

BPY Privatization – Tax Q&A

For U.S. unitholders

1. Is the disposition of BPY units a taxable transaction?
 - Generally, the disposition of BPY units is a taxable transaction.
 - If the person only owns BPY common units, the disposition will be a fully taxable transaction (i.e., the person will recognize gain or loss).
 - If the person owns BPY preferred and common units, the disposition of partnership units sold for non-cash consideration will be fully taxable. The disposition of shares for cash will result in gain recognition to the extent such cash exceeds the combined basis of the partner's remaining common and preferred basis; however, loss will not be recognized as the residual tax basis would remain with the partner's BPY preferred units.
2. Am I eligible for a tax deferred transfer of my BPY units for BAM shares and how do I complete this?
 - No
3. What are the proceeds of disposition for tax purposes of my BPY units?
 - The proceeds of disposition would be: (a) for BPY units sold for cash, the amount of the cash; (b) for BPY units sold in exchange for New LP units, the liquidation value of \$25 per unit; and (c) for BPY units sold in exchange for BAM shares, the fair market value (FMV) of the BAM shares. US tax rules do not specify the precise method to determine FMV of property, as such you should consult your tax advisor.
4. What will be the tax cost base of the New LP units and BAM shares that I receive?
 - The tax cost base of the New LP units should be FMV at the time of the exchange.
 - The tax cost base for BAM shares should be the FMV of the BAM shares received as described Number 3 above.
5. How will the distributions from New LP be taxed?
 - The distributions from New LP are expected to be 100% taxable as guaranteed payment income.
6. What tax slip will New LP unitholders receive?
 - New LP unitholders will receive an annual K-1.
7. Will distributions from New LP be subject to withholding tax?
 - We expect that US shareholders would not be subject to withholding tax on New LP distributions provided they provide their broker proper documentation.
8. How will dividends from the BAM shares be taxed?
 - Dividends from BAM received by individuals should be treated as eligible dividends. Refer to the Tax section on BAM's web site for more details.
9. What tax slips will BAM shareholders receive?
 - BAM shareholders will receive a 1099-DIV from their broker.