\$ (101)	\$ (416)	\$ (266)
CFFO	(153)	(100)	(407)	(263)
Net loss	(93)	(83)	(352)	(383)

FFO was a loss of \$161 million (2020 - loss of \$101 million) and \$416 million (2020 - loss of \$266 million) for the three and nine months ended September 30, 2021, respectively. Corporate FFO includes interest expense and general and administrative expense.

Interest expense for the three months ended September 30, 2021 totaled \$79 million (2020 - \$70 million), which reflects \$37 million (2020 - \$37 million) of interest expense on capital securities and \$42 million (2020 - \$33 million) of interest expense on our credit facilities and corporate bonds. For the nine months ended September 30, 2021, interest expense totaled \$221 million (2020 - \$186 million), which reflects \$111 million (2020 - \$109 million) of interest expense on capital securities and \$110 million (2020 - \$77 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 September 30, 2021 was \$69 million (2020 - \$32 million) and consists of \$41 million (2020 - \$19 million) of asset management fees, equity enhancement fees of \$5 million (2020 - nil) and \$23 million (2020 - \$13 million) of other corporate costs. For the nine months ended September 30, 2021 general and administrative expense was \$185 million (2020 - \$85 million) and consists of \$102 million (2020 - \$47 million) of asset management fees, equity enhancement fees of \$33 million (2020 - nil) and \$50 million (2020 - \$38 million) of other corporate costs.

For the three and nine months ended September 30, 2021, we also recorded an income tax expense of \$6 million and income tax expense \$30 million (2020 - income tax benefit of \$14 million and income tax benefit of \$39 million), respectively, allocated to the corporate segment related to an increase in book income of our holding companies and their subsidiaries. The benefit in the prior year related to a decrease of deferred tax liabilities of our holding companies and their subsidiaries.

On July 26, 2021, Brookfield Asset Management completed the acquisition of all LP Units and Exchange LP Units that it did not previously own. The Privatization was accounted for by the partnership as a redemption of LP Units, Exchange LP Units and BPYU Units for cash, as well as a reallocation of equity among non-controlling interests, LP Units, Redeemable/Exchangeable Partnership Units of the operating partnership, Exchange LP Units, and BPYU Units. The cash consideration was funded by BAM in exchange for non-voting common equity of a BPY subsidiary ("Canholdco Class B Common Shares") which is accounted for as a non-controlling interest by BPY, Redeemable/Exchangeable Partnership Units and newly issued preferred units of Brookfield Property Preferred L.P. with a liquidation preference of \$25.00 per unit. The Canholdco Class B Common Shares issued to BAM contributed to an increase in the non-controlling interest in the Corporate segment. Refer to *Note 3, Privatization of the Partnership* of our Q3 2021 Financial Statements for further information.

LIQUIDITY AND CAPITAL RESOURCES

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.

The principal sources of our operating cash flow are from our consolidated properties as well as properties in joint venture arrangements. These sources generate a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and dividends to holders of our preferred units. Cash is used in investing activities to fund acquisitions, development or redevelopment projects and recurring and nonrecurring capital expenditures. For the nine months ended September 30, 2021, our operating cash flow was \$524 million, cash used in investing activities was \$(1,095) million and cash flow from financing activities was \$256 million.

In order to maintain financial flexibility, we maintain capacity under credit facilities at BPY and certain subsidiaries. We believe we will be able to continue to borrow funds on these facilities from our lenders when and as required. Furthermore, we are able to maintain financial flexibility with our deposit agreement with Brookfield Asset Management. As of September 30, 2021, a \$803 million on-demand deposit was payable to Brookfield Asset Management.

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)	Sep. 30, 2021
2021	\$ 1,295
2022	10,327
2023	6,764
2024	9,882
2025	3,137
2026 and thereafter	9,612
Deferred financing costs	(255)
Secured debt obligations	\$ 40,762
Debt to capital ratio	56.7 %

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 1.9% of our debt obligations represent non-recourse mortgages where we have suspended contractual payments. We are currently engaging in modification or restructuring discussions with the respective creditors. These negotiations may, under certain circumstances, result in certain properties securing these loans being transferred to the lenders.

For further discussion on our liquidity and capital resources, refer to our annual report for the year ended December 31, 2020 on Form 20-F.

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. With the successful rollout of vaccination campaigns against COVID-19 in markets in which we operate, the macroeconomic outlook has improved in certain geographies with the return of more favorable economic conditions, including the removal of occupancy restrictions and government-mandated closures. However, uncertainty remains in the near-term surrounding risks of new economic restrictions and general uncertainty surrounding supply chains, disrupted travel, impacted social conditions and the labor markets.

There have been no material changes to risk factors facing our business, including tenant credit risk, lease rollover risk and other risks, since December 31, 2020. 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.

FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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.

We are progressing through our 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.

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, and refer to Note 30, *Financial Instruments* of our Q3 2021 Financial Statements for further information on derivative financial instruments as at September 30, 2021.

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.

In connection with the Privatization, Brookfield Asset Management's ownership interest in the partnership was restructured, including the issuance of Canholdco Class B Common Shares to Brookfield Asset Management and the management fee structure was amended. Refer to *Note 3, Privatization of the Partnership* and *Note 31, Related Parties*, respectively, of our Q3 2021 Financial Statements for further information.

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 of 2020, 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, travel restrictions have had a significant adverse impact on consumer spending and demand in the near term. These negative economic indicators, restrictions and closures have created significant estimation uncertainty in the determination of the fair value of investment properties as of September 30, 2021. Specifically, while discount and capitalization rates are inherently uncertain, there has been an absence of recently observed market transactions across the partnership's geographies to support changes in such rates which is a key input into the determination of fair value. In addition, the partnership has had to make assumptions with respect to the length and severity of these restrictions and closures as well as the viability of our tenants in consideration of any credit reserves that should be applied based on deemed tenant risk and the recovery period in estimating the impact and timing of future cash flows generated from investment properties and used in the discounted cash flow model used to determine fair value. As a result of this material estimation uncertainty there is a risk that the assumptions used to determine fair value as of September 30, 2021 may result in a material adjustment to the fair value of investment properties in future reporting periods as more information becomes available.

For further reference on accounting policies and critical judgments and estimates, see our significant accounting policies contained in Note 2, *Summary of Significant Accounting Policies* to the December 31, 2020 consolidated financial statements and Note 2(c), *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 and retail occupancy levels, 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 COVID-19, and the related reduction in commerce and travel, return-to-office rates, 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, 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 nine months ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting due to the global economic shutdown.

NON-IFRS FINANCIAL MEASURES

To measure our operating performance, we focus on NOI, same-property NOI, FFO, CFFO, Company FFO and realized gains (“CFFO and realized gains”), net income, 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.
- *Company FFO and realized gains*: Company FFO as defined above plus realized gains (or losses) from dispositions of investments within the LP Investments segment.
- *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 25.

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 25 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 25.

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 25.

Reconciliation of Non-IFRS measures

As described in the “Performance Measures” section on page 2, our partnership uses non-IFRS measures to assess the performance of its operations. An analysis of the measures and reconciliation to IFRS measures is included below.

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 1,272	\$ 1,370	\$ 3,841	\$ 4,075
Direct commercial property expense	(467)	(543)	(1,427)	(1,468)
Commercial property NOI	805	827	2,414	2,607
Hospitality revenue	417	175	672	591
Direct hospitality expense	(219)	(134)	(412)	(530)
Hospitality NOI	198	41	260	61
Total NOI	1,003	868	2,674	2,668
Investment and other revenue	132	91	418	307
Share of net earnings from equity accounted investments	284	76	743	(717)
Interest expense	(616)	(642)	(1,938)	(1,950)
Depreciation and amortization	(87)	(83)	(223)	(253)
General and administrative expense	(235)	(205)	(691)	(596)
Investment and other expense	(31)	(5)	(62)	(18)
Fair value gains (losses), net	50	(156)	1,188	(1,269)
Income (loss) before taxes	500	(56)	2,109	(1,828)
Income tax expense	(100)	(79)	(292)	(192)
Net income (loss)	\$ 400	\$ (135)	\$ 1,817	\$ (2,020)
Net income (loss) attributable to non-controlling interests	329	94	1,161	(52)
Net income (loss) attributable to Unitholders	\$ 71	\$ (229)	\$ 656	\$ (1,968)

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 400	\$ (135)	\$ 1,817	\$ (2,020)
Add (deduct):				
Fair value (gains) losses, net	(50)	156	(1,188)	1,269
Share of equity accounted fair value (gains) losses, net	(109)	75	(290)	1,233
Depreciation and amortization of real estate assets	57	65	148	200
Income tax expense	100	79	292	192
Non-controlling interests in above items	(232)	(106)	(382)	(296)
FFO	\$ 166	\$ 134	\$ 397	\$ 578
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	15	13	44	36
Transaction costs, net ⁽¹⁾	23	7	96	5
(Gains)/losses associated with non-investment properties, net ⁽¹⁾	—	—	—	3
Imputed interest ⁽²⁾	4	5	13	21
BSREP III earnings ⁽³⁾	1	2	(40)	5
Company FFO	\$ 209	\$ 161	\$ 510	\$ 648

⁽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.

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 Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 466	\$ 464	\$ 1,425	\$ 1,400
Hospitality revenue ⁽¹⁾	2	—	5	5
Direct commercial property expense	(200)	(195)	(623)	(587)
Direct hospitality expense ⁽¹⁾	(2)	(2)	(6)	(8)
Total NOI	\$ 266	\$ 267	\$ 801	\$ 810

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

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Same-property NOI	\$ 264	\$ 263	\$ 796	\$ 812
Currency variance	—	(6)	—	(25)
NOI related to acquisitions and dispositions	2	10	5	23
Total NOI	266	267	801	810
Investment and other revenue	81	41	188	124
Interest expense	(142)	(144)	(424)	(440)
Depreciation and amortization on real estate assets	(4)	(3)	(12)	(9)
Investment and other expense	(31)	(5)	(62)	(18)
General and administrative expense	(55)	(63)	(183)	(188)
Fair value gains (losses), net	46	(79)	431	(262)
Share of net earnings from equity accounted investments	137	118	514	86
Income before taxes	298	132	1,253	103
Income tax benefit (expense)	5	(2)	(8)	2
Net income (loss)	303	130	1,245	105
Net income attributable to non-controlling interests	74	22	259	89
Net income (loss) attributable to Unitholders	\$ 229	\$ 108	\$ 986	\$ 16

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 303	\$ 130	\$ 1,245	\$ 105
Add (deduct):				
Fair value (gains) losses, net	(46)	79	(431)	262
Share of equity accounted fair value losses (gains), net	(46)	(34)	(258)	137
Depreciation and amortization of real estate assets	2	2	4	3
Income tax expense	(5)	2	8	(2)
Non-controlling interests in above items	(55)	(47)	(161)	(137)
FFO	\$ 153	\$ 132	\$ 407	\$ 368
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	3	3	10	7
Transaction costs, net ⁽¹⁾	—	1	17	3
(Gains)/losses associated with non-investment properties, net ⁽¹⁾	—	—	—	3
Imputed interest ⁽²⁾	4	5	13	21
Company FFO	\$ 160	\$ 141	\$ 447	\$ 402

⁽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.

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Unconsolidated properties NOI	\$ 124	\$ 111	\$ 357	\$ 320
Unconsolidated properties fair value gains (losses), net	46	34	258	(137)
Other expenses	(33)	(27)	(101)	(97)
Share of net earnings from equity accounted investments	\$ 137	\$ 118	\$ 514	\$ 86

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 Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 344	\$ 394	\$ 1,014	\$ 1,111
Direct commercial property expense	(107)	(164)	(320)	(362)
Total NOI	\$ 237	\$ 230	\$ 694	\$ 749

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Total NOI	\$ 237	\$ 230	\$ 694	\$ 749
Investment and other revenue	36	30	102	127
Interest expense	(164)	(159)	(492)	(477)
Depreciation and amortization on real estate assets	(5)	(6)	(17)	(18)
General and administrative expense	(55)	(67)	(156)	(195)
Fair value (losses), net	(376)	(295)	(772)	(1,131)
Share of net earnings (losses) from equity accounted investments	156	7	323	(685)
(Loss) income before taxes	(171)	(260)	(318)	(1,630)
Income tax benefit	15	(10)	4	9
Net income (loss)	\$ (156)	\$ (270)	\$ (314)	\$ (1,621)
Net income (loss) attributable to non-controlling interests	(14)	(22)	(18)	(155)
Net income (loss) attributable to Unitholders	\$ (142)	\$ (248)	\$ (296)	\$ (1,466)

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (156)	\$ (270)	\$ (314)	\$ (1,621)
Add (deduct):				
Share of equity accounted fair value losses (gains), net	(74)	69	(93)	975
Fair value losses, net	376	295	772	1,131
Income tax (benefit)	(15)	10	(4)	(9)
Non-controlling interests in above items	(16)	(14)	(48)	(51)
FFO	\$ 115	\$ 90	\$ 313	\$ 425
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	5	6	17	18
Transaction costs, net ⁽¹⁾	12	1	30	(11)
(Gains)/losses associated with non-investment properties, net ⁽¹⁾	—	—	—	—
Imputed interest ⁽²⁾	—	—	—	—
Company FFO	\$ 132	\$ 97	\$ 360	\$ 432

⁽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.

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Unconsolidated properties NOI	\$ 175	\$ 159	\$ 499	\$ 550
Unconsolidated properties fair value gains (losses), net and income tax expense	74	(69)	93	(975)
Other expenses	(93)	(83)	(269)	(260)
Share of net earnings and (losses) from equity accounted investments	\$ 156	\$ 7	\$ 323	\$ (685)

Reconciliation of Non-IFRS Measures - LP Investments

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Commercial property revenue	\$ 462	\$ 512	\$ 1,402	\$ 1,564
Hospitality revenue	415	175	667	586
Direct commercial property expense	(160)	(184)	(484)	(519)
Direct hospitality expense	(217)	(132)	(406)	(522)
Total NOI	500	371	1,179	1,109
Investment and other revenue	15	18	125	50
Interest expense	(231)	(269)	(801)	(847)
General and administrative expense	(56)	(43)	(167)	(128)
Investment and other expense	—	—	—	—
Depreciation and amortization	(78)	(74)	(194)	(226)
Fair value gains, net	319	215	1,448	281
Share of net (losses) earnings from equity accounted investments	(9)	(49)	(94)	(118)
Income before taxes	460	169	1,496	121
Income tax expense	(114)	(81)	(258)	(242)
Net income (loss)	346	88	1,238	(121)
Net income attributable to non-controlling interests	252	93	903	13
Net income (loss) attributable to Unitholders	\$ 94	\$ (5)	\$ 335	\$ (134)

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 346	\$ 88	\$ 1,238	\$ (121)
Add (deduct):				
Fair value (gains) losses, net	(319)	(215)	(1,448)	(281)
Share of equity accounted fair value losses, net	11	40	61	121
Depreciation and amortization of real estate assets	55	63	144	197
Income tax expense	114	81	258	242
Non-controlling interests in above items	(148)	(44)	(160)	(107)
FFO	\$ 59	\$ 13	\$ 93	\$ 51
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	7	4	17	11
Transaction costs, net ⁽¹⁾	3	4	40	10
(Gains)/losses associated with non-investment properties, net ⁽¹⁾	—	—	—	—
Imputed interest ⁽²⁾	—	—	—	—
BSREP III earnings ⁽³⁾	1	2	(40)	5
CFFO	\$ 70	\$ 23	\$ 110	\$ 77
CFFO and realized gains	\$ 125	\$ 26	\$ 472	\$ 94

⁽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.

Reconciliation of Non-IFRS Measures – Corporate

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Net loss	\$ (93)	\$ (83)	\$ (352)	\$ (383)
Net loss attributable to non-controlling interests	17	1	17	1
Net loss attributable to Unitholders	\$ (110)	\$ (84)	\$ (369)	\$ (384)

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Net loss	\$ (93)	\$ (83)	\$ (352)	\$ (383)
Add (deduct):				
Fair value (gains) losses, net	(61)	(3)	(81)	157
Income tax expense	6	(14)	30	(39)
Non-controlling interests in above items	(13)	(1)	(13)	(1)
FFO	\$ (161)	\$ (101)	\$ (416)	\$ (266)
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	—	—	—	—
Transaction costs, net ⁽¹⁾	8	1	9	3
(Gains)/losses associated with non-investment properties, net ⁽¹⁾	—	—	—	—
Imputed interest ⁽²⁾	—	—	—	—
CFFO	\$ (153)	\$ (100)	\$ (407)	\$ (263)

⁽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.

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 caused by the COVID-19 pandemic; the ability to enter into new leases or renew leases on favorable terms; business competition; dependence on tenants’ financial condition; the use of debt to finance our business; the behavior of financial markets, including fluctuations in interest and foreign exchange rates; uncertainties of real estate development or redevelopment; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; risks relating to our insurance coverage; the possible impact of international conflicts and other developments including terrorist acts; potential environmental liabilities; changes in tax laws and other tax related risks; dependence on management personnel; illiquidity of investments; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits therefrom; operational and reputational risks; catastrophic events, such as earthquakes, hurricanes or pandemics/epidemics; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States, as applicable. In addition, our future results may be impacted by risks associated with the global economic shutdown and the related global reduction in commerce and travel, which may result in a decrease of cash flows and a potential increase in impairment losses and/or revaluations on our investments and real estate properties, and we may be unable to achieve our expected returns.

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

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 developers of commercial property assets, with a diversified portfolio of premier office and retail properties, as well as multifamily, triple net lease, logistics, hospitality, student housing and manufactured housing assets. Further information is available at bpy.brookfield.com.

Brookfield Property Partners is a subsidiary of Brookfield Asset Management, a leading global alternative asset manager with over \$625 billion in assets under management. More information is available at www.brookfield.com.

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, media representatives and other interested parties. Questions relating to investor relations or media inquiries can be directed to Rachel Nappi, Investor Relations at 855-212-8243 or via email at bpy.enquiries@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

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

We maintain an investor relations program and strive to respond to inquiries in a timely manner.

Brookfield Property Partners L.P.

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

Brookfield Property Partners L.P.

Condensed Consolidated Balance Sheets

Unaudited (US\$ Millions)	Note	As at	
		Sep. 30, 2021	Dec. 31, 2020
Assets			
Non-current assets			
Investment properties	4	\$ 71,898	\$ 72,610
Equity accounted investments	5	20,272	19,719
Property, plant and equipment	6	6,744	5,235
Goodwill	7	1,049	1,080
Intangible assets	8	963	982
Other non-current assets	9	3,562	3,177
Loans and notes receivable		180	139
Total non-current assets		104,668	102,942
Current assets			
Loans and notes receivable		87	77
Accounts receivable and other	10	1,848	1,871
Cash and cash equivalents		2,138	2,473
Total current assets		4,073	4,421
Assets held for sale	11	1,407	588
Total assets		\$ 110,148	\$ 107,951
Liabilities and equity			
Non-current liabilities			
Debt obligations	12	\$ 45,183	\$ 41,263
Capital securities	13	2,600	2,384
Other non-current liabilities	15	1,691	1,703
Deferred tax liabilities		2,992	2,858
Total non-current liabilities		52,466	48,208
Current liabilities			
Debt obligations	12	10,127	13,074
Capital securities	13	657	649
Accounts payable and other liabilities	16	3,917	4,101
Total current liabilities		14,701	17,824
Liabilities associated with assets held for sale	11	282	396
Total liabilities		67,449	66,428
Equity			
Limited partners	17	8,542	11,709
General partner	17	4	4
Preferred equity	17	699	699
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units	17, 18	14,668	12,249
Limited partnership units of Brookfield Office Properties Exchange LP	17, 18	—	73
FV LTIP units of the Operating Partnership	17, 18	53	52
Class A shares of Brookfield Property REIT Inc. ("BPYU")	17, 18	—	1,050
Interests of others in operating subsidiaries and properties	18	18,733	15,687
Total equity		42,699	41,523
Total liabilities and equity		\$ 110,148	\$ 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 Sep. 30,		Nine months ended Sep. 30,	
		2021	2020	2021	2020
Commercial property revenue	19	\$ 1,272	\$ 1,370	\$ 3,841	\$ 4,075
Hospitality revenue	20	417	175	672	591
Investment and other revenue	21	132	91	418	307
Total revenue		1,821	1,636	4,931	4,973
Direct commercial property expense	22	467	543	1,427	1,468
Direct hospitality expense	23	219	134	412	530
Investment and other expense		31	5	62	18
Interest expense		616	642	1,938	1,950
Depreciation and amortization	24	87	83	223	253
General and administrative expense	25	235	205	691	596
Total expenses		1,655	1,612	4,753	4,815
Fair value gains (losses), net	26	50	(156)	1,188	(1,269)
Share of net earnings (losses) from equity accounted investments	5	284	76	743	(717)
Income (loss) before income taxes		500	(56)	2,109	(1,828)
Income tax expense	14	100	79	292	192
Net income (loss)		\$ 400	\$ (135)	\$ 1,817	\$ (2,020)
Net income (loss) attributable to:					
Limited partners		\$ 30	\$ (107)	\$ 304	\$ (919)
General partner		—	—	—	—
Non-controlling interests attributable to:					
Redeemable/exchangeable and special limited partnership units		40	(109)	324	(923)
Limited partnership units of Brookfield Office Properties Exchange LP		—	(1)	2	(6)
FV LTIP units of the Operating Partnership		—	—	1	(3)
Class A shares of Brookfield Property REIT Inc.		1	(12)	25	(117)
Interests of others in operating subsidiaries and properties		329	94	1,161	(52)
Total		\$ 400	\$ (135)	\$ 1,817	\$ (2,020)

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 Sep. 30,		Nine months ended Sep. 30,	
		2021	2020	2021	2020
Net income (loss)		\$ 400	\$ (135)	\$ 1,817	\$ (2,020)
Other comprehensive income (loss)	28				
Items that may be reclassified to net income:					
Foreign currency translation		(302)	353	(277)	100
Cash flow hedges		(36)	68	59	(9)
Equity accounted investments		9	8	36	(70)
Items that will not be reclassified to net income:					
Securities - fair value through other comprehensive income ("FVTOCI")		6	6	4	31
Share of revaluation deficit on equity accounted investments		—	(14)	(1)	(231)
Remeasurement of defined benefit obligations		—	—	—	(1)
Revaluation deficit		(6)	(13)	(105)	(268)
Total other comprehensive (loss) income		(329)	408	(284)	(448)
Total comprehensive income (loss)		\$ 71	\$ 273	\$ 1,533	\$ (2,468)
Comprehensive income (loss) attributable to:					
Limited partners					
Net income (loss)		\$ 30	\$ (107)	\$ 304	\$ (919)
Other comprehensive income (loss)		(111)	153	(42)	(75)
		(81)	46	262	(994)
Non-controlling interests					
Redeemable/exchangeable and special limited partnership units					
Net income (loss)		40	(109)	324	(923)
Other comprehensive income (loss)		(142)	154	(71)	(74)
		(102)	45	253	(997)
Limited partnership units of Brookfield Office Properties Exchange LP					
Net income (loss)		—	(1)	2	(6)
Other comprehensive income (loss)		—	1	—	—
		—	—	2	(6)
FV LTIP units of the Operating Partnership					
Net income (loss)		—	—	1	(3)
Other comprehensive income (loss)		—	1	—	—
		—	1	1	(3)
Class A shares of Brookfield Property REIT Inc.					
Net income (loss)		1	(12)	25	(117)
Other comprehensive income (loss)		(5)	21	1	(9)
		(4)	9	26	(126)
Interests of others in operating subsidiaries and properties					
Net income (loss)		329	94	1,161	(52)
Other comprehensive income (loss)		(71)	78	(172)	(290)
		258	172	989	(342)
Total comprehensive income (loss)		\$ 71	\$ 273	\$ 1,533	\$ (2,468)

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	—	304	—	—	304	—	—	—	—	—	—	324	2	1	25	1,161	1,817
Other comprehensive income (loss)	—	—	—	(42)	(42)	—	—	—	—	—	—	(71)	—	—	1	(172)	(284)
Total comprehensive income	—	304	—	(42)	262	—	—	—	—	—	—	253	2	1	26	989	1,533
Distributions	—	(259)	—	—	(259)	—	—	—	—	—	—	(334)	(1)	(1)	(13)	(2,611)	(3,219)
Preferred distributions	—	(16)	—	—	(16)	—	—	—	—	—	—	(17)	—	—	(1)	—	(34)
Issuance / repurchase of interests in operating subsidiaries	2	14	—	—	16	—	—	—	—	—	—	1,019	—	—	24	2,328	3,387
Privatization of the Partnership	(2,872)	(199)	(483)	100	(3,454)	—	—	—	—	—	—	1,502	(71)	3	(811)	2,340	(491)
Exchange of exchangeable units	2	—	1	(1)	2	—	—	—	—	—	—	1	(3)	—	—	—	—
Conversion of Class A shares of Brookfield Property REIT Inc.	167	—	74	—	241	—	—	—	—	—	—	—	—	—	(241)	—	—
Change in relative interests of non-controlling interests	—	—	21	20	41	—	—	—	—	—	—	(5)	—	(2)	(34)	—	—
Balance as at Sep. 30, 2021	\$ 5,861	\$ 330	\$ 2,623	\$ (272)	\$ 8,542	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 14,668	\$ —	\$ 53	\$ —	\$ 18,733	\$ 42,699
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	—	(919)	—	—	(919)	—	—	—	—	—	—	(923)	(6)	(3)	(117)	(52)	(2,020)
Other comprehensive (loss)	—	—	—	(75)	(75)	—	—	—	—	—	—	(74)	—	—	(9)	(290)	(448)
Total comprehensive (loss)	—	(919)	—	(75)	(994)	—	—	—	—	—	—	(997)	(6)	(3)	(126)	(342)	(2,468)
Distributions	—	(437)	—	—	(437)	—	—	—	—	—	—	(435)	(3)	(2)	(55)	(529)	(1,461)
Preferred distributions	—	(14)	—	—	(14)	—	—	—	—	—	—	(15)	—	—	(2)	—	(31)
Issuance / repurchase of interest in operating subsidiaries	(741)	(215)	772	(56)	(240)	—	—	—	—	—	279	221	—	4	(136)	337	465
Exchange of exchangeable units	1	—	1	—	2	—	—	—	—	—	—	1	(3)	—	—	—	—
Conversion of Class A shares of Brookfield Property REIT Inc.	160	—	177	—	337	—	—	—	—	—	—	—	—	—	(338)	—	(1)
Change in relative interest of non-controlling interests	—	—	(193)	(28)	(221)	—	—	—	—	—	—	351	(1)	17	(146)	—	—
Balance as at Sep. 30, 2020	\$ 8,677	\$ 954	\$ 2,717	\$ (641)	\$ 11,707	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 12,326	\$ 74	\$ 51	\$ 1,127	\$ 15,451	\$ 41,439

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Cash Flows

Unaudited (US\$ Millions)	Note	Nine Months Ended Sep. 30,	
		2021	2020
Operating activities			
Net income (loss)		\$ 1,817	\$ (2,020)
Share of equity accounted (earnings) losses, net of distributions		(604)	1,147
Fair value (gains) losses, net	26	(1,188)	1,269
Deferred income tax expense	14	188	159
Depreciation and amortization	24	223	253
Working capital and other		88	132
		524	940
Financing activities			
Debt obligations, issuance		13,299	9,308
Debt obligations, repayments		(12,932)	(7,524)
Capital securities issued		482	—
Capital securities redeemed		(248)	(13)
Preferred equity issued		—	279
Non-controlling interests, issued		4,921	317
Non-controlling interests, purchased		(263)	(30)
Repayment of lease liabilities		(17)	(16)
Issuances to limited partnership unitholders		—	430
Issuances to redeemable/exchangeable and special limited partnership unitholders		1,252	225
Exchange LP Units, repurchased		(18)	—
Limited partnership units, repurchased		(2,660)	(662)
Class A shares of Brookfield Property REIT Inc., repurchased		(370)	(136)
Distributions to non-controlling interests in operating subsidiaries		(2,548)	(529)
Preferred distributions		(34)	(31)
Distributions to limited partnership unitholders		(259)	(437)
Distributions to redeemable/exchangeable and special limited partnership unitholders		(334)	(435)
Distributions to holders of Brookfield Office Properties Exchange LP units		(1)	(3)
Distributions to holders of FV LTIP units of the Operating Partnership		(1)	(2)
Distributions to holders of Class A shares of Brookfield Property REIT Inc.		(13)	(55)
		256	686
Investing activities			
Acquisitions			
Investment properties		(1,712)	(1,710)
Property, plant and equipment		(97)	(116)
Equity accounted investments		(645)	(374)
Financial assets and other		(934)	(783)
Cash acquired in business combinations		35	—
Dispositions			
Investment properties		1,208	678
Property, plant and equipment		—	30
Equity accounted investments		521	75
Financial assets and other		739	1,023
Cash impact of deconsolidation and reclassification to assets held for sale		—	(37)
Restricted cash and deposits		(210)	(29)
		(1,095)	(1,243)
Cash and cash equivalents			
Net change in cash and cash equivalents during the period		(315)	383
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies		(20)	(18)
Balance, beginning of period		2,473	1,438
Balance, end of period		\$ 2,138	\$ 1,803
Supplemental cash flow information			
Cash paid for:			
Income taxes, net of refunds received		\$ 128	\$ 79
Interest (excluding dividends on capital securities)		\$ 1,700	\$ 1,792

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,” “BAM,” 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 37% 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”) were delisted from the Nasdaq Stock Market (“Nasdaq”) and the Toronto Stock Exchange (“TSX”) on July 26, 2021. See *Note 3, Privatization of the Partnership* for further information.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

These condensed consolidated financial statements as of and for the three and nine months ended September 30, 2021 were approved and authorized for issue by the Board of Directors of the partnership on November 2, 2021.

b) Basis of presentation

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

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

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

c) Adoption of Accounting Standards:

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

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

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

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

d) Critical judgements and estimates in applying accounting policies

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

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

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

NOTE 3. PRIVATIZATION OF THE PARTNERSHIP

During the first quarter of 2021, Brookfield Asset Management announced a proposal to acquire all LP Units and Limited partnership units of Brookfield Office Properties Exchange LP ("Exchange LP") Units that it did not previously own ("Privatization") for \$18.17 cash per unit, BAM class A limited voting shares ("BAM shares"), or BPY preferred units with a liquidation preference of \$25.00 per unit ("New LP Preferred Units", see Note 13, *Capital Securities* for further information), subject to pro-rata. On July 16, 2021, the Privatization was approved by the unitholders. On July 26, 2021, BAM completed the Privatization and the acquisition of all Brookfield Property REIT Inc. ("BPYU") Class A stock, par value \$.01 per share ("BPYU Units") that it did not previously own. The LP Units were delisted from the TSX and Nasdaq at market close on July 26, 2021. The BPYU Units were delisted from Nasdaq at market close on the same date. The New LP Preferred Units issued in the privatization began trading on the TSX under the symbol BPYP.PR.A and Nasdaq under the symbol BPYPM on July 27, 2021.

Based on unitholder elections, together with the amounts to be delivered to holders of BPYU Units, an aggregate of 51,971,192 units elected for cash, 271,358,615 units elected for BAM shares and 17,970,971 units elected for New LP Preferred Units. As holders elected to receive more BAM shares than were available under the transaction, unitholders that elected to receive BAM shares received 54.5316% of the aggregate BAM shares they elected to receive and the balance was delivered 93.05% in cash and 6.95% in New LP Preferred Units. Unitholders who made an election to receive 100% of their consideration in cash received \$18.17 in cash and Unitholders who made an election to receive 100% of their consideration in New LP Preferred Units received 0.7268 New LP Preferred Units.

Cash consideration of approximately \$3.0 billion was paid by the partnership, whilst BAM distributed 59,279,263 BAM Class A shares and 19,287,783 New LP Preferred Units to holders of LP Units, BPYU Units and Exchange LP Units. The cash consideration was funded to the partnership by BAM in exchange for approximately \$2.5 billion non-voting common equity of a BPY subsidiary which is accounted for as non-controlling interests by BPY ("Canholdco Class B Common Shares") with the remainder for New LP Preferred Units. The New LP Preferred Units were recognized at a fair value of approximately \$474 million upon issuance and classified as a financial liability under the amortized cost basis on the balance sheet. See Note 13, *Capital Securities* for further information on New LP Preferred Units.

The impacts of the Privatization are disclosed separately in the Condensed Consolidated Statements of Changes in Equity. The Privatization was accounted for by the partnership as a redemption of LP Units, Exchange LP Units and BPYU Units for cash and redeemable/exchangeable partnership units of the operating partnership ("Redeemable/Exchangeable Partnership Units" or "REUs"). The difference between the carrying value of the redeemed LP Units, Exchange LP Units, and BPYU Units and the fair value of the consideration paid for was recognized in Ownership Changes and was attributed pro-rata to the remaining LP Units and the REUs. After the Privatization, all of the outstanding LP Units are owned by BAM. No Exchange LP Units or BPYU Units are held by public holders following the Privatization. In connection with the Privatization, approximately \$250 million of preferred equity of BPYU was fully redeemed for cash. See Note 27, *Unit-Based Compensation* for information on the impact to unit-based compensation resulting from the Privatization.

Subsequent to the Privatization, there are no longer publicly traded LP Units. As such, earnings per unit is no longer presented.

NOTE 4. 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 nine months ended September 30, 2021 and the year ended December 31, 2020:

(US\$ Millions)	Nine months ended Sep. 30, 2021			Year ended Dec. 31, 2020		
	Commercial properties	Commercial developments	Total	Commercial properties	Commercial developments	Total
Balance, beginning of period	\$ 70,294	\$ 2,316	\$ 72,610	\$ 71,565	\$ 3,946	\$ 75,511
Changes resulting from:						
Property acquisitions	467	60	527	647	108	755
Capital expenditures	588	594	1,182	1,140	857	1,997
Property dispositions ⁽¹⁾	(302)	(344)	(646)	(2,339)	(21)	(2,360)
Fair value gains (losses), net	741	163	904	(1,607)	219	(1,388)
Foreign currency translation	(561)	(44)	(605)	322	(44)	278
Transfer between commercial properties and commercial developments	150	(150)	—	2,709	(2,709)	—
Reclassifications to assets held for sale and other changes	(2,074)	—	(2,074)	(2,143)	(40)	(2,183)
Balance, end of period ⁽²⁾	\$ 69,303	\$ 2,595	\$ 71,898	\$ 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 \$722 million and \$24 million, respectively, as of September 30, 2021 (December 31, 2020 - \$729 million and \$10 million). Current lease liabilities of \$36 million (December 31, 2020 - \$35 million) have been included in accounts payable and other liabilities and non-current lease liabilities of \$715 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	Sep. 30, 2021			Dec. 31, 2020		
		Discount rate	Terminal capitalization rate	Investment horizon (years)	Discount rate	Terminal capitalization rate	Investment horizon (years)
Core Office	Discounted cash flow	6.5%	5.3 %	11	6.5%	5.4 %	11
Core Retail	Discounted cash flow	7.0%	5.4 %	10	7.0%	5.3 %	10
LP Investments ⁽¹⁾	Discounted cash flow	9.0%	6.6 %	8	9.0%	6.7 %	8

⁽¹⁾ The valuation method used to value multifamily, triple net lease, student housing, and manufactured housing properties is the direct capitalization method. At September 30, 2021, the overall implied capitalization rate used for properties using the direct capitalization method was 5.2% (December 31, 2020 - 5.3%).

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)	Sep. 30, 2021				Dec. 31, 2020			
	Level 3				Level 3			
	Level 1	Level 2	Commercial properties	Commercial developments	Level 1	Level 2	Commercial properties	Commercial developments
Core Office	\$ —	\$ —	\$ 24,192	\$ 1,420	\$ —	\$ —	\$ 24,604	\$ 1,330
Core Retail	—	—	19,520	—	—	—	20,324	—
LP Investments	—	—	25,591	1,175	—	—	25,366	986
Total	\$ —	\$ —	\$ 69,303	\$ 2,595	\$ —	\$ —	\$ 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 as of September 30, 2021, for properties valued using the discounted cash flow or direct capitalization method, respectively:

(US\$ Millions)	Sep. 30, 2021		
	Impact of +25bps DR	Impact of +25bps TCR	Impact of +25bps DR and +25bps TCR or +25bps ICR
Core Office	\$ 535	\$ 803	\$ 1,326
Core Retail	591	316	975
LP Investments ⁽¹⁾	782	431	1,204
Total	\$ 1,908	\$ 1,550	\$ 3,505

⁽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. The impact of the sensitivity analysis on the discount rate includes properties valued using the DCF method as well as properties valued using an overall implied capitalization rate under the direct capitalization method.

NOTE 5. 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	
			Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2021	Dec. 31, 2020
Joint Ventures						
Canary Wharf Joint Venture ⁽¹⁾	Property holding company	United Kingdom	50 %	50 %	\$ 3,512	\$ 3,440
Manhattan West, New York	Property holding company	United States	56 %	56 %	2,364	2,122
Ala Moana Center, Hawaii	Property holding company	United States	50 %	50 %	1,936	1,862
BPYU JV Pool A	Property holding company	United States	50 %	50 %	1,785	1,723
BPYU JV Pool B	Property holding company	United States	51 %	51 %	1,106	1,121
Fashion Show, Las Vegas	Property holding company	United States	50 %	50 %	851	835
Grace Building, New York	Property holding company	United States	50 %	50 %	704	676
BPYU JV Pool C	Property holding company	United States	50 %	50 %	676	692
BPYU JV Pool D	Property holding company	United States	48 %	48 %	606	548
Southern Cross East, Melbourne	Property holding company	Australia	50 %	50 %	451	433
The Grand Canal Shoppes, Las Vegas	Property holding company	United States	50 %	50 %	451	416
One Liberty Plaza, New York	Property holding company	United States	51 %	51 %	418	382
680 George Street, Sydney	Property holding company	Australia	50 %	50 %	383	375
Brookfield Place Sydney ⁽²⁾	Property holding company	Australia	25 %	— %	372	—
The Mall in Columbia, Maryland	Property holding company	United States	50 %	50 %	309	298
Shops at La Cantera, Texas	Property holding company	United States	50 %	50 %	268	249
BPYU JV Pool G	Property holding company	United States	68 %	68 %	259	251
Potsdamer Platz, Berlin	Property holding company	Germany	25 %	25 %	257	255
Baybrook Mall, Texas	Property holding company	United States	51 %	51 %	332	251
Brookfield Brazil Retail Fundo de Investimento em Participação (“Brazil Retail”)	Holding company	Brazil	46 %	46 %	245	251
Brookfield D.C. Office Partners LLC (“D.C. Venture”), Washington, D.C.	Property holding company	United States	51 %	51 %	237	257
Miami Design District, Florida	Property holding company	United States	22 %	22 %	236	238
BPYU JV Pool F	Property holding company	United States	51 %	51 %	221	253
Other ⁽³⁾	Various	Various	15% - 55%	14% - 55%	2,199	2,510
					20,178	19,438
Associates						
Various	Various	Various	13% - 31%	16% - 31%	94	281
					94	281
Total					\$ 20,272	\$ 19,719

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

⁽²⁾ Refer to Note 31, Related Parties for further information on the Brookfield Place Sydney acquisition in the second quarter of 2021.

⁽³⁾ Other joint ventures consists of approximately 36 joint ventures.

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

(US\$ Millions)	Nine months ended	
	Sep. 30, 2021	Year ended Dec. 31, 2020
Equity accounted investments, beginning of period	\$ 19,719	\$ 20,764
Additions	655	522
Disposals and return of capital distributions	(356)	(108)
Share of net earnings (losses) from equity accounted investments	743	(749)
Distributions received	(139)	(618)
Foreign currency translation	(160)	107
Reclassification (to) from assets held for sale ⁽¹⁾	(190)	121
Other comprehensive income and other	—	(320)
Equity accounted investments, end of period	\$ 20,272	\$ 19,719

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

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

Equity accounted investments	Primary valuation method	Sep. 30, 2021			Dec. 31, 2020		
		Discount rate	Terminal capitalization rate	Investment horizon (yrs)	Discount rate	Terminal capitalization rate	Investment horizon (yrs)
Core Office	Discounted cash flow	5.8%	4.6 %	11	6.0%	4.8 %	11
Core Retail	Discounted cash flow	6.4%	4.9 %	10	6.3%	4.9 %	10
LP Investments ⁽¹⁾	Discounted cash flow	7.1%	5.7 %	10	6.7%	5.7 %	10

⁽¹⁾ The valuation method used to value multifamily investments is the direct capitalization method. The rates used as the discount rate relate to the overall implied capitalization rate. At September 30, 2021, the overall implied capitalization used for multifamily properties was 4.2% (December 31, 2020 - 4.3 %)

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Non-current assets	\$ 76,681	\$ 77,818
Current assets	4,258	5,054
Total assets	80,939	82,872
Non-current liabilities	34,802	34,509
Current liabilities	3,272	5,886
Total liabilities	38,074	40,395
Net assets	42,865	42,477
Partnership's share of net assets	\$ 20,272	\$ 19,719

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Revenue	\$ 1,206	\$ 998	\$ 3,316	\$ 3,272
Expenses	930	719	2,605	2,269
Income from equity accounted investments ⁽¹⁾	19	22	58	49
Income before fair value gains, net	295	301	769	1,052
Fair value gains (losses), net	324	(129)	754	(2,400)
Net income (loss)	619	172	1,523	(1,348)
Partnership's share of net earnings (losses)	\$ 284	\$ 76	\$ 743	\$ (717)

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

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

In the period from the acquisition date to September 30, 2021, the partnership recorded \$105 million revenue and \$18 million net loss in connection with the business combination. If the transaction had occurred on January 1, 2021, the partnership’s total revenue and net loss from Hospitality Investors Trust would have been \$252 million and \$122 million, respectively, for the nine months ended September 30, 2021.

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Cost:		
Balance at the beginning of period	\$ 5,575	\$ 7,246
Additions	1,822	164
Disposals	(40)	(75)
Foreign currency translation	(89)	142
Impact of deconsolidation due to loss of control and other ⁽¹⁾	(20)	(1,902)
	7,248	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	(5)	6
	483	488
Accumulated depreciation:		
Balance at the beginning of period	(828)	(1,311)
Depreciation	(212)	(306)
Disposals	37	28
Foreign currency translation	14	(25)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	2	786
	(987)	(828)
Total property, plant and equipment⁽⁴⁾	\$ 6,744	\$ 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.

⁽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 \$203 million (December 31, 2020 - \$164 million).

NOTE 7. GOODWILL

Goodwill of \$1,049 million at September 30, 2021 (December 31, 2020 - \$1,080 million) is primarily attributable to Center Parcs UK of \$812 million and IFC Seoul of \$220 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 third quarter of 2021, the partnership did not identify any impairment indicators.

NOTE 8. 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 \$962 million as of September 30, 2021 (December 31, 2020 - \$982 million). They have been determined to have an indefinite useful life as the partnership has the legal right to operate these trademarks exclusively in certain territories 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. In the third quarter of 2021, the partnership did not identify any impairment indicators.

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Cost	\$ 1,006	\$ 1,016
Accumulated amortization	(43)	(34)
Total intangible assets	\$ 963	\$ 982

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Balance, beginning of period	\$ 982	\$ 1,162
Acquisitions	5	6
Amortization	(11)	(12)
Impairment losses	—	(18)
Foreign currency translation	(13)	30
Impact of deconsolidation due to loss of control and other ⁽¹⁾	—	(186)
Balance, end of period	\$ 963	\$ 982

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

NOTE 9. OTHER NON-CURRENT ASSETS

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Securities - FVTPL	\$ 2,005	\$ 1,612
Derivative assets	147	72
Securities - FVTOCI	95	86
Restricted cash	352	241
Inventory ⁽¹⁾	770	877
Other	193	289
Total other non-current assets	\$ 3,562	\$ 3,177

⁽¹⁾ Includes right-of-use inventory assets of \$34 million (December 31, 2020 - \$33 million).

Securities - FVTPL

Securities - FVTPL includes the partnership's investment in the Brookfield Strategic Real Estate Partners III ("BSREP III") fund, with a carrying value of the financial asset at September 30, 2021 of \$998 million (December 31, 2020 - \$756 million). In the prior year, Securities - FVTPL included an investment in convertible preferred units of Hospitality Investors Trust. The preferred units earned a fixed cumulative dividend of 7.5% per annum compounding quarterly. Additionally, the partnership received distributions in additional convertible preferred units of Hospitality Investors Trust at 5.0% per annum compounding quarterly. The carrying value of these convertible preferred units at September 30, 2021 was nil (December 31, 2020 - \$447 million). During the second quarter of 2021, the partnership gained control over the investment after converting the preferred units into common shares resulting in ownership of 100% of its common equity.

NOTE 10. ACCOUNTS RECEIVABLE AND OTHER

The components of accounts receivable and other are as follows:

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Derivative assets	\$ 55	\$ 164
Accounts receivable ⁽¹⁾ - net of expected credit loss of \$112 million (December 31, 2020 - \$114 million)	477	753
Restricted cash and deposits	392	292
Prepaid expenses	307	330
Other current assets	617	332
Total accounts receivable and other	\$ 1,848	\$ 1,871

⁽¹⁾ See Note 31, Related Parties, for further discussion.

With respect to accounts receivable, the partnership recorded a \$33 million (2020 - \$93 million) loss allowance in commercial property operating expenses for the nine months ended September 30, 2021. As of September 30, 2021, office rent collections have returned to pre-pandemic levels and the partnership has collected 95% of third quarter retail rents. While working to preserve profitability and cash flow, the partnership is also working with its tenants regarding requests for lease concessions and other forms of assistance, predominantly within the Core Retail segment. As of September 30, 2021, in response to the COVID-19 pandemic, the partnership granted rent deferrals of 1% and rent abatements of 4% of 2021 retail rent. The rent abatements granted were considered lease modifications 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 11. 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 September 30, 2021 and December 31, 2020:

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Investment properties	\$ 1,131	\$ 481
Equity accounted investments	137	102
Property, plant and equipment	15	—
Accounts receivable and other assets	124	5
Assets held for sale	1,407	588
Debt obligations	100	380
Accounts payable and other liabilities	182	16
Liabilities associated with assets held for sale	\$ 282	\$ 396

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Balance, beginning of period	\$ 588	\$ 387
Reclassification to (from) assets held for sale, net	2,266	2,381
Disposals	(1,553)	(2,222)
Fair value adjustments	(1)	9
Foreign currency translation	(32)	20
Other	139	13
Balance, end of period	\$ 1,407	\$ 588

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

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

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

In the third quarter of 2021, the partnership sold eight malls in the U.S., an office asset in the U.S., three triple-net lease assets in the U.S., and eight multifamily assets in the U.S. for net proceeds of approximately \$448 million.

At September 30, 2021, assets held for sale included two triple-net lease assets in the U.S., three multifamily assets in the U.S., two office assets in Brazil, a mall in the U.S., a hotel in the U.S., and a portfolio of office assets in the U.S., as the partnership intends to sell controlling interest in these assets to third parties in the next 12 months.

NOTE 12. DEBT OBLIGATIONS

The partnership's debt obligations include the following:

(US\$ Millions)	Sep. 30, 2021		Dec. 31, 2020	
	Weighted-average rate	Debt balance	Weighted-average rate	Debt balance
Unsecured facilities:				
Brookfield Property Partners' credit facilities	1.98 %	2,535	1.75 %	1,357
Brookfield Property Partners' corporate bonds	4.14 %	1,897	4.14 %	1,890
Brookfield Property REIT Inc. term debt	2.59 %	1,947	2.90 %	3,976
Brookfield Property REIT Inc. senior secured notes	5.20 %	1,695	5.75 %	945
Brookfield Property REIT Inc. corporate facility	3.08 %	125	2.41 %	1,015
Brookfield Property REIT Inc. junior subordinated notes	1.58 %	206	1.66 %	206
Subsidiary borrowings	2.46 %	491	1.69 %	196
Secured debt obligations:				
Funds subscription credit facilities ⁽¹⁾	2.50 %	195	2.51 %	315
Fixed rate	4.23 %	26,133	4.27 %	28,446
Variable rate	2.88 %	20,479	3.61 %	16,629
Deferred financing costs		(293)		(258)
Total debt obligations		\$ 55,410		\$ 54,717
Current		10,127		13,074
Non-current		45,183		41,263
Debt associated with assets held for sale		100		380
Total debt obligations		\$ 55,410		\$ 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 1.9% of its debt obligations represent non-recourse mortgages where the partnership has suspended contractual payment. The partnership is currently engaging in modification or restructuring discussions with the respective creditors. These negotiations may, under certain circumstances, result in certain properties securing these loans being transferred to the lenders.

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

(Millions)	Sep. 30, 2021		Dec. 31, 2020	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
U.S. Dollars	\$ 38,541	\$ 38,541	\$ 37,413	\$ 37,413
British Pounds	6,935 £	5,146	6,809 £	4,981
Canadian Dollars	4,368 C\$	5,540	4,408 C\$	5,613
South Korean Won	1,924 ₩	2,280,000	2,093 ₩	2,280,000
Australian Dollars	1,629 A\$	2,254	1,473 A\$	1,914
Indian Rupee	1,797 Rs	133,144	2,257 Rs	164,753
Brazilian Reais	166 R\$	905	180 R\$	936
Chinese Yuan	48 C¥	310	22 C¥	143
Euros	295 €	255	320 €	262
Deferred financing costs		(293)		(258)
Total debt obligations	\$ 55,410		\$ 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							Sep. 30, 2021	
	Dec. 31, 2020	Debt obligation issuance, net of repayments	Assumed from business combinations	Debt from asset acquisitions	Assumed by purchaser	Amortization of deferred financing costs and (premium) discount	Foreign currency translation		Other
Debt obligations	\$ 54,717	367	1,319	31	(454)	(3)	(403)	(164)	\$ 55,410

NOTE 13. CAPITAL SECURITIES

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

(US\$ Millions)	Shares outstanding	Cumulative dividend rate	Sep. 30, 2021	Dec. 31, 2020
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25 %	\$ 595	\$ 586
Series 2	24,000,000	6.50 %	562	555
Series 3	24,000,000	6.75 %	544	538
New LP Preferred Units	19,273,654	6.25 %	474	—
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	788,992	5.00 %	16	16
Series 4	585,394	5.20 %	12	12
BSREP II RH B LLC (“Manufactured Housing”) Preferred Capital	—	9.00 %	—	249
Rouse Properties L.P. (“Rouse”) Series A Preferred Shares	5,600,000	5.00 %	142	142
BSREP II Vintage Estate Partners LLC (“Vintage Estate”) Preferred Shares	10,000	5.00 %	40	40
Capital Securities – Fund Subsidiaries			840	863
Total capital securities			\$ 3,257	\$ 3,033
Current			657	649
Non-current			2,600	2,384
Total capital securities			\$ 3,257	\$ 3,033

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

Capital securities includes \$474 million (December 31, 2020 - nil) of preferred equity interests issued in connection with the Privatization which have been classified as a liability, rather than as a non-controlling interest, due to the fact that the holders of such interests can demand cash payment upon maturity of July 26, 2081, for the liquidation preference of \$25.00 per unit and any accumulated unpaid dividends.

Cumulative preferred dividends on the BOP Split Senior Preferred Shares are payable quarterly, as and when declared by BOP Split. On November 2, 2021, BOP Split declared quarterly dividends payable for the BOP Split Senior Preferred Shares.

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

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

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

Capital Securities – Fund Subsidiaries includes \$788 million at September 30, 2021 (December 31, 2020 - \$807 million) of equity interests in Brookfield DTLA Holdings LLC (“DTLA”) held by co-investors in DTLA which have been classified as a liability, rather than as non-controlling interest, as holders of these interests can cause DTLA to redeem their interests in the fund for cash equivalent to the fair value of the interests on October 15, 2023, and on every fifth anniversary thereafter. Capital Securities – Fund Subsidiaries are measured at FVTPL.

Capital Securities – Fund Subsidiaries also includes \$52 million at September 30, 2021 (December 31, 2020 - \$56 million) which represents the equity interests held by the partnership’s co-investor in the D.C. Venture which have been classified as a liability, rather than as non-controlling interest, due to the fact that on June 18, 2023, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Venture for cash equivalent to the fair value of the interests.

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

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

(US\$ Millions)	Dec. 31, 2020	Capital securities issued	Capital securities redeemed	Non-cash changes in capital securities		Sep. 30, 2021
				Fair value changes	Other	
Capital securities	\$ 3,033	\$ 482	\$ (248)	\$ (13)	\$ 3	\$ 3,257

NOTE 14. 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 Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Current income tax	\$ 60	\$ (2)	\$ 104	\$ 33
Deferred income tax	40	81	188	159
Income tax expense	\$ 100	\$ 79	\$ 292	\$ 192

The partnership’s income tax expense increased for the three and nine months ended September 30, 2021 as compared to the same period in the prior year primarily due to an increase in book income and an increase in tax rates due to legislative changes. These increases were partially offset by a restructuring and liquidation of certain subsidiaries and tax benefits from Brookfield Opportunity Zone fund investments.

NOTE 15. OTHER NON-CURRENT LIABILITIES

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Accounts payable and accrued liabilities	\$ 517	\$ 437
Lease liabilities ⁽¹⁾	885	875
Derivative liabilities	258	272
Provisions	16	105
Loans and notes payables	1	—
Deferred revenue	14	14
Total other non-current liabilities	\$ 1,691	\$ 1,703

(1) For the three and nine months ended September 30, 2021, interest expense relating to total lease liabilities (see Note 16, Accounts Payable And Other Liabilities for the current portion) was \$14 million and \$44 million (2020 - \$15 million and \$44 million), respectively.

NOTE 16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Accounts payable and accrued liabilities	\$ 2,061	\$ 2,094
Loans and notes payable ⁽¹⁾	1,143	1,062
Derivative liabilities	130	416
Deferred revenue	523	441
Lease liabilities ⁽²⁾	43	43
Other liabilities	17	45
Total accounts payable and other liabilities	\$ 3,917	\$ 4,101

(1) See Note 31, Related Parties, for further discussion

(2) See Note 15, Other Non-Current Liabilities for further information on the interest expense related to these liabilities.

NOTE 17. EQUITY

Prior to the Privatization, the partnership's capital structure was comprised of seven classes of partnership units: GP Units, LP Units, REUs, special limited partnership units of the operating partnership ("Special LP Units"), 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").

Refer to *Note 3, Privatization of the Partnership* for discussion of the impacts of the privatization to the partnership's equity structure.

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. 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	
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2021	Dec. 31, 2020
Outstanding, beginning of period	139	139	435,980	439,802
Exchange LP Units exchanged	—	—	128	169
BPYU Units exchanged	—	—	8,922	11,580
Distribution Reinvestment Program	—	—	123	998
Issued under unit-based compensation plan	—	—	112	—
Privatization	—	—	(146,278)	—
LP Units issued	—	—	—	59,497
Repurchase of LP Units	—	—	—	(76,066)
Outstanding, end of period	139	139	298,987	435,980

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

Redeemable/Exchangeable Partnership Units

There were 508,479,599 and 451,365,017 Redeemable/Exchangeable Partnership Units outstanding at September 30, 2021 and December 31, 2020, respectively.

Special limited partnership units

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

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

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

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	
	Sep. 30, 2021	Dec. 31, 2020
Outstanding, beginning of period	2,714	2,883
Exchange LP Units exchanged ⁽¹⁾	(128)	(169)
Privatization	(2,586)	—
Outstanding, end of period	—	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 operating partnership issued FV LTIP Units under the Brookfield Property L.P. 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 cash payment. There were 1,818,717 and 1,899,661 FV LTIP Units outstanding at September 30, 2021 and December 31, 2020, respectively.

e) Class A stock of Brookfield Property REIT Inc.

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

(Thousands of units)	Class A stock of Brookfield Property REIT Inc.	
	Sep. 30, 2021	Dec. 31, 2020
Outstanding, beginning of period	39,127	64,025
BPYU Units exchanged ⁽¹⁾	(8,922)	(11,580)
Repurchases of BPYU Units	(842)	(13,396)
BPYU Units vested	377	84
Privatization	(29,734)	—
Forfeitures	(6)	(6)
Outstanding, end of period	—	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.

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 September 30, 2021, Preferred Equity Units had a total carrying value of \$699 million (December 31, 2020 - \$699 million).

g) Distributions

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

(US\$ Millions, except per unit information)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Limited Partners	\$ 114	\$ 146	\$ 259	\$ 437
Holder of:				
Redeemable/Exchangeable Partnership Units	181	143	331	430
Special LP Units	1	2	3	5
Exchange LP Units	—	1	1	3
FV LTIP Units	—	1	1	2
BPYU Units	—	15	13	55
Total	\$ 296	\$ 308	\$ 608	\$ 932
Per unit⁽¹⁾	\$ 0.3800	\$ 0.3325	\$ 0.7125	\$ 0.9975

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

NOTE 18. NON-CONTROLLING INTERESTS

Non-controlling interests consisted of the following:

(US\$ Millions)	Sep. 30, 2021	Dec. 31, 2020
Redeemable/Exchangeable Partnership Units and Special LP Units ⁽¹⁾	\$ 14,668	\$ 12,249
Exchange LP Units ⁽¹⁾	—	73
FV LTIP Units ⁽¹⁾	53	52
BPYU Units ⁽¹⁾	—	1,050
Interests of others in operating subsidiaries and properties:		
Preferred shares held by Brookfield Asset Management	1,015	15
Preferred equity of subsidiaries	2,748	3,000
Non-controlling interests in subsidiaries and properties	14,970	12,672
Total interests of others in operating subsidiaries and properties	18,733	15,687
Total non-controlling interests	\$ 33,454	\$ 29,111

⁽¹⁾ Prior to the Privatization, units 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		Sep. 30, 2021	Dec. 31, 2020
		Sep. 30, 2021	Dec. 31, 2020		
BPO ⁽¹⁾	Canada	— %	— %	\$ 5,023	\$ 4,758
BPY Subsidiary Holding Entities ⁽²⁾	Bermuda	— %	— %	3,990	716
BPR Retail Holdings LLC ⁽³⁾	United States	— %	— %	1,276	1,537
BSREP II PBSA Ltd. ⁽⁴⁾	Bermuda	75 %	75 %	1,097	961
BSREP II Korea Office Holdings Pte. Ltd. ⁽⁴⁾	United Kingdom	78 %	78 %	720	627
BSREP II MH Holdings LLC ⁽⁴⁾	United States	74 %	74 %	717	998
Brookfield India Real Estate Trust ⁽⁴⁾⁽⁵⁾	India	82 %	— %	708	—
BSREP CARS Sub-Pooling LLC ⁽⁴⁾	United States	74 %	74 %	668	889
Center Parcs UK ⁽⁴⁾	United States	73 %	73 %	599	550
Brookfield Fairfield Multifamily Value Add Fund III LP ⁽⁴⁾	United States	70 %	70 %	449	365
BSREP II Aries Pooling LLC ⁽⁴⁾	United States	74 %	74 %	366	425
BSREP II Retail Upper Pooling LLC ⁽⁴⁾	South Korea	50 %	50 %	366	423
Hospitality Investors Trust Inc.	United States	74 %	74 %	350	330
BSREP India Office Holdings Pte. Ltd. ⁽⁴⁾	United States	67 %	67 %	55	323
Other	Various	33% - 77%	33% - 76%	2,349	2,785
Total				\$ 18,733	\$ 15,687

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

⁽²⁾ Includes non-controlling interests in various corporate entities of the partnership

⁽³⁾ Includes non-controlling interests in BPYU subsidiaries.

⁽⁴⁾ 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.

⁽⁵⁾ In the first quarter of 2021, Brookfield Strategic Real Estate Partners I ("BSREP I") and Brookfield Strategic Real Estate Partners II ("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 19. COMMERCIAL PROPERTY REVENUE

The components of commercial property revenue are as follows:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Base rent	\$ 862	\$ 882	\$ 2,580	\$ 2,671
Straight-line rent	4	31	29	72
Lease termination	9	6	54	17
Other lease income ⁽¹⁾	156	204	460	561
Other revenue from tenants ⁽²⁾	241	247	718	754
Total commercial property revenue	\$ 1,272	\$ 1,370	\$ 3,841	\$ 4,075

⁽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 \$68 million for the nine months ended September 30, 2021, primarily related to prior year rents in response to tenants impacted by the shutdown.

NOTE 20. HOSPITALITY REVENUE

The components of hospitality revenue are as follows:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Room, food and beverage	\$ 363	\$ 148	\$ 581	\$ 466
Gaming, and other leisure activities	45	27	70	95
Other hospitality revenue	9	—	21	30
Total hospitality revenue	\$ 417	\$ 175	\$ 672	\$ 591

NOTE 21. INVESTMENT AND OTHER REVENUE

The components of investment and other revenue are as follows:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Investment income	\$ 39	\$ 20	\$ 113	\$ 67
Fee revenue	75	56	194	169
Dividend income	10	2	69	38
Interest income and other	7	12	26	32
Other	1	1	16	1
Total investment and other revenue	\$ 132	\$ 91	\$ 418	\$ 307

NOTE 22. DIRECT COMMERCIAL PROPERTY EXPENSE

The components of direct commercial property expense are as follows:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Property maintenance	\$ 174	\$ 176	\$ 528	\$ 512
Real estate taxes	145	156	454	464
Employee compensation and benefits	41	39	119	119
Lease expense ⁽¹⁾	3	3	9	11
Other ⁽²⁾	104	169	317	362
Total direct commercial property expense	\$ 467	\$ 543	\$ 1,427	\$ 1,468

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

⁽²⁾ For the three and nine months ended September 30, 2021, the partnership recorded a loss allowance in commercial property operating expense of \$8 million and \$33 million (2020 - \$56 million and \$93 million), respectively.

NOTE 23. DIRECT HOSPITALITY EXPENSE

The components of direct hospitality expense are as follows:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Employee compensation and benefits	\$ 57	\$ 31	\$ 103	\$ 157
Cost of food, beverage, and retail goods sold	55	36	100	116
Maintenance and utilities	30	33	68	90
Marketing and advertising	5	3	17	26
Other	72	31	124	141
Total direct hospitality expense	\$ 219	\$ 134	\$ 412	\$ 530

NOTE 24. DEPRECIATION AND AMORTIZATION

The components of depreciation and amortization expense are as follows:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Depreciation and amortization of real estate assets	\$ 57	\$ 65	\$ 148	\$ 200
Depreciation and amortization of non-real estate assets ⁽¹⁾	30	18	75	53
Total depreciation and amortization	\$ 87	\$ 83	\$ 223	\$ 253

⁽¹⁾ For the three and nine months ended September 30, 2021, included \$2 million and \$6 million (2020 - \$2 million and \$7 million) of depreciation expense relating to right-of-use property, plant and equipment.

NOTE 25. GENERAL AND ADMINISTRATIVE EXPENSE

The components of general and administrative expense are as follows:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Employee compensation and benefits	\$ 87	\$ 95	\$ 262	\$ 292
Management fees	58	28	164	76
Transaction costs	14	7	43	14
Other	76	75	222	214
Total general and administrative expense	\$ 235	\$ 205	\$ 691	\$ 596

NOTE 26. FAIR VALUE GAINS (LOSSES), NET

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Commercial properties	\$ (142)	\$ (263)	\$ 741	\$ (1,259)
Commercial developments	34	3	163	185
Incentive fees ⁽¹⁾	(28)	—	(35)	(7)
Financial instruments and other ⁽²⁾	186	104	319	(188)
Total fair values gains (losses), net	\$ 50	\$ (156)	\$ 1,188	\$ (1,269)

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

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

NOTE 27. UNIT-BASED COMPENSATION

In connection with the Privatization, the partnership settled the BPY Unit Option Plan for cash and replaced certain other unit-based compensation plans with new plans for BAM shares. The cash payment and the incremental fair value granted under the new plans are accounted for as part of the consideration for Privatization, which resulted in \$7 million of expense.

During the three and nine months ended September 30, 2021, the partnership incurred \$9 million and \$18 million (2020 - \$8 million and \$20 million), respectively, of expense in connection with its unit-based compensation plans.

a) BPY Unit Option Plan

There were no BPY Awards granted during the period ended September 30, 2021. In connection with the Privatization, the awards provided for under the BPY Unit Option Plan, whether vested or unvested, were exchanged for a cash payment equal to the in the money value in accordance with their terms. The cash payment for the cancellation of these awards did not have a material impact to the consolidated financial statements of the partnership.

i. Equity-settled BPY Awards

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

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

ii. Cash-settled BPY Awards

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

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

b) Restricted BPY LP Unit Plan

In connection with the Privatization, the unvested awards provided for under the Restricted BPY LP Unit Plan were transferred to BAM in exchange for BAM shares at a ratio of 0.4006 BAM share for each BPY Unit. Such new awards are subject to the same terms and conditions as the previous awards. The vested awards received the same consideration for their LP Units as the other unitholders.

As of September 30, 2021, there were nil Restricted Units outstanding (December 31, 2020 - 523,573 with a weighted average exercise price of \$19.87).

c) Restricted BPY LP Unit Plan (Canada)

In connection with the Privatization, the unvested awards provided for under the Restricted BPY LP Unit Plan (Canada) were transferred to BAM in exchange for BAM shares at a ratio of 0.4006 BAM share for each BPY Unit. Such new awards are subject to the same terms and conditions as the previous awards. The vested awards received the same consideration for their LP Units as the other unitholders.

As of September 30, 2021, there were nil Canadian Restricted Units outstanding (December 31, 2020 - 482,464 with a weighted average C\$25.38).

d) Restricted BPYU Unit Plan

In connection with the Privatization, the unvested awards provided for under the Restricted BPYU Unit Plan were transferred to BAM in exchange for BAM shares at a ratio of 0.4006 BAM share for each BPYU Unit. Such new awards are subject to the same terms and conditions as the previous awards. The vested awards received the same consideration for their BPYU Units as the other BPYU unitholders.

As of September 30, 2021, there were nil Restricted BPYU Units outstanding (December 31, 2020 - 1,808,765 with a weighted average exercise price of \$18.82).

e) BPY FV LTIP Unit Plan

The operating partnership issued FV LTIP Units to certain participants. Each FV LTIP Unit will vest over a period of five years and is redeemable for a cash payment subject to a conversion adjustment. The BPY FV LTIP Unit Plan was not impacted by the Privatization.

As of September 30, 2021, the total number of FV LTIP Units was 1,818,717 (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

At September 30, 2021, BPO had nil deferred share units (December 31, 2020 - 267,534) outstanding and vested. In connection with the Privatization, the awards provided for under the Deferred Share Unit Plan were transferred to BAM in exchange for BAM shares at a ratio of 0.4006 BAM share for each Deferred Share Unit. Such new awards are subject to the same terms and conditions as the previous awards.

g) GGP LTIP Plans

In connection with the 2018 GGP Inc. 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. In connection with the Privatization, in-the-money options were cashed out and out-of-the-money options were cancelled related to both GGP LTIP plans.

As of September 30, 2021, there were nil GGP Options outstanding (December 31, 2020 - 136,662 with a weighted average exercise price of \$26.05).

As of September 30, 2021, there were nil AO LTIP Options outstanding (December 31, 2020 - 1,079,069 with a weighted average exercise price of \$22.54).

NOTE 28. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) consists of the following:

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Items that may be reclassified to net income:				
Foreign currency translation				
Net unrealized foreign currency translation gains (losses) in respect of foreign operations	\$ (471)	\$ 396	\$ (468)	\$ (628)
Reclassification of realized foreign currency translation gains to net income on dispositions of foreign operations	1	—	26	—
Gains on hedges of net investments in foreign operations, net of income taxes for the three and nine months ended Sep. 30, 2021 of nil and nil (2020 – nil and nil)	168	(43)	165	728
	(302)	353	(277)	100
Cash flow hedges				
Gains (losses) on derivatives designated as cash flow hedges, net of income taxes for the three and nine months ended Sep. 30, 2021 of \$(3) million and \$(11) million (2020 – \$(2) million and \$(8) million)	(36)	68	59	(9)
	(36)	68	59	(9)
Equity accounted investments				
Share of unrealized foreign currency translation (losses) gains in respect of foreign operations	—	1	(1)	2
Gains (losses) on derivatives designated as cash flow hedges	9	7	37	(72)
	9	8	36	(70)
Items that will not be reclassified to net income:				
Unrealized gains on securities - FVTOCI, net of income taxes for the three and nine months ended Sep. 30, 2021 of \$5 million and \$(8) million (2020 – \$(4) million and \$26 million)	6	6	4	31
Share of revaluation (deficit) on equity accounted investments	—	(14)	(1)	(231)
Net remeasurement (losses) on defined benefit obligations	—	—	—	(1)
Revaluation (deficit), net of income taxes for the three and nine months ended Sep. 30, 2021 of \$(6) million and \$(105) million (2020 – \$1 million and \$(37) million)	(6)	(13)	(105)	(268)
	—	(21)	(102)	(469)
Total other comprehensive income (loss)	\$ (329)	\$ 408	\$ (284)	\$ (448)

NOTE 29. 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 dispositions, 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 BSREP I 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 September 30, 2021, there remained approximately \$150 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 September 30, 2021, there remained approximately \$785 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 September 30, 2021, there remained approximately \$175 million of uncontributed capital commitments.

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

In January 2019, Brookfield Asset Management announced the final close on the \$15.0 billion third BSREP fund to which the partnership had committed \$1.0 billion. As of September 30, 2021, there remained approximately \$411 million of uncontributed capital commitments.

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

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

NOTE 30. 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 September 30, 2021 and December 31, 2020:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Sep. 30, 2021	Interest rate caps of US\$ LIBOR debt	\$ 9,673	2.5% - 5.0%	Oct. 2021 - Jun. 2024	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(79)
	Interest rate caps of £ LIBOR debt	3,186	2.0% - 2.5%	Oct. 2021 - Dec. 2023	—
	Interest rate caps of £ SONIA debt	459	1.0%	Mar. 2025	2
	Interest rate caps of € EURIBOR debt	104	1.3%	Apr. 2022	—
	Interest rate caps of C\$ LIBOR debt	240	2.0%	Oct. 2021	—
	Interest rate swaps of A\$ BBSW/BBSY debt	420	0.8% - 1.6%	Apr. 2023 - Apr. 2024	(6)
Dec. 31, 2020	Interest rate caps of US\$ LIBOR debt	\$ 8,371	2.5% - 5.5%	May 2021 - Sep. 2023	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,380	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(112)
	Interest rate caps of £ LIBOR debt	3,198	2.0% - 2.5%	Jan. 2021 - Jan. 2022	—
	Interest rate caps of € EURIBOR debt	119	1.3%	Apr. 2021	—
	Interest rate caps of C\$ LIBOR debt	189	3.0%	Oct. 2021 - Oct. 2022	—
	Interest rate swaps of A\$ BBSW/BBSY debt	447	0.8% - 1.6%	Apr. 2023 - Apr. 2024	(11)

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

Foreign Currency Hedging

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

(US\$ Millions)	Hedging item		Notional	Rates	Maturity dates	Fair value
Sep. 30, 2021	Net investment hedges	€	131	€2.77/\$ - €2.79/\$	Jul. 2022	\$ 4
	Net investment hedges	£	2,607	£2.16/\$ - £2.32/\$	Dec. 2021 - Dec. 2022	48
	Net investment hedges	A\$	753	A\$2.59/\$ - A\$2.74/\$	Dec. 2021 - Jul. 2022	—
	Net investment hedges	C¥	1,068	C¥13.42/ - ¥13.71/\$	Jun. 2022 - Jun. 2023	—
	Net investment hedges	C\$	108	C\$1.23/\$ - C\$1.28/\$	Mar. 2023 - Mar. 2024	2
	Net investment hedges	R\$	1,000	R\$5.87/\$ - R\$5.95/\$	May 2023	8
	Net investment hedges	₩	720,095	₩1,158.90/\$ - ₩1,165.75/\$	Jun. 2022 - Jun. 2023	14
	Net investment hedges	Rs	73,955	Rs152.70/ - Rs172.6/\$	Jan. 2022 - Jul. 2024	(17)
	Net investment hedges	£	90	£2.20/\$ - £2.28/\$	Apr. 2022	—
		Cross currency swaps of C\$ LIBOR debt	C\$	2,400	C\$1.29/\$ - C\$1.38/\$	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 and nine months ended September 30, 2021 and 2020, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's foreign currency hedging activities was not significant.

Other Derivatives

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

(US\$ Millions)	Derivative type		Notional	Rates	Maturity dates	Fair value
Sep. 30, 2021	Interest rate caps	\$	3,236	3.5% - 6.0%	Oct. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt		1,210	3.1% - 6.4%	Nov. 2021 - Jun. 2033	(245)
	Interest rate swaps of US\$ debt		1,518	0.8% - 5.1%	Nov. 2022 - Mar. 2024	(18)
	Embedded derivative		—	0.0%	Aug. 2025 - Aug. 2026	—
Dec. 31, 2020	Interest rate caps	\$	3,560	3.0% - 5.0%	Jan. 2021 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt		1,285	2.7% - 6.4%	Mar. 2021 - Jun. 2030	(308)
	Interest rate swaps of US\$ debt		1,746	0.8% - 5.1%	Jun. 2021 - Mar. 2024	(32)
	Interest rate swaptions		350	2.0%	Mar. 2031 - Mar. 2031	—

For the three and nine months ended September 30, 2021, the partnership recognized fair value losses, net of nil and \$3 million (2020 - gains of \$2 million and 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	Sep. 30, 2021		Dec. 31, 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans and notes receivable	Amortized cost	\$ 267	\$ 267	\$ 216	\$ 216
Other non-current assets					
Securities - FVTPL	FVTPL	2,005	2,005	1,612	1,612
Derivative assets	FVTPL	147	147	72	72
Securities - FVTOCI	FVTOCI	95	95	86	86
Restricted cash	Amortized cost	352	352	241	241
Current assets					
Securities - FVTPL	FVTPL	—	—	107	107
Derivative assets	FVTPL	55	55	164	164
Accounts receivable ⁽¹⁾	Amortized cost	616	616	758	674
Restricted cash	Amortized cost	392	392	292	292
Cash and cash equivalents	Amortized cost	2,138	2,138	2,473	2,473
Total financial assets		\$ 6,067	\$ 6,067	\$ 6,021	\$ 5,937
Financial liabilities					
Debt obligations ⁽²⁾	Amortized cost	\$ 55,410	\$ 55,654	\$ 54,717	\$ 54,897
Capital securities	Amortized cost	2,417	2,417	2,170	2,170
Capital securities - fund subsidiaries	FVTPL	840	840	863	863
Other non-current liabilities					
Accounts payable	Amortized cost	518	518	437	437
Derivative liabilities	FVTPL	258	258	272	272
Accounts payable and other liabilities					
Accounts payable and other ⁽³⁾	Amortized cost	2,243	2,243	2,110	2,110
Loans and notes payable	Amortized cost	1,143	1,143	1,062	1,062
Derivative liabilities	FVTPL	130	130	416	416
Total financial liabilities		\$ 62,959	\$ 63,203	\$ 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 \$124 million and \$5 million as of September 30, 2021 and December 31, 2020, respectively.

⁽²⁾ Includes debt obligations associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of \$100 million and \$380 million as of September 30, 2021 and December 31, 2020, respectively.

⁽³⁾ Includes accounts payable and other liabilities associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of \$182 million and \$16 million as of September 30, 2021 and December 31, 2020, respectively.

Fair Value Hierarchy

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

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

(US\$ Millions)	Sep. 30, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Securities - FVTPL	\$ 19	\$ 175	\$ 1,811	\$ 2,005	\$ —	\$ 123	\$ 1,596	\$ 1,719
Securities - FVTOCI	—	—	95	95	—	—	86	86
Derivative assets	—	202	—	202	—	236	—	236
Total financial assets	\$ 19	\$ 377	\$ 1,906	\$ 2,302	\$ —	\$ 359	\$ 1,682	\$ 2,041
Financial liabilities								
Capital securities - fund subsidiaries	\$ —	\$ —	\$ 840	\$ 840	\$ —	\$ —	\$ 863	\$ 863
Derivative liabilities	—	388	—	388	—	688	—	688
Total financial liabilities	\$ —	\$ 388	\$ 840	\$ 1,228	\$ —	\$ 688	\$ 863	\$ 1,551

During the period, the partnership transferred its preferred shares in an operating company from Level 3 to Level 1, as the operating company underwent an initial public offering. The carrying value of the investment at September 30, 2021 is \$19 million. There were no transfers between levels for the year ended December 31, 2020.

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

(US\$ Millions)	Sep. 30, 2021		Dec. 31, 2020	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Balance, beginning of period	\$ 1,682	\$ 863	\$ 1,371	\$ 922
Acquisitions	489	11	324	—
Dispositions	(54)	—	(10)	—
Fair value gains, net and OCI	242	(34)	(3)	(59)
Other ⁽¹⁾	(453)	—	—	—
Balance, end of period	\$ 1,906	\$ 840	\$ 1,682	\$ 863

⁽¹⁾ Includes the impact of consolidation of Hospitality Investors Trust in the current period. Refer to Note 6, Property, Plant and Equipment for further information.

NOTE 31. 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, which was amended in connection with the Privatization, the partnership pays a base management fee ("base management fee"), to the service providers. For the three months ended September 30, 2021, the base management fee was calculated one quarter in arrears based on the equity attributable to Unitholders of the Core Office, Core Retail and Corporate segments. Prior to the Privatization, the partnership paid a base management fee 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"). For the three and nine months ended September 30, 2021, the partnership paid a base management fee of \$46 million and \$134 million, respectively (2020 - \$19 million and \$37 million).

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 September 13, 2021, the partnership issued approximately 34 million Redeemable/Exchangeable Partnership Units and non-voting perpetual preferred shares of two of the partnership's subsidiary holding entities to affiliates of Brookfield Asset Management for aggregate consideration of \$2 billion.

On July 26, 2021, Brookfield Asset Management completed its previously announced acquisition of all of the LP units of BPY it did not previously own. Cash consideration was funded to the partnership by BAM in exchange for approximately \$2.5 billion of Canholdco Class B Common Shares, which is accounted for as non-controlling interests by BPY, with the remainder for New LP Preferred Units. For the three and

nine months ended September 30, 2021, distributions of \$328 million were paid to BAM related to the Canholdco Class B Common Shares. Refer to Note 3, *Privatization of the Partnership*, for further detail.

On June 29, 2021, Brookfield Premier Real Estate Partners Australia acquired Brookfield Place Sydney from BSREP I for approximately \$153 million.

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)	Sep. 30, 2021	Dec. 31, 2020
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	(447)	(91)
Loans and notes receivable	178	50
Receivables and other assets	67	59
Deposit payable to Brookfield Asset Management ⁽¹⁾	(803)	(754)
Property-specific debt obligations	(129)	—
Loans and notes payable and other liabilities	(476)	(313)
Preferred shares held by Brookfield Asset Management	(1,015)	(15)
Brookfield Asset Management interest in Canholdco	(2,230)	—

⁽¹⁾ As of September 30, 2021, a \$803 million on-demand deposit was payable to Brookfield Asset Management, provided for in the deposit agreement between the partnership and Brookfield Asset Management. The deposit limit was increased to \$3.0 billion in the second quarter of 2021.

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
Transactions with related parties:				
Commercial property revenue ⁽¹⁾	\$ 9	\$ 8	\$ 26	\$ 23
Management fee income	10	1	23	26
Interest expense on debt obligations	5	6	20	15
General and administrative expense ⁽²⁾	68	39	197	112
Construction costs ⁽³⁾	42	144	139	372
Distributions on Brookfield Asset Management's interest in Canholdco	328	—	328	—
Incentive fees	13	—	35	7

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

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

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

NOTE 32. 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.

In connection with the Privatization (refer to Note 3, *Privatization of the Partnership* for further information), the partnership formed a subsidiary, Brookfield Property Preferred L.P. ("New LP"), to issue preferred securities. The partnership and certain of its related entities have agreed to guarantee the securities issued by this entity. Refer to Note 33, *New LP Preferred Units Guarantee*, for further information.

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 Sep. 30, 2021	Brookfield Property Partners L.P.	BOP Split	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Brookfield Property Preferred L.P.	Holding entities ⁽²⁾	Additional holding entities and eliminations ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Property Partners L.P consolidated
Revenue	\$ —	\$ 927	\$ 28	\$ —	\$ 24	\$ 36	\$ 136	\$ 14	\$ 656	\$ 1,821
Net income attributable to unitholders ⁽¹⁾	32	243	102	—	45	28	71	10	(460)	71
For the three months ended Sep. 30, 2020										
Revenue	\$ —	\$ 38	\$ 40	\$ —	\$ 18	\$ —	\$ 226	\$ 3	\$ 1,311	\$ 1,636
Net income attributable to unitholders ⁽¹⁾	(114)	142	13	—	(23)	—	(229)	52	(70)	(229)

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

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

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

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

(US\$ Millions) For the nine months ended Sep. 30, 2021	Brookfield Property Partners L.P.	BOP Split	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Brookfield Property Preferred L.P.	Holding entities ⁽²⁾	Additional holding entities and eliminations ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Property Partners L.P consolidated
Revenue	\$ —	\$ 1,018	\$ 218	\$ —	\$ 65	\$ 36	\$ 406	\$ 250	\$ 2,938	\$ 4,931
Net income attributable to unitholders ⁽¹⁾	318	665	496	—	(5)	28	656	247	(1,749)	656
For the nine months ended Sep. 30, 2020										
Revenue	\$ —	\$ 112	\$ 122	\$ —	\$ 48	\$ —	\$ 612	\$ 7	\$ 4,072	\$ 4,973
Net income attributable to unitholders ⁽¹⁾	(985)	135	(77)	—	40	—	(1,968)	36	851	(1,968)

⁽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 Sep. 30, 2021	Brookfield Property Partners L.P.	BOP Split	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Brookfield Property Preferred L.P.	Holding entities ⁽²⁾	Additional holding entities and eliminations ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Brookfield Property Partners L.P consolidated
Current assets	\$ —	\$ 735	\$ 115	\$ —	\$ 1,815	\$ 2,952	\$ 6,583	\$ 178	\$ (8,305)	\$ 4,073
Non-current assets	10,819	30,739	24,069	—	440	—	39,784	2,338	(3,521)	104,668
Assets held for sale	—	—	—	—	—	—	—	—	1,407	1,407
Current liabilities	—	2,883	1,052	—	503	—	8,166	877	1,220	14,701
Non-current liabilities	—	4,556	4,451	—	1,753	474	14,235	903	26,094	52,466
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	—	282	282
Preferred equity	699	—	—	—	—	—	—	—	—	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,839	—	—	—	—	—	15,894	18,733
Equity attributable to unitholders⁽¹⁾	\$ 10,120	\$24,035	\$15,842	\$ —	\$ (1)	\$ 2,478	\$ 23,966	\$ 736	\$ (53,909)	\$ 23,267

⁽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	Brookfield Property Preferred L.P.	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 33. NEW LP PREFERRED UNITS GUARANTEE

New LP was created in connection with the Privatization in order to issue New LP Preferred Units. New LP, including the New LP Preferred Units, is guaranteed by the partnership and several holding entities of the partnership. The New LP Preferred Units, including accrued and unpaid distributions, are fully and unconditionally guaranteed, and such guarantee of each guarantor ranks senior to all subordinate guarantor obligations.

The following tables present consolidated summary financial information for the New LP guarantor entities:

(US\$ Millions) For the three months ended Sep. 30, 2021	Combined Guarantor entities
Revenue	\$ —
Revenue - from non-guarantor subsidiaries	124
Dividend income - from non-guarantor subsidiaries	30
Operating profit	24
Net income	37

(US\$ Millions) For the nine months ended Sep. 30, 2021	Combined Guarantor entities
Revenue	\$ 2
Revenue - from non-guarantor subsidiaries	364
Dividend income - from non-guarantor subsidiaries	293
Operating profit	298
Net income	316

Total revenue of the partnership and its controlled subsidiaries for the three and nine months ended Sep. 30, 2021 was \$1,821 million and \$4,931 million, respectively.

(US\$ Millions) As at Sep. 30, 2021	Combined Guarantor entities
Current assets	\$ 94
Current assets - due from non-guarantor subsidiaries	9,098
Long-term assets	58
Long-term assets - due from non-guarantor subsidiaries	29
Current liabilities	145
Current liabilities - due to related parties	836
Current liabilities - due to non-guarantor subsidiaries	6,942
Long-term liabilities	2,714
Long-term liabilities - due to non-guarantor subsidiaries	10,597
Preferred equity and capital securities	2,870
Non-controlling interests	2,234

Total assets of the partnership and its controlled subsidiaries for the period ended Sep. 30, 2021 were \$110,148 million.

NOTE 34. SEGMENT INFORMATION

a) Operating segments

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

b) Basis of measurement

The CODM measures and evaluates the performance of the partnership’s operating segments based on funds from operations (“FFO”). This performance metric does not have standardized meanings prescribed by IFRS and therefore may differ from similar metrics used by other companies and organizations. Management believes that while not an IFRS measure, FFO is the most consistent metric to measure the partnership’s financial statements and for the purpose of allocating resources and assessing its performance.

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

c) Reportable segment measures

The following summaries present certain financial information regarding the partnership’s operating segments for the three and nine months ended September 30, 2021 and 2020:

(US\$ Millions)	Total revenue		FFO	
	2021	2020	2021	2020
Three months ended Sep. 30,				
Core Office	\$ 549	\$ 505	\$ 153	\$ 132
Core Retail	380	424	115	90
LP Investments	892	705	59	13
Corporate	—	2	(161)	(101)
Total	\$ 1,821	\$ 1,636	\$ 166	\$ 134

(US\$ Millions)	Total revenue		FFO	
	2021	2020	2021	2020
Nine months ended Sep. 30,				
Core Office	\$ 1,618	\$ 1,529	\$ 407	\$ 368
Core Retail	1,116	1,238	313	425
LP Investments	2,194	2,200	93	51
Corporate	3	6	(416)	(266)
Total	\$ 4,931	\$ 4,973	\$ 397	\$ 578

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

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 350	\$ 116	\$ 2	\$ 81	\$ 549
Core Retail	279	65	—	36	380
LP Investments	402	60	415	15	892
Corporate	—	—	—	—	—
Total	\$ 1,031	\$ 241	\$ 417	\$ 132	\$ 1,821

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 358	\$ 106	\$ —	\$ 41	\$ 505
Core Retail	318	76	—	30	424
LP Investments	447	65	175	18	705
Corporate	—	—	—	2	2
Total	\$ 1,123	\$ 247	\$ 175	\$ 91	\$ 1,636

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Nine months ended Sep. 30, 2021					
Core Office	\$ 1,084	\$ 341	\$ 5	\$ 188	\$ 1,618
Core Retail	817	197	—	102	1,116
LP Investments	1,222	180	667	125	2,194
Corporate	—	—	—	3	3
Total	\$ 3,123	\$ 718	\$ 672	\$ 418	\$ 4,931

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Nine months ended Sep. 30, 2020					
Core Office	\$ 1,073	\$ 327	\$ 5	\$ 124	\$ 1,529
Core Retail	887	224	—	127	1,238
LP Investments	1,361	203	586	50	2,200
Corporate	—	—	—	6	6
Total	\$ 3,321	\$ 754	\$ 591	\$ 307	\$ 4,973

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

(US\$ Millions)	Total assets		Total liabilities	
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2021	Dec. 31, 2020
Core Office	\$ 37,791	\$ 36,547	\$ 17,697	\$ 17,439
Core Retail	30,686	31,466	14,588	17,429
LP Investments	41,318	39,609	27,218	25,076
Corporate	353	329	7,946	6,484
Total	\$ 110,148	\$ 107,951	\$ 67,449	\$ 66,428

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

(US\$ Millions)	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2021	2020	2021	2020
FFO⁽¹⁾	\$ 166	\$ 134	\$ 397	\$ 578
Depreciation and amortization of real estate assets	(57)	(65)	(148)	(200)
Fair value gains, net	50	(156)	1,188	(1,269)
Share of equity accounted income - non-FFO	109	(75)	290	(1,233)
Income tax expense	(100)	(79)	(292)	(192)
Non-controlling interests of others in operating subsidiaries and properties – non-FFO	(97)	12	(779)	348
Net income (loss) attributable to unitholders⁽²⁾	71	(229)	656	(1,968)
Non-controlling interests of others in operating subsidiaries and properties	329	94	1,161	(52)
Net income (loss)	\$ 400	\$ (135)	\$ 1,817	\$ (2,020)

⁽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 35. SUBSEQUENT EVENTS

On October 12, 2021, a subsidiary of the partnership issued 4.00% medium term notes (unsecured), due September 30, 2026 for proceeds, net of fees, of C\$496 million.

On October 19, 2021, the partnership repaid C\$400 million of three-year notes, which carried an interest rate of 4.115%. Concurrently, the partnership also paid approximately C\$8 million of accrued interest thereon.

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 September 30, 2021.

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

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

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

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

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

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

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

5.3 Limitation on scope of design: N/A

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

Date: November 10, 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 September 30, 2021.

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

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

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

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

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

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

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

5.3 Limitation on scope of design: N/A

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

Date: November 10, 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