

Illustration for Canadian Tax Purposes of Income Allocation and Gains on BPY Units Sold on Privatization

Inputs																	
Total BPY Units Disposed of for Illustration Purposes	1,000																
Adjusted Cost Base ("ACB") of BPY Units at 1/1/2021	20,20210																
Q1 2021 Distribution on BPY Units	0.42178																
Capital Loss (Box 151) Allocated to Each BPY Unit Sold (Before Special Allocation)	(0.02097)																
Special Capital Gain (Box 151) Allocated on Units Sold to BPY for Cash	1.18788																
Taxable Income Allocated to Each BPY Unit Sold - Sum of:																	
Box 128 - Interest Income	0.06282																
Box 135 - Foreign Dividend and Interest Income	0.06345																
Box 146 - Other Investment Income	0.16170																
Box 210 - Carrying Charges	(0.05720)																
Total Taxable Income (other than capital gains/losses) Allocated to Each BPY Unit Sold	0.23077																
Bank of Canada Exchange Rate - July 26, 2021	1.25490																
Cash Proceeds of Disposition ("POD") USD	18.17																
POD for each BPY Unit sold for BAM Shares = 5 Day VWAP at July 26 of CAD 63.1859 x the 0.4006 ratio of BAM Shares	25.31																
POD for BPY Units sold for Cash = US\$18.17 x 1.2549 Bank of Canada FX rate for July 26, 2021	22.80																
POD for each BPY Unit sold for New LP units = US\$18.17 x 1.2549 Bank of Canada FX rate for July 26, 2021	22.80																
Unitholder Elected to Receive as Consideration																	
	<table border="1"> <thead> <tr> <th>100% BAM Shares (with proration)</th> <th>Default Consideration (with proration)</th> <th>100% Cash</th> <th>100% New LP Units</th> </tr> </thead> <tbody> <tr> <td>Percentage of BPY Units sold for BAM Shares</td> <td>54.53%</td> <td>22.80%</td> <td></td> </tr> <tr> <td>Percentage of BPY Units sold for Cash</td> <td>42.31%</td> <td>68.16%</td> <td>100%</td> </tr> <tr> <td>Percentage of BPY Units sold for New LP units</td> <td>3.16%</td> <td>9.04%</td> <td>100%</td> </tr> </tbody> </table>	100% BAM Shares (with proration)	Default Consideration (with proration)	100% Cash	100% New LP Units	Percentage of BPY Units sold for BAM Shares	54.53%	22.80%		Percentage of BPY Units sold for Cash	42.31%	68.16%	100%	Percentage of BPY Units sold for New LP units	3.16%	9.04%	100%
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Brookfield Property Partners L.P.				
<p>This example shows how a BPY Unitholder's gain on the sale of BPY Units pursuant to the Plan of Arrangement is affected by adjusted cost base ("ACB") adjustments for current year income allocated to the Unitholder. It features a hypothetical sale of 1,000 BPY Units under four scenarios: (i) Unitholder elects 100% BAM shares; (ii) Unitholder does not actually elect (default consideration); (iii) Unitholder elects 100% cash; and (iv) Unitholder elects 100% New LP units. Given the overelection for BAM shares, unitholders that elected BAM shares or Default Consideration had their consideration pro-rated as per below. This example assumes that the unitholder owned its BPY units since BPY's inception, did not own preferred units of BPY and did not elect to transfer units to BAM on a rollover basis. Unitholders should consult their own advisors to analyze their respective circumstances.</p>				
Unitholder Elected to Receive as Consideration				
	100% BAM Shares (with proration)	Default Consideration (with proration)	100% Cash	100% New LP Units
Number of BPY Units Sold for Each Type of Consideration				
A. Number of BPY Units sold for BAM Shares	545.32	228.00	-	-
B. Number of BPY Units sold to BPY for cash	423.10	681.60	1,000.00	-
C. Number of BPY Units sold for New LP units	31.59	90.40	-	1,000.00
Total Number of BPY Units sold pursuant to the Plan of Arrangement	1,000.00	1,000.00	1,000.00	1,000.00
ACB Increase to BPY Units for Current Year Income Allocation				
Special Capital Gains allocation to each BPY Unit sold to BPY for cash	1.187876	1.187876	1.187876	1.187876
BPY Units sold to BPY for Cash	423.10	681.60	1,000.00	-
Amount of Income Allocated to BPY Units				
D. Special Capital Gains (Box 151) Allocation - For each BPY Unit sold to BPY for Cash (Amount B above) x \$1.187876	502.59	809.66	1,187.88	-
E. Capital Loss (Box 151) of \$0.02097 per BPY Unit (x 1,000 Units)	(20.97)	(20.97)	(20.97)	(20.97)
F. Taxable Income (other than capital gains/losses) of \$0.23077 per BPY Unit (x 1,000 Units)	230.77	230.77	230.77	230.77
G. Income and Capital Gains Allocated to Unit Holders	712.39	1,019.46	1,397.68	209.80
ACB/Unit Increase per BPY Unit Sold Last on July 26, 2021				
Total income and capital gains allocated (Amount G above)	712.39	1,019.46	1,397.68	209.80
Number of BPY Units sold to BPY for Cash or exclusively for New LP units (Amount B above)	423.10	681.60	1,000.00	1,000.00
(G/B)	1.68	1.50	1.40	0.21
Net Impact of Special Capital Gains Allocation				
Increase to taxable income for special capital gains allocation (D x 50%)	251.29	404.83	593.94	-
Reduction to capital gain on taxable sale of BPY Units owing to ACB increase (D x 50%)	(251.29)	(404.83)	(593.94)	-
Net Impact of Special Capital Gains Allocation	-	-	-	-
I. ACB of BPY Shares at January 1, 2021 held since the original distribution of BPY Units in 2013	20,2021	20,2021	20,2021	20,2021
J. Less Q1 2021 distribution on BPY Units	0.42178	0.42178	0.42178	0.42178
K. ACB of BPY Units held since BPY's inception prior to the Plan of Arrangement (I-J)	19,78032	19,78032	19,78032	19,78032
ACB of Units Sold For Each Type of Consideration				
ACB: BPY Units sold for BAM Shares (Amount K above)	19,78032	19,78032	-	-
ACB: BPY Units sold to BPY for Cash (K + H)	21.46	21.28	21.18	-
ACB: BPY Units sold for New LP Units (K, unless K+H if BPY Units sold exclusively for New LP units)	19,78032	19,78032	19,78032	19,99012

Sample Capital Gain Calculation Under Each of the Four Hypothetical Scenarios

100% BAM Shares	Number of BPY Units Disposed	Proceeds for Each Unit Disposed	POD	ACB	Income / Gains
Consideration for BPY Units sold: BAM Shares	545.32	25.31	13,803.19	10,786.52	3,016.66
Consideration for BPY Units sold: Cash	423.10	22.80	9,647.26	9,081.38	565.88
Consideration for BPY Units sold: New LP units	31.59	22.80	720.23	624.80	95.43
Capital Loss (Box 151) of \$.02097 per BPY Unit (x 1,000 Units) (Amount E)					(20.97)
Special Capital Gains (Box 151) Allocation (Amount D)					502.59
Taxable Capital Gain					2,079.79
Taxable Income for the Year (Other than Capital Gains/Losses)					230.77
Total	1,000.00		24,170.68	20,492.71	2,310.56

Default Consideration	Number of BPY Units Disposed	Proceeds for Each Unit Disposed	POD	ACB	Income / Gains
Consideration for BPY Units sold: BAM Shares	228.00	25.31	5,771.20	4,509.91	1,261.28
Consideration for BPY Units sold: Cash	681.60	22.80	15,541.52	14,501.72	1,039.80
Consideration for BPY Units sold: New LP units	90.40	22.80	2,061.26	1,788.14	273.12
Capital Loss (Box 151) of \$.02097 per BPY Unit (x 1,000 Units) (Amount E)					(20.97)
Special Capital Gains (Box 151) Allocation (Amount D)					809.66
Taxable Capital Gain					1,681.45
Taxable Income for the Year (Other than Capital Gains/Losses)					230.77
Total	1,000.00		23,373.98	20,799.78	1,912.22

100% Cash	Number of BPY Units Disposed	Proceeds for Each Unit Disposed	POD	ACB	Income / Gains
Consideration for BPY Units sold: BAM Shares			-		-
Consideration for BPY Units sold: Cash	1,000.00	22.80	22,801.53	21,178.00	1,623.54
Consideration for BPY Units sold: New LP units			-		-
Capital Loss (Box 151) of \$.02097 per BPY Unit (x 1,000 Units) (Amount E)					(20.97)
Special Capital Gains (Box 151) Allocation (Amount D)					1,187.88
Taxable Capital Gain					1,395.22
Taxable Income for the Year (Other than Capital Gains/Losses)					230.77
Total	1,000.00		22,801.53	21,178.00	1,625.99

100% New LP Units	Number of BPY Units Disposed	Proceeds for Each Unit Disposed	POD	ACB	Income / Gains
Consideration for BPY Units sold: BAM Shares			-		-
Consideration for BPY Units sold: Cash			-		-
Consideration for BPY Units sold: New LP units	1,000.00	22.80	22,801.53	19,990.12	2,811.41
Capital Loss (Box 151) of \$.02097 per BPY Unit (x 1,000 Units) (Amount E)					(20.97)
Special Capital Gains (Box 151) Allocation (Amount D)					-
Taxable Capital Gain					1,395.22
Taxable Income for the Year (Other than Capital Gains/Losses)					230.77
Total	1,000.00		22,801.53	19,990.12	1,625.99