



Brookfield Property Partners L.P.

Q2 2022 INTERIM REPORT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of May 2022
Commission File Number 001-35505

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

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

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

Form 20-F Form 40-F

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

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

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

DOCUMENTS FILED AS PART OF THIS FORM 6-K

See the Exhibit List to this Form 6-K.

SIGNATURES

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

Date: August 5, 2022

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

By: /s/ Jane Sheere

Name: Jane Sheere

Title: Secretary

EXHIBIT LIST

<u>Exhibit</u>	<u>Description</u>
99.1	Management's Discussion and Analysis of Financial Results of Brookfield Property Partners L.P. as of June 30, 2022 and December 31, 2021 and for the three and six months ended June 30, 2022 and 2021
99.2	Unaudited condensed consolidated financial statements of Brookfield Property Partners L.P. as of June 30, 2022 and December 31, 2021 and for the three and six months ended June 30, 2022 and 2021
99.3	Certification of Chief Executive Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P.
99.4	Certification of Chief Financial Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P.

Management's Discussion and Analysis of Financial Results

INTRODUCTION

This management's discussion and analysis ("MD&A") of Brookfield Property Partners L.P. ("BPY", the "partnership", or "we") covers the financial position as of June 30, 2022 and December 31, 2021 and results of operations for the three and six months ended June 30, 2022 and 2021. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements (the "Financial Statements") and related notes as of June 30, 2022, included elsewhere in this report, and our annual report for the year ended December 31, 2021 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 19. We also caution readers that this MD&A may contain forward-looking statements, see page 28 for our "*Statement Regarding Forward-Looking Statements*."

This MD&A includes financial data for the three and six months ended June 30, 2022 and includes material information up to August 5, 2022.

OBJECTIVES AND FINANCIAL HIGHLIGHTS

BASIS OF PRESENTATION

The 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") and Class A Cumulative Redeemable Perpetual Preferred Units, Series 1, Series 2 and Series 3. Prior to the Privatization described below, our partnership's equity interests also included limited partnership units of Brookfield Office Properties Exchange LP ("Exchange LP Units") and Class A stock ("BPYU Units") of Brookfield Properties Retail Holding LLC ("BPYU"). 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. BPYU Units provided their holders with the right to request that their units be redeemed for cash consideration. In the event the holders of BPYU Units exercised this right, our partnership had 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 participated in earnings and distributions on a per unit basis equivalent to the per unit participation of LP Units of our partnership. We presented BPYU Units as a component of non-controlling interest. The Exchange LP Units were exchangeable at any time on a one-for-one basis, at the option of the holder, for LP Units. We presented the Exchange LP Units as a component of non-controlling interests.

On July 26, 2021, Brookfield Asset Management acquired all of the publicly traded LP Units outstanding that it did not previously own ("the Privatization"). 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, 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 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. With approximately 29,500 employees involved in Brookfield Asset Management's real estate businesses around the globe, we have built operating platforms in various real estate sectors.

Core Office

Our diversified Core Office portfolio consists of 95 million square feet across 139 premier office assets in some of the world's most dynamic gateway markets. We target to earn core-plus total returns on this portfolio.

Represented within this portfolio are some of our most iconic assets, including Manhattan West in New York and Canary Wharf in London. We seek to maintain this irreplaceable portfolio of large-scale mixed-use complexes in global gateway cities, which provide our tenants with a 24-hour, 7-days-a-week live, work, play environment, on a long-term basis. These assets, which represent 77% of the equity attributable to Unitholders in our Core Office portfolio, cover 33 million square feet across 61 properties. These assets have stable cash flows and retain their values very well over long periods of time, as a result of their long-term leases. These properties are 93% leased.

The remaining 78 properties, covering 62 million square feet of space, represent properties with transitional operational uplift and realization potential. 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 monetizing them and reinvesting the proceeds.

Core Retail

Our Core Retail portfolio consists of 112 million square feet across 112 best-in-class malls and urban retail properties across the United States. We also target to earn core-plus total returns on this portfolio.

Similar to our Core Office portfolio, 24 million square feet across 19 properties are represented by assets in which we intend to retain long-term ownership. These assets include trophy assets, such as Ala Moana in Honolulu and Fashion Show in Las Vegas, and collectively represent 56% of the equity attributable to Unitholders in our Core Retail portfolio. Their stable and growing cash flows ensure that we can earn attractive compounding rates of return. These properties are 96% leased.

For the remaining 93 properties, covering 88 million square feet of space, we seek to maximize returns through leasing, redevelopment of existing retail or in some cases through the addition of a mixed-use component like multifamily or office. We add significant value during this transitional period before ultimately monetizing them and reinvesting the proceeds.

LP Investments

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, 2021. For a more detailed description of our investment strategy, please refer to the section titled Item 4.B. "Business Overview" in our December 31, 2021 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 net operating income ("NOI"), same-property NOI, funds from operations ("FFO"), Company FFO, and equity attributable to Unitholders. We define these financial measures on page 18.

FINANCIAL STATEMENTS ANALYSIS

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section, we review our financial position and consolidated performance as of June 30, 2022 and December 31, 2021 and for the three and six months ended June 30, 2022 and 2021. Further details on our results from operations and our financial positions are contained within the “*Segment Performance*” section beginning on page 8.

The Privatization impacted the composition of our equity structure. Refer to *Note 3, Privatization of the Partnership* of our Q2 2022 Financial Statements for further information.

The following acquisitions and dispositions affected our consolidated results for the three and six months ended June 30, 2022 and 2021. Unless stated otherwise, proceeds represent the selling price attributable to the properties:

Q2 2022

- We sold eleven multifamily assets in the United States in the Brookfield Strategic Real Estate Partners (“BSREP”) II fund for approximately \$469 million.
- One mall was conveyed to the lender in satisfaction of outstanding debt obligations of \$361 million.
- We acquired our joint venture partner’s incremental interest in two properties including Plaza Frontenac and Saint Louis Galleria in Missouri, bringing our ownership in each of the malls to 100%. Prior to the acquisition of the two assets, our joint venture interest was accounted for under the equity method. These two assets are now consolidated.
- We sold an office asset in the United Kingdom for approximately £294 million (\$360 million).

Q1 2022

- We sold a portfolio of triple net lease assets in the United States in the BSREP I fund for approximately \$3.7 billion.
- We sold a portfolio of hotel assets in the United States in the BSREP II fund for approximately \$1.5 billion.

Q4 2021

- We sold eight multifamily assets in the United States for approximately \$1.2 billion.
- We sold an office complex in Canada for approximately C\$350 million (\$277 million).
- We sold a 20% interest in an office asset in the United Kingdom for net proceeds of approximately £73 million (\$101 million).
- We sold two retail assets in the United States for approximately \$278 million.
- We sold two office assets in Brazil for approximately R\$2,156 million (\$383 million).
- We sold a hotel in the United States in the BSREP II fund for approximately \$356 million.

Q3 2021

- We sold eight multifamily assets in the United States in the BSREP II fund for approximately \$690 million.
- We sold seven retail assets in the United States for approximately \$58 million.

Q2 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 in the BSREP II fund. Prior to the transaction, our interest was reflected as a financial asset and is now consolidated, as we gained control over the investment.
- We acquired a portfolio of manufactured housing assets in the BSREP II fund for consideration of approximately \$159 million.

Q1 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.
- Two malls were conveyed to the lenders in satisfaction of outstanding debt obligations of \$247 million and \$90 million, respectively.
- We sold four retail assets in the United States in the BSREP II fund for approximately \$73 million.

For the purposes of the following comparison discussion between the three and six months ended June 30, 2022 and 2021, 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 Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Commercial property revenue	\$ 1,185	\$ 1,284	\$ 2,440	\$ 2,569
Hospitality revenue	400	196	713	255
Investment and other revenue	158	180	644	286
Total revenue	1,743	1,660	3,797	3,110
Direct commercial property expense ⁽¹⁾	452	492	922	998
Direct hospitality expense ⁽¹⁾	277	170	565	291
Investment and other expense	32	23	271	31
Interest expense	623	710	1,223	1,322
General and administrative expense	234	243	466	456
Total expenses	1,618	1,638	3,447	3,098
Fair value gains, net	23	498	1,293	1,138
Share of earnings from equity accounted investments	419	253	799	459
Income before taxes	567	773	2,442	1,609
Income tax expense	47	87	230	192
Net income	\$ 520	\$ 686	\$ 2,212	\$ 1,417

⁽¹⁾ During the fourth quarter of 2021, as a result of a change in accounting policy, the partnership reclassified depreciation and amortization expense, which was previously presented as a separate line item, to direct commercial property expense and direct hospitality expense. Prior period amounts were also adjusted to reflect this change, which resulted in an increase to direct commercial property expense of \$18 million and \$38 million and direct hospitality expense of \$50 million and \$98 million, respectively, for the three and six months ended June 30, 2021, with equal and offsetting decreases to depreciation and amortization expense. This reclassification had no impact on revenues or net income.

Net income for the three months ended June 30, 2022 was \$520 million compared to \$686 million for the same period in the prior year. The decrease is primarily attributable to fair value losses at a mixed-use asset in Seoul, due to capitalization and discount rate expansion, partially offset by fair value gains in the Core Retail portfolio in the current year as a result of revised cash flow assumptions and increased earnings at our retail and hospitality properties, as they were impacted by closures and occupancy limits due to the impact of the global economic shutdown (“the shutdown”) caused by the coronavirus (“COVID-19”) pandemic in the prior year. The prior year also had higher fair value gains from several multifamily assets in the U.S. that have since been disposed.

Net income for the six months ended June 30, 2022 was \$2,212 million compared to \$1,417 million for the same period in prior year. The increase is primarily attributable to fair value gains in the Core Retail portfolio in the current year as a result of higher cash flows, compared to fair value losses recorded in the Core Retail portfolio in the prior year. The current year also benefited from increased earnings at our retail and hospitality properties as mentioned above, partially offset by lower fair value gains compared to the prior year at certain office and multifamily assets in the U.S.

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 Q2 2022 Financial Statements for further discussion on the Privatization.

Commercial property revenue and direct commercial property expense

For the three months ended June 30, 2022, commercial property revenue decreased by \$99 million compared to the same period in the prior year primarily due to property dispositions in our LP Investments and Core Retail segments.

Direct commercial property expense decreased by \$40 million due to dispositions since the prior year in our Core Retail and LP Investments segments. Margins in 2022 were 61.9%, an increase of 0.2% over 2021.

For the six months ended June 30, 2022, commercial property revenue decreased by \$129 million compared to the same period in the prior year due to property dispositions in our LP Investments and Core Office segments. The decrease was partially offset by incremental revenue in our Core Retail portfolio as the retail sector recovered from the impact of the shutdown in the prior year.

Direct commercial property expense decreased by \$76 million compared to the prior year. Margins in 2022 were 62.2%, an increase of 1.0% compared to 2021.

Hospitality revenue and direct hospitality expense

For the three months ended June 30, 2022, hospitality revenue increased by \$204 million compared to the same period in the prior year. The increase was due to improved performance of our hospitality assets, primarily Center Parcs, due to a reduction in pandemic-related restrictions and closures since the prior year. The current period also benefited from additional revenue due to the consolidation of Hospitality Investors Trust. These increases were partially offset by the disposition of a hospitality portfolio in the current year. Direct hospitality expense increased to \$277 million for the three months ended June 30, 2022, compared to \$170 million in the same period in the prior year.

For the six months ended June 30, 2022, hospitality revenue increased by \$458 million compared to the same period in the prior year. The increase was due to the reasons discussed above.

Direct hospitality expense increased to \$565 million for the six months ended June 30, 2022, compared to \$291 million in the same period in the prior year. The increase was due to higher operating costs at our hospitality assets in the current year, as our hospitality assets reopened following pandemic-related restrictions and closures in the prior year. The increase was also attributable to additional expenses due to the consolidation of Hospitality Investors Trust, as discussed above. These increases were partially offset by the disposition of a hospitality portfolio in the current year.

Investment and other revenue, and investment and other expense

Investment and other revenue includes management fees, leasing fees, development fees, interest income and other non-rental revenue. For the three months ended June 30, 2022, investment and other revenue decreased by \$22 million primarily due to an incremental distribution from BSREP III of approximately \$40 million associated with the sale of a life science portfolio in the prior year, partially offset by higher interest income in the current period.

For the six months ended June 30, 2022, investment and other revenue increased by \$358 million, primarily due to income from the sale of multifamily develop-for-sale assets.

Investment and other expense for the three and six months ended June 30, 2022 increased by \$9 million and \$240 million to \$32 million and \$271 million, respectively, compared to the prior year due to expenses from the sale of multifamily develop-for-sale assets.

Interest expense

Interest expense decreased by \$87 million and \$99 million for the three and six months ended June 30, 2022, as compared to the same period in the prior year. This decrease is primarily due to reduced debt levels from disposition activity and paydowns and higher defeasance costs from refinancing of our manufactured housing portfolio in the prior year. These decreases were partially offset by the rising interest rate environment on our variable debt obligations in the current year and interest expense relating to asset-level upfinancings in the current period.

General and administrative expense

General and administrative expense decreased by \$9 million for the three months ended June 30, 2022 as compared to the same period in the prior year. The decrease was primarily attributable to higher transaction costs associated with the Hospitality Investors Trust transaction in the prior year, partially offset by higher management fees in the current period.

General and administrative expense increased by \$10 million for the six months ended June 30, 2022 as compared to the same period in the prior year. The increase was primarily due to higher management fees in the current period, partially offset by higher transaction costs associated with the Hospitality Investors Trust transaction during in the prior year as discussed above.

Fair value gains, net

Fair value gains, 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 June 30, 2022, we obtained external appraisals of 75 of our Core Office properties representing a gross property value of \$29 billion (or 17% of the portfolio). These external appraisals were within 1% of management's valuations. Our historical dispositions further provide 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, 2021. Refer to our 2021 Annual Report on Form 20-F for further detail on the valuation methodology of our investment properties and hospitality properties.

Fair value (losses) gains, net for our Core Office segment were \$(12) million and \$88 million for the three and six months ended June 30, 2022, respectively. The current period losses are driven by an increase in the value of the Brookfield DTLA Holdings LLC ("DTLA") capital securities, partially offset by fair value gains driven by improved cash flow assumptions at assets in Canada and in the U.K.

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

Fair value gains, net for our Core Retail segment were \$104 million and \$150 million for the three and six months ended June 30, 2022, respectively. Fair value gains, net for our Core Retail portfolio were primarily due to updated cash flow assumptions.

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

Fair value (losses) gains, net for our LP Investments segment were \$(109) million and \$918 million for the three and six months ended June 30, 2022, respectively. These losses for the three months ended June 30, 2022 were driven by fair value losses due to capitalization and discount rate expansion at an asset in South Korea, partially offset by fair value gains on our student housing portfolio to mark to anticipated sales price and fair value gains at an office asset in California due to updated cashflows as the asset approaches lease-up. The fair value gains for the six months ended June 30, 2022 were driven by fair value gains in our student housing portfolio and office portfolios as mentioned above, as well as capitalization rate compression in our U.S. manufactured housing portfolio.

Fair value gains, net for our LP Investments segment for the six months ended June 30, 2021 were \$1,129 million primarily driven by capitalization rate compression in South Korea and increased operating cash flows in certain office assets in India. These gains were partially offset by certain of our asset classes that were more materially impacted than others from the shutdown.

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.

During the six months ended June 30, 2022, we sold a 49% interest in One Manhattan West for approximately \$1.4 billion.

Our share of net earnings from equity accounted investments for the three and six months ended June 30, 2022 was \$419 million and \$799 million, respectively, which represents an increase of \$166 million and \$340 million, respectively, compared to the prior year. The increase in current year earnings is primarily due to same-property NOI growth in our Core Retail portfolio reflecting the recovery from the shutdown in the prior year, gains on derivatives, and higher share of net earnings from our hospitality portfolio within LP investments due to recovery from the economic shutdown, partially offset by the disposition activity mentioned above.

Income tax expense

The decrease in income tax expense for the three months ended June 30, 2022 as compared to the prior year is primarily due to a decrease in pre-tax income and a change in the tax rate of certain subsidiaries. These decreases were partially offset by an increase in previously unrecognized deferred tax assets. The increase in income tax expense for the six months ended June 30, 2022 compared to the prior year is primarily due to an increase in pre-tax income, a reduction in the benefit recognized for previously unrecognized deferred tax assets, and non-recurring tax benefits from Brookfield Opportunity Zone fund investments that occurred in the prior year. These increases were partially offset by a change in the tax rate of certain subsidiaries.

Statement of Financial Position and Key Metrics

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Investment properties		
Commercial properties	\$ 59,778	\$ 62,313
Commercial developments	1,976	2,300
Equity accounted investments	20,233	20,807
Property, plant and equipment	5,266	5,623
Cash and cash equivalents	2,175	2,576
Assets held for sale	7,934	10,510
Total assets	105,543	112,004
Debt obligations	50,533	52,321
Liabilities associated with assets held for sale	957	3,082
Total equity	43,509	45,005

As of June 30, 2022, we had \$105,543 million in total assets, compared with \$112,004 million at December 31, 2021. This \$6,461 million decrease was primarily due to dispositions, including a triple net lease portfolio, multifamily assets, and a hospitality portfolio, as well as the negative impact of foreign currency translation from all major currencies.

The following table presents the changes in investment properties from December 31, 2021 to June 30, 2022:

(US\$ Millions)	Jun. 30, 2022	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 62,313	\$ 2,300
Acquisitions	710	—
Capital expenditures	368	252
Dispositions ⁽¹⁾	(34)	(1)
Fair value (losses) gains, net	1,115	104
Foreign currency translation	(847)	(106)
Transfer between commercial properties and commercial developments	126	(126)
Reclassifications to assets held for sale and other changes	(3,973)	(447)
Investment properties, end of period	\$ 59,778	\$ 1,976

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

Commercial properties are commercial, operating, rent-producing properties. Commercial properties decreased from \$62,313 million at the end of 2021 to \$59,778 million at June 30, 2022. The decrease was primarily due to the reclassification of a student housing portfolio, eleven properties in our multifamily portfolio, and an office asset in London to assets held for sale and the negative impact of foreign currency translation. These decreases were partially offset by fair value gains in our LP Investments and the acquisition of our joint venture partners' interest in certain Core Retail properties. As a result of this acquisition, we discontinued accounting for these assets under the equity method and now consolidate these properties. Refer to *Note 4, Investment Properties* of our Q2 2022 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 \$1,976 million at June 30, 2022, a decrease of \$324 million from the balance at December 31, 2021. The decrease is primarily due to reclassifications to assets held for sale, an office asset becoming operational in the current period, and the negative impact of foreign currency translation, partially offset by fair value gains in our LP investments as well as capital spend. Refer to *Note 4, Investment Properties* of our Q2 2022 Financial Statements for further information.

The following table presents a roll-forward of changes in our equity accounted investments December 31, 2021 to June 30, 2022:

(US\$ Millions)	Jun. 30, 2022
Equity accounted investments, beginning of period	\$ 20,807
Additions	37
Disposals and return of capital distributions	(632)
Share of net earnings from equity accounted investments	799
Distributions received	(112)
Foreign currency translation	(465)
Reclassification (to)/from assets held for sale	(17)
Other comprehensive income and other	(184)
Equity accounted investments, end of period	\$ 20,233

Equity accounted investments decreased by \$574 million since December 31, 2021. The decrease is primarily due to the partial disposition of One Manhattan West, distributions, and the negative impact of foreign currency translation partially offset by an increase in share of net earnings from equity accounted investments, driven by same-property NOI growth in our Core Office and Core Retail segments. Refer to *Note 5, Equity Accounted Investments* of our Q2 2022 Financial Statements for further information.

Property, plant and equipment decreased by \$357 million since December 31, 2021, primarily due to the negative impact of foreign currency translation and reclassifications to assets held for sale, partially offset by acquisitions within the period. Refer to *Note 6, Property, Plant and Equipment* of our Q2 2022 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 June 30, 2022, assets held for sale primarily included eight malls in the U.S., five hospitality assets in the U.S., four office assets in the U.S., a portfolio of student housing assets in the U.K., a mixed-use asset in South Korea, and a multifamily asset 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 Q2 2022 Financial Statements for further information.

Our debt obligations decreased to \$50,533 million at June 30, 2022 from \$52,321 million at December 31, 2021. The decrease was driven by the repayment of debt due to disposition activity since the prior year and the impact of foreign currency translation. Refer to *Note 12, Debt Obligations* of our Q2 2022 Financial Statements for further information.

Total equity was \$43,509 million at June 30, 2022, a decrease of \$1,496 million from the balance at December 31, 2021. The decrease was primarily due to distributions during the period and the impact of foreign currency translation, partially offset by income earned.

Interests of others in operating subsidiaries and properties was \$18,033 million at June 30, 2022, a decrease of \$1,673 million from the balance of \$19,706 million at December 31, 2021 due to dispositions since the prior year and the redemption of an additional interest in an office portfolio in the U.S.

The following table summarizes our key operating results:

(US\$ Millions, except per unit information)	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$1,743	\$2,054	\$2,169	\$1,821	\$1,660	\$1,450	\$1,620	\$1,636
Direct operating costs ⁽¹⁾	729	758	779	773	662	627	632	760
Net income (loss)	520	1,692	1,682	400	686	731	(38)	(135)
Net income (loss) attributable to Unitholders	400	702	620	71	319	266	(390)	(229)

⁽¹⁾ During the fourth quarter of 2021, as a result of a change in accounting policy, we reclassified depreciation and amortization expense, which was previously presented as a separate line item, to direct commercial property expense and direct hospitality expense. Prior period amounts were also adjusted to reflect this change, which resulted in an increase to direct commercial property expense and direct hospitality expense, with equal and offsetting decreases to depreciation and amortization expense. This reclassification had no impact on revenues or net income.

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 eight quarters due to the material effect of the economic shutdown on our retail and hospitality sectors. Fluctuations in our net income are also impacted by the fair value of properties in the period to reflect changes in valuation metrics driven by market conditions or property cash flows.

SEGMENT PERFORMANCE

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

The following table presents FFO by segment:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Core Office ⁽¹⁾	\$ 95	\$ 131	\$ 234	\$ 254
Core Retail ⁽¹⁾	188	103	356	198
LP Investments ⁽¹⁾	80	40	145	34
Corporate ⁽¹⁾	(157)	(130)	(331)	(255)
FFO⁽¹⁾	\$ 206	\$ 144	\$ 404	\$ 231

⁽¹⁾ This is a non-IFRS measure our partnership uses to assess the performance of its operations as described in the "Non-IFRS Financial Measures" section on page 18. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section on page 19.

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

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Core Office ⁽¹⁾	\$ 104	\$ 147	\$ 253	\$ 287
Core Retail ⁽¹⁾	158	120	338	228
LP Investments ⁽¹⁾	76	38	154	40
Corporate ⁽¹⁾	(156)	(129)	(329)	(254)
CFFO⁽¹⁾	\$ 182	\$ 176	\$ 416	\$ 301

⁽¹⁾ This is a non-IFRS measure our partnership uses to assess the performance of its operations as described in the "Non-IFRS Financial Measures" section on page 18. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section on page 19.

The following table presents equity attributable to Unitholders by segment as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Core Office ⁽¹⁾	\$ 13,985	\$ 14,344
Core Retail ⁽¹⁾	15,486	14,995
LP Investments ⁽¹⁾	5,334	5,772
Corporate ⁽¹⁾	(10,028)	(10,511)
Equity attributable to Unitholders⁽¹⁾	\$ 24,777	\$ 24,600

⁽¹⁾ This is a non-IFRS measure our partnership uses to assess the performance of its operations as described in the "Non-IFRS Financial Measures" section on page 18. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section on page 19.

Core Office

Overview

Our Core Office portfolio consists of interests in 139 high-quality office properties totaling approximately 95 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 4 million square feet of active office and multifamily developments, in some of the world's most dynamic gateway markets. Represented within this portfolio are some of our most iconic assets, including Manhattan West in New York and Canary Wharf in London. We seek to maintain this irreplaceable portfolio of large-scale, mixed-use complexes in global gateway cities, which provide our tenants with a 24-hour, 7-days-a-week live, work, play environment, on a long-term basis. These iconic assets, which represent 77% of the equity attributable to Unitholders in our Core Office portfolio, cover 33 million square feet across 61 properties. These assets have stable cash flows and retain their values very well over long periods of time, as a result of their long-term leases. The remaining 78 properties, covering 62 million square feet of space, represent properties with transitional operational uplift and realization potential. 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 monetizing them and reinvesting the proceeds.

Summary of Operating Results

The following table presents FFO, CFFO and net income in our Core Office segment for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
FFO	\$ 95	\$ 131	\$ 234	\$ 254
CFFO	104	147	253	287
Net income	282	374	700	942

FFO from our Core Office segment was \$95 million for the three months ended June 30, 2022 as compared to \$131 million in the same period in the prior year. This decrease was driven by higher interest expense due to increased interest rates on our variable debt obligations coupled with an increase in debt obligations as a result of financing activity, the impact of foreign currency translation, as well as decreased earnings from equity accounted investments as the prior period benefited from higher condominium sales in London.

FFO from our Core Office segment was \$234 million for the six months ended June 30, 2022 as compared to \$254 million in the same period in the prior year. This decrease is primarily attributable to the movements discussed above, partially offset by higher fee income in the U.S.

For the three and six months ended June 30, 2022, CFFO decreased by \$43 million and \$34 million, respectively, primarily attributable to the FFO movements discussed above.

Net income decreased by \$92 million to \$282 million during the three months ended June 30, 2022 as compared to net income of \$374 million during the same period in 2021. The decrease is attributable to fair value losses in the current period due to an increase in carrying value of the DTLA capital securities compared to fair value gains in the prior period.

Net income decreased by \$242 million to \$700 million during the six months ended June 30, 2022 as compared to the same period in 2021. The decrease is attributable to lower fair value gains compared to the prior period.

Key Operating Metrics

The following table presents key operating metrics for our Core Office portfolio as at and for the three months ended June 30, 2022 and 2021:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Total portfolio:				
NOI ⁽¹⁾	\$ 262	\$ 265	\$ 122	\$ 117
Number of properties	65	70	74	71
Leasable square feet (in thousands)	46,381	47,846	31,724	30,507
Occupancy	85.0%	87.5%	92.4%	91.1%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 33.09	\$ 33.07	\$ 49.29	\$ 52.10
Same-property:				
NOI ^(1,3)	\$ 262	\$ 258	\$ 111	\$ 104
Number of properties	65	65	70	70
Leasable square feet (in thousands)	46,381	46,473	29,606	29,586
Occupancy	85.0%	87.4%	92.1%	91.1%
In-place net rents (per square foot) ⁽²⁾⁽³⁾	\$ 33.09	\$ 32.27	\$ 48.95	\$ 48.53

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

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

⁽³⁾ Presented using normalized foreign exchange rates, using the June 30, 2022 exchange rate.

NOI from our consolidated properties decreased to \$262 million during the three months ended June 30, 2022 compared to the prior year. Same-property NOI for our consolidated properties for the three months ended June 30, 2022 increased to \$262 million from \$258 million. This increase was primarily due to lease commencements since prior year partially offset by lease expirations in the U.S.

NOI from our unconsolidated properties, which is presented on a proportionate basis, increased to \$122 million during the three months ended June 30, 2022, compared to \$117 million in the prior year. This increase was primarily the result of two properties becoming operational since the prior year partially offset by the negative impact of foreign currency translation and dispositions since the prior year. Same-property NOI increased compared to the prior year due to leasing activity and higher revenue.

The following table presents the changes in investment properties in the Core Office segment from December 31, 2021 to June 30, 2022:

(US\$ Millions)	Jun. 30, 2022	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 24,644	\$ 1,023
Capital expenditures	92	189
Property dispositions	—	(1)
Fair value gains, net	112	7
Foreign currency translation	(443)	(44)
Transfer between commercial properties and commercial developments	(11)	11
Reclassifications to assets held for sale	(94)	2
Investment properties, end of period	\$ 24,300	\$ 1,187

Commercial properties totaled \$24,300 million at June 30, 2022, compared to \$24,644 million at December 31, 2021. The decrease was driven primarily by the negative impact of foreign currency translation and the sale of an office asset in the U.K., partially offset by fair value gains and the reclassification of an office asset in Brazil out of assets held for sale.

Commercial developments increased by \$164 million from December 31, 2021 to June 30, 2022. The increase was primarily due to incremental capital expenditures on our active developments, partially offset by the impact of foreign currency translation.

The following table presents the changes in equity accounted investments in the Core Office segment from December 31, 2021 to June 30, 2022:

(US\$ Millions)	Jun. 30, 2022
Equity accounted investments, beginning of period	\$ 9,819
Additions	8
Disposals and return of capital distributions	(288)
Share of net earnings, including fair value gains	470
Distributions received	(63)
Foreign currency translation	(476)
Other comprehensive income and Other	85
Equity accounted investments, end of period	\$ 9,555

Equity accounted investments decreased by \$264 million since December 31, 2021 to \$9,555 million at June 30, 2022. The decrease was driven by the partial disposition of One Manhattan West and the negative impact of foreign currency translation, partially offset by our share of net earnings, including fair value gains.

Debt obligations increased by \$101 million since December 31, 2021 to \$14,661 million at June 30, 2022. The increase was driven by issuances, partially offset by disposals and the negative impact of foreign currency translation.

Active Developments

The following table summarizes the scope and progress of active developments in our Core Office segment as of June 30, 2022:

(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:								
1 The Esplanade, Perth ⁽²⁾	609	152	Q2 2023	83 % A\$	170 A\$	123	A\$ 113	A\$ 52
Two Manhattan West, Midtown New York ⁽²⁾	1,948	1,091	Q4 2023	33 % \$	1,342 \$	931	\$ 812	\$ 406
Leadenhall Court, London	430	430	Q1 2026	57 % £	564 £	212	£ 426	£ 106
Multifamily:								
5 & 8 Harbord Square, London ⁽²⁾	82	41	n/a	n/a £	32 £	15	£ 25	£ 8
755 Figueroa, Los Angeles ⁽²⁾	674	319	Q1 2025	n/a \$	269 \$	212	\$ 166	\$ 108
Mixed-Use:								
Wood Wharf - 15 Water Street, London ⁽²⁾	187	94	Q4 2023	n/a £	72 £	55	£ 47	£ 31
1 Charter Street, London ⁽²⁾	94	24	Q3 2024	n/a £	29 £	13	£ 19	£ 4
Total	4,024	2,151						

⁽¹⁾ Net of NOI earned during stabilization.

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

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, Toronto and Dubai and completed two urban multifamily developments in New York. Our current office and redevelopment projects stand at an average 47% pre-leased and despite the global economic shutdown, are generally tracking on time and budget.

Core Retail

Overview

Our Core Retail portfolio consists of 112 million square feet across 112 best-in-class malls and urban retail properties across the United States. We target to earn core-plus total returns on this portfolio. Similar to our Core Office portfolio, 24 million square feet across 19 properties are represented by assets in which we intend to retain long-term ownership. These assets include trophy assets, such as Ala Moana in Honolulu and Fashion Show in Las Vegas, and collectively represent 56% of the equity attributable to Unitholders in our Core Retail portfolio. Their stable and growing cash flows ensure that we can earn attractive compounding rates of return. For the remaining 93 properties, covering 88 million square feet of space, we seek to maximize return through leasing, redevelopment of existing retail or in some cases through the addition of a mixed-use component like multifamily or office. We add significant value during this transitional period before ultimately monetizing them and reinvesting the proceeds.

Summary of Operating Results

The following table presents FFO, CFFO and net income (loss) in our Core Retail segment for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
FFO	\$ 188	\$ 103	\$ 356	\$ 198
CFFO	158	120	338	228
Net income (loss)	315	147	607	(158)

FFO earned in our Core Retail segment for the three months ended June 30, 2022 was \$188 million compared to \$103 million for the same period in the prior year. FFO increased as the retail business continued to recover from the shutdown, as well as lower interest expense as a result of debt paydowns since the prior year.

For the six months ended June 30, 2022, FFO earned in our Core Retail segment was \$356 million compared to \$198 million for the same period in the prior year. FFO increased due to the reasons discussed above.

For the three and six months ended June 30, 2022, CFFO increased by \$38 million and \$110 million respectively, primarily attributable to the FFO movements discussed above.

Net income was \$315 million for the three months ended June 30, 2022 as compared to net income of \$147 million during the same period in the prior year. The current year included fair value gains as a result of higher cash flows compared to fair value losses in the prior year.

Net income was \$607 million for the six months ended June 30, 2022 compared to a loss of \$158 million during the same period in the prior year primarily attributable to the movements discussed above.

Key Operating Metrics

The following table presents key operating metrics in our Core Retail portfolio as at and for the three months ended June 30, 2022 and 2021:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Total portfolio:				
NOI	\$ 239	\$ 232	\$ 180	\$ 163
Number of malls and urban retail properties	59	62	53	57
Leasable square feet (in thousands) ⁽¹⁾	52,449	54,153	59,920	63,442
Same-property:				
Number of malls and urban retail properties	52	52	50	50
Leasable square feet - mall and freestanding (in thousands)	22,699	22,451	27,868	27,315
Leased % ⁽²⁾	93.0 %	91.5 %	95.6 %	93.9 %
Occupancy % ⁽²⁾	91.9 %	90.5 %	94.1 %	92.9 %
Permanent Occupancy % ⁽²⁾	85.9 %	85.2 %	88.8 %	88.1 %

⁽¹⁾ Total Portfolio Leasable square feet represents total leasable area whereas Same-property leasable square feet represents Mall and Freestanding GLA.

⁽²⁾ Presented on a same-property basis.

NOI from our consolidated properties increased to \$239 million during the three months ended June 30, 2022 from \$232 million in the same quarter in 2021, primarily due to higher occupancy and recovery from the global economic shutdown in the prior year, partially offset by disposition activity.

NOI from our unconsolidated properties increased to \$180 million during the three months ended June 30, 2022 from \$163 million in the same quarter in 2021 for the reasons discussed above.

The following table presents the changes in investment properties in the Core Retail segment from December 31, 2021 to June 30, 2022:

(US\$ Millions)	Jun. 30, 2022
Investment properties, beginning of period	\$ 18,991
Property acquisitions	689
Capital expenditures	145
Property dispositions	(7)
Fair value gains, net	181
Transfer between commercial properties and commercial developments	(98)
Reclassifications to assets held for sale	(58)
Investment properties, end of period	\$ 19,843

Commercial properties increased by \$852 million to \$19,843 million, primarily due to acquisitions of our joint venture partners' interest in certain Core Retail properties. As a result of this acquisition, we discontinued accounting for these assets under the equity method and now consolidate these properties. Also contributing to this increase are fair value gains, and capital expenditures, partially offset by the reclassification of assets to under development.

The following table presents a roll-forward of our partnership's equity accounted investments in the Core Retail segment for the six months ended June 30, 2022:

(US\$ Millions)	Jun. 30, 2022
Equity accounted investments, beginning of year	\$ 9,945
Additions	14
Disposals and return of capital	(317)
Share of net earnings from equity accounted investments	315
Distributions	(18)
Other	(283)
Equity accounted investments, end of period	\$ 9,656

Equity accounted investments decreased by \$289 million to \$9,656 million, primarily due to disposals and return of capital distributions as well as several incremental interest acquisitions from our joint venture partners as discussed above, partially offset by share of net earnings from equity accounted investments.

Debt obligations decreased by \$316 million to \$13,107 million, primarily due to disposition activity and paydown on the term debt, partially offset by debt that is now consolidated following the acquisition of interests in certain assets from joint venture partners and drawdowns on the revolver.

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 11th 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 8th year, is fully invested and is executing realizations.
- 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 5th 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, and net income in our LP Investments segment for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
FFO	\$ 80	\$ 40	\$ 145	\$ 34
CFFO	76	38	154	40
Net income	29	353	1,071	892

FFO increased by \$40 million for the three months ended June 30, 2022 primarily due to increased earnings in our hospitality portfolio, due to increased occupancy and average daily rates, and resort spend outperforming pre-pandemic levels. In addition, the prior year was negatively impacted by defeasance costs incurred upon refinancing our manufactured housing portfolio, offset by an incremental distribution from BSREP III following the sale of a life science portfolio in the prior year.

FFO increased by \$111 million for the six months ended June 30, 2022 primarily due to increased earnings at our hospitality properties, primarily at Center Parcs and Atlantis, for the reasons discussed above. The current year also benefited from incremental income on the sale of develop-for-sale multifamily properties while the prior year was negatively impacted by defeasance costs incurred upon refinancing our manufactured housing portfolio, offset by the disposition activity mentioned above.

For the three and six months ended June 30, 2022, CFFO increased by \$38 million and \$114 million, respectively, for the reasons discussed above.

Net income decreased for the three months ended June 30, 2022 by \$324 million, driven by fair value losses due to capitalization and discount rate expansion at a mixed-use asset in South Korea, as well as dispositions since the prior year.

Net income increased for the six months ended June 30, 2022 by \$179 million, driven by for the reasons mentioned above, as well as fair value gains in our manufactured housing, U.K. student housing, and multifamily portfolios partially offset by the impact of dispositions.

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 six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
FFO	\$ (157)	\$ (130)	\$ (331)	\$ (255)
CFFO	(156)	(129)	(329)	(254)
Net loss	(106)	(188)	(166)	(259)

FFO was a loss of \$157 million (2021 - loss of \$130 million) and \$331 million (2021 - loss of \$255 million) for the three and six months ended June 30, 2022, respectively. Corporate FFO includes interest expense and general and administrative expense.

Interest expense for the three months ended June 30, 2022 totaled \$68 million (2021 - \$72 million), which reflects \$25 million (2021 - \$37 million) of interest expense on capital securities and \$43 million (2021 - \$35 million) of interest expense on our credit facilities and corporate bonds. For the six months ended June 30, 2022, interest expense totaled \$139 million (2021 - \$142 million), which reflects \$49

million (2021 - \$74 million) of interest expense on capital securities and \$90 million (2021 - \$68 million) of interest expense on our credit facilities and corporate bonds.

Another component of FFO is general and administrative expense, which, for the three months ended June 30, 2022 was \$72 million (2021 - \$60 million) and consists of management fees and equity enhancement fees of \$57 million (2021 - \$46 million) and \$15 million (2021 - \$14 million) of other corporate costs. For the six months ended June 30, 2022, general and administrative expense consisted of \$114 million of asset management fees (2021 - \$61 million), nil of equity enhancement fees (2021 - \$27 million) and \$27 million (2021 - \$28 million) of other corporate costs. The management fee is calculated at an annualized rate of 1.05% of the sum of the following amounts, as of the last day of the immediately preceding quarter: (i) the equity attributable to unitholders for our Core Office, Core Retail and the Corporate segments; and (ii) the carrying value Canholdco Class B Common Shares.

For the three and six months ended June 30, 2022, we also recorded an income tax expense of \$8 million and income tax expense \$25 million (2021 - income tax expense of \$2 million and income tax expense of \$24 million), respectively, allocated to the corporate segment related to an increase in book income of our holding companies and their subsidiaries as well as non-recurring tax benefits from Brookfield Opportunity Zone fund investments that occurred in the prior year.

As of June 30, 2022, the carrying value of the Canholdco Class B Common Shares was \$1,940 million (December 31, 2021 - \$2,083 million). Refer to *Note 3, Privatization of the Partnership* of our Q2 2022 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 six months ended June 30, 2022, our operating cash flow was \$580 million, cash flow from investing activities was \$3,278 million and cash used for financing activities was \$(4,217) 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 June 30, 2022, a \$180 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)	Jun. 30, 2022
2022	\$ 5,188
2023	11,015
2024	9,615
2025	3,173
2026	2,541
2027 and thereafter	6,202
Deferred financing costs	(177)
Secured debt obligations	\$ 37,557
Debt to investment property ratio	60.8 %

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 2022-2023, however, approximately 1.2% 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, 2021 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, 2021. 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, 2021 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 Interbank Offered Rates (“IBOR”) referenced floating-rate borrowings, interest rate swaps, interest rate caps, and to update hedge designations. Sterling Overnight Index Average (“SONIA”) replaced £ London Interbank Offered Rate (“£ LIBOR”), and one week and two month US\$ LIBOR were discontinued effective December 31, 2021. Euro Short-term Rate (“€STR”) was published as an alternative to Euro Interbank Offered Rate (“EURIBOR”) during 2021, though EURIBOR remains available for Euro lending. It is currently expected that Secured Overnight Financing Rate (“SOFR”) will replace US\$ LIBOR, and Canadian Overnight Repo Rate Average (“CORRA”) will replace Canadian Dollar Offered Rate (“CDOR”), though the transition period has been extended to June 2023 for the remaining US\$ LIBOR and June 2024 for CDOR. The partnership has addressed the impact and effected the changes required as a result of amendments to the contractual terms of £ LIBOR 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.

There have been no other material changes to our financial risk exposure or risk management activities since December 31, 2021. Please refer to Note 32, *Financial Instruments* in our December 31, 2021 annual report on Form 20-F for a detailed description of our financial risk exposure and risk management activities, and refer to Note 28, *Financial Instruments* of our Q2 2022 Financial Statements for further information on derivative financial instruments as at June 30, 2022.

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 29, *Related Parties*, respectively, of our Q2 2022 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 June 30, 2022. Specifically, while discount and capitalization rates are inherently uncertain, there has been an absence of recently observed market transactions across the partnership's geographies to support changes in such rates which is a key input into the determination of fair value. In addition, the partnership has had to make assumptions with respect to the length and severity of these restrictions and closures as well as the viability of our tenants in consideration of any credit reserves that should be applied based on deemed tenant risk and the recovery period in estimating the impact and timing of future cash flows generated from investment properties and used in the discounted cash flow model used to determine fair value. As a result of this material estimation uncertainty, there is a risk that the assumptions used to determine fair value as of June 30, 2022 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, 2021 consolidated financial statements and Note 2, *Summary of Significant Accounting Policies* 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 any emerging or future variants of COVID-19, and any any responses from global government authorities. There remains some uncertainty in the near-term surrounding leasing trends, market rates, and the ability to exit investments in the partnership's expected timeframe, which the partnership will continue to monitor and mitigate. In addition, we expect to face a meaningful amount of lease rollover in 2022 and 2023, 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 six months ended June 30, 2022, 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, 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 before the impact of depreciation and amortization (“Commercial property NOI”) and revenues from our hospitality operations less direct hospitality expenses before the impact of depreciation and amortization (“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 BSREP III FFO. The partnership accounts for its investment in BSREP III as a financial asset and the income (loss) of the fund is not presented in the partnership’s results. Distributions from BSREP III, recorded as dividend income under IFRS, are removed from investment and other income for Company FFO presentation.
- *Net income attributable to Unitholders*: net income attributable to holders of GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units.
- *Equity attributable to Unitholders*: equity attributable to holders of GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units.

NOI is a key indicator of our ability to impact the operating performance of our properties. We seek to grow NOI through proactive 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. Because NOI excludes depreciation and amortization of real estate assets, it provides a performance measure that, when compared year-over-year, reflects the impact on operations from trends in occupancy rates and rental rates. We reconcile NOI to net income on page 19.

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 19 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 19.

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 19.

Reconciliation of Non-IFRS measures

As described in the “Non-IFRS Financial Measures” section on page 18, our partnership uses non-IFRS measures to assess the performance of its operations. An analysis of the measures and reconciliation to IFRS measures is included below.

The following table reconciles net income (loss) to NOI for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Commercial property revenue	\$ 1,185	\$ 1,284	\$ 2,440	\$ 2,569
Direct commercial property expense	(452)	(492)	(922)	(998)
Add: Depreciation and amortization expense in direct commercial property expense ⁽¹⁾	6	18	15	38
Commercial property NOI ⁽¹⁾	739	810	1,533	1,609
Hospitality revenue	400	196	713	255
Direct hospitality expense	(277)	(170)	(565)	(291)
Add: Depreciation and amortization expense in direct hospitality expense ⁽¹⁾	62	50	135	98
Hospitality NOI	185	76	283	62
Total NOI	924	886	1,816	1,671
Investment and other revenue	158	180	644	286
Share of net earnings from equity accounted investments	419	253	799	459
Interest expense	(623)	(710)	(1,223)	(1,322)
Depreciation and amortization ⁽¹⁾	(68)	(68)	(150)	(136)
General and administrative expense	(234)	(243)	(466)	(456)
Investment and other expense	(32)	(23)	(271)	(31)
Fair value gains (losses), net	23	498	1,293	1,138
Income before taxes	567	773	2,442	1,609
Income tax expense	(47)	(87)	(230)	(192)
Net income	\$ 520	\$ 686	\$ 2,212	\$ 1,417
Net income attributable to non-controlling interests	120	367	1,110	832
Net income attributable to Unitholders	\$ 400	\$ 319	\$ 1,102	\$ 585

⁽¹⁾ As described in the “Non-IFRS Financial Measures” section on page 18, commercial property NOI and hospitality NOI excludes the impact of depreciation and amortization included in direct commercial property expense and direct hospitality expense, respectively.

The following table reconciles net income (loss) to FFO and Company FFO for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Net income	\$ 520	\$ 686	\$ 2,212	\$ 1,417
Add (deduct):				
Fair value (gains), net	(23)	(498)	(1,293)	(1,138)
Share of equity accounted fair value (gains), net	(177)	(105)	(369)	(181)
Depreciation and amortization of real estate assets ⁽¹⁾	46	46	98	91
Income tax expense	47	87	230	192
Non-controlling interests in above items	(207)	(72)	(474)	(150)
FFO	\$ 206	\$ 144	\$ 404	\$ 231
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	13	14	28	29
Transaction costs, net ⁽²⁾	(29)	55	(16)	73
Imputed interest ⁽³⁾	4	4	9	9
BSREP III earnings ⁽⁴⁾	(12)	(41)	(9)	(41)
Company FFO	\$ 182	\$ 176	\$ 416	\$ 301

⁽¹⁾ Depreciation and amortization are included in direct commercial property expense and direct hospitality expense on the income statement.

⁽²⁾ Presented net of non-controlling interests.

⁽³⁾ Represents imputed interest associated with financing the partnership’s share of commercial developments accounted for under the equity method.

⁽⁴⁾ 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 Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Commercial property revenue	\$ 463	\$ 474	\$ 935	\$ 959
Hospitality revenue ⁽¹⁾	6	2	10	3
Direct commercial property expense	(204)	(212)	(408)	(429)
Direct hospitality expense ⁽¹⁾	(6)	(3)	(11)	(6)
Add: Depreciation and amortization included in direct commercial property expense and direct hospitality expense ⁽²⁾	3	4	6	8
Total NOI - Core Office⁽²⁾	\$ 262	\$ 265	\$ 532	\$ 535

⁽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.

⁽²⁾ As described in the “Non-IFRS Financial Measures” section on page 18, commercial property NOI and hospitality NOI excludes the impact of depreciation and amortization included in direct commercial property expense and direct hospitality expense, respectively.

The following table reconciles Core Office NOI to net (loss) income for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Same-property NOI	\$ 262	\$ 258	\$ 533	\$ 516
Currency variance	—	6	—	7
NOI related to acquisitions and dispositions	—	1	(1)	12
Total NOI - Core Office⁽¹⁾	262	265	532	535
Investment and other revenue	71	63	163	107
Interest expense	(171)	(139)	(318)	(282)
Depreciation and amortization included in direct commercial property expense and direct hospitality expense ⁽²⁾	(3)	(3)	(6)	(8)
Investment and other expense	(32)	(23)	(67)	(31)
General and administrative expense	(63)	(65)	(124)	(128)
Fair value gains (losses), net	(12)	155	88	385
Share of net earnings from equity accounted investments	253	146	470	377
Income before taxes	305	399	738	955
Income tax (expense) benefit	(23)	(25)	(38)	(13)
Net income	282	374	700	942
Net income attributable to non-controlling interests	30	98	121	185
Net income attributable to Unitholders	\$ 252	\$ 276	\$ 579	\$ 757

⁽¹⁾ As described in the “Non-IFRS Financial Measures” section on page 18, commercial property NOI and hospitality NOI excludes the impact of depreciation and amortization included in direct commercial property expense and direct hospitality expense, respectively.

⁽²⁾ Depreciation and amortization are included in direct commercial property expense and direct hospitality expense on the income statement.

The following table reconciles Core Office net income to FFO and CFFO for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Net income	\$ 282	\$ 374	\$ 700	\$ 942
Add (deduct):				
Fair value (gains), net	12	(155)	(88)	(385)
Share of equity accounted fair value (gains), net	(177)	(60)	(316)	(212)
Depreciation and amortization of real estate assets ⁽¹⁾	1	1	2	2
Income tax expense	23	25	38	13
Non-controlling interests in above items	(46)	(54)	(102)	(106)
FFO	\$ 95	\$ 131	\$ 234	\$ 254
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	4	3	7	7
Transaction costs, net ⁽¹⁾	1	9	3	17
Imputed interest ⁽³⁾	4	4	9	9
Company FFO	\$ 104	\$ 147	\$ 253	\$ 287

⁽¹⁾ Depreciation and amortization are included in direct commercial property expense and direct hospitality expense on the income statement.

⁽²⁾ Presented net of non-controlling interests.

⁽³⁾ 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 six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Unconsolidated properties NOI	\$ 122	\$ 117	\$ 242	\$ 233
Unconsolidated properties fair value gains (losses), net	177	60	316	212
Other ⁽¹⁾	(46)	(31)	(88)	(68)
Share of net earnings from equity accounted investments	\$ 253	\$ 146	\$ 470	\$ 377

⁽¹⁾ Other primarily includes the partnership's share of interest expense, general and administrative expense and investment and other income/expense from unconsolidated investments.

Reconciliation of Non-IFRS Measures – Core Retail

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

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Commercial property revenue	\$ 326	\$ 338	\$ 677	\$ 670
Direct commercial property expense	(92)	(118)	(201)	(225)
Add: Depreciation and amortization included in direct commercial property expense ⁽¹⁾	5	12	10	12
Total NOI	\$ 239	\$ 232	\$ 486	\$ 457

⁽¹⁾ As described in the "Non-IFRS Financial Measures" section on page 18, commercial property NOI and hospitality NOI excludes the impact of depreciation and amortization included in direct commercial property expense and direct hospitality expense, respectively.

The following table reconciles Core Retail NOI to net income (loss) attributable to Unitholders for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Total NOI - Core Retail ⁽¹⁾	\$ 239	\$ 232	\$ 486	\$ 457
Investment and other revenue	39	34	82	66
Interest expense	(151)	(165)	(295)	(328)
Depreciation and amortization included in direct commercial property expense ⁽²⁾	(5)	(6)	(10)	(12)
General and administrative expense	(52)	(48)	(108)	(101)
Fair value gains (losses), net	104	(36)	150	(396)
Share of net earnings from equity accounted investments	151	148	315	167
Income (loss) before taxes	325	159	620	(147)
Income tax (expense) benefit	(10)	(12)	(13)	(11)
Net income (loss)	\$ 315	\$ 147	\$ 607	\$ (158)
Net income (loss) attributable to non-controlling interests	24	21	51	(4)
Net income (loss) attributable to Unitholders	\$ 291	\$ 126	\$ 556	\$ (154)

⁽¹⁾ As described in the "Non-IFRS Financial Measures" section on page 18, commercial property NOI and hospitality NOI excludes the impact of depreciation and amortization included in direct commercial property expense and direct hospitality expense, respectively.

⁽²⁾ Depreciation and amortization are included in direct commercial property expense and direct hospitality expense on the income statement.

The following table reconciles Core Retail net (loss) income to FFO and CFFO for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 315	\$ 147	\$ 607	\$ (158)
Add (deduct):				
Share of equity accounted fair value (gains) losses, net	(20)	(76)	(85)	(19)
Fair value (gains) losses, net	(104)	36	(150)	396
Income tax expense (benefit)	10	12	13	11
Non-controlling interests in above items	(13)	(16)	(29)	(32)
FFO	\$ 188	\$ 103	\$ 356	\$ 198
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	4	6	9	12
Transaction costs, net ⁽²⁾	(34)	11	(27)	18
Company FFO	\$ 158	\$ 120	\$ 338	\$ 228

⁽¹⁾ Depreciation and amortization are included in direct commercial property expense and direct hospitality expense on the income statement.

⁽²⁾ Presented net of non-controlling interests.

The following table reconciles Core Retail share of net earnings from equity accounted investments for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Unconsolidated properties NOI	\$ 179	\$ 390	\$ 366	\$ 324
Unconsolidated properties fair value gains (losses), net and income tax expense	20	76	85	19
Other ⁽¹⁾	(48)	(318)	(136)	(176)
Share of net earnings and (losses) from equity accounted investments	\$ 151	\$ 148	\$ 315	\$ 167

⁽¹⁾ Other primarily includes the partnership's share of interest expense, general and administrative expense and investment and other income/expense from unconsolidated investments.

Reconciliation of Non-IFRS Measures - LP Investments

The following table reconciles LP Investments NOI to net income (loss) for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Commercial property revenue	\$ 396	\$ 472	\$ 828	\$ 940
Hospitality revenue	394	194	703	252
Direct commercial property expense	(156)	(179)	(313)	(344)
Direct hospitality expense	(271)	(214)	(554)	(285)
Add: Depreciation and amortization included in direct commercial property expense and direct hospitality expense ⁽¹⁾	60	116	134	116
Total NOI⁽¹⁾	423	389	798	679
Investment and other revenue	46	81	397	110
Interest expense	(233)	(334)	(471)	(570)
General and administrative expense	(47)	(70)	(93)	(111)
Investment and other expense	—	—	(204)	—
Depreciation and amortization included in direct commercial property expense and direct hospitality expense ⁽²⁾	(60)	(59)	(134)	(116)
Fair value gains, net	(109)	435	918	1,129
Share of net (losses) earnings from equity accounted investments	15	(41)	14	(85)
Income before taxes	35	401	1,225	1,036
Income tax expense	(6)	(48)	(154)	(144)
Net income	29	353	1,071	892
Net income attributable to non-controlling interests	25	248	833	651
Net income attributable to Unitholders	\$ 4	\$ 105	\$ 238	\$ 241

⁽¹⁾ As described in the "Non-IFRS Financial Measures" section on page 18, commercial property NOI and hospitality NOI excludes the impact of depreciation and amortization included in direct commercial property expense and direct hospitality expense, respectively.

⁽²⁾ Depreciation and amortization are included in direct commercial property expense and direct hospitality expense on the income statement.

The following table reconciles LP Investments net income to FFO and CFFO for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Net income	\$ 29	\$ 353	\$ 1,071	\$ 892
Add (deduct):				
Fair value (gains), net	109	(435)	(918)	(1,129)
Share of equity accounted fair value losses, net	20	31	32	50
Depreciation and amortization of real estate assets ⁽¹⁾	45	45	96	89
Income tax expense	6	48	154	144
Non-controlling interests in above items	(129)	(2)	(290)	(12)
FFO	\$ 80	\$ 40	\$ 145	\$ 34
Add (deduct):				
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	5	5	12	10
Transaction costs, net ⁽²⁾	3	34	6	37
BSREP III earnings ⁽³⁾	(12)	(41)	(9)	(41)
CFFO	\$ 76	\$ 38	\$ 154	\$ 40

⁽¹⁾ Depreciation and amortization are included in direct commercial property expense and direct hospitality expense on the income statement.

⁽²⁾ Presented net of non-controlling interests.

⁽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 six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Net loss	\$ (106)	\$ (188)	\$ (166)	\$ (259)
Net loss attributable to non-controlling interests	41	—	105	—
Net loss attributable to Unitholders	\$ (147)	\$ (188)	\$ (271)	\$ (259)

The following table reconciles Corporate net loss to FFO and CFFO for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Net loss	\$ (106)	\$ (188)	\$ (166)	\$ (259)
Add (deduct):				
Fair value (gains) losses, net	(40)	56	(137)	(20)
Income tax expense	8	2	25	24
Non-controlling interests in above items	(19)	—	(53)	—
FFO	\$ (157)	\$ (130)	\$ (331)	\$ (255)
Add (deduct):				
Transaction costs, net ⁽¹⁾	1	1	2	1
CFFO	\$ (156)	\$ (129)	\$ (329)	\$ (254)

⁽¹⁾ Presented net of non-controlling interests.

SUBSIDIARY PUBLIC ISSUERS

Brookfield Property Split Corp. (“BOP Split”) was incorporated for the purpose of being an issuer of preferred shares and owning a portion of the partnership’s investment in Brookfield Office Properties Inc. (“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* of our Q2 2022 Financial Statements 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.

(US\$ Millions) For the three months ended Jun. 30, 2022	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	\$ —	\$ 42	\$ 10	\$ —	\$ 26	\$ 50	\$ 140	\$ 11	\$ 1,464	\$ 1,743
Net income attributable to unitholders ⁽¹⁾	144	116	35	—	59	45	400	23	(422)	400
For the three months ended Jun. 30, 2021										
Revenue	\$ —	\$ 45	\$ 191	\$ —	\$ 21	\$ —	\$ 133	\$ 160	\$ 1,110	\$ 1,660
Net income attributable to unitholders ⁽¹⁾	156	145	123	—	(25)	—	319	129	(528)	319

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

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

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

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

(US\$ Millions) For the six months ended Jun. 30, 2022	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	\$ —	\$ 85	\$ 17	\$ —	\$ 51	\$ 98	\$ 318	\$ 191	\$ 3,037	\$ 3,797
Net income attributable to unitholders ⁽¹⁾	395	291	164	—	39	83	1,102	236	(1,208)	1,102
For the six months ended Jun. 30, 2021										
Revenue	\$ —	\$ 91	\$ 285	\$ —	\$ 41	\$ —	\$ 270	\$ 236	\$ 2,187	\$ 3,110
Net income attributable to unitholders ⁽¹⁾	286	422	394	—	(50)	—	585	237	(1,289)	585

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

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

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

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

(US\$ Millions) As of Jun. 30, 2022	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	\$ —	\$ 680	\$ 126	\$ —	\$ 1,918	\$ 2,952	\$ 6,302	\$ 191	\$ (7,678)	\$ 4,491
Non-current assets	9,124	28,299	17,319	—	433	—	32,377	2,308	3,258	93,118
Assets held for sale	—	—	—	—	—	—	—	—	7,934	7,934
Current liabilities	—	2,831	943	—	194	—	7,317	1,391	7,630	20,306
Non-current liabilities	—	4,264	4,303	—	2,116	474	5,887	67	23,660	40,771
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	—	957	957
Preferred equity	699	—	—	—	—	—	—	—	—	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,839	—	—	—	—	—	15,194	18,033
Equity attributable to unitholders ⁽¹⁾	\$ 8,425	\$ 21,884	\$ 9,360	\$ —	\$ 41	\$ 2,478	\$ 25,475	\$ 1,041	\$ (43,927)	\$ 24,777

⁽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, 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	\$ —	\$ 738	\$ 145	\$ —	\$ 1,915	\$ 2,952	\$ 6,479	\$ 206	\$ (7,510)	\$ 4,925
Non-current assets	10,848	30,254	23,197	—	441	—	40,811	2,320	(11,302)	96,569
Assets held for sale	—	—	—	—	—	—	—	—	10,510	10,510
Current liabilities	—	2,930	1,051	—	199	—	7,711	1,165	4,509	17,565
Non-current liabilities	—	4,339	4,467	—	2,153	474	14,279	582	20,058	46,352
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	—	3,082	3,082
Preferred equity	699	—	—	—	—	—	—	—	—	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,723	—	—	—	—	—	16,983	19,706
Equity attributable to unitholders ⁽¹⁾	\$ 10,149	\$ 23,723	\$ 15,101	\$ —	\$ 4	\$ 2,478	\$ 25,300	\$ 779	\$ (52,934)	\$ 24,600

⁽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.

NEW LP PREFERRED UNITS GUARANTEE

New LP was created in connection with the Privatization in order to issue New LP Preferred Units. The payment obligations of New LP to the holders of the New LP Preferred Units, including accrued and unpaid distributions, are fully and unconditionally guaranteed by the partnership, the Operating Partnership and several Holding Entities (Brookfield BPY Holdings Inc. (“CanHoldco”), Brookfield BPY Retail Holdings II Inc., BPY Bermuda Holdings Limited, BPY Bermuda Holdings II Limited, BPY Bermuda Holdings IV Limited, BPY Bermuda Holdings V Limited and BPY Bermuda Holdings VI Limited). The guarantee of each guarantor ranks senior to all subordinate guarantor obligations.

Pursuant to Rule 13-01 of the SEC’s Regulation S-X, the following tables provides combined summarized financial information of New LP and New LP guarantor entities:

(US\$ Millions) For the six months ended Jun. 30, 2022	BPY	New LP	Other Guarantors	Consolidating adjustments	Combined Guarantor entities
Revenue - from non-guarantor subsidiaries	\$ —	\$ 48	\$ 77	\$ (11)	\$ 114
Dividend income - from non-guarantor subsidiaries	116	—	286	(153)	249
Operating profit	116	38	250	(153)	251
Net income	116	38	343	(153)	344

(US\$ Millions) For the year ended Dec. 31, 2021	BPY	New LP	Other Guarantors	Consolidating adjustments	Combined Guarantor entities
Revenue	\$ —	\$ —	\$ 2	\$ —	\$ 2
Revenue - from non-guarantor subsidiaries	—	85	481	(82)	484
Dividend income - from non-guarantor subsidiaries	416	—	669	(628)	457
Operating profit	409	67	612	(628)	460
Net income	409	67	598	(628)	446

Total revenue of the partnership and its controlled subsidiaries for the six months ended months ended Jun. 30, 2022 was \$3,797 million.

(US\$ Millions) As at Jun. 30, 2022	BPY	New LP	Other Guarantors	Consolidating adjustments	Combined Guarantor entities
Current assets	\$ 1	\$ —	\$ 65	\$ —	\$ 66
Current assets - due from non-guarantor subsidiaries	—	2,952	6,993	(1,133)	8,812
Long-term assets	—	—	114	—	114
Current liabilities	—	—	216	—	216
Current liabilities - due to related parties	—	—	705	—	705
Current liabilities - due to non-guarantor subsidiaries	—	—	8,742	(1,133)	7,609
Long-term liabilities	—	—	2,076	—	2,076
Long-term liabilities - due to non-guarantor subsidiaries	—	—	1,704	—	1,704
Preferred equity and capital securities	699	474	1,838	(722)	2,289
Non-controlling interests	—	—	1,986	—	1,986

(US\$ Millions) As at Dec. 31, 2021	BPY	New LP	Other Guarantors	Consolidating adjustments	Combined Guarantor entities
Current assets	\$ 1	\$ —	\$ 55	\$ —	\$ 56
Current assets - due from non-guarantor subsidiaries	—	2,952	7,397	(1,465)	8,884
Long-term assets	—	—	60	—	60
Current liabilities	—	—	249	—	249
Current liabilities - due to related parties	1	—	699	—	700
Current liabilities - due to non-guarantor subsidiaries	—	—	8,703	(1,465)	7,238
Long-term liabilities	—	—	2,432	—	2,432
Long-term liabilities - due to non-guarantor subsidiaries	—	—	10,597	—	10,597
Preferred equity and capital securities	722	474	1,808	(722)	2,282
Non-controlling interests	—	—	2,088	—	2,088

Total assets of the partnership and its controlled subsidiaries for the period ended Jun. 30, 2022 were \$105,543 million (Dec. 31, 2021 - \$112,004 million).

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 approximately \$106 billion in total consolidated 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, 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 approximately \$725 billion in assets under management. More information is available at www.brookfield.com.

BROOKFIELD PROPERTY PARTNERS

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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 June 30, 2022 and December 31, 2021 and
for the three and six months ended June 30, 2022 and 2021

Brookfield Property Partners L.P.

Condensed Consolidated Balance Sheets

Unaudited (US\$ Millions)	Note	As at	
		Jun. 30, 2022	Dec. 31, 2021
Assets			
Non-current assets			
Investment properties	4	\$ 61,754	\$ 64,613
Equity accounted investments	5	20,233	20,807
Property, plant and equipment	6	5,266	5,623
Goodwill	7	745	832
Intangible assets	8	868	964
Other non-current assets	9	4,073	3,578
Loans and notes receivable		179	152
Total non-current assets		93,118	96,569
Current assets			
Loans and notes receivable		274	73
Accounts receivable and other	10	2,042	2,276
Cash and cash equivalents		2,175	2,576
Total current assets		4,491	4,925
Assets held for sale	11	7,934	10,510
Total assets		105,543	\$ 112,004
Liabilities and equity			
Non-current liabilities			
Debt obligations	12	33,747	\$ 38,579
Capital securities	13	3,137	3,024
Other non-current liabilities	15	1,291	1,499
Deferred tax liabilities		2,596	3,250
Total non-current liabilities		40,771	46,352
Current liabilities			
Debt obligations	12	16,786	13,742
Capital securities	13	60	61
Accounts payable and other liabilities	16	3,460	3,762
Total current liabilities		20,306	17,565
Liabilities associated with assets held for sale	11	957	3,082
Total liabilities		62,034	66,999
Equity			
Limited partners	17	8,871	8,805
General partner	17	4	4
Preferred equity	17	699	699
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units	17, 18	15,852	15,736
FV LTIP units of the Operating Partnership	17, 18	50	55
Interests of others in operating subsidiaries and properties	18	18,033	19,706
Total equity		43,509	45,005
Total liabilities and equity		\$ 105,543	\$ 112,004

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Income Statements

Unaudited (US\$ Millions, except per unit amounts)	Note	Three months ended Jun. 30,		Six months ended Jun. 30,	
		2022	2021	2022	2021
Commercial property revenue	19	\$ 1,185	\$ 1,284	\$ 2,440	\$ 2,569
Hospitality revenue	20	400	196	713	255
Investment and other revenue	21	158	180	644	286
Total revenue		1,743	1,660	3,797	3,110
Direct commercial property expense	22	452	492	922	998
Direct hospitality expense	23	277	170	565	291
Investment and other expense		32	23	271	31
Interest expense		623	710	1,223	1,322
General and administrative expense	24	234	243	466	456
Total expenses		1,618	1,638	3,447	3,098
Fair value gains, net	25	23	498	1,293	1,138
Share of net earnings from equity accounted investments	5	419	253	799	459
Income before income taxes		567	773	2,442	1,609
Income tax expense	14	47	87	230	192
Net income		\$ 520	\$ 686	\$ 2,212	\$ 1,417
Net income attributable to:					
Limited partners		\$ 144	\$ 148	\$ 395	\$ 274
General partner		—	—	—	—
Non-controlling interests attributable to:					
Redeemable/exchangeable and special limited partnership units		256	156	705	284
Limited partnership units of Brookfield Office Properties Exchange LP		—	1	—	2
FV LTIP units of the Operating Partnership		—	1	2	1
Class A shares of Brookfield Property Retail Holding LLC		—	13	—	24
Interests of others in operating subsidiaries and properties		120	367	1,110	832
Total		\$ 520	\$ 686	\$ 2,212	\$ 1,417

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Comprehensive Income

Unaudited (US\$ Millions)	Note	Three months ended Jun. 30,		Six months ended Jun. 30,	
		2022	2021	2022	2021
Net income		\$ 520	\$ 686	\$ 2,212	\$ 1,417
Other comprehensive income (loss)	26				
Items that may be reclassified to net income:					
Foreign currency translation		(484)	95	(515)	25
Cash flow hedges		(35)	41	66	95
Equity accounted investments		20	4	73	27
Items that will not be reclassified to net income:					
Securities - fair value through other comprehensive loss ("FVTOCI")		(19)	(2)	(20)	(2)
Share of revaluation deficit on equity accounted investments		—	(1)	—	(1)
Remeasurement of defined benefit obligations		1	—	1	—
Revaluation deficit		—	(99)	—	(99)
Total other comprehensive (loss) income		(517)	38	(395)	45
Total comprehensive income		\$ 3	\$ 724	\$ 1,817	\$ 1,462
Comprehensive income attributable to:					
Limited partners					
Net income		\$ 144	\$ 148	\$ 395	\$ 274
Other comprehensive (loss) income		(130)	52	(95)	69
		14	200	300	343
Non-controlling interests					
Redeemable/exchangeable and special limited partnership units					
Net income		256	156	705	284
Other comprehensive (loss) income		(232)	52	(170)	71
		24	208	535	355
Limited partnership units of Brookfield Office Properties Exchange LP					
Net income		—	1	—	2
Other comprehensive income		—	—	—	—
		—	1	—	2
FV LTIP units of the Operating Partnership					
Net income		—	1	2	1
Other comprehensive (loss)		(1)	—	(1)	—
		(1)	1	1	1
Class A shares of Brookfield Property Retail Holding LLC					
Net income		—	13	—	24
Other comprehensive income		—	4	—	6
		—	17	—	30
Interests of others in operating subsidiaries and properties					
Net income		120	367	1,110	832
Other comprehensive (loss)		(154)	(70)	(129)	(101)
		(34)	297	981	731
Total comprehensive income		\$ 3	\$ 724	\$ 1,817	\$ 1,462

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	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 Retail Holding LLC	Interests of others in operating subsidiaries and properties	
Balance as at Dec. 31, 2021	\$ 5,861	\$ 457	\$ 2,598	\$ (111)	\$ 8,805	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 15,736	\$ —	\$ 55	\$ —	\$ 19,706	\$ 45,005
Net income	—	395	—	—	395	—	—	—	—	—	—	705	—	2	—	1,110	2,212
Other comprehensive loss	—	—	—	(95)	(95)	—	—	—	—	—	—	(170)	—	(1)	—	(129)	(395)
Total comprehensive income (loss)	—	395	—	(95)	300	—	—	—	—	—	—	535	—	1	—	981	1,817
Distributions	—	(209)	—	—	(209)	—	—	—	—	—	—	(374)	—	(1)	—	(2,336)	(2,920)
Preferred distributions	—	(8)	—	—	(8)	—	—	—	—	—	—	(14)	—	—	—	—	(22)
Issuance / repurchase of interests in operating subsidiaries	—	(26)	3	—	(23)	—	—	—	—	—	—	(38)	—	8	—	(318)	(371)
Change in relative interests of non-controlling interests	—	—	6	—	6	—	—	—	—	—	—	7	—	(13)	—	—	—
Balance as at Jun. 30, 2022	\$ 5,861	\$ 609	\$ 2,607	\$ (206)	\$ 8,871	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 15,852	\$ —	\$ 50	\$ —	\$ 18,033	\$ 43,509
Balance as at Dec. 31, 2020	\$ 8,562	\$ 486	\$ 3,010	\$ (349)	\$ 11,709	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 12,249	\$ 73	\$ 52	\$ 1,050	\$ 15,687	\$ 41,523
Net income	—	274	—	—	274	—	—	—	—	—	—	284	2	1	24	832	1,417
Other comprehensive income (loss)	—	—	—	69	69	—	—	—	—	—	—	71	—	—	6	(101)	45
Total comprehensive income	—	274	—	69	343	—	—	—	—	—	—	355	2	1	30	731	1,462
Distributions	—	(145)	—	—	(145)	—	—	—	—	—	—	(152)	(1)	(1)	(13)	(1,550)	(1,862)
Preferred distributions	—	(11)	—	—	(11)	—	—	—	—	—	—	(11)	—	—	(1)	—	(23)
Issuance / repurchase of interest in operating subsidiaries	4	(7)	14	—	11	—	—	—	—	—	—	11	—	1	(17)	1,123	1,129
Exchange of exchangeable units	2	—	1	(1)	2	—	—	—	—	—	—	—	(3)	—	—	—	(1)
Conversion of Class A shares of Brookfield Property REIT Inc.	104	—	46	—	150	—	—	—	—	—	—	—	—	—	(150)	—	—
Change in relative interest of non-controlling interests	—	—	10	(3)	7	—	—	—	—	—	—	(5)	—	(3)	2	—	1
Balance as at Jun. 30, 2021	\$ 8,672	\$ 597	\$ 3,081	\$ (284)	\$ 12,066	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 12,447	\$ 71	\$ 50	\$ 901	\$ 15,991	\$ 42,229

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Cash Flows

Unaudited (US\$ Millions)	Note	Six Months Ended Jun. 30,	
		2022	2021
Operating activities			
Net income		\$ 2,212	\$ 1,417
Share of equity accounted earnings, net of distributions		(687)	(367)
Fair value (gains), net	25	(1,293)	(1,138)
Deferred income tax expense	14	154	148
Depreciation and amortization	22,23	150	136
Working capital and other		44	2,129
		580	2,325
Financing activities			
Debt obligations, issuance		4,239	6,880
Debt obligations, repayments		(5,331)	(7,039)
Capital securities issued		57	—
Capital securities redeemed		—	(248)
Non-controlling interests, issued		436	1,164
Non-controlling interests, purchased		(695)	—
Repayment of lease liabilities		(12)	(12)
FV LTIP units, repurchased		(2)	—
Class A shares of Brookfield Property Retail Holding LLC, repurchased		—	(18)
Distributions to non-controlling interests in operating subsidiaries		(2,303)	(1,497)
Preferred distributions		(22)	(23)
Distributions to limited partnership unitholders		(209)	(145)
Distributions to redeemable/exchangeable and special limited partnership unitholders		(374)	(152)
Distributions to holders of Brookfield Office Properties Exchange LP units		—	(1)
Distributions to holders of FV LTIP units of the Operating Partnership		(1)	(1)
Distributions to holders of Class A shares of Brookfield Property Retail Holding LLC		—	(13)
		(4,217)	(1,105)
Investing activities			
Acquisitions			
Investment properties		(673)	(1,131)
Property, plant and equipment		(125)	(63)
Equity accounted investments		(33)	(569)
Financial assets and other		(310)	(724)
Cash acquired in business combinations		26	36
Dispositions			
Investment properties		1,054	381
Property, plant and equipment		15	—
Equity accounted investments		634	250
Financial assets and other		802	543
Disposition of subsidiaries		1,981	—
Cash impact of deconsolidation and reclassification to assets held for sale		(50)	—
Restricted cash and deposits		(43)	(116)
		3,278	(1,393)
Cash and cash equivalents			
Net change in cash and cash equivalents during the period		(359)	(173)
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies		(42)	2
Balance, beginning of period		2,576	2,473
Balance, end of period		\$ 2,175	\$ 2,302
Supplemental cash flow information			
Cash paid for:			
Income taxes, net of refunds received		\$ 56	\$ 19
Interest (excluding dividends on capital securities)		\$ 1,073	\$ 1,149

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 investment is a 36% managing general partnership units (“GP Units” or “GP”) interest in Brookfield Property L.P. (the “operating partnership”). 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 partnership’s 6.5% Preferred Units, Series 1, 6.375% Preferred Units, Series 2, 5.75% Preferred Units, Series 3, and Brookfield Property Preferred L.P.’s (“New LP”) 6.75% Preferred Units, Series 1 are traded on the Nasdaq under the symbols “BPYPP”, “BPYPO”, “BPYPN”, and “BPYPM” respectively. The New LP 6.75% Preferred Units, Series 1 are also traded on the TSX under the symbol “BPYP.PR.A”.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

These condensed consolidated financial statements as of and for the three and six months ended June 30, 2022 were approved and authorized for issue by the Board of Directors of the partnership on August 5, 2022.

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, 2021. 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, 2021.

During the fourth quarter of 2021, as a result of a change in accounting policy, the partnership reclassified depreciation and amortization expense, which was previously presented as a separate line item, to direct commercial property expense and direct hospitality expense. Prior period amounts were also adjusted to reflect this change, which resulted in an increase of \$18 million and \$38 million to direct commercial property expense and \$50 million and \$98 million to direct hospitality expense for the three and six months ended June 30, 2021, respectively, with equal and offsetting decreases to depreciation and amortization expense. This reclassification had no impact on revenues or net income.

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) 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, 2021 and have been consistently applied in the preparation of the interim condensed consolidated financial statements as of and for the three and six months ended June 30, 2022.

The coronavirus pandemic (“COVID-19”) has adversely impacted general economic, political and market factors in the countries in which the partnership does business, including the recent global economic shutdown. In 2021 and 2022, the global economy has, with certain setbacks, begun reopening, and wider distribution of vaccines will likely encourage greater economic activity. The partnership has seen recovery across the various geographies in which the partnership owns and operates its investment properties, and property, plant and equipment. There remains a residual risk arising from any emerging or future variants of COVID-19 and any resulting responses from global government authorities. As a result of this residual risk, there remains some uncertainty in the near-term surrounding leasing trends, market rates, and the ability to exit investments in the partnership’s expected timeframe, which the partnership will continue to monitor and mitigate in the determination of the fair value of investment properties as of June 30, 2022.

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 Retail Holding LLC ("BPYU") Class A stock, par value \$0.01 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 of 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 Consolidated Statement of Changes in Equity for the year end December 31, 2021. 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 28, *Unit-Based Compensation* in the 2021 annual report 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 six months ended June 30, 2022 and the year ended December 31, 2021:

(US\$ Millions)	Six months ended Jun. 30, 2022			Year ended December 31, 2021		
	Commercial properties	Commercial developments	Total	Commercial properties	Commercial developments	Total
Balance, beginning of period	\$ 62,313	\$ 2,300	\$ 64,613	\$ 70,294	\$ 2,316	\$ 72,610
Changes resulting from:						
Property acquisitions	710	—	710	491	80	571
Capital expenditures	368	252	620	796	758	1,554
Property dispositions ⁽¹⁾	(34)	(1)	(35)	(1,299)	(351)	(1,650)
Fair value gains (losses), net	1,115	104	1,219	1,791	171	1,962
Foreign currency translation	(847)	(106)	(953)	(558)	(37)	(595)
Transfer between commercial properties and commercial developments	126	(126)	—	635	(635)	—
Reclassifications to assets held for sale and other changes	(3,973)	(447)	(4,420)	(9,837)	(2)	(9,839)
Balance, end of period ⁽²⁾	\$ 59,778	\$ 1,976	\$ 61,754	\$ 62,313	\$ 2,300	\$ 64,613

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

⁽²⁾ Includes right-of-use commercial properties and commercial developments of \$547 million and \$21 million, respectively, as of June 30, 2022 (December 31, 2021 - \$557 million and \$24 million). Current lease liabilities of \$28 million (December 31, 2021 - \$118 million) have been included in accounts payable and other liabilities and non-current lease liabilities of \$542 million (December 31, 2021 - \$558 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 caused by COVID-19 and the resulting measurement uncertainty discussed in Note 2(c), *Summary of Significant Accounting Policies - Critical judgements and estimates in applying accounting policies*, 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. In response to the measurement uncertainty caused by COVID-19, the partnership has adjusted cash flow assumptions for its estimate of the near-term disruption to cash flows to reflect collections, vacancy and assumptions with respect to new leasing activity. In addition, the partnership has assessed 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 cost of capital and credit spreads. 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.

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:

	Primary valuation method	Jun. 30, 2022			Dec. 31, 2021		
		Discount rate	Terminal capitalization rate	Investment horizon (years)	Discount rate	Terminal capitalization rate	Investment horizon (years)
Consolidated properties							
Core Office	Discounted cash flow	6.6%	5.3 %	11	6.5%	5.3 %	11
Core Retail	Discounted cash flow	6.9%	5.3 %	10	7.0%	5.3 %	10
LP Investments ⁽¹⁾	Discounted cash flow	9.5%	7.0 %	8	9.4%	7.0 %	8

⁽¹⁾ The valuation method used to value multifamily, student housing, and manufactured housing properties is the direct capitalization method. At June 30, 2022, the overall implied capitalization rate used for properties using the direct capitalization method was 3.9% (December 31, 2021 - 4.3%).

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, 2021:

(US\$ Millions)	Jun. 30, 2022				Dec. 31, 2021			
	Level 1		Level 2		Level 1		Level 2	
	Level 1	Level 2	Commercial properties	Commercial developments	Level 1	Level 2	Commercial properties	Commercial developments
Core Office	\$ —	\$ —	\$ 24,300	\$ 1,187	\$ —	\$ —	\$ 24,643	\$ 1,022
Core Retail	—	—	19,843	101	—	—	18,991	—
LP Investments	—	—	15,635	688	—	—	18,679	1,278
Total	\$ —	\$ —	\$ 59,778	\$ 1,976	\$ —	\$ —	\$ 62,313	\$ 2,300

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 June 30, 2022, for properties valued using the discounted cash flow or direct capitalization method, respectively:

(US\$ Millions)	Jun. 30, 2022		
	Impact of +25bps DR	Impact of +25bps TCR	Impact of +25bps DR and +25bps TCR or +25bps ICR
Core Office	\$ 555	\$ 827	\$ 1,351
Core Retail	443	698	1,061
LP Investments ⁽¹⁾	497	308	800
Total	\$ 1,495	\$ 1,833	\$ 3,212

⁽¹⁾ The valuation method used to value multifamily 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	
			Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
Joint Ventures						
Canary Wharf Joint Venture ⁽¹⁾	Property holding company	United Kingdom	50 %	50 %	\$ 3,410	\$ 3,529
Manhattan West, New York	Property holding company	United States	56 %	56 %	2,213	2,396
BPYU JV Pool A	Property holding company	United States	50 %	50 %	1,841	1,810
Ala Moana Center, Hawaii	Property holding company	United States	50 %	50 %	1,735	1,939
BPYU JV Pool B	Property holding company	United States	51 %	51 %	1,178	1,140
Fashion Show, Las Vegas	Property holding company	United States	50 %	50 %	876	856
Grace Building, New York	Property holding company	United States	50 %	50 %	704	702
BPYU JV Pool C	Property holding company	United States	50 %	50 %	689	679
BPYU JV Pool D	Property holding company	United States	48 %	48 %	627	612
The Grand Canal Shoppes, Las Vegas	Property holding company	United States	50 %	50 %	472	455
Southern Cross East, Melbourne	Property holding company	Australia	50 %	50 %	457	472
One Liberty Plaza, New York	Property holding company	United States	51 %	51 %	413	402
Brookfield Place Sydney	Property holding company	Australia	25 %	25 %	382	376
680 George Street, Sydney	Property holding company	Australia	50 %	50 %	381	389
The Mall in Columbia, Maryland	Property holding company	United States	50 %	50 %	326	315
ICD Brookfield Place Dubai	Property holding company	UAE	50 %	50 %	285	250
Shops at La Cantera, Texas	Property holding company	United States	50 %	50 %	274	270
Baybrook Mall, Texas	Property holding company	United States	51 %	51 %	260	254
Potsdamer Platz, Berlin	Property holding company	Germany	25 %	25 %	256	261
BPYU JV Pool F	Property holding company	United States	51 %	51 %	228	223
Brookfield D.C. Office Partners LLC ("D.C. Venture"), Washington, D.C.	Property holding company	United States	51 %	51 %	223	225
Brookfield Brazil Retail Fundo de Investimento em Participação ("Brazil Retail")	Holding company	Brazil	43 %	43 %	220	228
Miami Design District, Florida	Property holding company	United States	22 %	22 %	219	212
BPYU JV Pool G	Property holding company	United States	— %	68 %	—	263
Other ⁽²⁾	Various	Various	15% - 55%	15% - 55%	2,244	2,221
					19,913	20,479
Associates						
Various	Various	Various	13% - 31%	13% - 31%	320	328
					320	328
Total					\$ 20,233	\$ 20,807

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

⁽²⁾ Other joint ventures consists of 36 joint ventures.

The following table presents the change in the balance of the partnership's equity accounted investments as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Six months ended		Year ended Dec. 31, 2021
	Jun. 30, 2022		
Equity accounted investments, beginning of period	\$ 20,807	\$	19,719
Additions	37		698
Disposals and return of capital distributions	(632)		(459)
Share of net earnings (losses) from equity accounted investments	799		1,020
Distributions received	(112)		(172)
Foreign currency translation	(465)		(145)
Reclassification (to) from assets held for sale	(17)		(210)
Other comprehensive income and other	(184)		356
Equity accounted investments, end of period	\$ 20,233	\$	20,807

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

Equity accounted investments	Primary valuation method	Jun. 30, 2022			Dec. 31, 2021		
		Discount rate	Terminal capitalization rate	Investment horizon (yrs)	Discount rate	Terminal capitalization rate	Investment horizon (yrs)
Core Office	Discounted cash flow	6.1%	4.7 %	11	6.0 %	4.7 %	11
Core Retail	Discounted cash flow	6.3%	4.8 %	10	6.3 %	4.9 %	10
LP Investments ⁽¹⁾	Discounted cash flow	7.3%	6.1 %	10	6.9 %	5.6 %	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 June 30, 2022, the overall implied capitalization used for multifamily properties was 3.8% (December 31, 2021 - 4.2%).

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

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Non-current assets	\$ 74,513	\$ 78,149
Current assets	4,499	4,489
Total assets	79,012	82,638
Non-current liabilities	29,701	34,821
Current liabilities	6,399	3,914
Total liabilities	36,100	38,735
Net assets	42,912	43,903
Partnership's share of net assets	\$ 20,233	\$ 20,807

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Revenue	\$ 1,230	\$ 1,086	\$ 2,409	\$ 2,110
Expenses	777	852	1,675	1,675
Income from equity accounted investments ⁽¹⁾	8	31	33	39
Income before fair value gains, net	461	265	767	474
Fair value gains, net	367	220	890	430
Net income	828	485	1,657	904
Partnership's share of net earnings	\$ 419	\$ 253	\$ 799	\$ 459

⁽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 including Center Parcs in the United Kingdom and Ireland and Hospitality Investors Trust in the United States.

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	2 to 50+
Land improvements	15
Furniture, fixtures and equipment	3 to 10

On June 30, 2021, the partnership obtained control over Hospitality Investors Trust, which owns a portfolio of select-service hotels, after converting its preferred equity interest and becoming the 100% common equity holder for consideration of \$464 million. 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 purchase price allocation was finalized in 2021.

The following table presents the change to the components of the partnership's hospitality assets for the six months ended June 30, 2022 and for the year ended December 31, 2021:

(US\$ Millions)	Six months ended Jun. 30, 2022	Year ended Dec. 31, 2021
Cost:		
Balance at the beginning of period	\$ 5,723	\$ 5,575
Additions	125	1,885
Disposals	(29)	(323)
Foreign currency translation	(313)	(83)
Impact of deconsolidation due to loss of control and other ⁽¹⁾	(84)	(1,331)
	5,422	5,723
Accumulated fair value changes:		
Balance at the beginning of period	763	488
Revaluation (losses) gains, net	—	930
Impact of deconsolidation due to loss of control and other ⁽¹⁾	—	(593)
Disposals	—	(65)
Provision for impairment	—	7
Foreign currency translation	(47)	(4)
	716	763
Accumulated depreciation:		
Balance at the beginning of period	(863)	(828)
Depreciation	(146)	(294)
Disposals	34	84
Foreign currency translation	67	13
Impact of deconsolidation due to loss of control and other ⁽¹⁾	36	162
	(872)	(863)
Total property, plant and equipment⁽²⁾	\$ 5,266	\$ 5,623

⁽¹⁾ The prior year reflects the reclassification of a hospitality portfolio to assets held for sale.

⁽²⁾ Includes right-of-use assets of \$212 million (December 31, 2021 - \$204 million).

NOTE 7. GOODWILL

Goodwill of \$745 million at June 30, 2022 (December 31, 2021 - \$832 million) is primarily attributable to Center Parcs of \$734 million (December 31, 2021 - \$815 million). The partnership performs a goodwill impairment test annually unless there are indicators of impairment identified during the year. The partnership did not identify any impairment indicators as of June 30, 2022 and for the year ended December 31, 2021.

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.

The trademark assets of Center Parcs had a carrying amount of \$868 million as of June 30, 2022 (December 31, 2021 - \$964 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 is not subject to technological obsolescence or commercial innovations in any material way.

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are amortized over their respective useful lives as listed above. Amortization expense is recorded as part of depreciation and amortization of non-real estate assets expense. The partnership did not identify any impairment indicators as of June 30, 2022 and for the year ended December 31, 2021.

The following table presents the components of the partnership's intangible assets as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Cost	\$ 906	\$ 1,012
Accumulated amortization	(38)	(48)
Total intangible assets	\$ 868	\$ 964

The following table presents a roll forward of the partnership's intangible assets for the six months ended June 30, 2022 and the year ended December 31, 2021:

(US\$ Millions)	Six months ended Jun. 30, 2022	Year ended Dec. 31, 2021
Balance, beginning of period	\$ 964	\$ 982
Acquisitions	3	6
Amortization	(3)	(14)
Foreign currency translation	(96)	(10)
Balance, end of period	\$ 868	\$ 964

NOTE 9. OTHER NON-CURRENT ASSETS

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

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Securities - FVTPL	\$ 2,067	\$ 2,200
Derivative assets	81	111
Securities - FVTOCI	68	108
Restricted cash	327	356
Inventory	955	652
Accounts receivables - non-current	428	2
Other	147	149
Total other non-current assets	\$ 4,073	\$ 3,578

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 June 30, 2022 of \$1,125 million (December 31, 2021 - \$1,154 million).

NOTE 10. ACCOUNTS RECEIVABLE AND OTHER

The components of accounts receivable and other are as follows:

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Derivative assets	\$ 143	\$ 33
Accounts receivable ⁽¹⁾ - net of expected credit loss of \$99 million (December 31, 2021 - \$112 million)	518	852
Restricted cash and deposits	640	331
Prepaid expenses	287	367
Inventory	248	574
Other current assets	206	119
Total accounts receivable and other	\$ 2,042	\$ 2,276

⁽¹⁾ See Note 29, Related Parties, for further discussion.

With respect to accounts receivable, the partnership did not record a loss allowance in commercial property operating expenses for the six months ended June 30, 2022 (2021 - \$25 million). In 2020 and 2021, as a result of the pandemic, the partnership granted rent concessions in 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 a portion of 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 June 30, 2022 and December 31, 2021:

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Investment properties	\$ 7,093	\$ 8,037
Equity accounted investments	17	—
Property, plant and equipment	335	1,749
Accounts receivable and other assets	489	724
Assets held for sale	7,934	10,510
Debt obligations	1	3,006
Accounts payable and other liabilities	956	76
Liabilities associated with assets held for sale	\$ 957	\$ 3,082

The following table presents the change to the components of the assets held for sale for the six months ended June 30, 2022 and the year ended December 31, 2021:

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Balance, beginning of period	\$ 10,510	\$ 588
Reclassification to assets held for sale, net	4,606	12,561
Disposals	(6,796)	(2,610)
Fair value adjustments	173	—
Foreign currency translation	(559)	(57)
Other	—	28
Balance, end of period	\$ 7,934	\$ 10,510

At December 31, 2021, assets held for sale included a triple net lease portfolio in the U.S, a hospitality portfolio in the U.S., a mixed-use asset in South Korea, ten malls in the U.S., an office asset in the U.S., an office asset in Brazil, a multifamily asset in the U.S. and a hotel in the U.S.

In the first quarter of 2022, the partnership sold three malls in the U.S, a triple-net lease portfolio in the U.S., a multifamily asset in the U.S, a hospitality asset in the U.S. and a hospitality portfolio in the U.S. for net proceeds of approximately \$1,481 million.

In the second quarter of 2022, the partnership sold eleven multifamily assets in the U.S., an office asset in the U.K., and one mall in the U.S. for net proceeds of approximately \$365 million.

At June 30, 2022, assets held for sale included eight malls in the U.S., five hospitality assets in the U.S., four office assets in the U.S., a portfolio of student housing assets in the U.K., a mixed-use asset in South Korea, and a multifamily asset in the U.S., as the partnership intends to sell controlling interests 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)	Jun. 30, 2022		Dec. 31, 2021	
	Weighted-average rate	Debt balance	Weighted-average rate	Debt balance
Unsecured facilities:				
Brookfield Property Partners' credit facilities	3.20 %	2,520	2.00 %	2,257
Brookfield Property Partners' corporate bonds	4.12 %	1,944	4.11 %	1,982
Brookfield Property Retail Holding LLC term debt	4.12 %	1,530	2.61 %	1,869
Brookfield Property Retail Holding LLC senior secured notes	5.20 %	1,695	5.20 %	1,695
Brookfield Property Retail Holding LLC corporate facility	4.11 %	270	3.10 %	70
Brookfield Property Retail Holding LLC junior subordinated notes	2.74 %	192	1.58 %	206
Subsidiary borrowings	5.33 %	336	3.29 %	537
Secured debt obligations:				
Funds subscription credit facilities ⁽¹⁾	3.30 %	171	2.44 %	371
Fixed rate	4.47 %	19,906	4.31 %	26,248
Variable rate	4.33 %	22,181	3.29 %	20,341
Deferred financing costs		(211)		(249)
Total debt obligations		\$ 50,534		\$ 55,327
Current		16,786		13,742
Non-current		33,747		38,579
Debt associated with assets held for sale		1		3,006
Total debt obligations		\$ 50,534		\$ 55,327

⁽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 2022-2023; however, approximately 1.2% of its debt obligations represent non-recourse mortgages where the partnership has suspended contractual payment. The partnership is currently engaging in modification or restructuring discussions with the respective creditors. These negotiations may, under certain circumstances, result in certain properties securing these loans being transferred to the lenders.

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

(Millions)	Jun. 30, 2022		Dec. 31, 2021	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
U.S. Dollars	\$ 33,806	\$ 33,806	\$ 37,559	\$ 37,559
British Pounds	6,371 £	5,231	7,030 £	5,196
Canadian Dollars	4,250 C\$	5,471	4,419 C\$	5,585
South Korean Won	1,770 ₩	2,280,000	1,918 ₩	2,280,000
Australian Dollars	1,973 A\$	2,858	2,014 A\$	2,773
Indian Rupee	1,837 Rs	144,631	1,801 Rs	134,378
Brazilian Reais	527 R\$	2,758	476 R\$	2,655
Chinese Yuan	117 C¥	785	69 C¥	437
Euros	94 €	90	290 €	255
Deferred financing costs		(211)		(249)
Total debt obligations	\$ 50,534		\$ 55,327	

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

(US\$ Millions)	Dec. 31, 2021	Non-cash changes in debt obligations						Other	Jun. 30, 2022
		Debt obligation issuance, net of repayments	Debt from asset acquisitions	Assumed by purchaser	Amortization of deferred financing costs and (premium) discount	Foreign currency translation			
Debt obligations	\$ 55,327	(1,092)	350	(3,006)	47	(1,102)	10	\$ 50,534	

NOTE 13. CAPITAL SECURITIES

The partnership has the following capital securities outstanding as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Shares outstanding	Cumulative dividend rate	Jun. 30, 2022	Dec. 31, 2021
Operating Partnership Class A Preferred Equity Units:				
Series 2	24,000,000	6.50 %	\$ 570	\$ 565
Series 3	24,000,000	6.75 %	550	546
New LP Preferred Units ⁽¹⁾	19,273,654	6.75 %	474	474
Brookfield Office Properties Inc. (“BPO”) Class B Preferred Shares:				
Series 1 ⁽²⁾	3,600,000	70% of bank prime	—	—
Series 2 ⁽²⁾	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	779,092	5.00 %	15	15
Series 4	582,894	5.20 %	11	12
Rouse Properties L.P. (“Rouse”) Series A Preferred Shares	5,600,000	5.00 %	142	142
Brookfield India Real Estate Trust (“India REIT”)	155,003,656	n/a ⁽³⁾	481	440
Capital Securities – Fund Subsidiaries			922	859
Total capital securities			\$ 3,197	\$ 3,085
Current			60	61
Non-current			3,137	3,024
Total capital securities			\$ 3,197	\$ 3,085

⁽¹⁾ New LP Preferred Units shares outstanding is presented net of intracompany shares held by the Operating Partnership.

⁽²⁾ 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.

⁽³⁾ The dividend rate pertaining to India REIT is equal to a minimum of 90% of net distributable cash flows.

Capital securities includes \$474 million (December 31, 2021 - \$474 million) 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 August 5, 2022, BOP Split declared quarterly dividends payable for the BOP Split Senior Preferred Shares.

Capital securities also includes \$142 million at June 30, 2022 (December 31, 2021 - \$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 \$481 million at June 30, 2022 (December 31, 2021 - \$440 million) of preferred equity interests held by third party investors in the India REIT, which have been classified as a liability, rather than as a non-controlling interest, due to the fact that India REIT has a contractual obligation to make distributions to unitholders every six months at an amount no less than 90% of net distributable cash flows.

Capital Securities – Fund Subsidiaries includes \$874 million at June 30, 2022 (December 31, 2021 - \$810 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 \$48 million at June 30, 2022 (December 31, 2021 - \$49 million) which represents the equity interests held by the partnership’s co-investor in the D.C. Venture which have been classified as a liability, rather than as non-controlling interest, due to the fact that on June 18, 2023, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Venture for cash equivalent to the fair value of the interests.

At June 30, 2022, capital securities includes \$37 million (December 31, 2021 - \$38 million) repayable in Canadian Dollars of C\$48 million (December 31, 2021 - C\$49 million).

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

(US\$ Millions)	Dec. 31, 2021	Capital securities issued	Non-cash changes in capital securities			Jun. 30, 2022
			Fair value changes	Foreign currency translation	Other	
Capital securities	\$ 3,085	\$ 57	\$ 91	\$ (25)	\$ (11)	3,197

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 Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Current income tax	\$ 49	\$ 18	\$ 76	\$ 44
Deferred income tax	(2)	69	154	148
Income tax expense	\$ 47	\$ 87	\$ 230	\$ 192

The partnership’s income tax expense decreased for the three months ended June 30, 2022 as compared to the same period in the prior year is primarily due to a decrease in pre-tax income and a change in the tax rate of certain subsidiaries. These decreases were partially offset by an increase in previously unrecognized deferred tax assets. The partnership’s income tax expense increased for the six months ended June 30, 2022 compared to the prior year primarily due to an increase in pre-tax income, a reduction in the benefit recognized for previously unrecognized deferred tax assets, and non-recurring tax benefits from Brookfield Opportunity Zone fund investments that occurred in the prior year. These increases were partially offset by a change in the tax rate of certain subsidiaries.

NOTE 15. OTHER NON-CURRENT LIABILITIES

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

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Accounts payable and accrued liabilities	\$ 522	\$ 499
Lease liabilities ⁽¹⁾	643	690
Derivative liabilities	92	277
Deferred revenue	15	16
Provisions	16	16
Loans and notes payables	3	1
Total other non-current liabilities	\$ 1,291	\$ 1,499

⁽¹⁾ For the three and six months ended June 30, 2022, interest expense relating to total lease liabilities (see Note 16, Accounts Payable And Other Liabilities for the current portion) was \$15 million and \$29 million (2021 - \$15 million and \$30 million), respectively.

NOTE 16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Accounts payable and accrued liabilities	\$ 2,418	\$ 2,021
Loans and notes payable ⁽¹⁾	333	899
Deferred revenue	443	445
Derivative liabilities	173	221
Lease liabilities ⁽²⁾	70	160
Other liabilities	23	16
Total accounts payable and other liabilities	\$ 3,460	\$ 3,762

⁽¹⁾ See Note 29, 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

The partnership's capital structure is comprised of five classes of partnership units: GP Units, LP Units, REUs, special limited partnership units of the operating partnership ("Special LP Units") and FV LTIP units of the operating partnership ("FV LTIP 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").

As part of the Privatization, the partnership fully redeemed public holders of two classes of partnership units: Exchange LP Units and BPYU 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	
	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
Outstanding, beginning of period	139	139	298,987	435,980
Exchange LP Units exchanged	—	—	—	128
BPYU Units exchanged	—	—	—	8,922
Distribution Reinvestment Program	—	—	—	123
Issued under unit-based compensation plan	—	—	—	112
Privatization	—	—	—	(146,278)
Outstanding, end of period	139	139	298,987	298,987

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

Redeemable/Exchangeable Partnership Units

There were 529,473,303 Redeemable/Exchangeable Partnership Units outstanding at June 30, 2022 and December 31, 2021.

Special limited partnership units

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

There were 4,759,997 Special LP Units outstanding at June 30, 2022 and December 31, 2021.

c) FV LTIP Units

The operating partnership issued FV LTIP Units under the Brookfield Property L.P. FV LTIP Unit Plan to certain participants. Each FV LTIP unit will vest over a period of five years and is redeemable for cash payment. There were 1,699,541 and 1,818,717 FV LTIP Units outstanding at June 30, 2022 and December 31, 2021, respectively.

d) Class A stock of Brookfield Property Retail Holding LLC

In connection with the Privatization discussed in Note 3, *Privatization of the Partnership*, all public outstanding BPYU Units were acquired. The partnership indirectly owns all of the remaining outstanding BPYU Units.

e) Preferred Equity Units

The partnership's preferred equity consists of 7,360,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 1 at \$25.00 per unit at a coupon rate of 6.5%, 10,000,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 at \$25.00 per unit at a coupon rate of 6.375% and 11,500,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 at \$25.00 per unit at a coupon rate of 5.75%. At June 30, 2022, Preferred Equity Units had a total carrying value of \$699 million (December 31, 2021 - \$699 million).

f) 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 Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Limited Partners	\$ 104	\$ —	\$ 209	\$ 145
Holder of:				
Redeemable/Exchangeable Partnership Units	187	—	371	150
Special LP Units	—	—	3	2
Exchange LP Units	—	—	—	1
FV LTIP Units	—	—	1	1
BPYU Units	—	—	—	13
Total	\$ 291	\$ —	\$ 584	\$ 312
Per unit⁽¹⁾	\$ 0.3500	\$ —	\$ 0.7000	\$ 0.3325

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

NOTE 18. NON-CONTROLLING INTERESTS

Non-controlling interests consisted of the following:

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Redeemable/Exchangeable Partnership Units and Special LP Units ⁽¹⁾	\$ 15,852	\$ 15,736
FV LTIP Units ⁽¹⁾	50	55
Interests of others in operating subsidiaries and properties:		
Preferred shares held by Brookfield Asset Management	1,015	1,015
Preferred equity of subsidiaries	2,757	2,750
Non-controlling interests in subsidiaries and properties	14,261	15,941
Total interests of others in operating subsidiaries and properties	18,033	19,706
Total non-controlling interests	\$ 33,935	\$ 35,497

⁽¹⁾ Each unit within these classes of non-controlling interest has economic terms substantially equivalent to those of an LP Unit. As such, income attributed to each unit or share of non-controlling interest is equivalent to that allocated to an LP Unit. The proportion of interests held by holders of the Redeemable/Exchangeable Units 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 Consolidated Statements of Changes in Equity

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

(US\$ Millions)	Jurisdiction of formation	Proportion of economic interests held by non-controlling interests			
		Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
BPO ⁽¹⁾	Canada	— %	— %	\$ 4,423	\$ 5,020
BPY Subsidiary Holding Entities ⁽²⁾	Bermuda/Canada	— %	— %	3,728	3,871
BPR Retail Holdings LLC ⁽³⁾	United States	— %	— %	1,333	1,274
BSREP II MH Holdings LLC ⁽⁴⁾	United States	74 %	74 %	1,311	932
BSREP II PBSA Ltd. ⁽⁴⁾	Bermuda	75 %	75 %	1,200	1,190
BSREP II Korea Office Holdings Pte. Ltd. ⁽⁴⁾	South Korea	78 %	78 %	891	936
Center Parcs UK ⁽⁴⁾	United Kingdom	73 %	73 %	734	799
Brookfield Fairfield Multifamily Value Add Fund III LP ⁽⁴⁾	United States	70 %	70 %	452	383
BSREP II Retail Upper Pooling LLC ⁽⁴⁾	United States	50 %	50 %	432	383
BSREP II LA Mart Mezz LLC (DE) ⁽⁴⁾	United States	74 %	74 %	399	352
BSREP II Holdings Pte. Ltd. ⁽⁴⁾	India	68 %	68 %	364	355
Hospitality Investors Trust Inc. ⁽⁴⁾	United States	74 %	74 %	350	376
BSREP Citypoint Investments Ltd. ⁽⁴⁾	United Kingdom	69 %	69 %	311	342
Brookfield India Real Estate Trust ⁽⁴⁾	India	82 %	82 %	236	280
BSREP CARS Sub-Pooling LLC ⁽⁴⁾⁽⁵⁾	United States	— %	74 %	—	588
BSREP II WS Hotel Holding LLC ⁽⁴⁾⁽⁵⁾	United States	— %	74 %	—	544
Other	Various	33% - 77%	33% - 77%	1,869	2,081
Total				\$ 18,033	\$ 19,706

⁽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⁾ These subsidiaries were sold in the first quarter of 2022.

NOTE 19. COMMERCIAL PROPERTY REVENUE

The components of commercial property revenue are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Base rent	\$ 768	\$ 870	\$ 1,580	\$ 1,718
Straight-line rent	5	15	7	25
Lease termination	2	12	12	45
Other lease income ⁽¹⁾	152	145	322	304
Other revenue from tenants ⁽²⁾	258	242	519	477
Total commercial property revenue	\$ 1,185	\$ 1,284	\$ 2,440	\$ 2,569

⁽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 pandemic-related closures and restrictions, 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 pandemic 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 \$4 million and \$9 million for the three and six months ended June 30, 2022, respectively (2021 - \$20 million and \$56 million), primarily related to prior year rents in response to tenants impacted by the pandemic.

NOTE 20. HOSPITALITY REVENUE

The components of hospitality revenue are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Room, food and beverage	\$ 343	\$ 165	\$ 613	\$ 218
Gaming and other leisure activities	47	25	82	25
Other hospitality revenue	10	6	18	12
Total hospitality revenue	\$ 400	\$ 196	\$ 713	\$ 255

NOTE 21. INVESTMENT AND OTHER REVENUE

The components of investment and other revenue are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Investment income	\$ 48	\$ 49	\$ 428	\$ 74
Fee revenue	62	59	136	119
Dividend income	25	48	33	59
Interest income and other	23	9	47	19
Other	—	15	—	15
Total investment and other revenue	\$ 158	\$ 180	\$ 644	\$ 286

NOTE 22. DIRECT COMMERCIAL PROPERTY EXPENSE

The components of direct commercial property expense are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Property maintenance	\$ 172	\$ 172	\$ 352	\$ 354
Real estate taxes	140	152	287	309
Employee compensation and benefits	37	40	73	78
Depreciation and amortization	6	18	15	38
Lease expense ⁽¹⁾	3	3	6	6
Other ⁽²⁾	94	107	189	213
Total direct commercial property expense	\$ 452	\$ 492	\$ 922	\$ 998

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

⁽²⁾ For the three and six months ended June 30, 2022, the partnership recorded a loss (recovery) allowance in commercial property operating expenses of \$(4) million and \$(4) million (2021 - \$12 million and \$25 million).

NOTE 23. DIRECT HOSPITALITY EXPENSE

The components of direct hospitality expense are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Employee compensation and benefits	\$ 59	\$ 26	\$ 111	\$ 46
Cost of food, beverage, and retail goods sold	61	38	115	45
Maintenance and utilities	25	20	53	38
Depreciation and amortization	62	50	135	98
Marketing and advertising	5	6	14	12
Other	65	30	137	52
Total direct hospitality expense	\$ 277	\$ 170	\$ 565	\$ 291

NOTE 24. GENERAL AND ADMINISTRATIVE EXPENSE

The components of general and administrative expense are as follows:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Employee compensation and benefits	\$ 90	\$ 88	\$ 181	\$ 175
Management fees	72	55	142	106
Transaction costs	11	25	15	29
Other	61	75	128	146
Total general and administrative expense	\$ 234	\$ 243	\$ 466	\$ 456

NOTE 25. FAIR VALUE GAINS (LOSSES), NET

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

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Commercial properties	\$ 284	\$ 439	\$ 1,115	\$ 883
Commercial developments	40	100	104	129
Incentive fees ⁽¹⁾	(4)	(7)	(36)	(7)
Financial instruments and other ⁽²⁾	(297)	(34)	110	133
Total fair values gains, net	\$ 23	\$ 498	\$ 1,293	\$ 1,138

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

⁽²⁾ For the three and six months ended June 30, 2022, primarily includes a gain on a student housing portfolio in held for sale and fair value gains on financial instruments.

NOTE 26. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) consists of the following:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Items that may be reclassified to net income:				
Foreign currency translation				
Net unrealized foreign currency translation gains (losses) in respect of foreign operations	\$ (1,001)	\$ 93	\$ (1,104)	\$ 3
Reclassification of realized foreign currency translation gains to net income on dispositions of foreign operations	—	25	17	25
Gains on hedges of net investments in foreign operations	517	(23)	572	(3)
	(484)	95	(515)	25
Cash flow hedges				
Gains (losses) on derivatives designated as cash flow hedges, net of income taxes for the three and six months ended Jun. 30, 2022 of \$(1) million and \$(7) million (2021 – \$(5) million and \$(8) million)	(35)	41	66	95
	(35)	41	66	95
Equity accounted investments				
Share of unrealized foreign currency translation losses in respect of foreign operations	(2)	—	(2)	(1)
Gains (losses) on derivatives designated as cash flow hedges	22	4	75	28
	20	4	73	27
Items that will not be reclassified to net income:				
Unrealized gains on securities - FVTOCI, net of income taxes for the three and six months ended Jun. 30, 2022 of nil and \$(3) million (2021 – \$(3) million and \$(13) million)	(19)	(2)	(20)	(2)
Share of revaluation (deficit) on equity accounted investments	—	(1)	—	(1)
Net remeasurement (losses) on defined benefit obligations	1	—	1	—
Revaluation (deficit), net of income taxes for the three and six months ended Jun. 30, 2022 of nil and nil (2021 – \$(99) million and \$(99) million)	—	(99)	—	(99)
	(18)	(102)	(19)	(102)
Total other comprehensive income (loss)	\$ (517)	\$ 38	\$ (395)	\$ 45

NOTE 27. 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 June 30, 2022, 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 June 30, 2022, there remained approximately \$416 million of uncontributed capital commitments.

In November 2017, Brookfield Asset Management announced the final close on the \$2.9 billion fifth Brookfield Real Estate Finance Fund ("BREF") to which the partnership had committed \$400 million. As of June 30, 2022, there remained approximately \$160 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 June 30, 2022, there remained approximately \$150 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 June 30, 2022, there remained approximately \$240 million of uncontributed capital commitments.

In October of 2020, Brookfield Asset Management announced the final close on the €619 million (\$649 million) Brookfield European Real Estate Partnership fund to which the partnership has committed €100 million (\$105 million). As of June 30, 2022, there remained approximately €3 million (\$3 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 28. 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, 2021. Please refer to Note 32, *Financial Instruments* in the December 31, 2021 annual report on Form 20-F for a detailed description of the partnership's financial risk exposure and risk management activities.

Interest Rate Hedging

The following table provides the partnership's outstanding derivatives that are designated as cash flow hedges of variability in interest rates associated with forecasted fixed rate financings and existing variable rate debt as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Jun. 30, 2022	Interest rate caps of US\$ LIBOR debt	\$ 6,764	2.5% - 4.9%	Jul. 2022 - May. 2024	\$ 14
	Interest rate swaps of US\$ LIBOR debt	130	1.4%	Dec. 2022	1
	Interest rate caps of US\$ SOFR debt	373	3.8%	Aug. 2022	2
	Interest rate caps of £ SONIA debt	2,352	1.0% - 2.5%	Jan. 2023 - Mar. 2025	13
	Interest rate caps of € EURIBOR debt	94	1.3%	Apr. 2023	—
	Interest rate caps of C\$ LIBOR debt	186	2.0%	Oct. 2022	—
	Interest rate swaps of A\$ BBSW/BBSY debt	401	0.8% - 1.6%	Apr. 2023 - Apr. 2024	14
Dec. 31, 2021	Interest rate caps of US\$ LIBOR debt	\$ 9,590	2.5% - 5.0%	Jan. 2022 - Jun. 2024	\$ —
	Interest rate swaps of US\$ LIBOR debt	2,130	1.0% - 2.6%	Nov. 2022 - Feb. 2024	(50)
	Interest rate caps of £ LIBOR debt	2,301	1.0% - 2.5%	Jan. 2022 - Dec. 2023	—
	Interest rate caps of £ SONIA debt	974	2.0%	Oct. 2022 - Mar. 2025	5
	Interest rate caps of € EURIBOR debt	102	1.3%	Apr. 2022	—
	Interest rate caps of C\$ LIBOR debt	240	2.0%	Oct. 2022	—
	Interest rate swaps of A\$ BBSW/BBSY debt	422	0.8% - 1.6%	Apr. 2023 - Apr. 2024	—

For the three and six months ended June 30, 2022, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's interest rate hedging activities was nil and nil (2021 - nil and nil).

Foreign Currency Hedging

The following table provides the partnership's outstanding derivatives that are designated as net investments of foreign subsidiaries or foreign currency cash flow hedges as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Hedging item		Notional	Rates	Maturity dates	Fair value
Jun. 30, 2022	Net investment hedges	€	389	€0.89/\$ - €0.96/\$	Jul. 2022 - Sep. 2024	\$ (3)
	Net investment hedges	£	3,604	£0.71/\$ - £0.89/\$	Aug. 2022 - Jul. 2023	(14)
	Net investment hedges	A\$	349	A\$1.38/\$ - A\$1.46/\$	Jul. 2022 - Mar. 2023	(1)
	Net investment hedges	C¥	4,765	C¥6.59/\$ - C¥6.99/\$	Sep. 2022 - Mar. 2025	(7)
	Net investment hedges	C\$	196	C\$1.26/\$ - C\$1.31/\$	Mar. 2023 - Feb. 2025	(1)
	Net investment hedges	R\$	764	R\$5.29/\$ - R\$7.00/\$	Sep. 2022 - Oct. 2022	(67)
	Net investment hedges	₩	911,637	₩1,232.00/\$ - ₩1,287.00/\$	Sep. 2022 - Jun. 2023	(1)
	Net investment hedges	Rs	72,878	Rs77.47/\$ - Rs87.13/\$	Jul. 2022 - Jul. 2024	(2)
	Net investment hedges	£	374	£0.86/€	Jul. 2023	—
	Cross currency swaps of C\$ LIBOR debt	C\$	2,500	C\$1.25/\$ - C\$1.38/\$	Jul. 2023 - Jan. 2027	29
Dec. 31, 2021	Net investment hedges	€	389	€0.81/\$ - €0.88/\$	Jul. 2022 - Sep. 2024	\$ (2)
	Net investment hedges	£	4,395	£0.71/\$ - £0.76/\$	Jun. 2022 - Mar. 2023	(89)
	Net investment hedges	A\$	974	A\$1.35/\$ - A\$1.41/\$	Mar. 2022 - Mar. 2023	(14)
	Net investment hedges	C¥	1,596	C¥6.68/\$ - C¥6.99/\$	Jun. 2022 - Jun. 2023	(7)
	Net investment hedges	C\$	185	C\$1.26/\$ - C\$1.31/\$	Mar. 2023 - Mar. 2024	(2)
	Net investment hedges	R\$	2,546	R\$5.87/\$ - R\$6.54/\$	Sep. 2022 - Oct. 2022	(5)
	Net investment hedges	₩	720,095	₩1,165.75/\$ ₩1,197.60/\$	Jun. 2022 - Jun. 2023	4
	Net investment hedges	Rs	75,690	Rs76.35/\$ - Rs87.13/\$	Jan. 2022 - Jul. 2024	(27)
	Net investment hedges	£	90	£0.91/\$	Apr. 2022 - Apr. 2022	9
	Cross currency swaps of C\$ LIBOR debt	C\$	2,500	C\$1.25/\$ - C\$1.38/\$	Jul. 2023 - Jan. 2027	56

For the three and six months ended June 30, 2022 and 2021, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's foreign currency hedging activities was not significant.

Other Derivatives

The following table presents details of the partnership's other derivatives, not designated as hedges for accounting purposes, that have been entered into to manage financial risks as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Derivative type		Notional	Rates	Maturity dates	Fair value
Jun. 30, 2022	Interest rate caps	\$	4,420	2.0% - 7.9%	Aug. 2022 - Oct. 2023	\$ 4
	Interest rate swaps on forecasted fixed rate debt		335	3.6% - 5.3%	Jun. 2023 - Jun. 2033	(38)
Dec. 31, 2021	Interest rate caps	\$	5,388	2.0% - 7.9%	Jan. 2022 - Feb. 2027	\$ —
	Interest rate swaps on forecasted fixed rate debt		1,285	3.2% - 6.4%	Jun. 2022 - Jun. 2033	(253)
	Interest rate swaps of US\$ debt		1,696	0.8% - 5.1%	Nov. 2022 - Mar. 2024	(8)

For the three and six months ended June 30, 2022, the partnership recognized fair value gains, net of nil and nil (2021 - losses of \$3 million and \$3 million), related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

b) Measurement and classification of financial instruments

Classification and Measurement

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

(US\$ Millions)	Classification and measurement basis	Jun. 30, 2022		Dec. 31, 2021	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans and notes receivable	Amortized cost	\$ 453	\$ 453	\$ 225	\$ 225
Other non-current assets					
Securities - FVTPL	FVTPL	2,067	2,067	2,200	2,200
Derivative assets	FVTPL	81	81	111	111
Securities - FVTOCI	FVTOCI	68	68	108	108
Restricted cash	Amortized cost	327	327	356	356
Current assets					
Securities - FVTOCI	FVTOCI	43	43	—	—
Derivative assets	FVTPL	143	143	33	33
Accounts receivable ⁽¹⁾	Amortized cost	1,007	1,007	1,128	1,128
Restricted cash	Amortized cost	640	640	331	331
Cash and cash equivalents	Amortized cost	2,175	2,175	2,576	2,576
Total financial assets		\$ 7,004	\$ 7,004	\$ 7,068	\$ 7,068
Financial liabilities					
Debt obligations ⁽²⁾	Amortized cost	\$ 50,534	\$ 49,759	\$ 55,327	\$ 55,474
Capital securities	Amortized cost	2,275	2,275	2,226	2,226
Capital securities - fund subsidiaries	FVTPL	922	922	859	859
Other non-current liabilities					
Loan payable	FVTPL	3	3	—	—
Accounts payable	Amortized cost	522	522	500	500
Derivative liabilities	FVTPL	92	92	277	277
Accounts payable and other liabilities					
Accounts payable and other ⁽³⁾	Amortized cost	3,374	3,374	2,097	2,097
Loans and notes payable	Amortized cost	333	333	899	899
Derivative liabilities	FVTPL	173	173	221	221
Total financial liabilities		\$ 58,228	\$ 57,453	\$ 62,406	\$ 62,553

⁽¹⁾ Includes other receivables associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of \$489 million and \$276 million as of June 30, 2022 and December 31, 2021, respectively.

⁽²⁾ Includes debt obligations associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of \$1 million and \$3,006 million as of June 30, 2022 and December 31, 2021, 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 \$956 million and \$76 million as of June 30, 2022 and December 31, 2021, respectively.

Fair Value Hierarchy

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

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

(US\$ Millions)	Jun. 30, 2022				Dec. 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Securities - FVTPL	\$ 10	\$ 218	\$ 1,882	\$ 2,110	\$ 17	\$ 218	\$ 1,965	\$ 2,200
Securities - FVTOCI	43	—	25	68	13	—	95	108
Derivative assets	—	213	11	224	—	144	—	144
Total financial assets	\$ 53	\$ 431	\$ 1,918	\$ 2,402	\$ 30	\$ 362	\$ 2,060	\$ 2,452
Financial liabilities								
Capital securities - fund subsidiaries	\$ —	\$ —	\$ 922	\$ 922	\$ —	\$ —	\$ 859	\$ 859
Derivative liabilities	—	265	—	265	—	498	—	498
Total financial liabilities	\$ —	\$ 265	\$ 922	\$ 1,187	\$ —	\$ 498	\$ 859	\$ 1,357

For the year ended December 31, 2021, the partnership transferred its preferred shares in an operating company from Level 3 to Level 1, as the operating company underwent an initial public offering. The carrying value of the investment at June 30, 2022 is \$10 million (December 31, 2021 - \$17 million).

The following table presents the change in the balance of financial assets and financial liabilities accounted for at fair value categorized as Level 3 as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Jun. 30, 2022		Dec. 31, 2021	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Balance, beginning of period	\$ 2,060	\$ 859	\$ 1,682	\$ 863
Acquisitions	61	—	553	—
Dispositions	(178)	—	(88)	—
Fair value gains, net and OCI	(25)	74	366	2
Other	—	(11)	(453)	(6)
Balance, end of period	\$ 1,918	\$ 922	\$ 2,060	\$ 859

NOTE 29. RELATED PARTIES

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

The partnership has a management agreement with its service providers, wholly-owned subsidiaries of Brookfield Asset Management. Pursuant to a Master Services Agreement, the partnership pays a base management fee ("base management fee"), to the service providers. The management fee is calculated at an annualized rate of 1.05% of the sum of the following amounts, as of the last day of the immediately preceding quarter: (1) the equity attributable to unitholders for our Core Office, Core Retail and the Corporate segments; and (ii) the carrying value Canholdco Class B Common Shares. 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. For the three and six months ended June 30, 2022, the partnership paid a base management fee of \$57 million and \$114 million (2021 - \$31 million and \$61 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 December 30, 2021, Brookfield Asset Management acquired the seven-year tranche of preferred equity units from the holder and exchanged such units for Redeemable/Exchangeable Partnership Units. The seven-year tranche of preferred equity units were subsequently canceled.

The following table summarizes transactions with related parties:

(US\$ Millions)	Jun. 30, 2022	Dec. 31, 2021
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	(326)	(378)
Loans and notes receivable	171	170
Receivables and other assets	83	71
Deposit payable to Brookfield Asset Management ⁽¹⁾	(180)	(680)
Property-specific debt obligations	(1,650)	(250)
Loans and notes payable and other liabilities	(362)	(259)
Preferred shares held by Brookfield Asset Management	(1,015)	(1,015)
Brookfield Asset Management interest in Canholdco	(1,940)	(2,083)

⁽¹⁾ As of June 30, 2022, a \$180 million on-demand deposit was payable to Brookfield Asset Management, provided for in the deposit agreement between the partnership and Brookfield Asset Management.

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
Transactions with related parties:				
Commercial property revenue ⁽¹⁾	\$ 16	\$ 9	\$ 24	\$ 17
Management fee income	12	6	33	13
Interest expense on debt obligations	4	10	8	15
General and administrative expense ⁽²⁾	81	64	162	129
Construction costs ⁽³⁾	12	47	36	97
Return of capital distributions on Brookfield Asset Management's interest in Canholdco	—	—	118	—
Distributions on Brookfield Assets management's interest in Canholdco	29	—	57	—
Incentive fees	4	22	36	22

⁽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 30. SEGMENT INFORMATION

a) Operating segments

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

b) Basis of measurement

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

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

c) Reportable segment measures

The following summaries present certain financial information regarding the partnership's operating segments for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Total revenue		FFO	
	2022	2021	2022	2021
Three months ended Jun. 30,				
Core Office	\$ 540	\$ 539	\$ 95	\$ 131
Core Retail	365	372	188	103
LP Investments	836	747	80	40
Corporate	2	2	(157)	(130)
Total	\$ 1,743	\$ 1,660	\$ 206	\$ 144

(US\$ Millions) Six months ended Jun. 30,	Total revenue		FFO	
	2022	2021	2022	2021
Core Office	\$ 1,108	\$ 1,069	\$ 234	\$ 254
Core Retail	759	736	356	198
LP Investments	1,928	1,302	145	34
Corporate	2	3	(331)	(255)
Total	\$ 3,797	\$ 3,110	\$ 404	\$ 231

The following summaries presents the detail of total revenue from the partnership's operating segments for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions) Three months ended Jun. 30, 2022	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Retail	263	63	—	39	365
LP Investments	333	63	394	46	836
Corporate	—	—	—	2	2
Total	\$ 927	\$ 258	\$ 400	\$ 158	\$ 1,743

(US\$ Millions) Three months ended Jun. 30, 2021	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Retail	271	67	—	34	372
LP Investments	415	57	194	81	747
Corporate	—	—	—	2	2
Total	\$ 1,042	\$ 242	\$ 196	\$ 180	\$ 1,660

(US\$ Millions) Six months ended Jun. 30, 2022	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Retail	547	130	—	82	759
LP Investments	705	123	703	397	1,928
Corporate	—	—	—	2	2
Total	\$ 1,921	\$ 519	\$ 713	\$ 644	\$ 3,797

(US\$ Millions) Six months ended Jun. 30, 2021	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Retail	538	132	—	66	736
LP Investments	820	120	252	110	1,302
Corporate	—	—	—	3	3
Total	\$ 2,092	\$ 477	\$ 255	\$ 286	\$ 3,110

The following summaries presents share of net earnings from equity accounted investments and interest expense from the partnership's operating segments for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Share of net earnings from equity accounted investments		Interest expense	
	2022	2021	2022	2021
Three months ended Jun. 30,				
Core Office	\$ 253	\$ 146	\$ (171)	\$ (139)
Core Retail	151	148	(151)	(165)
LP Investments	15	(41)	(233)	(334)
Corporate	—	—	(68)	(72)
Total	\$ 419	\$ 253	\$ (623)	\$ (710)

(US\$ Millions)	Share of net earnings from equity accounted investments		Interest expense	
	2022	2021	2022	2021
Six months ended Jun. 30,				
Core Office	\$ 470	\$ 377	\$ (318)	\$ (282)
Core Retail	315	167	(295)	(328)
LP Investments	14	(85)	(471)	(570)
Corporate	—	—	(139)	(142)
Total	\$ 799	\$ 459	\$ (1,223)	\$ (1,322)

The following summary presents information about certain consolidated balance sheet items of the partnership, on a segmented basis, as of June 30, 2022 and December 31, 2021:

(US\$ Millions)	Total assets		Total liabilities		Equity accounted investments	
	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
Core Office	\$ 36,864	\$ 37,661	\$ 18,331	\$ 18,172	\$ 9,555	\$ 9,819
Core Retail	30,831	30,585	14,012	14,316	9,656	9,945
LP Investments	37,478	43,403	23,021	27,516	1,022	1,043
Corporate	370	355	6,670	6,995	—	—
Total	\$ 105,543	\$ 112,004	\$ 62,034	\$ 66,999	\$ 20,233	\$ 20,807

The following summary presents a reconciliation of FFO to net income for the three and six months ended June 30, 2022 and 2021:

(US\$ Millions)	Three months ended Jun. 30,		Six months ended Jun. 30,	
	2022	2021	2022	2021
FFO⁽¹⁾	\$ 206	\$ 144	\$ 404	\$ 231
Depreciation and amortization of real estate assets	(46)	(46)	(98)	(91)
Fair value gains, net	23	498	1,293	1,138
Share of equity accounted income - non-FFO	177	105	369	181
Income tax expense	(47)	(87)	(230)	(192)
Non-controlling interests of others in operating subsidiaries and properties – non-FFO	87	(295)	(636)	(682)
Net income (loss) attributable to unitholders⁽²⁾	400	319	1,102	585
Non-controlling interests of others in operating subsidiaries and properties	120	367	1,110	832
Net income (loss)	\$ 520	\$ 686	\$ 2,212	\$ 1,417

⁽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.

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

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

1. Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Property Partners L.P. (the “issuer”) for the interim period ended June 30, 2022.

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

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

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

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

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

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

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

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on April 1, 2022 and ended on June 30, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 5, 2022

/s/ Brian W. Kingston

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

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

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

1. Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Property Partners L.P. (the “issuer”) for the interim period ended June 30, 2022.

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

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

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

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

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

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

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

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on April 1, 2022 and ended on June 30, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 5, 2022

/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