



Brookfield Property Partners L.P.

Q1 2023 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 March 2023
Commission File Number 001-35505

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

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

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

Form 20-F Form 40-F

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

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

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

DOCUMENTS FILED AS PART OF THIS FORM 6-K

See the Exhibit List to this Form 6-K.

SIGNATURES

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

Date: May 5, 2023

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

By: /s/ Jane Sheere

Name: Jane Sheere

Title: Secretary

EXHIBIT LIST

<u>Exhibit</u>	<u>Description</u>
99.1	Management's Discussion and Analysis of Financial Results of Brookfield Property Partners L.P. as of March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022
99.2	Unaudited condensed consolidated financial statements of Brookfield Property Partners L.P. as of March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022
99.3	Certification of Chief Executive Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P.
99.4	Certification of Chief Financial Officer of Brookfield Property Group LLC, a manager of Brookfield Property Partners L.P.

Management's Discussion and Analysis of Financial Results

INTRODUCTION

This management's discussion and analysis ("MD&A") of Brookfield Property Partners L.P. ("BPY", the "partnership", or "we") covers the financial position as of March 31, 2023 and December 31, 2022 and results of operations for the three months ended March 31, 2023 and 2022. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements (the "Financial Statements") and related notes as of March 31, 2023, included elsewhere in this report, and our annual report for the year ended December 31, 2022 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 as issued by the International Accounting Standards Board ("IFRS"). 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 17. 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 months ended March 31, 2023 and includes material information up to May 5, 2023.

OBJECTIVES AND FINANCIAL HIGHLIGHTS

BASIS OF PRESENTATION

The partnership's capital structure is comprised of five classes of partnership units: General partnership units ("GP Units"), limited partnership units ("LP Units"), Redeemable/Exchangeable Partnership 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"). Holders of the GP Units, LP Units, REUs, Special LP Units, FV LTIP Units will be collectively referred to throughout this MD&A as "Unitholders". The LP Units and REUs have the same economic attributes in all respects, except that the holders of REUs have the right to request that their units be redeemed for cash consideration. In the event that Brookfield Corporation (or "the Corporation"), as the holder of the REUs 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, the Corporation, as holder of REUs, 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.

On December 9, 2022, the Corporation completed the distribution of 25% of its asset management business, through Brookfield Asset Management Ltd. ("the Manager"), by way of a plan of arrangement (the "Manager Distribution"). The transaction resulted in the division of Brookfield into two publicly traded companies – the Manager under the stock ticker BAM and the Corporation under the stock ticker BN. In advance of the Manager Distribution, a reorganization took place within the Corporation whereby the partnership redeemed \$1 billion of preferred units issued by a subsidiary of the partnership and acquired certain LP interests in several real estate funds and other investment interests from the Corporation ("Manager Reorganization") for net consideration of \$2,475 million through the issuance of Class D junior preferred shares, Series 1 and 2 of a subsidiary of the partnership, Brookfield BPY Holdings Inc. ("CanHoldco Class D Junior Preferred Shares"), to the Corporation. The LP interests and other investment interests acquisitions, including related working capital balances acquired, were accounted for as a business acquisition under common control, as discussed in Note 2 of our December 31, 2022 Financial Statements, whereby the partnership records assets and liabilities recognized as a result of transfers of businesses or subsidiaries between entities under common control at carrying value. Differences between the consideration given or received and the carrying amount of the assets and liabilities transferred are recorded within ownership changes in equity. On January 1, 2023, a further LP interest in a real estate fund was acquired from the Corporation for consideration of \$588 million through the issuance of a non-interest bearing note. The funding for this acquisition, along with the subsequent \$530 million capital call came through the issuance of LP Units, Special LP Units and REUs to the Corporation. After the transaction, the LP interest in BSREP IV U.S. and foreign investments previously held by the Corporation is held solely by us.

Financial data has been prepared using accounting policies in accordance with IFRS, except as otherwise noted. 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 Corporation'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.

Core Office

Our diversified Core Office portfolio consists of 92 million square feet across 134 premier office assets in some of the world's leading commercial markets such as New York, London, Sydney, Toronto, and Berlin. 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 focus on high-quality real estate assets in some of the best locations around the world because we have found that these outperform over very long periods of time and through economic cycles.

Core Retail

Our Core Retail portfolio consists of 110 million square feet across 109 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, within our Core Retail portfolio are trophy assets such as Ala Moana in Honolulu and Fashion Show in Las Vegas which collectively represent the majority of 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.

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, 2022. For a more detailed description of our investment strategy, please refer to the section titled Item 4.B. "*Business Overview*" in our December 31, 2022 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"), funds from operations ("FFO"), Company FFO, and equity attributable to Unitholders. We define these non-GAAP measures on page 17.

FINANCIAL STATEMENTS ANALYSIS

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section, we review our financial position and consolidated performance as of March 31, 2023 and December 31, 2022 and for the three months ended March 31, 2023 and 2022. Further details on our results from operations and our financial positions are contained within the “*Segment Performance*” section beginning on page 8.

The following acquisitions and dispositions affected our consolidated results for the three months ended March 31, 2023 and 2022. Unless stated otherwise, proceeds represent the selling price attributable to the properties:

Q1 2023

- We acquired five logistics assets in the United States for approximately \$400 million.
- We acquired a 23% LP interest in the foreign investments owned by BSREP IV from the Corporation (“Acquisition of Foreign Investments”) for consideration of \$588 million through the issuance of a non-interest bearing note. There was a subsequent \$530 million capital call related to the BSREP IV US and foreign investments. The consideration for Acquisition of Foreign Investments and capital call was funded by the issuance of LP Units, Special LP Units and REUs to the Corporation.

Q4 2022

- Brookfield Corporation completed the distribution of 25% of its asset management business, through the Manager, by way of the Manager Distribution. In advance of the Manager Distribution, a reorganization took place within Brookfield Corporation wherein we redeemed \$1 billion of preferred units issued by a BPY subsidiary and acquired certain LP interests in several real estate funds and other investment interests from the Corporation for net consideration of \$2,475 million through the issuance of CanHoldco Class D Junior Preferred Shares, to the Corporation.
- We sold a portfolio of student housing assets in the United Kingdom in BSREP II fund for approximately £3.4 billion (\$4.0 billion).
- We sold three multifamily assets in the United States for approximately \$192 million.

Q3 2022

- We sold two multifamily assets in the United States for approximately \$231 million.
- We deconsolidated our investment in Brookfield Premier Real Estate Partners Australia (“BPREP-A”), as a result of the dilution of our interest. Prior to the transaction, our interest was consolidated and is now reflected as a financial asset.

Q2 2022

- We sold eleven multifamily assets in the United States in the 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.

For the purposes of the following comparison discussion between the three months ended March 31, 2023 and 2022, the above transactions are referred to as the investment activities.

Operating Results

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Commercial property revenue	\$ 1,486	\$ 1,255
Hospitality revenue	565	313
Investment and other revenue	189	486
Total revenue	2,240	2,054
Direct commercial property expense	588	470
Direct hospitality expense	508	288
Investment and other expense	69	239
Interest expense	1,167	600
General and administrative expense	332	232
Total expenses	2,664	1,829
Fair value (losses) gains, net	(53)	1,270
Share of earnings from equity accounted investments	24	380
Income before income taxes	(453)	1,875
Income tax (recovery) expense	(59)	183
Net (loss) income	\$ (394)	\$ 1,692

Net (loss) income for the three months ended March 31, 2023 was \$(394) million compared to \$1,692 million for the same period in prior year. The decrease is primarily attributable to fair value losses, higher interest expense resulting from higher interest rates and the reorganization of certain LP interests in connection with the Manager Reorganization, as well as lower share of earnings from equity accounted investments in our Core Office and Core Retail segments, partially offset by reduced income tax expense.

Commercial property revenue and direct commercial property expense

For the three months ended March 31, 2023, commercial property revenue increased by \$231 million compared to the same period in the prior year due to revenue from the Manager Reorganization and Acquisition of Foreign Investments, partially offset by property dispositions in our LP Investments and Core Office segments.

Direct commercial property expense increased by \$118 million compared to the same period in the prior year. Margins in 2023 were 60.4%, an increase of 2.0% compared to 2022.

Hospitality revenue and direct hospitality expense

For the three months ended March 31, 2023, hospitality revenue increased by \$252 million compared to the same period in the prior year. The increase was attributable to the Manager Reorganization and Acquisition of Foreign Investments, as well as the continued recovery in the hospitality sector.

Direct hospitality expense increased to \$508 million for the three months ended March 31, 2023, compared to \$288 million in the same period in the prior year. The increase was driven by additional expenses stemming from the reorganization of certain LP interests as a result of the Manager Reorganization and Acquisition of Foreign Investments.

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 March 31, 2023, investment and other revenue decreased by \$297 million, primarily due to the prior period dispositions of multifamily develop-for-sale assets, partially offset by incremental revenue due to the reorganization of certain LP interests as a result of the Manager Reorganization and Acquisition of Foreign Investments.

For the three months ended March 31, 2023, investment and other expense decreased by \$170 million primarily due to the disposition of multifamily develop-for-sale assets in the prior year, partially offset by incremental expenses due to the reorganization of certain LP Interests as a result of the Manager Reorganization and Acquisition of Foreign Investments.

Interest expense

Interest expense increased by \$567 million for the three months ended March 31, 2023, as a result of the rising interest rate environment in the current year, asset-level financings and corporate draws and the reorganization of certain LP interests as a result of the Manager Reorganization and Acquisition of Foreign Investments, partially offset by disposition activity.

General and administrative expense

General and administrative expense increased by \$100 million for the three months ended March 31, 2023 as compared to the same period in the prior year. The increase is due to the reorganization of certain LP interests as a result of the Manager Reorganization and Acquisition of Foreign Investments, partially offset by disposition activity.

Fair value (losses) gains, net

Fair value (losses) 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 income statement. 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 obtain external appraisals for a number of properties each year to support our valuation process and for other business purposes. We compare the results of those external appraisals to our internally prepared values and reconcile significant differences when they arise. During the three months ended March 31, 2023, we obtained external appraisals of 19 of our Core Office properties representing a gross property value of \$9 billion (or 4% 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, 2022. Refer to our 2022 Annual Report on Form 20-F for further detail on the valuation methodology of our investment properties and hospitality properties.

Fair value losses, net for our Core Office segment were \$138 million for the three months ended March 31, 2023. These losses were driven by updated market assumptions partially offset by gains from updated cashflow assumptions in the U.S and the U.K. Fair value gains, net for our Core Office segment were \$100 million for the three months ended March 31, 2022. These gains were driven by capturing mark-to-market rents at an asset in the U.S and improved cash flow assumptions at an asset in the U.K.

Fair value losses, net for our Core Retail segment were \$35 million for the three months ended March 31, 2023. These losses were primarily updated market assumptions partially offset by gains from updated leasing assumptions. Fair value gains, net for our Core Retail segment were \$46 million for the three months ended March 31, 2022. These gains were primarily due to higher cash flow assumptions.

Fair value gains, net for our LP Investments segment were \$128 million for the three months ended March 31, 2023. The fair value gains for the three months ended March 31, 2023 were primarily driven by updated valuation metrics and leasing assumptions in select manufactured housing, mixed-use, multifamily, and office assets located in the U.S. and the U.K. Fair value gains, net for our LP Investments segment for the three months ended March 31, 2022 were \$1,027 million primarily driven by fair value gains in our U.S. manufactured housing portfolio.

Share of net earnings from equity accounted investments

Our most significant equity accounted investments are Canary Wharf in the U.K, Manhattan West in New York, Ala Moana Center in Hawaii, Fashion Show in Las Vegas, Grand Canal Shoppes in Las Vegas and our interest in a retail joint venture in Brazil.

During the three months ended March 31, 2023, we sold 13% of our interest in the Grace Building in New York for approximately \$83 million.

Our share of net earnings from equity accounted investments for the three months ended March 31, 2023 was \$24 million, which represents a decrease of \$356 million, compared to the same period in the prior year. The decrease in current year earnings is primarily due to the acquisitions of our joint venture partner's interest in certain Core Retail properties in the prior year and fair value losses in the U.S. As a result of these acquisitions, we discontinued accounting for these assets under the equity method and now consolidate these properties. This was partially offset by higher share of net earnings from our hospitality portfolio as the sector continues to recover.

Income tax expense

The partnership's income tax expense decreased for the three months ended March 31, 2023 as compared to the same period in the prior year as compared to the same period in the prior year is primarily due to a decrease in pre-tax income.

Statement of Financial Position and Key Metrics

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Investment properties		
Commercial properties	\$ 78,293	\$ 66,067
Commercial developments	4,433	2,518
Equity accounted investments	20,325	19,943
Property, plant and equipment	10,193	9,401
Cash and cash equivalents	2,916	4,020
Assets held for sale	311	576
Total assets	128,158	112,516
Debt obligations	68,243	58,562
Liabilities associated with assets held for sale	—	—
Total equity	45,181	41,737

As of March 31, 2023, we had \$128,158 million in total assets, compared with \$112,516 million at December 31, 2022. This \$15,642 million increase was primarily due to the reorganization of certain LP interests as a result of the Acquisition of Foreign Investments, other acquisition activity during the year, and foreign currency translation partially offset by distributions related to the sale of a Student Housing asset in the prior year and property dispositions.

The following table presents the changes in investment properties from December 31, 2022 to March 31, 2023:

(US\$ Millions)	Mar. 31, 2023	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 66,067	\$ 2,518
Acquisitions	741	247
Capital expenditures	182	268
Dispositions ⁽¹⁾	(16)	(5)
Fair value (losses) gains, net	(117)	(2)
Foreign currency translation	179	26
Transfer between commercial properties and commercial developments	15	(15)
Acquisition of Foreign Investments	11,286	1,408
Reclassifications to assets held for sale and other changes	(44)	(12)
Investment properties, end of period	\$ 78,293	\$ 4,433

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

Commercial properties are commercial, operating, rent-producing properties. Commercial properties increased from \$66,067 million at the end of 2022 to \$78,293 million at March 31, 2023. The increase was primarily due to the Acquisition of Foreign Investments and other acquisition activity and foreign currency translation, partially offset by fair value losses and property dispositions. Refer to *Note 3, Investment Properties* of our Q1 2023 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 \$4,433 million at March 31, 2023, an increase of \$1,915 million from the balance at December 31, 2022. The increase is primarily due to the Acquisition of Foreign Investments, other acquisition activity, and capital spend in our Core Office and LP investments, partially offset by an office asset becoming operational in the current year. Refer to *Note 3, Investment Properties* of our Q1 2023 Financial Statements for further information.

The following table presents a roll-forward of changes in our equity accounted investments December 31, 2022 to March 31, 2023:

(US\$ Millions)	Mar. 31, 2023
Equity accounted investments, beginning of period	\$ 19,943
Additions	43
Disposals and return of capital distributions	(44)
Share of net earnings from equity accounted investments	51
Distributions received	(33)
Foreign currency translation	76
Reclassification (to)/from assets held for sale	74
Acquisition of Foreign Investments	211
Other comprehensive income and other	4
Equity accounted investments, end of period	\$ 20,325

⁽¹⁾ Includes the impact of accounting basis of assets that were accounted for under the equity method which are now accounted for as financial assets.

Equity accounted investments increased by \$382 million since December 31, 2022 primarily due to the acquisition of certain LP interests as a result of the Acquisition of Foreign Investments, the positive impact of foreign currency translation, and an increase in share of net earnings from equity accounted investments, partially offset by distributions and the disposition of interests in retail assets in the U.S. Refer to *Note 4, Equity Accounted Investments* of our Q1 2023 Financial Statements for further information.

Property, plant and equipment increased by \$792 million since December 31, 2022, primarily due to the acquisition of certain LP interests as a result of the Acquisition of Foreign Investments, acquisitions within our LP investments and the positive impact of foreign currency translation, partially offset by disposition activity. Refer to *Note 5, Property, Plant and Equipment* of our Q1 2023 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.

At March 31, 2023, assets held for sale included six office assets in Belgium, three malls in the U.S., two hospitality assets in the U.S., one office asset in Germany, one office asset in Australia, and one office asset in the U.S, as the partnership intends to sell controlling interests in these assets to third parties in the next 12 months. Refer to *Note 10, Held For Sale* of our Q1 2023 Financial Statements for further information.

Our debt obligations increased to \$68,243 million at March 31, 2023 from \$58,562 million at December 31, 2022. The increase was driven by the Acquisition of Foreign Investments and the positive impact of foreign currency translation, partially offset by repayment of debt. Refer to *Note 11, Debt Obligations* of our Q1 2023 Financial Statements for further information.

Total equity was \$45,181 million at March 31, 2023, an increase of \$3,444 million from the balance at December 31, 2022. The increase was primarily driven by equity issued as part of the Acquisition of Foreign Investments and the impact of foreign currency translation partially offset by distributions during the period.

Interests of others in operating subsidiaries and properties was \$20,870 million at March 31, 2023, an increase of \$2,786 million from the balance of \$18,084 million at December 31, 2022 due to the Acquisition of Foreign Investments and the positive impact of foreign currency translation, partially offset by dispositions since the prior year.

The following table summarizes our key operating results:

(US\$ Millions, except per unit information)	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$2,240	\$1,812	\$1,756	\$1,743	\$2,054	\$2,169	\$1,821	\$1,660
Direct operating costs	1,096	753	753	729	758	779	773	662
Net income (loss)	(394)	(1,220)	4	520	1,692	1,682	400	686
Net income (loss) attributable to Unitholders	(232)	(1,196)	(38)	400	702	620	71	319

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. 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 Mar. 31,	
	2023	2022
Core Office	\$ 17	\$ 139
Core Retail	102	168
LP Investments	(30)	65
Corporate	(188)	(174)
FFO⁽¹⁾	\$ (99)	\$ 198

⁽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 17. An analysis of the measures and reconciliation to IFRS measures is included in the “Reconciliation of Non-IFRS measures” section on page 17.

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

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Core Office ⁽¹⁾	\$ 25	\$ 149
Core Retail ⁽¹⁾	118	180
LP Investments ⁽¹⁾	(25)	78
Corporate ⁽¹⁾	(187)	(173)
CFFO⁽¹⁾	\$ (69)	\$ 234

⁽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 17. An analysis of the measures and reconciliation to IFRS measures is included in the “Reconciliation of Non-IFRS measures” section on page 17.

The following table presents equity attributable to Unitholders by segment as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Core Office ⁽¹⁾	\$ 13,562	\$ 13,491
Core Retail ⁽¹⁾	15,239	15,230
LP Investments ⁽¹⁾	6,334	5,816
Corporate ⁽¹⁾	(11,523)	(11,583)
Equity attributable to Unitholders⁽¹⁾	\$ 23,612	\$ 22,954

⁽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 17. An analysis of the measures and reconciliation to IFRS measures is included in the “Reconciliation of Non-IFRS measures” section on page 17.

Core Office

Overview

Our diversified Core Office portfolio consists of 92 million square feet across 134 premier office assets in some of the world’s leading commercial markets such as New York, London, Sydney, Toronto, and Berlin. 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 focus on high-quality real estate assets in some of the best locations around the world because we have found that these outperform over very long periods of time and through economic cycles.

Summary of Operating Results

The following table presents FFO, CFFO and net income in our Core Office segment for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
FFO	\$ 17	\$ 139
CFFO	25	149
Net (loss) income	(82)	418

FFO from our Core Office segment was \$17 million for the three months ended March 31, 2023 as compared to \$139 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 as well as decreased earnings from equity accounted investments due to disposition activity, partially offset by the impact of foreign currency translation.

For the three months ended March 31, 2023, CFFO decreased by \$124 million primarily attributable to the FFO movements discussed above.

Net (loss) income decreased by \$500 million to \$(82) million during the three months ended March 31, 2023 as compared to the same period in 2022. The decrease is primarily attributable to lower operating income and fair value losses across the portfolio, as discussed above.

Key Operating Metrics

The following table presents key operating metrics for our Core Office portfolio as at and for the three months ended March 31, 2023 and 2022:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Mar. 31, 2023	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2022
Total portfolio:				
NOI ⁽¹⁾	\$ 245	\$ 270	\$ 135	\$ 120
Number of properties	62	68	72	70
Leasable square feet (in thousands) ⁽²⁾	46,085	47,784	30,279	29,473
Occupancy	82.9%	85.5%	89.5%	91.9%
In-place net rents (per square foot) ⁽³⁾⁽⁴⁾	\$ 33.26	\$ 34.28	\$ 49.94	

⁽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⁾ Includes leasable office and retail square footage at our properties.

⁽³⁾ 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.

⁽⁴⁾ Presented using normalized foreign exchange rates, using the March 31, 2023 exchange rate.

NOI from our consolidated properties decreased to \$245 million during the three months ended March 31, 2023 compared to the prior year primarily due to lease expirations and the deconsolidation of our BPREP-A investments, partially offset by the positive impact of foreign currency translation.

NOI from our unconsolidated properties, which is presented on a proportionate basis, increased to \$135 million during the three months ended March 31, 2023, compared to \$120 million in the prior year due to a development becoming operational since the prior year.

The following table presents the changes in investment properties in the Core Office segment from December 31, 2022 to March 31, 2023:

(US\$ Millions)	Mar. 31, 2023	
	Commercial properties	Commercial developments
Investment properties, beginning of period	\$ 22,129	\$ 1,355
Capital expenditures	44	67
Property dispositions	—	(5)
Fair value (losses) gains, net	(231)	16
Foreign currency translation	28	4
Transfer between commercial properties and commercial developments	132	(132)
Reclassifications to assets held for sale	(12)	(11)
Investment properties, end of period	\$ 22,090	\$ 1,294

Commercial properties totaled \$22,090 million at March 31, 2023, compared to \$22,129 million at December 31, 2022. The decrease was driven primarily by fair value losses in the period, partially offset by an asset becoming operational, incremental capital expenditures in the U.S., and the positive impact of foreign currency translation.

Commercial developments decreased by \$61 million from December 31, 2022 to March 31, 2023. The decrease was primarily the result of an asset becoming operational, partially offset by incremental capital expenditures and fair value gains in the period.

The following table presents the changes in equity accounted investments in the Core Office segment from December 31, 2022 to March 31, 2023:

(US\$ Millions)	Mar. 31, 2023
Equity accounted investments, beginning of period	\$ 8,547
Additions	3
Disposals and return of capital distributions	—
Share of net earnings, including fair value gains	10
Distributions received	(22)
Foreign currency translation	68
Other comprehensive income and Other	(25)
Equity accounted investments, end of period	\$ 8,581

Equity accounted investments increased by \$34 million since December 31, 2022 to \$8,581 million at March 31, 2023. The increase was driven by the positive impact of foreign currency translation and share of net earnings, partially offset by distributions received.

Debt obligations increased by \$4 million since December 31, 2022 to \$14,270 million at March 31, 2023. The increase was primarily driven by asset-level financing activity and the positive 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 March 31, 2023:

(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:								
Two Manhattan West, Midtown New York ⁽²⁾	1,948	1,091	Q4 2025	76 %	\$ 1,342	\$ 1,058	\$ 812	\$ 539
Leadenhall Court, London	430	430	Q1 2026	57 %	£ 590	£ 275	£ 426	£ 162
Multifamily:								
5 & 8 Harbord Square, London ⁽²⁾	82	41	n/a	n/a	£ 32	£ 23	£ 25	£ 12
755 Figueroa, Los Angeles ⁽²⁾	674	319	Q2 2025	n/a	\$ 270	\$ 246	\$ 166	\$ 141
10 Brannan Street, London ⁽²⁾	37	19	Q2 2026	n/a	£ 24	£ 7	£ —	£ —
45 Charter Street, London ⁽²⁾	60	30	Q2 2026	n/a	£ 36	£ 12	£ —	£ —
Wood Wharf Rentals, London ⁽²⁾	1,215	608	Q1 2028	n/a	£ 501	£ 118	£ —	£ —
Mixed-Use:								
1 Charter Street, London ⁽²⁾	94	24	Q4 2026	n/a	£ 39	£ 20	£ 19	£ 5
Total	4,540	2,562						

⁽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, Perth and Dubai and completed two urban multifamily developments in New York. Our current office and redevelopment projects stand at an average 73% pre-leased and are generally tracking on time and budget.

Core Retail

Overview

Our Core Retail portfolio consists of 110 million square feet across 109 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, within our Core Retail portfolio are trophy assets such as Ala Moana in Honolulu and Fashion Show in Las Vegas which collectively represent the majority of 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.

Summary of Operating Results

The following table presents FFO, CFFO and net income (loss) in our Core Retail segment for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
FFO	\$ 102	\$ 168
CFFO	118	180
Net income	16	292

For the three months ended March 31, 2023, FFO earned in our Core Retail segment was \$102 million compared to \$168 million for the same period in the prior year. The decrease is due to higher interest expense as a result of the rising interest rate environment, partially offset by increased earnings as a result of the retail business' continued recovery.

For the three months ended March 31, 2023, CFFO decreased by \$62 million respectively, primarily attributable to the FFO movements discussed above.

Net income was \$16 million for the three months ended March 31, 2023 compared to income of \$292 million during the same period in the prior year due to the movements discussed above, as well as fair value losses compared to fair value gains in the prior year.

Key Operating Metrics

The following table presents key operating metrics in our Core Retail portfolio as at and for the three months ended March 31, 2023 and 2022:

(US\$ Millions, except where noted)	Consolidated		Unconsolidated	
	Mar. 31, 2023	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2022
Total portfolio:				
NOI ⁽¹⁾	\$ 255	\$ 247	\$ 187	\$ 187
Number of malls and urban retail properties	58	57	51	56
Leasable square feet (in thousands) ⁽²⁾	52,221	50,601	57,705	62,641

⁽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 17. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section on page 17.

⁽²⁾ Total Portfolio Leasable square feet represents total leasable area whereas Same-property leasable square feet represents Mall and Freestanding GLA.

NOI from our consolidated properties increased to \$255 million during the three months ended March 31, 2023 compared to \$247 million in the same quarter in 2022 primarily due to increased overage and percentage rent in addition to higher occupancy and higher NOI from incremental interest acquisitions from our joint venture partner in the prior year, partially offset by increased operating expenses due to malls operating at full capacity.

NOI from our unconsolidated properties remain unchanged at \$187 million during the three months ended March 31, 2023 compared to the same quarter in 2022, primarily as a result of recovery within the sector, offset by decreases from an incremental interest acquisition from our joint venture partner, which resulted in the acquired assets being consolidated.

The following table presents the changes in investment properties in the Core Retail segment from December 31, 2022 to March 31, 2023:

(US\$ Millions)	Mar. 31, 2023
Investment properties, beginning of period	\$ 19,438
Capital expenditures	37
Fair value (losses), net	(26)
Transfer between commercial properties and commercial developments	40
Investment properties, end of period	\$ 19,489

Commercial properties increased by \$51 million to \$19,489 million, primarily due to an asset becoming operational and capital spend, partially offset by fair value losses in the period.

The following table presents a roll-forward of our partnership's equity accounted investments in the Core Retail segment for the three months ended March 31, 2023:

(US\$ Millions)	Mar. 31, 2023
Equity accounted investments, beginning of year	\$ 9,674
Additions	21
Disposals and return of capital	(28)
Share of net earnings from equity accounted investments	38
Distributions	(4)
Other	(6)
Equity accounted investments, end of period	\$ 9,695

Equity accounted investments increased by \$21 million to \$9,695 million, primarily due to acquisitions and share of net earnings from equity accounted investments, partially offset by disposition activity.

Debt obligations decreased by \$40 million to \$12,794 million, primarily due to paydowns of asset-level and term debt.

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, 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, 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, targeting gross returns of 20%; the fund is in its 6th year.
- BSREP IV - 23% interest in BSREP IV, which is an opportunistic real estate fund, targeting gross returns of 20%. The fund is in its 2nd year.
- A blended 32% interest in two value-add multifamily fund targeting gross returns of 25%. These funds seek to invest in a geographically diverse portfolio of U.S. multifamily properties through acquisition and development.
- A blended 31% interest in a series of real estate debt fund 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, BSREP II, and BSREP IV, held through the LP Investments as Brookfield Corporation'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 fund reinvestment.

The following table presents FFO, CFFO, and net income in our LP Investments segment for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
FFO	\$ (30)	\$ 65
CFFO	(25)	78
Net (loss) income	(207)	1,042

FFO decreased by \$95 million for the three months ended March 31, 2023, primarily driven by higher interest expense as a result of the acquisition of certain LP interests as a result of the Manager Reorganization and Acquisition of Foreign Investments, disposition activity and temporary borrowings on subscription facilities, partially offset by higher revenues as a result of the transaction.

For the three months ended March 31, 2023, CFFO decreased by \$103 million for the reasons discussed above.

Net (loss) income decreased for the three months ended March 31, 2023 by \$1,249 million. The prior period included material fair value gains on our manufactured housing portfolio and a mixed-use asset in South Korea. In the current year, we had modest fair value gains from office assets in Brazil and our U.S. logistics portfolio, partially offset by valuation losses due to updated valuation metrics and leasing assumptions in select office assets located in the U.K., Europe and the U.S. and manufactured housing, as well as disposition activity.

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 months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
FFO	\$ (188)	\$ (174)
CFFO	(187)	(173)
Net loss	(121)	(60)

FFO was a loss of \$188 million (2022 - loss of \$174 million) for the three months ended March 31, 2023. Corporate FFO includes interest expense and general and administrative expense.

For the three months ended March 31, 2023, interest expense totaled \$100 million (2022 - \$71 million), which reflects \$25 million (2022 - \$25 million) of interest expense on capital securities and \$75 million (2022 - \$46 million) of interest expense on our credit facilities and corporate bonds.

Another component of FFO is general and administrative expense. For the three months ended March 31, 2023, general and administrative expense consisted of \$50 million of management fees and equity enhancement fees (2022 - \$55 million) and \$62 million (2022 - \$14 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 of the Canholdco Class B Common Shares.

The three months ended March 31, 2023 includes property development revenue of \$32 million (2022 - nil) as a result of the Manager Reorganization in the prior period.

For the three months ended March 31, 2023, we also recorded income tax recovery of \$63 million (2022 - income tax of \$17 million), primarily due to a decrease in pre-tax income.

As of March 31, 2023, the carrying value of the Canholdco Class B Common Shares was \$1,689 million (December 31, 2022 - \$1,759 million).

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 providers of capital. 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. These balances may fluctuate as a result of timing differences relating to financing and investing activities. For the three months ended March 31, 2023, our operating cash flow was \$(847) million, cash flow from investing activities was \$(148) million and cash used for financing activities was \$(124) million.

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

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

(US\$ Millions)	Mar. 31, 2023
2023	\$ 15,996
2024	12,882
2025	6,162
2026	3,173
2027	3,967
2028 and thereafter	6,360
Deferred financing costs	(251)
Secured debt obligations	\$ 48,289
Debt to investment property ratio	58.4 %

We generally believe that we will be able to either extend the maturity date, repay, or refinance the majority of the debt that is scheduled to mature in 2023-2024, however, approximately 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, 2022 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 (including recent significant increases in market interest rates); regulatory requirements and initiatives; and litigation and claims that arise in the normal course of business.

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, 2022. 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, 2022 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 partnership is finalizing the changes required as a result of amendments to the contractual terms of US\$ 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, 2022. Please refer to Note 32, *Financial Instruments* in our December 31, 2022 annual report on Form 20-F for a detailed description of our financial risk exposure and risk management activities, and refer to Note 27, *Financial Instruments* of our Q1 2023 Financial Statements for further information on derivative financial instruments as at March 31, 2023.

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 Corporation. Other related parties of the partnership include Brookfield Corporation’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.

On December 9, 2022, the Corporation completed the distribution of 25% of its asset management business, by way of the Manager Distribution. In advance of the Manager Distribution, a Manager Reorganization took place for net consideration of \$2,475 million through the issuance of CanHoldco Class D Junior Preferred Shares, to the Corporation. The LP interests and other investment interests acquisitions, including related working capital balances acquired, were accounted for as a business acquisition under common control, as discussed in Note 2 to the partnership’s consolidated financial statements for the year ended December 31, 2022, whereby we record assets and liabilities recognized as a result of transfers of businesses or subsidiaries between entities under common control at carrying value. Differences between the consideration given or received and the carrying amount of the assets and liabilities transferred are recorded within ownership changes in equity.

On January 1, 2023, we acquired a 23% LP interest in the foreign investments owned by BSREP IV from the Corporation for consideration of \$588 million through the issuance of a non-interest bearing note. In February 2023, there was a \$530 million capital call in respect to BSREP IV US and foreign investments. We repaid the non-interest bearing note and funded the capital call through the issuance of LP Units, Special LP Units and REUs to the Corporation. After the transaction, the LP interest in BSREP IV US and foreign investments previously held by the Corporation are held solely by us.

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.

For further reference on accounting policies and critical judgments and estimates, see our accounting policies contained in Note 2 to the December 31, 2022 consolidated financial statements and Note 2, *Summary of Material Accounting Policy Information* of the Financial Statements.

TREND INFORMATION

We seek to increase the cash flows from our office and retail property activities through continued leasing activity as described below. In particular, we are operating below our historical office occupancy levels, which provides the opportunity to expand cash flows through higher occupancy. 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 2023 and 2024, which may restrain FFO growth from this part of our portfolio in the near future. Our belief as to the opportunities for our partnership to increase its occupancy levels, lease rates and cash flows is 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. There also remains some uncertainty in the recent rising interest rate environment, which we will continue to monitor and mitigate its impact on borrowing costs and our ability to refinance existing debt. 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.

A number of our assets are interest rate sensitive: increases in long-term interest rates will, absent all else, increase the partnership's interest rate expense, impacting profitability, and decrease the value of these assets by reducing the present value of the cash flows expected to be produced by the asset. An increase in interest rates could decrease the amount buyers may be willing to pay for our properties, thereby reducing the market value of our properties and limiting our ability to sell properties or to obtain mortgage financing secured by our properties. Further, increased interest rates may effectively increase the cost of properties that we acquire to the extent that we utilize leverage for those acquisitions and may result in a reduction in the acquisition price to the extent we reduce the amount we offer to pay for properties to a price that sellers may not accept. Although we attempt to manage interest rate risk, there can be no assurance that we will hedge such exposure effectively or at all in the future. Accordingly, increases in interest rates above that which we anticipate based upon historical trends would adversely affect our cash flows.

OFF-BALANCE SHEET ARRANGEMENTS

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

CONTROLS AND PROCEDURES
INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes made in our internal control over financial reporting that have occurred during the three months ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

NON-IFRS FINANCIAL MEASURES

To measure our operating performance, we focus on NOI, FFO, CFFO, net income attributable to Unitholders, and equity attributable to Unitholders. Some of these performance metrics do not have standardized meanings prescribed by IFRS and therefore may differ from similar metrics used by other companies.

- *NOI*: revenues from our commercial properties operations less direct commercial property expenses 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”).
- *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, REUs, Special LP Units, Exchange LP Units (prior to the Privatization), 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 (prior to the Privatization), 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. 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 18.

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 18 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 18.

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.

Reconciliation of Non-IFRS measures

As described in the “Non-IFRS Financial Measures” section on page 17, 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 (loss) income to NOI for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net (loss) income	\$ (394)	\$ 1,692
Add (deduct):		
Income tax (benefit) expense	(59)	183
Investment and other revenue	(189)	(486)
Interest expense	1,167	600
Depreciation and amortization expense ⁽¹⁾	111	82
Investment and other expense	69	239
General and administrative expense	332	232
Fair value losses (gains), net	53	(1,270)
Share of net (earnings) from equity accounted investments	(24)	(380)
Total NOI⁽¹⁾	\$ 1,066	\$ 892

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Commercial property revenue	\$ 1,486	\$ 1,255
Direct commercial property expense	(588)	(470)
Add: Depreciation and amortization expense in direct commercial property expense ⁽¹⁾	12	9
Commercial property NOI ⁽¹⁾	910	794
Hospitality revenue	565	313
Direct hospitality expense	(508)	(288)
Add: Depreciation and amortization expense in direct hospitality expense ⁽¹⁾	99	73
Hospitality NOI ⁽¹⁾	156	98
Total NOI⁽¹⁾	\$ 1,066	\$ 892

⁽¹⁾ As described in the “Non-IFRS Financial Measures” section on page 17, 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 (loss) income to FFO and Company FFO for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net (loss) income	\$ (394)	\$ 1,692
Add (deduct):		
Fair value losses (gains), net	53	(1,270)
Share of equity accounted fair value (gains), net	132	(192)
Depreciation and amortization of real estate assets ⁽¹⁾	81	52
Income tax (benefit) expense	(59)	183
Non-controlling interests in above items	88	(267)
FFO	\$ (99)	\$ 198
Add (deduct):		
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	16	15
Transaction costs, net ⁽²⁾	16	13
Imputed interest ⁽³⁾	4	5
BSREP III (earnings) loss ⁽⁴⁾	(6)	3
Company FFO	\$ (69)	\$ 234

⁽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 following table reconciles net income to Core Office NOI for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net (loss) income	\$ (82)	\$ 418
Add (deduct):		
Income tax (benefit) expense	(47)	15
Investment and other revenue	(49)	(92)
Interest expense	212	147
Depreciation and amortization included in direct commercial property expense and direct hospitality expense ⁽²⁾	3	3
Investment and other expense	16	35
General and administrative expense	64	61
Fair value losses (gains), net	138	(100)
Share of net (earnings) loss from equity accounted investments	(10)	(217)
Total NOI - Core Office⁽¹⁾	\$ 245	\$ 270

⁽¹⁾ As described in the “Non-IFRS Financial Measures” section on page 17, 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 key components of NOI in our Core Office segment are presented below:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Commercial property revenue	\$ 440	\$ 472
Hospitality revenue ⁽¹⁾	8	4
Direct commercial property expense	(200)	(204)
Direct hospitality expense ⁽¹⁾	(6)	(5)
Add: Depreciation and amortization included in direct commercial property expense and direct hospitality expense ⁽²⁾	3	3
Total NOI - Core Office⁽²⁾	\$ 245	\$ 270

⁽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 17, 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 net income to FFO and CFFO for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net (loss) income	\$ (82)	\$ 418
Add (deduct):		
Fair value losses (gains), net	138	(100)
Share of equity accounted fair value losses (gains), net	39	(139)
Depreciation and amortization of real estate assets ⁽¹⁾	1	1
Income tax (benefit) expense	(47)	15
Non-controlling interests in above items	(32)	(56)
FFO	\$ 17	\$ 139
Add (deduct):		
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	4	3
Transaction costs, net ⁽¹⁾	—	2
Imputed interest ⁽³⁾	4	5
Company FFO	\$ 25	\$ 149

⁽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 months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Unconsolidated properties NOI	\$ 135	\$ 120
Unconsolidated properties fair value (losses) gains, net	(39)	139
Other ⁽¹⁾	(86)	(42)
Share of net earnings from equity accounted investments	\$ 10	\$ 217

⁽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 following table reconciles net income to Core Retail NOI for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net income	\$ 16	\$ 292
Add (deduct):		
Income tax expense	18	3
Investment and other revenue	(33)	(43)
Interest expense	193	144
Depreciation and amortization expense ⁽²⁾	4	5
Investment and other expense	—	—
General and administrative expense	60	56
Fair value losses (gains), net	35	(46)
Share of net (earnings) loss from equity accounted investments	(38)	(164)
Total NOI - Core Retail⁽¹⁾	\$ 255	\$ 247

⁽¹⁾ As described in the "Non-IFRS Financial Measures" section on page 17, 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 key components of NOI in our Core Retail segment are presented below:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Commercial property revenue	\$ 356	\$ 351
Direct commercial property expense	(105)	(109)
Add: Depreciation and amortization included in direct commercial property expense ⁽¹⁾	4	5
Total NOI - Core Retail⁽¹⁾	\$ 255	\$ 247

⁽¹⁾ As described in the "Non-IFRS Financial Measures" section on page 17, 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 net (loss) income to FFO and CFFO for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net income	\$ 16	\$ 292
Add (deduct):		
Share of equity accounted fair value losses (gains), net	38	(65)
Fair value losses (gains), net	35	(46)
Income tax expense (benefit)	18	3
Non-controlling interests in above items	(5)	(16)
FFO	\$ 102	\$ 168
Add (deduct):		
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	4	5
Transaction costs, net ⁽²⁾	12	7
Company FFO	\$ 118	\$ 180

⁽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 months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Unconsolidated properties NOI	\$ 187	\$ 187
Unconsolidated properties fair value (losses) gains, net and income tax expense	(38)	65
Other ⁽¹⁾	(111)	(88)
Share of net (losses) earnings from equity accounted investments	\$ 38	\$ 164

⁽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 net income (loss) to LP Investments NOI for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net (loss) income	\$ (207)	\$ 1,042
Add (deduct):		
Income tax expense	33	148
Investment and other revenue	(88)	(351)
Interest expense	662	238
Depreciation and amortization expense ⁽¹⁾	103	74
Investment and other expense	53	204
General and administrative expense	96	46
Fair value (gains), net	(128)	(1,027)
Share of net (earnings) loss from equity accounted investments	24	1
Total NOI⁽¹⁾	\$ 548	\$ 375

⁽¹⁾ As described in the “Non-IFRS Financial Measures” section on page 17, 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.

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Commercial property revenue	\$ 658	\$ 432
Hospitality revenue	557	309
Direct commercial property expense	(268)	(157)
Direct hospitality expense	(502)	(283)
Add: Depreciation and amortization included in direct commercial property expense and direct hospitality expense ⁽¹⁾	103	74
Total NOI⁽¹⁾	\$ 548	\$ 375

⁽¹⁾ As described in the “Non-IFRS Financial Measures” section on page 17, 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 LP Investments net income to FFO and CFFO for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net (loss) income	\$ (207)	\$ 1,042
Add (deduct):		
Fair value (gains), net	(128)	(1,027)
Share of equity accounted fair value losses, net	55	12
Depreciation and amortization of real estate assets ⁽¹⁾	80	51
Income tax expense	33	148
Non-controlling interests in above items	137	(161)
FFO	\$ (30)	\$ 65
Add (deduct):		
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾⁽²⁾	7	7
Transaction costs, net ⁽²⁾	4	3
BSREP III earnings ⁽³⁾	(6)	3
CFFO	\$ (25)	\$ 78

⁽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 months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net loss	\$ (121)	\$ (60)
Net loss (income) attributable to non-controlling interests	(6)	64
Net loss attributable to Unitholders	\$ (115)	\$ (124)

The following table reconciles Corporate net loss to FFO and CFFO for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Net loss	\$ (121)	\$ (60)
Add (deduct):		
Fair value losses (gains), net	8	(97)
Income tax expense	(63)	17
Non-controlling interests in above items	(12)	(34)
FFO	\$ (188)	\$ (174)
Add (deduct):		
Depreciation and amortization of non-real-estate assets, net ⁽¹⁾	1	—
Transaction costs, net ⁽¹⁾	—	1
CFFO	\$ (187)	\$ (173)

⁽¹⁾ Presented net of non-controlling interests.

SUBSIDIARY PUBLIC ISSUERS

Brookfield Property Split Corp. (“BOP Split Corp.”) 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. (“BOPI”) 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.

(US\$ Millions) For the three months ended Mar. 31, 2023	Brookfield Property Partners L.P.	BOP Split Corp.	Brookfield Property Preferred Equity Inc. BOPI	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	\$ —	\$ 5	\$ 3	\$ —	\$ 28	\$ 54	\$ 126	\$ 313	\$ 1,711	\$ 2,240
Net income attributable to unitholders ⁽¹⁾	(83)	(136)	(155)	—	3	43	(232)	303	25	(232)
For the three months ended Mar. 31, 2022										
Revenue	\$ —	\$ 7	\$ 7	\$ —	\$ 25	\$ 48	\$ 178	\$ 180	\$ 1,609	\$ 2,054
Net income attributable to unitholders ⁽¹⁾	251	198	129	—	(20)	38	702	213	(809)	702

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

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

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

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

(US\$ Millions) As of Mar. 31, 2023	Brookfield Property Partners L.P.	BOP Split Corp.	BOPI	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	\$ —	\$ 436	\$ 174	\$ —	\$ 2,704	\$ 2,952	\$ 4,557	\$ 59	\$ (5,034)	\$ 5,848
Non-current assets	9,180	7,303	12,457	—	—	—	32,240	2,810	58,009	121,999
Assets held for sale	—	—	—	—	—	—	—	—	311	311
Current liabilities	—	1,703	2,827	—	994	—	6,386	691	20,165	32,766
Non-current liabilities	—	15	1,633	—	1,567	659	5,378	188	40,771	50,211
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	—	—	—
Preferred equity	699	3,430	—	—	—	—	722	—	(4,152)	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,277	—	—	—	—	—	18,593	20,870
Equity attributable to unitholders ⁽¹⁾	\$ 8,481	\$ 2,591	\$ 5,894	\$ —	\$ 143	\$ 2,293	\$ 24,311	\$ 1,990	\$ (22,091)	\$ 23,612

⁽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, 2022	Brookfield Property Partners L.P.	BOP Split Corp.	BOPI	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	\$ —	\$ 442	\$ 1,058	\$ —	\$ 2,146	\$ 2,952	\$ 5,792	\$ 191	\$ (6,071)	\$ 6,510
Non-current assets	8,946	7,368	16,205	—	190	—	31,158	2,352	39,211	105,430
Assets held for sale	—	—	—	—	—	—	—	—	576	576
Current liabilities	—	2,606	3,372	—	721	—	6,969	1,230	9,283	24,181
Non-current liabilities	—	15	1,977	—	1,475	659	5,603	202	36,667	46,598
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	—	—	—
Preferred equity	699	3,430	—	—	—	—	722	—	(4,152)	699
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,284	—	—	—	—	—	15,800	18,084
Equity attributable to unitholders ⁽¹⁾	\$ 8,247	\$ 1,759	\$ 9,630	\$ —	\$ 140	\$ 2,293	\$ 23,656	\$ 1,111	\$ (23,882)	\$ 22,954

⁽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 three months ended Mar. 31, 2023	Combined Guarantor entities
Revenue	\$ 1
Revenue - from related parties	1
Revenue - from non-guarantor subsidiaries	93
Dividend income - from non-guarantor subsidiaries	339
Operating profit	277
Net income	284

(US\$ Millions) For the year ended Dec. 31, 2022	Combined Guarantor entities
Revenue - from non-guarantor subsidiaries	\$ 450
Dividend income - from non-guarantor subsidiaries	827
Operating profit	804
Net income	943

Total revenue of the partnership and its controlled subsidiaries for the three months ended Mar. 31, 2023 was \$2,240 million.

(US\$ Millions) As at Mar. 31, 2023	Combined Guarantor entities
Current assets	\$ 41
Current assets - due from related parties	2
Current assets - due from non-guarantor subsidiaries	6,755
Long-term assets	13
Long-term assets - due from related parties	59
Current liabilities	133
Current liabilities - due to related parties	59
Current liabilities - due to non-guarantor subsidiaries	6,112
Long-term liabilities	2,727
Long-term liabilities - due to non-guarantor subsidiaries	1,704
Preferred equity and capital securities	2,309
Non-controlling interests	4,220

(US\$ Millions) As at Dec. 31, 2022	Combined Guarantor entities
Current assets	\$ 77
Current assets - due from non-guarantor subsidiaries	8,084
Long-term assets	3
Current liabilities	282
Current liabilities - due to related parties	27
Current liabilities - due to non-guarantor subsidiaries	7,115
Long-term liabilities	2,970
Long-term liabilities - due to non-guarantor subsidiaries	1,704
Preferred equity and capital securities	2,304
Non-controlling interests	4,252

Total assets of the partnership and its controlled subsidiaries for the period ended Mar. 31, 2023 were \$128,158 million (Dec. 31, 2022 - \$112,516 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; 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.

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 \$128 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 Corporation, a leading global alternative asset manager with approximately \$800 billion in assets under management. More information is available at www.brookfield.com.

BROOKFIELD PROPERTY PARTNERS

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

UNITHOLDERS INQUIRIES

Brookfield Property Partners welcomes inquiries from Unitholders, media representatives and other interested parties. Questions relating to investor relations or media inquiries can be directed to Rachel Nappi, Investor Relations at 855-212-8243 or via email at bpy.enquiries@brookfield.com. Unitholder questions relating to distributions, address changes and unit certificates should be directed to the partnership's transfer agent, AST Trust Company, as listed below.

AST TRUST COMPANY (Canada)

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

COMMUNICATIONS

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

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

Brookfield Property Partners L.P.

Condensed consolidated financial statements (unaudited)

As at March 31, 2023 and December 31, 2022 and
for the three months ended March 31, 2023 and 2022

Brookfield Property Partners L.P.

Condensed Consolidated Balance Sheets

Unaudited (US\$ Millions)	Note	As at	
		Mar. 31, 2023	Dec. 31, 2022
Assets			
Non-current assets			
Investment properties	3	\$ 82,726	\$ 68,585
Equity accounted investments	4	20,325	19,943
Property, plant and equipment	5	10,193	9,401
Goodwill	6	1,434	946
Intangible assets	7	1,041	966
Other non-current assets	8	5,894	5,217
Loans and notes receivable		386	372
Total non-current assets		121,999	105,430
Current assets			
Loans and notes receivable		421	314
Accounts receivable and other	9	2,511	2,176
Cash and cash equivalents		2,916	4,020
Total current assets		5,848	6,510
Assets held for sale	10	311	576
Total assets		128,158	\$ 112,516
Liabilities and equity			
Non-current liabilities			
Debt obligations	11	41,592	\$ 38,858
Capital securities	12	2,379	2,233
Other non-current liabilities	14	2,378	2,443
Deferred tax liabilities		3,862	3,064
Total non-current liabilities		50,211	46,598
Current liabilities			
Debt obligations	11	26,651	19,704
Capital securities	12	491	600
Accounts payable and other liabilities	15	5,624	3,877
Total current liabilities		32,766	24,181
Liabilities associated with assets held for sale	10	—	—
Total liabilities		82,977	70,779
Equity			
Limited partners	16	8,459	8,217
General partner	16	4	4
Preferred equity	16	699	699
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units	16, 17	15,115	14,688
FV LTIP units of the Operating Partnership	16, 17	34	45
Interests of others in operating subsidiaries and properties	17	20,870	18,084
Total equity		45,181	41,737
Total liabilities and equity		\$ 128,158	\$ 112,516

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Income Statements

Unaudited (US\$ Millions, except per unit amounts)	Note	Three months ended Mar. 31,	
		2023	2022
Commercial property revenue	18	\$ 1,486	\$ 1,255
Hospitality revenue	19	565	313
Investment and other revenue	20	189	486
Total revenue		2,240	2,054
Direct commercial property expense	21	588	470
Direct hospitality expense	22	508	288
Investment and other expense		69	239
Interest expense		1,167	600
General and administrative expense	23	332	232
Total expenses		2,664	1,829
Fair value (losses) gains, net	24	(53)	1,270
Share of net earnings from equity accounted investments	4	24	380
Income before income taxes		(453)	1,875
Income tax (benefit) expense	13	(59)	183
Net (loss) income		\$ (394)	\$ 1,692
Net (loss) income attributable to:			
Limited partners		\$ (83)	\$ 251
General partner		—	—
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units		(149)	449
FV LTIP units of the Operating Partnership		—	2
Interests of others in operating subsidiaries and properties		(162)	990
Total		\$ (394)	\$ 1,692

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Comprehensive Income

Unaudited (US\$ Millions)	Note	Three months ended Mar. 31,	
		2023	2022
Net (loss) income		\$ (394)	\$ 1,692
Other comprehensive (loss) income	25		
Items that may be reclassified to net income:			
Foreign currency translation		99	(31)
Cash flow hedges		(44)	101
Equity accounted investments		(14)	53
Items that will not be reclassified to net income:			
Securities - fair value through other comprehensive loss ("FVTOCI")		(13)	(1)
Revaluation surplus		4	—
Total other comprehensive income		32	122
Total comprehensive (loss) income		\$ (362)	\$ 1,814
Comprehensive income attributable to:			
Limited partners			
Net (loss) income		\$ (83)	\$ 251
Other comprehensive income		12	35
		(71)	286
Non-controlling interests			
Redeemable/exchangeable and special limited partnership units			
Net (loss) income		(149)	449
Other comprehensive income		21	62
		(128)	511
FV LTIP units of the Operating Partnership			
Net income		—	2
Other comprehensive income		—	—
		—	2
Interests of others in operating subsidiaries and properties			
Net (loss) income		(162)	990
Other comprehensive (loss) income		(1)	25
		(163)	1,015
Total comprehensive (loss) income		\$ (362)	\$ 1,814

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, 2022	\$ 5,861	\$ (67)	\$ 2,526	\$ (103)	\$ 8,217	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 14,688	\$ —	\$ 45	\$ —	\$ 18,084	\$ 41,737
Net (loss) income	—	(83)	—	—	(83)	—	—	—	—	—	—	(149)	—	—	—	(162)	(394)
Other comprehensive (loss) income	—	—	—	12	12	—	—	—	—	—	—	21	—	—	—	(1)	32
Total comprehensive income (loss)	—	(83)	—	12	(71)	—	—	—	—	—	—	(128)	—	—	—	(163)	(362)
Distributions	—	(105)	—	—	(105)	—	—	—	—	—	—	(187)	—	(1)	—	(1,974)	(2,267)
Preferred distributions	—	(4)	—	—	(4)	—	—	—	—	—	—	(7)	—	—	—	—	(11)
Issuance (repurchase) of interests in operating subsidiaries	401	29	(9)	—	421	—	—	—	—	—	—	746	—	(6)	—	4,923	6,084
Change in relative interests of non-controlling interests	—	—	1	—	1	—	—	—	—	—	—	3	—	(4)	—	—	—
Balance as at Mar. 31, 2023	\$ 6,262	\$ (230)	\$ 2,518	\$ (91)	\$ 8,459	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 15,115	\$ —	\$ 34	\$ —	\$ 20,870	\$ 45,181
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	—	251	—	—	251	—	—	—	—	—	—	449	—	2	—	990	1,692
Other comprehensive income	—	—	—	35	35	—	—	—	—	—	—	62	—	—	—	25	122
Total comprehensive income	—	251	—	35	286	—	—	—	—	—	—	511	—	2	—	1,015	1,814
Distributions	—	(105)	—	—	(105)	—	—	—	—	—	—	(187)	—	(1)	—	(2,141)	(2,434)
Preferred distributions	—	(4)	—	—	(4)	—	—	—	—	—	—	(7)	—	—	—	—	(11)
Issuance / repurchase of interest in operating subsidiaries	—	25	1	—	26	—	—	—	—	—	—	45	—	9	—	188	268
Change in relative interest of non-controlling interests	—	—	3	—	3	—	—	—	—	—	—	6	—	(9)	—	—	—
Balance as at Mar. 31, 2022	\$ 5,861	\$ 624	\$ 2,602	\$ (76)	\$ 9,011	\$ 4	\$ 2	\$ (1)	\$ (1)	\$ 4	\$ 699	\$ 16,104	\$ —	\$ 56	\$ —	\$ 18,768	\$ 44,642

See accompanying notes to the condensed consolidated financial statements.

Brookfield Property Partners L.P.

Condensed Consolidated Statements of Cash Flows

Unaudited (US\$ Millions)	Note	Three Months Ended Mar. 31,	
		2023	2022
Operating activities			
Net income		\$ (394)	\$ 1,692
Share of equity accounted earnings, net of distributions		(18)	(301)
Fair value losses (gains), net	24	53	(1,270)
Deferred income tax expense	13	(80)	156
Depreciation and amortization	21,22	111	82
Working capital and other		(519)	201
		(847)	560
Financing activities			
Debt obligations, issuance		3,915	1,449
Debt obligations, repayments		(5,113)	(2,728)
Capital securities issued		—	57
Capital securities redeemed		(2)	—
Non-controlling interests, issued		2,308	249
Non-controlling interests, purchased		(45)	—
Settlement of deferred consideration		(16)	—
Repayment of lease liabilities		(7)	(6)
Issuances to limited partnership unitholders		401	—
Issuances to redeemable/exchangeable and special limited partnership unitholders		716	—
FV LTIP Units, repurchased		(3)	—
Distributions to non-controlling interests in operating subsidiaries		(1,974)	(2,122)
Preferred distributions		(11)	(11)
Distributions to limited partnership unitholders		(105)	(105)
Distributions to redeemable/exchangeable and special limited partnership unitholders		(187)	(187)
Distributions to holders of FV LTIP units of the Operating Partnership		(1)	(1)
		(124)	(3,405)
Investing activities			
Acquisitions			
Investment properties		(1,399)	(310)
Property, plant and equipment		(70)	(89)
Equity accounted investments		(48)	(22)
Financial assets and other		(175)	(148)
Cash acquired in Acquisition of Foreign Investments		914	—
Dispositions			
Investment properties		50	216
Property, plant and equipment		168	—
Equity accounted investments		248	383
Financial assets and other		98	220
Disposition of subsidiaries		28	1,980
Cash impact of deconsolidation		—	(51)
Restricted cash and deposits		38	2
		(148)	2,181
Cash and cash equivalents			
Net change in cash and cash equivalents during the period		(1,119)	(664)
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies		15	(4)
Balance, beginning of period		4,020	2,576
Balance, end of period		\$ 2,916	\$ 1,908
Supplemental cash flow information			
Cash paid for:			
Income taxes, net of refunds received		\$ 36	\$ 18
Interest (excluding dividends on capital securities)		\$ 1,093	\$ 537

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 Corporation, formerly known as Brookfield Asset Management Inc. (“BN,” “the Corporation,” 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 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 MATERIAL ACCOUNTING POLICY INFORMATION

a) Statement of compliance

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

These condensed consolidated financial statements as of and for the three months ended March 31, 2023 were approved and authorized for issue by the Board of Directors of the partnership on May 5, 2023.

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, 2022. 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, 2022. Effective January 1, 2023, the partnership adopted the Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2). The amendments to IAS 1 require that the partnership discloses its material accounting policies instead of its significant accounting policies. As a result of the adoption of these amendments, there were no adjustments to the presentation or amounts recognized in the interim financial statements.

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, to the partnership’s consolidated financial statements for the year ended December 31, 2022 and have been consistently applied in the preparation of the interim condensed consolidated financial statements as of and for the three months ended March 31, 2023.

d) Future accounting policies

The partnership is currently assessing the impact of Amendments to IAS 1 – Classification of Liabilities as Current or Non-current. The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated balance sheets and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether the partnership will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants with which an entity is required to comply on or before the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The partnership is in the process of determining the impact of the amendments on its consolidated financial statements.

NOTE 3. INVESTMENT PROPERTIES

The following table presents a roll forward of the partnership's investment property balances, all of which are considered Level 3 within the fair value hierarchy, for the three months ended March 31, 2023 and the year ended December 31, 2022:

(US\$ Millions)	Three months ended Mar. 31, 2023			Year ended December 31, 2022		
	Commercial properties	Commercial developments	Total	Commercial properties	Commercial developments	Total
Balance, beginning of period	\$ 66,067	\$ 2,518	\$ 68,585	\$ 62,313	\$ 2,300	\$ 64,613
Changes resulting from:						
Property acquisitions	741	247	988	760	—	760
Capital expenditures	182	268	450	870	428	1,298
Property dispositions ⁽¹⁾	(16)	(5)	(21)	(307)	(1)	(308)
Fair value (losses) gains, net	(117)	(2)	(119)	(1,122)	64	(1,058)
Foreign currency translation	179	26	205	(1,528)	(149)	(1,677)
Transfer between commercial properties and commercial developments	15	(15)	—	387	(387)	—
Impact of deconsolidation due to loss of control ⁽²⁾	—	—	—	(575)	—	(575)
Manager Reorganization ⁽³⁾	—	—	—	6,321	758	7,079
Acquisition of Foreign Investments ⁽³⁾	11,286	1,408	12,694	—	—	—
Reclassifications to assets held for sale and other changes	(44)	(12)	(56)	(1,052)	(495)	(1,547)
Balance, end of period ⁽⁴⁾	\$ 78,293	\$ 4,433	\$ 82,726	\$ 66,067	\$ 2,518	\$ 68,585

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

⁽²⁾ The partnership deconsolidated its investment in a subsidiary as a result of the dilution of its interest. Prior to the transaction, the partnership's interest was consolidated and is now reflected as a financial asset.

⁽³⁾ See Note 28, Related Parties for further information on the Manager Reorganization and Acquisition of Foreign Investments.

⁽⁴⁾ Includes right-of-use commercial properties and commercial developments of \$1,089 million and \$128 million, respectively, as of March 31, 2023 (December 31, 2022 - \$1,045 million and \$127 million). Current lease liabilities of \$133 million (December 31, 2022 - \$122 million) have been included in accounts payable and other liabilities and non-current lease liabilities of \$854 million (December 31, 2022 - \$810 million) have been included in other non-current liabilities.

The partnership determines the fair value of each commercial property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflows in respect of such leases. Investment property valuations are generally completed by undertaking one of two accepted income approach methods, which include either: i) discounting the expected future cash flows, generally over a term of 10 years including a terminal value based on the application of a capitalization rate to estimated year 11 cash flows; or ii) undertaking a direct capitalization approach whereby a capitalization rate is applied to estimated current year cash flows. Where there has been a recent market transaction for a specific property, such as an acquisition or sale of a partial interest, the partnership values the property on that basis. In determining the appropriateness of the methodology applied, the partnership considers the relative uncertainty of the timing and amount of expected cash flows and the impact such uncertainty would have in arriving at a reliable estimate of fair value. The partnership prepares these valuations considering asset and market specific factors, as well as observable transactions for similar assets. The determination of fair value requires the use of estimates, which are internally determined and compared with market data, third-party reports and research as well as observable conditions.

Except for the impacts of interest rates and inflation, there are currently no 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 these condensed consolidated financial statements. 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	Mar. 31, 2023			Dec. 31, 2022		
		Discount rate	Terminal capitalization rate	Investment horizon (years)	Discount rate	Terminal capitalization rate	Investment horizon (years)
Consolidated properties							
Core Office	Discounted cash flow	6.8%	5.4 %	11	6.8%	5.4 %	11
Core Retail	Discounted cash flow	7.2%	5.3 %	10	7.2%	5.3 %	10
LP Investments ⁽¹⁾⁽²⁾	Discounted cash flow	7.8%	5.7 %	9	9.1%	6.3 %	8

⁽¹⁾ The valuation method used to value multifamily and manufactured housing properties is the direct capitalization method. At March 31, 2023, the overall implied capitalization rate used for properties using the direct capitalization method was 4.4% (December 31, 2022 - 4.3%).

⁽²⁾ The weighted average valuation metrics at March 31, 2023 include assets acquired as part of the Acquisition of Foreign Investments. See Note 28, Related Parties for further information.

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, 2022:

(US\$ Millions)	Mar. 31, 2023					Dec. 31, 2022			
	Level 3					Level 3			
	Level 1	Level 2	Commercial properties	Commercial developments		Level 1	Level 2	Commercial properties	Commercial developments
Core Office	\$ —	\$ —	\$ 22,090	\$ 1,294		\$ —	\$ —	\$ 22,129	\$ 1,355
Core Retail	—	—	19,489	65		—	—	19,438	106
LP Investments	—	—	36,714	3,074		—	—	24,500	1,057
Total	\$ —	\$ —	\$ 78,293	\$ 4,433		\$ —	\$ —	\$ 66,067	\$ 2,518

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 March 31, 2023, for properties valued using the discounted cash flow or direct capitalization method, respectively:

(US\$ Millions)	Mar. 31, 2023		
	Impact of +25bps DR	Impact of +25bps TCR	Impact of +25bps DR and +25bps TCR or +25bps ICR
Core Office	\$ 458	\$ 682	\$ 1,122
Core Retail	373	632	991
LP Investments ⁽¹⁾	339	823	1,231
Total	\$ 1,170	\$ 2,137	\$ 3,344

⁽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 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 4. EQUITY ACCOUNTED INVESTMENTS

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

(US\$ Millions)	Principal activity	Principal place of business	Proportion of ownership interests		Carrying value	
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Joint Ventures						
London Mixed-use District	Property holding company	United Kingdom	50 %	50 %	\$ 3,264	\$ 3,192
Midtown New York Mixed-use Complex	Property holding company	United States	56 %	56 %	2,524	2,518
U.S. Retail JV Pool A	Property holding company	United States	50 %	50 %	1,877	1,848
Honolulu Shopping Center	Property holding company	United States	50 %	50 %	1,503	1,507
U.S. Retail JV Pool B	Property holding company	United States	51 %	51 %	1,114	1,132
U.S. Retail JV Pool C	Property holding company	United States	50 %	50 %	738	737
Bryant Park Office Tower	Property holding company	United States	50 %	50 %	726	719
Las Vegas Mall A	Property holding company	United States	50 %	50 %	703	702
U.S. Retail JV Pool D	Property holding company	United States	48 %	48 %	649	646
Las Vegas Mall B	Property holding company	United States	50 %	50 %	622	625
Other ⁽¹⁾	Various	Various	15% - 75%	15% - 68%	5,973	5,778
					19,693	19,404
Associates						
Various	Various	Various	16% - 50%	16% - 50%	632	539
					632	539
Total					\$ 20,325	\$ 19,943

⁽¹⁾ Other joint ventures consists of approximately 36 joint ventures, each of which has a carrying value of below \$500 million.

The following table presents the change in the balance of the partnership's equity accounted investments as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Three months ended	Year ended
	Mar. 31, 2023	Dec. 31, 2022
Equity accounted investments, beginning of period	\$ 19,943	\$ 20,807
Additions	43	100
Disposals and return of capital distributions	(44)	(967)
Share of net earnings from equity accounted investments	51	826
Distributions received	(33)	(263)
Foreign currency translation	76	(578)
Reclassification (to) from assets held for sale	74	(276)
Impact of deconsolidation ⁽¹⁾	—	(706)
Manager Reorganization ⁽²⁾	—	841
Acquisition of Foreign Investments ⁽²⁾	211	—
Other comprehensive income and other	4	159
Equity accounted investments, end of period	\$ 20,325	\$ 19,943

⁽¹⁾ The prior year includes the impact of deconsolidation of assets that were accounted for under the equity method which are now accounted for as financial assets.

⁽²⁾ See Note 28, Related Parties for further information on the Manager Reorganization and Acquisition of Foreign Investments.

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

Equity accounted investments	Primary valuation method	Mar. 31, 2023			Dec. 31, 2022		
		Discount rate	Terminal capitalization rate	Investment horizon (yrs)	Discount rate	Terminal capitalization rate	Investment horizon (yrs)
Core Office	Discounted cash flow	6.5%	4.9 %	11	6.4%	4.9 %	11
Core Retail	Discounted cash flow	6.6%	4.9 %	10	6.6%	4.9 %	10
LP Investments ⁽¹⁾	Discounted cash flow	7.9%	5.8 %	10	7.8%	5.5 %	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. The terminal capitalization rate and investment horizon are not applicable.

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

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Non-current assets	\$ 77,110	\$ 76,352
Current assets	3,835	3,822
Total assets	80,945	80,174
Non-current liabilities	30,399	30,777
Current liabilities	7,885	6,888
Total liabilities	38,284	37,665
Net assets	42,661	42,509
Partnership's share of net assets	\$ 20,325	\$ 19,943

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Revenue	\$ 1,359	\$ 1,179
Expenses	1,091	898
Income from equity accounted investments ⁽¹⁾	11	25
Income before fair value gains, net	279	306
Fair value (losses) gains, net	(376)	523
Net (loss) income	(97)	829
Partnership's share of net earnings	\$ 24	\$ 380

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

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment primarily consists of hospitality assets including Center Parcs in the United Kingdom and Ireland and Hospitality Investors Trust and Watermark Lodging 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	1 to 20

The following table presents the change to the components of the partnership's hospitality assets for the three months ended March 31, 2023 and for the year ended December 31, 2022:

(US\$ Millions)	Three months ended Mar. 31, 2023	Year ended Dec. 31, 2022
Cost:		
Balance at the beginning of period	\$ 9,050	\$ 5,723
Additions	76	203
Disposals	(167)	(47)
Foreign currency translation	53	(363)
Manager Reorganization ⁽¹⁾	—	3,298
Acquisition of Foreign Investments ⁽¹⁾	945	—
Impact of deconsolidation due to loss of control and other ⁽²⁾	(10)	236
	9,947	9,050
Accumulated fair value changes:		
Balance at the beginning of period	1,376	763
Revaluation (losses) gains, net	—	727
Impact of deconsolidation due to loss of control and other ⁽²⁾	(1)	29
Disposals	(38)	(1)
Provision for impairment	—	(93)
Foreign currency translation	12	(49)
	1,349	1,376
Accumulated depreciation:		
Balance at the beginning of period	(1,025)	(863)
Depreciation	(103)	(279)
Disposals	36	44
Foreign currency translation	(11)	76
Impact of deconsolidation due to loss of control and other ⁽²⁾	—	(3)
	(1,103)	(1,025)
Total property, plant and equipment⁽³⁾	\$ 10,193	\$ 9,401

⁽¹⁾ See Note 28, Related Parties for further information on the Manager Reorganization.

⁽²⁾ The prior year reflects the reclassification of a mixed-use asset out of assets held for sale, and the reclassification of a student housing asset to held for sale.

⁽³⁾ Includes right-of-use assets of \$412 million (December 31, 2022 - \$393 million).

NOTE 6. GOODWILL

Goodwill of \$1,434 million at March 31, 2023 (December 31, 2022 - \$946 million) is primarily attributable to Center Parcs of \$743 million (December 31, 2022 - \$728 million), Alstria of \$423 million (December 31, 2022 - n/a) and IFC Seoul of \$201 million (December 31, 2022 - \$207 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 March 31, 2023 and for the year ended December 31, 2022.

NOTE 7. INTANGIBLE ASSETS

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

The trademark assets of Center Parcs had a carrying amount of \$876 million as of March 31, 2023 (December 31, 2022 - \$859 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 88

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 March 31, 2023 and for the year ended December 31, 2022.

The following table presents the components of the partnership's intangible assets as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Cost	\$ 1,106	\$ 1,017
Accumulated amortization	(65)	(51)
Total intangible assets	\$ 1,041	\$ 966

The following table presents a roll forward of the partnership's intangible assets for the three months ended March 31, 2023 and the year ended December 31, 2022:

(US\$ Millions)	Three months ended Mar. 31, 2023	Year ended Dec. 31, 2022
Balance, beginning of period	\$ 966	\$ 964
Acquisitions	4	5
Amortization	(8)	(8)
Manager Reorganization ⁽¹⁾	—	108
Acquisition of Foreign Investments ⁽¹⁾	60	—
Foreign currency translation	19	(103)
Balance, end of period	\$ 1,041	\$ 966

⁽¹⁾ See Note 28, Related Parties for further information on the Manager Reorganization and Acquisition of Foreign Investments.

NOTE 8. OTHER NON-CURRENT ASSETS

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

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Securities - FVTPL	\$ 2,586	\$ 2,523
Derivative assets	375	170
Securities - FVTOCI	70	69
Restricted cash	556	584
Inventory	1,650	1,267
Accounts receivables - non-current	505	464
Other	152	140
Total other non-current assets	\$ 5,894	\$ 5,217

Securities - FVTPL

Securities - FVTPL includes the partnership's investment in the Brookfield Strategic Real Estate Partners ("BSREP") III fund, with a carrying value of the financial asset at March 31, 2023 of \$1,271 million (December 31, 2022 - \$1,183 million).

NOTE 9. ACCOUNTS RECEIVABLE AND OTHER

The components of accounts receivable and other are as follows:

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Derivative assets	\$ 140	\$ 124
Accounts receivable - net of expected credit loss of \$68 million (December 31, 2022 - \$63 million)	1,027	787
Restricted cash	373	342
Prepaid expenses	243	405
Inventory	241	176
Other current assets	487	342
Total accounts receivable and other	\$ 2,511	\$ 2,176

NOTE 10. HELD FOR SALE

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

The following is a summary of the assets and liabilities that were classified as held for sale as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Investment properties	\$ 301	\$ 300
Equity accounted investments	—	—
Property, plant and equipment	10	276
Assets held for sale	311	576
Liabilities associated with assets held for sale	\$ —	\$ —

The following table presents the change to the components of the assets held for sale for the three months ended March 31, 2023 and the year ended December 31, 2022:

(US\$ Millions)	Three months ended Mar. 31, 2023	Twelve months ended Dec. 31, 2023
Balance, beginning of period	\$ 576	\$ 10,510
Reclassification to assets held for sale, net	(11)	1,208
Disposals	(231)	(11,110)
Fair value adjustments	(40)	261
Foreign currency translation	1	(290)
Acquisition of Foreign Investments	47	—
Other	(31)	(3)
Balance, end of period	\$ 311	\$ 576

At December 31, 2022, assets held for sale included three malls in the U.S., two hospitality assets in the U.S., and one office asset in the U.S.

In the first quarter of 2023, the partnership sold two hospitality assets in the U.S. and one mall in the U.S for net proceeds of approximately \$228 million.

At March 31, 2023, assets held for sale included six office assets in Belgium, three malls in the U.S., two hospitality assets in the U.S., one office asset in Germany, one office asset in Australia, and one office 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 11. DEBT OBLIGATIONS

The partnership's debt obligations include the following:

(US\$ Millions)	Mar. 31, 2023		Dec. 31, 2022	
	Weighted-average rate	Debt balance	Weighted-average rate	Debt balance
Unsecured facilities:				
Brookfield Property Partners' credit facilities	6.72 %	\$ 2,934	6.19 %	\$ 3,090
Brookfield Property Partners' corporate bonds	4.62 %	2,220	4.12 %	1,847
Brookfield Property Retail Holding LLC term debt	7.38 %	1,520	6.90 %	1,514
Brookfield Property Retail Holding LLC senior secured notes	5.20 %	1,695	5.20 %	1,695
Brookfield Property Retail Holding LLC corporate facility	7.63 %	315	7.17 %	320
Brookfield Property Retail Holding LLC junior subordinated notes	6.25 %	192	5.86 %	192
Subsidiary borrowings	6.74 %	88	7.10 %	458
Secured debt obligations:				
Funds subscription credit facilities ⁽¹⁾	6.73 %	3,537	6.19 %	4,177
Fixed rate	4.12 %	25,779	4.47 %	16,155
Variable rate	7.37 %	30,325	6.99 %	29,416
Deferred financing costs		(362)		(302)
Total debt obligations		\$ 68,243		\$ 58,562
Current		26,651		19,704
Non-current		41,592		38,858
Debt associated with assets held for sale		—		—
Total debt obligations		\$ 68,243		\$ 58,562

⁽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 2023-2024; however, approximately 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)	Mar. 31, 2023		Dec. 31, 2022	
	U.S. Dollars	Local currency	U.S. Dollars	Local currency
U.S. Dollars	\$ 43,736	\$ 43,736	\$ 44,049	\$ 44,049
Euros	7,552	€ 6,967	96	€ 90
British Pounds	5,664	£ 4,591	5,079	£ 4,203
Canadian Dollars	4,395	C\$ 5,941	4,027	C\$ 5,455
Brazilian Reais	1,847	R\$ 9,387	554	R\$ 2,888
Indian Rupee	1,816	Rs 148,834	1,777	Rs 146,860
South Korean Won	1,751	₩ 2,280,000	1,808	₩ 2,280,000
Australian Dollars	1,303	A\$ 1,949	1,300	A\$ 1,908
Chinese Yuan	412	C¥ 2,827	174	C¥ 1,204
Hong Kong Dollar	91	HK\$ 712	—	HK\$ —
Swedish Krona	38	SEK 395	—	SEK —
Deferred financing costs		(362)		(302)
Total debt obligations	\$ 68,243		\$ 58,562	

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

(US\$ Millions)	Non-cash changes in debt obligations								Mar. 31, 2023
	Dec. 31, 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	Acquisition of Foreign Investments ⁽¹⁾	Other	
Debt obligations	\$58,562	(1,198)	—	(56)	59	197	10,674	5	\$ 68,243

⁽¹⁾ See Note 28, Related Parties for further information on the Acquisition of Foreign Investments.

NOTE 12. CAPITAL SECURITIES

The partnership has the following capital securities outstanding as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Shares outstanding	Cumulative dividend rate	Mar. 31, 2023	Dec. 31, 2022
Operating Partnership Class A Preferred Equity Units:				
Series 2	24,000,000	6.50 %	\$ 578	\$ 575
Series 3	24,000,000	6.75 %	557	556
New LP Preferred Units ⁽¹⁾	19,273,654	6.75 %	474	474
Brookfield Property Split Corp. (“BOP Split”) Senior Preferred Shares:				
Series 1	805,559	5.25 %	20	21
Series 2	543,506	5.75 %	10	10
Series 3	640,578	5.00 %	12	12
Series 4	525,893	5.20 %	10	10
Rouse Properties L.P. (“Rouse”) Series A Preferred Shares	5,600,000	5.00 %	142	142
Subsidiary Preferred Shares and Capital - Alstria Prime Portfolio GmbH & Co. (“Alstria Office Prime”)	19,472,214	n/a ⁽²⁾	132	—
Brookfield India Real Estate Trust (“India REIT”)	155,003,656	n/a ⁽³⁾	467	456
Capital Securities – Fund Subsidiaries			468	577
Total capital securities			\$ 2,870	\$ 2,833
Current			491	600
Non-current			2,379	2,233
Total capital securities			\$ 2,870	\$ 2,833

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

⁽²⁾ The dividend rate pertaining to Alstria Office Prime is declared annually and is neither fixed or mandatory.

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

During the first quarter of 2021, Brookfield Corporation 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, BN shares, or New LP Preferred Units with a liquidation preference of \$25.00 per unit, subject to pro-rata. On July 26, 2021, BN completed the Privatization and the acquisition of all BPYU Units, par value \$.01 per share (“BPYU Units”) that it did not previously own. Capital securities includes \$474 million (December 31, 2022 - \$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 May 2, 2023, BOP Split declared quarterly dividends payable for the BOP Split Senior Preferred Shares.

Capital securities also includes \$142 million at March 31, 2023 (December 31, 2022 - \$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 \$132 million at March 31, 2023 (December 31, 2022 - n/a) which represents the equity from minority shareholders who are other limited partners in the subsidiary Alstria Office Prime. The equity of these limited partners is classified as a liability under IAS 32, rather than as non-controlling interest, due to each limited partner being contractually entitled to a severance payment equivalent to the NAV per share of the Alstria Office Prime, on their date of resignation.

Capital securities also includes \$467 million at March 31, 2023 (December 31, 2022 - \$456 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 \$437 million at March 31, 2023 (December 31, 2022 - \$545 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 \$31 million at March 31, 2023 (December 31, 2022 - \$32 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 October 31, 2025, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Venture for cash equivalent to the fair value of the interests.

At March 31, 2023, capital securities includes \$32 million (December 31, 2022 - \$33 million) repayable in Canadian Dollars of C\$43 million (December 31, 2022 - C\$45 million).

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

(US\$ Millions)	Dec. 31, 2022	Capital securities redeemed	Non-cash changes in capital securities			Mar. 31, 2023
			Fair value changes	Foreign currency translation	Acquisition of Foreign Investments	
Capital securities	\$ 2,833	(2)	(98)	7	130	\$ 2,870

NOTE 13. INCOME TAXES

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

The components of income tax expense include the following:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Current income tax	\$ 21	\$ 27
Deferred income tax	(80)	156
Income tax (benefit) expense	\$ (59)	\$ 183

The partnership’s income tax expense decreased for the three months ended March 31, 2023 compared to the prior year primarily due to a decrease in pre-tax income.

NOTE 14. OTHER NON-CURRENT LIABILITIES

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

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Accounts payable and accrued liabilities	\$ 703	\$ 824
Lease liabilities ⁽¹⁾	1,094	1,049
Derivative liabilities	483	371
Deferred revenue	19	21
Provisions	13	7
Loans and notes payables	66	171
Total other non-current liabilities	\$ 2,378	\$ 2,443

⁽¹⁾ For the three months ended March 31, 2023, interest expense relating to total lease liabilities (see Note 15, Accounts Payable And Other Liabilities for the current portion) was \$21 million (2022 - \$14 million).

NOTE 15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Accounts payable and accrued liabilities	\$ 3,810	\$ 2,852
Loans and notes payable	502	226
Deferred revenue	574	436
Derivative liabilities	540	167
Lease liabilities ⁽¹⁾	168	163
Other liabilities	30	33
Total accounts payable and other liabilities	\$ 5,624	\$ 3,877

⁽¹⁾ See Note 14, *Other Non-Current Liabilities*, for further information on the interest expense related to these liabilities.

NOTE 16. EQUITY

The partnership's capital structure is comprised of 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").

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.

General Partnership Units

There were 138,875 General Partnership Units outstanding at March 31, 2023 and December 31, 2022.

Limited Partnership Units

There were 313,571,436 and 298,985,982 Limited Partnership Units outstanding at March 31, 2023 and December 31, 2022, respectively.

b) Units of the operating partnership held by Brookfield Corporation**Redeemable/Exchangeable Partnership Units**

There were 554,619,688 and 529,473,303 Redeemable/Exchangeable Partnership Units outstanding at March 31, 2023 and December 31, 2022, respectively.

Special Limited Partnership Units

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

There were 5,675,155 and 4,759,997 Special LP Units outstanding at March 31, 2023 and December 31, 2022, respectively.

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 1,243,375 and 1,571,709 FV LTIP Units outstanding at March 31, 2023 and December 31, 2022, respectively.

d) Preferred Equity Units

The partnership's preferred equity consists of 7,360,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 1 at \$25.00 per unit at a coupon rate of 6.5%, 10,000,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 at \$25.00 per unit at a coupon rate of 6.375% and 11,500,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 at \$25.00 per unit at a coupon rate of 5.75%. At March 31, 2023, Preferred Equity Units had a total carrying value of \$699 million (December 31, 2022 - \$699 million).

e) 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 Mar. 31,	
	2023	2022
Limited Partners	\$ 105	\$ 105
Holder of:		
Redeemable/Exchangeable Partnership Units	185	184
Special LP Units	2	3
FV LTIP Units	1	1
Total	\$ 293	\$ 293
Per unit⁽¹⁾	\$ 0.3500	\$ 0.3500

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

NOTE 17. NON-CONTROLLING INTERESTS

Non-controlling interests consisted of the following:

(US\$ Millions)	Mar. 31, 2023	Dec. 31, 2022
Redeemable/Exchangeable Partnership Units and Special LP Units ⁽¹⁾	\$ 15,115	\$ 14,688
FV LTIP Units ⁽¹⁾	34	45
Interests of others in operating subsidiaries and properties:		
Preferred shares held by Brookfield Corporation ⁽²⁾	2,542	2,490
Preferred equity of subsidiaries	2,755	2,772
Non-controlling interests in subsidiaries and properties	15,573	12,822
Total interests of others in operating subsidiaries and properties	20,870	18,084
Total non-controlling interests	\$ 36,019	\$ 32,817

⁽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

⁽²⁾ See Note 28, Related Parties, for further information on the Manager Reorganization.

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

(US\$ Millions)	Jurisdiction of formation	Proportion of economic interests held by non-controlling interests			
		Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
BPO ⁽¹⁾	Canada	— %	— %	\$ 2,890	\$ 2,835
Corporate Holding Entities ⁽²⁾	Bermuda/Canada	— %	— %	5,002	5,033
U.S. Retail ⁽³⁾	United States	— %	— %	1,277	1,280
U.S. Manufactured Housing ⁽⁴⁾	United States	76 %	76 %	1,188	1,191
U.K. Student Housing ⁽⁴⁾	Bermuda	75 %	75 %	1,595	1,594
Korea Mixed-use ⁽⁴⁾	South Korea	78 %	78 %	926	936
U.K. Short Stay ⁽⁴⁾	United Kingdom	73 %	73 %	740	756
U.S. Hospitality ⁽⁴⁾	United States	77 %	77 %	678	724
U.S. Logistics	United States	77 %	77 %	639	434
Other	Various	33% - 89%	33% - 99%	5,935	3,301
Total				\$ 20,870	\$ 18,084

⁽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.

NOTE 18. COMMERCIAL PROPERTY REVENUE

The components of commercial property revenue are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Base rent	\$ 966	\$ 812
Straight-line rent	7	2
Lease termination	10	10
Other lease income ⁽¹⁾	193	170
Other revenue from tenants ⁽²⁾	310	261
Total commercial property revenue	\$ 1,486	\$ 1,255

⁽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.

NOTE 19. HOSPITALITY REVENUE

The components of hospitality revenue are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Room, food and beverage	\$ 496	\$ 270
Gaming and other leisure activities	39	35
Other hospitality revenue	30	8
Total hospitality revenue	\$ 565	\$ 313

NOTE 20. INVESTMENT AND OTHER REVENUE

The components of investment and other revenue are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Investment income	\$ 75	\$ 380
Fee revenue	68	74
Dividend income	8	8
Interest income and other	38	24
Total investment and other revenue	\$ 189	\$ 486

NOTE 21. DIRECT COMMERCIAL PROPERTY EXPENSE

The components of direct commercial property expense are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Property maintenance	\$ 198	\$ 180
Real estate taxes	185	147
Employee compensation and benefits	56	36
Depreciation and amortization	12	9
Lease expense ⁽¹⁾	4	3
Other	133	95
Total direct commercial property expense	\$ 588	\$ 470

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

NOTE 22. DIRECT HOSPITALITY EXPENSE

The components of direct hospitality expense are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Employee compensation and benefits	\$ 135	\$ 52
Cost of food, beverage, and retail goods sold	80	54
Maintenance and utilities	43	28
Depreciation and amortization	99	73
Marketing and advertising	24	9
Other	127	72
Total direct hospitality expense	\$ 508	\$ 288

NOTE 23. GENERAL AND ADMINISTRATIVE EXPENSE

The components of general and administrative expense are as follows:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Employee compensation and benefits	\$ 146	\$ 91
Management fees	76	70
Professional fees	38	21
Facilities and technology	14	10
Transaction costs	11	4
Other	47	36
Total general and administrative expense	\$ 332	\$ 232

NOTE 24. FAIR VALUE GAINS (LOSSES), NET

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

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Commercial properties	\$ (117)	\$ 831
Commercial developments	(2)	64
Incentive fees ⁽¹⁾	(11)	(32)
Financial instruments and other	77	407
Total fair values (losses) gains, net	\$ (53)	\$ 1,270

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

NOTE 25. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) consists of the following:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Items that may be reclassified to net income:		
Foreign currency translation		
Net unrealized foreign currency translation gains (losses) in respect of foreign operations	\$ 178	\$ (103)
Reclassification of realized foreign currency translation gains to net income on dispositions of foreign operations	—	17
(Losses) gains on hedges of net investments in foreign operations	(79)	55
	99	(31)
Cash flow hedges		
(Losses) gains on derivatives designated as cash flow hedges, net of income taxes for the three months ended Mar. 31, 2023 of \$2 million (2022 – \$(6) million)	(44)	101
	(44)	101
Equity accounted investments		
Share of unrealized foreign currency translation losses in respect of foreign operations	—	—
(Losses) gains on derivatives designated as cash flow hedges	(14)	53
	(14)	53
Items that will not be reclassified to net income:		
Unrealized losses on securities - FVTOCI, net of income taxes for the three months ended Mar. 31, 2023 of nil (2022 – \$(3) million)	(13)	(1)
Revaluation surplus, net of income taxes for the three months ended Mar. 31, 2023 of \$(2) million (2022 – \$0 million)	4	—
	(9)	(1)
Total other comprehensive income	\$ 32	\$ 122

NOTE 26. 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 Corporation announced the final close on the first BSREP fund, a global private fund focused on making opportunistic investments in commercial property. The partnership, as lead investor, committed approximately \$1.3 billion to the fund. As of March 31, 2023, there remained approximately \$147 million of uncontributed capital commitments.

In April 2016, Brookfield Corporation announced the final close on the second BSREP fund to which the partnership had committed \$2.3 billion as lead investor. As of March 31, 2023, there remained approximately \$645 million of uncontributed capital commitments.

In November 2017, Brookfield Corporation announced the final close on the fifth Brookfield Real Estate Finance Fund ("BREF") to which the partnership had committed \$400 million. As of March 31, 2023, there remained approximately \$155 million of uncontributed capital commitments.

In September 2018, Brookfield Corporation announced the final close on the third Brookfield Fairfield U.S. Multifamily Value Add Fund to which the partnership had committed \$300 million. As of March 31, 2023, there remained approximately \$150 million of uncontributed capital commitments.

In January 2019, Brookfield Corporation announced the final close on the third BSREP fund to which the partnership had committed \$1.0 billion. As of March 31, 2023, there remained approximately \$220 million of uncontributed capital commitments.

In December 2022, Brookfield Corporation announced the final close on the fourth BSREP fund to which the partnership has committed \$3.5 billion. As of March 31, 2023, there remained approximately \$2.3 billion of uncontributed capital commitments. Refer to Note 28, *Related Parties* for further information.

In October of 2020, Brookfield Corporation announced the final close on the Brookfield European Real Estate Partnership fund to which the partnership has committed €100 million (\$108 million). As of March 31, 2023, there remained approximately nil 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 27. 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, 2022. Please refer to Note 31, *Financial Instruments* in the December 31, 2022 annual report on Form 20-F for a detailed description of the partnership's financial risk exposure and risk management activities.

Interest Rate Hedging

The following table provides the partnership's outstanding derivatives that are designated as cash flow hedges of variability in interest rates associated with forecasted fixed rate financings and existing variable rate debt as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Mar. 31, 2023	Interest rate caps of US\$ LIBOR debt	\$ 1,639	2.5% - 4.9%	May 2023 - Nov. 2024	\$ 12
	Interest rate caps of US\$ SOFR debt	5,926	1.0% - 6.0%	Aug. 2023 - Mar. 2025	72
	Interest rate swaps of US\$ SOFR debt	11,040	3.3% - 4.2%	Sep. 2024 - Dec. 2027	(24)
	Interest rate caps of £ SONIA debt	1349	1.0% - 7.0%	Oct. 2023 - Mar. 2025	43
	Interest rate swaps of £ SONIA debt	887	2.7% - 4.3%	Jan. 2024 - Jan. 2025	17
	Interest rate caps of € EURIBOR debt	97	1.5%	Apr. 2023	—
	Interest rate caps of €STR debt	383	1.9%	Mar. 2023 - Oct. 2024	9
	Interest rate swaps of € EURIBOR debt	631	1.8% - 1.9%	Sep. 2027 - Sep. 2028	31
	Interest rate caps of C\$ LIBOR debt	240	4.0%	Oct. 2024	2
	Interest rate swaps of AUD BBSW/BBSY debt	129	5.3% - 5.8%	Apr. 2024	—
	Other interest rate derivatives	20	0.4% - 6.6%	Dec. 2027	—
Dec. 31, 2022	Interest rate caps of US\$ LIBOR debt	\$ 2,042	2.5% - 5.0%	May 2023 - Apr. 2027	\$ 20
	Interest rate caps of US\$ SOFR debt	3,989	1.0% - 6.0%	Aug. 2023 - Nov. 2024	74
	Interest rate swaps of US\$ SOFR debt	2,500	3.7%	Dec. 2027	3
	Interest rate caps of £ SONIA debt	1,024	1.0% - 2.5%	Jul. 2024 - Mar. 2025	41
	Interest rate swaps of £ SONIA debt	804	2.7%	Jan. 2023 - Jul. 2024	20
	Interest rate caps of € EURIBOR debt	96	1.3%	Apr. 2023	—
	Interest rate caps of C\$ LIBOR debt	177	4.0%	Oct. 2024	2
	Interest rate swaps of AUD BBSW/BBSY debt	132	5.3% - 5.8%	Apr. 2024	—

For the three months ended March 31, 2023, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's interest rate hedging activities was nil (2022 - nil).

Foreign Currency Hedging

The following table provides the partnership's outstanding derivatives that are designated as net investments of foreign subsidiaries or foreign currency cash flow hedges as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Mar. 31, 2023	Net investment hedges	€ 2,083	€0.90/\$ - €1.19/\$	Jun. 2023 - Dec. 2025	\$ (255)
	Net investment hedges	£ 1,436	£0.79/\$ - £1.24/\$	Jun. 2023 - Jul. 2023	(297)
	Net investment hedges	A\$ 57	A\$0.63/\$ - A\$1.55/\$	May. 2023 - Dec. 2023	(7)
	Net investment hedges	C¥ 2,966	C¥6.54/\$ - C¥6.99/\$	Jun. 2023 - Mar. 2025	(17)
	Net investment hedges	R\$ 2,287	R\$5.81/\$ - R\$7.37/\$	May. 2023 - Dec. 2024	(71)
	Net investment hedges	¥ 820,473	¥1,214.55/\$ - ¥1,410.00/\$	Jun. 2024 - Jan. 2025	(18)
	Net investment hedges	Rs 71,714	Rs81.31/\$ - Rs89.84/\$	May. 2023 - Sep. 2024	(16)
	Net investment hedges	HKD 670	HKD7.78/\$ - HKD7.84/\$	Mar. 2024 - Jan. 2026	—
	Net investment hedges	£ 375	£0.86/€ - £0.86/€	Sep. 2023 - Jul. 2024	(14)
	Net investment hedges	SEK 1,142	SEK10.15/\$ - SEK11.01/\$	Dec. 2023 - Mar. 2026	(2)
	Cross currency swaps of C\$ LIBOR debt	C\$ 3,000	C\$1.25/\$ - C\$1.38/\$	Jul. 2023 - Feb. 2028	(51)
Dec. 31, 2022	Net investment hedges	€ 105	€0.91/\$ - €1.02/\$	Feb. 2023 - Dec. 2025	\$ (7)
	Net investment hedges	£ 1,319	£0.76/\$ - £0.93/\$	Jan. 2023 - Jul. 2023	(243)
	Net investment hedges	A\$ —	A\$1.49/\$ - A\$1.55/\$	May. 2023	(1)
	Net investment hedges	C¥ 2,703	C¥6.59/\$ - C¥6.99/\$	Jun. 2023 - Mar. 2025	(9)
	Net investment hedges	R\$ 908	R\$6.24/\$ - R\$7.00/\$	May. 2023 - Dec. 2024	(22)
	Net investment hedges	¥ 820,473	¥1,283.60/\$ - ¥1,410.00/\$	Jan. 2023 - Nov. 2024	(42)
	Net investment hedges	Rs 84,251	Rs79.40/\$ - Rs89.84/\$	Mar. 2023 - Jul. 2024	(5)
	Net investment hedges	£ 374	£0.86/€	Jul. 2023	(16)
	Cross currency swaps of C\$ LIBOR debt	C\$ 2,500	C\$1.25/\$ - C\$1.38/\$	Jul. 2023 - Jan. 2027	(45)

For the three months ended March 31, 2023 and 2022, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's foreign currency hedging activities was not significant.

Other Derivatives

The following table presents details of the partnership's other derivatives, not designated as hedges for accounting purposes, that have been entered into to manage financial risks as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Derivative type	Notional	Rates	Maturity dates	Fair value
Mar. 31, 2023	Interest rate caps	\$ 7,765	0.3% - 6.0%	Apr. 2023 - Nov. 2032	\$ 23
	Interest rate swaps on forecasted fixed rate debt	335	3.6% - 5.3%	Jun. 2023 - Jun. 2033	(28)
	Interest rate swaps of US\$ debt	1,524	3.0% - 4.5%	Jan. 2024 - Jul. 2040	104
Dec. 31, 2022	Interest rate caps	\$ 7,622	2.0% - 6.0%	Jan. 2023 - Nov. 2032	\$ 30
	Interest rate swaps on forecasted fixed rate debt	335	3.6% - 5.3%	Jun. 2033	(21)

For the three months ended March 31, 2023, the partnership recognized fair value gains, net of nil (2022 - nil), related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

b) Measurement and classification of financial instruments

Classification and Measurement

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

(US\$ Millions)	Classification and measurement basis	Mar. 31, 2023		Dec. 31, 2022	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans and notes receivable	Amortized cost	\$ 807	\$ 807	\$ 686	\$ 686
Other non-current assets					
Securities - FVTPL	FVTPL	2,586	2,586	2,523	2,523
Derivative assets	FVTPL	375	375	170	170
Accounts receivable	Amortized cost	505	505	69	69
Securities - FVTOCI	FVTOCI	70	70	464	464
Restricted cash	Amortized cost	556	556	584	584
Current assets					
Securities - FVTOCI	FVTOCI	30	30	36	36
Derivative assets	FVTPL	140	140	124	124
Accounts receivable ⁽¹⁾	Amortized cost	1,027	1,027	787	787
Restricted cash	Amortized cost	373	373	342	342
Cash and cash equivalents	Amortized cost	2,916	2,916	4,020	4,020
Total financial assets		\$ 9,385	\$ 9,385	\$ 9,805	\$ 9,805
Financial liabilities					
Debt obligations ⁽²⁾	Amortized cost	\$ 68,243	\$ 66,969	\$ 58,562	\$ 57,790
Capital securities	Amortized cost	2,402	2,402	2,256	2,256
Capital securities - fund subsidiaries	FVTPL	468	468	577	577
Other non-current liabilities					
Loan payable	Amortized cost	66	66	171	171
Accounts payable	Amortized cost	703	703	824	824
Derivative liabilities	FVTPL	483	483	371	371
Accounts payable and other liabilities					
Accounts payable and other ⁽³⁾	Amortized cost	3,810	3,810	2,852	2,852
Loans and notes payable	Amortized cost	502	502	226	226
Derivative liabilities	FVTPL	540	540	167	167
Total financial liabilities		\$ 77,217	\$ 75,943	\$ 66,006	\$ 65,234

⁽¹⁾ Includes other receivables associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of nil and nil as of March 31, 2023 and December 31, 2022, respectively.

⁽²⁾ Includes debt obligations associated with assets classified as held for sale on the condensed consolidated balance sheet in the amount of nil and nil as of March 31, 2023 and December 31, 2022, 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 nil and nil as of March 31, 2023 and December 31, 2022, respectively.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Fair value measurement establishes a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Quoted market prices (unadjusted) in active markets represent a Level 1 valuation. When quoted market prices in active markets are not available, the partnership maximizes the use of observable inputs

within valuation models. When all significant inputs are observable, either directly or indirectly, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3, which reflect the partnership's market assumptions and are noted below. This hierarchy requires the use of observable market data when available.

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

(US\$ Millions)	Mar. 31, 2023				Dec. 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Securities - FVTPL	\$ 13	\$ 305	\$ 2,268	\$ 2,586	\$ 10	\$ 305	\$ 2,208	\$ 2,523
Securities - FVTOCI	30	—	70	100	36	—	69	105
Derivative assets	—	515	—	515	—	294	—	294
Total financial assets	\$ 43	\$ 820	\$ 2,338	\$ 3,201	\$ 46	\$ 599	\$ 2,277	\$ 2,922
Financial liabilities								
Capital securities - fund subsidiaries	\$ —	\$ —	\$ 468	\$ 468	\$ —	\$ —	\$ 577	\$ 577
Derivative liabilities	40	983	—	1,023	—	538	—	538
Total financial liabilities	\$ 40	\$ 983	\$ 468	\$ 1,491	\$ —	\$ 538	\$ 577	\$ 1,115

For the year ended December 31, 2022, 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 March 31, 2023 is \$13 million (December 31, 2022 - \$10 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 March 31, 2023 and December 31, 2022:

(US\$ Millions)	Mar. 31, 2023		Dec. 31, 2022	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Balance, beginning of period	\$ 2,277	\$ 577	\$ 2,060	\$ 859
Acquisitions	37	—	353	—
Dispositions	(15)	—	(222)	—
Fair value gains (losses), net and OCI	17	(109)	86	(292)
Acquisition of Foreign Investments	22	—	0	0
Other	—	—	—	10
Balance, end of period	\$ 2,338	\$ 468	\$ 2,277	\$ 577

NOTE 28. 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 Corporation. Other related parties of the partnership include Brookfield Corporation'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 Corporation. 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 months ended March 31, 2023, the partnership paid a base management fee of \$50 million (2022 - \$55 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 Corporation 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 Corporation 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)	Mar. 31, 2023	Dec. 31, 2022
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	\$ (145)	\$ (110)
Loans and notes receivable	251	273
Property-specific debt obligations	(2,226)	(2,429)
Loans and notes payable and other liabilities	(868)	(721)
Preferred shares held by Brookfield Corporation	(2,542)	(2,490)
Brookfield Corporation interest in Canholdco	(1,689)	(1,759)

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
Transactions with related parties:		
Commercial property revenue ⁽¹⁾	\$ 33	\$ 8
Management fee income	79	21
Interest expense on debt obligations	23	4
General and administrative expense ⁽²⁾	86	81
Construction costs ⁽³⁾	16	24
Return of capital distributions on Brookfield Corporation's interest in Canholdco	—	118
Distributions on Brookfield Corporation's interest in Canholdco	28	28
Capital calls funded by Brookfield Reinsurance ⁽⁴⁾	36	—
Incentive fees	11	32

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

⁽²⁾ Includes amounts paid to Brookfield Corporation 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 Corporation and its subsidiaries for construction costs of development properties.

⁽⁴⁾ Brookfield Reinsurance, which is consolidated by the partnership, has an additional commitment in BSREP IV.

On December 9, 2022, Brookfield Corporation completed the distribution of 25% of its asset management business. In advance of the Manager Distribution, a reorganization took place within Brookfield Corporation whereby the partnership redeemed \$1 billion of preferred units issued by a subsidiary of the partnership and acquired certain LP interests in several real estate funds and other investment interests from the Corporation ("Manager Reorganization") for net consideration of \$2,475 million through the issuance of Class D junior preferred shares, Series 1 and 2 of a subsidiary of the partnership, Brookfield BPY Holdings Inc. ("CanHoldco Class D Junior Preferred Shares"), to the Corporation. The LP interests and other investment interests acquisitions, including related working capital balances acquired, were accounted for as a business acquisition under common control, as discussed in Note 2 to the partnership's consolidated financial statements for the year ended December 31, 2022, whereby the partnership records assets and liabilities recognized as a result of transfers of businesses or subsidiaries between entities under common control at carrying value. Differences between the consideration given or received and the carrying amount of the assets and liabilities transferred are recorded within ownership changes in equity.

On January 1, 2023, the partnership acquired a 23% LP interest in the foreign investments owned by BSREP IV from the Corporation ("Acquisition of Foreign Investments") for consideration of \$588 million through the issuance of a non-interest bearing note. In February 2023, there was a \$530 million capital call in respect to BSREP IV US and foreign investments. The partnership repaid the non-interest bearing note and funded the capital call through the issuance of LP Units, Special LP Units and REUs to the Corporation. After the transaction, the LP interest in BSREP IV US and foreign investments previously held by the Corporation are held solely by the partnership.

NOTE 29. 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. 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").

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

c) Reportable segment measures

The following summaries present certain financial information regarding the partnership's operating segments for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Total revenue		FFO	
	2023	2022	2023	2022
Three months ended Mar. 31,				
Core Office	\$ 497	\$ 568	\$ 17	\$ 139
Core Retail	389	394	102	168
LP Investments	1,303	1,092	(30)	65
Corporate	51	—	(188)	(174)
Total	\$ 2,240	\$ 2,054	\$ (99)	\$ 198

The following summaries presents the detail of total revenue from the partnership's operating segments for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 328	\$ 112	\$ 8	\$ 49	\$ 497
Core Retail	287	69	—	33	389
LP Investments	561	97	557	88	1,303
Corporate	—	32	—	19	51
Total	\$ 1,176	\$ 310	\$ 565	\$ 189	\$ 2,240

(US\$ Millions)	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	Total revenue
Core Office	\$ 339	\$ 133	\$ 4	\$ 92	\$ 568
Core Retail	285	66	—	43	394
LP Investments	373	59	309	351	1,092
Corporate	—	—	—	—	—
Total	\$ 997	\$ 258	\$ 313	\$ 486	\$ 2,054

The following summaries presents share of net earnings from equity accounted investments and interest expense from the partnership's operating segments for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Share of net earnings from equity accounted investments		Interest expense	
	2023	2022	2023	2022
Three months ended Mar. 31,				
Core Office	\$ 10	\$ 217	\$ (212)	\$ (147)
Core Retail	38	164	(193)	(144)
LP Investments	(24)	(1)	(662)	(238)
Corporate	—	—	(100)	(71)
Total	\$ 24	\$ 380	\$ (1,167)	\$ (600)

The following summary presents information about certain consolidated balance sheet items of the partnership, on a segmented basis, as of March 31, 2023 and December 31, 2022:

(US\$ Millions)	Total assets		Total liabilities		Equity accounted investments	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Core Office	\$ 33,963	\$ 34,039	\$ 17,369	\$ 17,581	\$ 8,581	\$ 8,547
Core Retail	30,325	30,363	13,808	13,850	9,695	9,674
LP Investments	63,203	47,458	44,619	32,146	2,049	1,722
Corporate	667	656	7,181	7,202	—	—
Total	\$ 128,158	\$ 112,516	\$ 82,977	\$ 70,779	\$ 20,325	\$ 19,943

The following summary presents a reconciliation of FFO to net income for the three months ended March 31, 2023 and 2022:

(US\$ Millions)	Three months ended Mar. 31,	
	2023	2022
FFO⁽¹⁾	\$ (99)	\$ 198
Depreciation and amortization of real estate assets	(81)	(52)
Fair value (loss) gains, net	(53)	1,270
Share of equity accounted (loss) income - non-FFO	(132)	192
Income tax expense	59	(183)
Non-controlling interests of others in operating subsidiaries and properties – non-FFO	74	(723)
Net (loss) income attributable to unitholders⁽²⁾	(232)	702
Non-controlling interests of others in operating subsidiaries and properties	(162)	990
Net (loss) income	\$ (394)	\$ 1,692

⁽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 income statements.

⁽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 income statements.

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

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

1. Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Property Partners L.P. (the “issuer”) for the interim period ended March 31, 2023.

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

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

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

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

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

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

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

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2023 and ended on March 31, 2023 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: May 5, 2023

/s/ Brian W. Kingston

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

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

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

1. Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Property Partners L.P. (the “issuer”) for the interim period ended March 31, 2023.

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

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

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

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

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

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

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

5.3 Limitation on scope of design: N/A

6. Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2023 and ended on March 31, 2023 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: May 5, 2023

/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