2016 ANNUAL REPORT

Brookfield Property Partners L.P.

Brookfield

Brookfield Property Partners ("BPY") provides a unique opportunity to own iconic real estate assets in the world's most dynamic markets, and to invest with one of the most successful property investors through the public equity markets

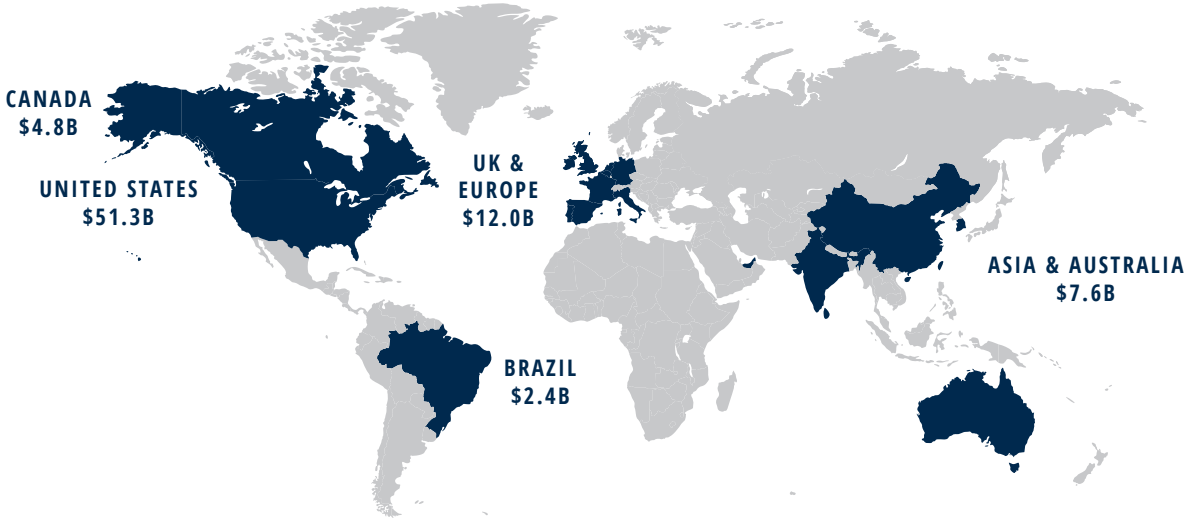
$78B	$22B	$16B	5%
TOTAL ASSETS	UNITHOLDER EQUITY	MARKET CAPITALIZATION	CASH YIELD

Our Goal

To be the leading global owner and operator of high-quality real estate, generating an attractive total return for our unitholders comprised of:

- *Current yield supported by stable cash flow from a diversified portfolio of assets*
- *5% to 8% annual distribution growth*
- *Capital appreciation of our asset base*

Total Assets by Region



Unique Drivers of Growth

1 **Strong global operating capabilities** enable us to acquire real estate in need of leasing, capital or repositioning, to generate **core-plus returns**

2 Extensive development pipeline assembled over time in **high-value, supply-constrained markets**

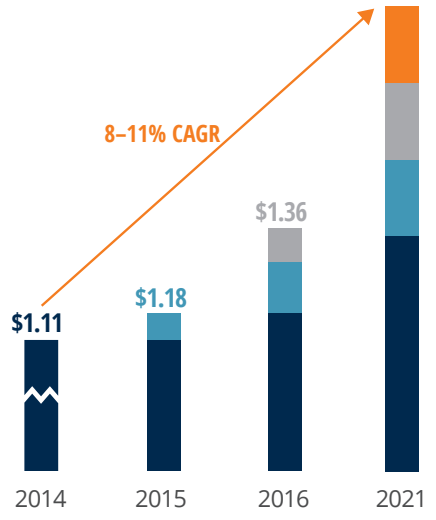
3 Access to **opportunistic real estate returns** through ability to invest in Brookfield-sponsored real estate funds

Proven Investment Approach

- *Value-oriented, counter-cyclical investors*
- *Specialize in executing multi-faceted transactions that allow us to acquire high-quality assets at a discount to replacement cost*
- *Leverage our operating platforms to enhance the value of our investments*
- *Flexibility to allocate capital to the sectors and geographies with the best risk-adjusted returns*
- *Continually recycle capital from stabilized assets to higher-yielding assets in order to build long-term value for unitholders*

Future Drivers of Growth

Same-property growth of 2-3%
Reinvestment of capital at higher returns
Contributions from active developments



COMPANY FFO / UNIT

Investment Portfolio Characteristics

CORE OFFICE — **142** premier office properties totaling **99 million square feet** (MSF) in gateway markets around the world, as well as **11 MSF** of core office and multifamily development projects currently underway

CORE RETAIL — **127** best-in-class retail properties totaling **125 MSF** throughout the United States

OPPORTUNISTIC — High-quality assets with operational upside across multifamily, industrial, hospitality, triple net lease, self-storage and student housing sectors

99 MSF
CORE OFFICE

11 MSF
DEVELOPMENT

125 MSF
CORE RETAIL

Core Office and Core Retail

- *Currently 80% of BPY's balance sheet*
- *Invested in high-quality, well-located trophy assets and development projects*

TARGETING
10%-12%
TOTAL RETURNS

Opportunistic

- *Currently 20% of BPY's balance sheet*
- *Invested in mispriced portfolios and/or properties with significant value-add*

TARGETING
20%
TOTAL RETURNS

Dear Unitholders,

We continued to generate solid financial results in 2016, meaningfully growing earnings and increasing our distribution to enhance the cash returns for our unitholders. The partnership generated Company FFO of $967 million or $1.36 per unit for the year, a 15% increase over 2015. This growth in earnings is derived primarily from strong operating performance in our core office and retail segments, as well as new investments made in our opportunistic investing strategy.

Given this increase in cash flow, our Board of Directors has approved a 5.4% distribution increase for 2017, in-line with our target annual distribution growth of 5 to 8%. More importantly, we have been bringing on cash flows from developments and reducing the payout ratio. In 2014, we had a payout ratio of approximately 90% and are now at 82%, close to our target of 80%. As a result, going forward we should be able to grow our distribution at a similar rate as our cash flow.

Strategy & Goals

Over the course of 2016, we have been focused on four strategic priorities:

Enhance the Flexibility of our Balance Sheet: Early in the year, we achieved a BBB corporate credit rating from S&P. This investment-grade rating facilitated the refinancing of our revolving corporate credit facility with a consortium of banks, upsizing its capacity from $2.0 to $2.5 billion while reducing interest expense by 55 basis points and extending its maturity to 2019. We also issued C$200 million of perpetual preferred shares into the Canadian market to refinance shorter-term capital securities, and we reduced corporate debt by a significant amount to further improve access to liquidity.

Recycle Capital from Mature Assets to Fund Growth: Over the course of the year, we successfully raised approximately $3 billion of net equity from core office and retail asset sales at attractive valuations. The majority of these transactions – which include properties in New York, London, Sydney, Las Vegas, Washington, DC and Vancouver, were executed at cap rates between 3 and 5%. Proceeds were deployed into various initiatives, including debt repayment, new investments, development spending and unit buybacks.

Increase Occupancy in Our Core Office and Retail Portfolios: We achieved significant leasing volumes in our core businesses which reduced near-term maturities and improved future earnings, with leases signed at average rents 14% and 20% higher than expiring leases, respectively, for our office and retail businesses.

Repurchase our Units: Repurchasing our units offered a compelling investment opportunity in 2016 and we bought back approximately 2.8 million units at an average price of $21.35. This represented a discount of approximately 30% to both our IFRS value per unit and analyst consensus NAV, which will provide very high returns on the capital we invested.

Operating Report

CORE OFFICE

Company FFO from our core office operations was $630 million for the year, a 3% increase over the prior year. This increase in earnings is attributable to same-property NOI growth of 6.6%, most notably at Brookfield Place New York which generated an incremental $85 million in net operating income in 2016. This growth was offset by asset sales and the conversion of foreign income into our U.S. dollar-reported results.

Occupancy finished the year at 92.3%, consistent with 2015, on 8.2 million square feet of total leasing. Leases were signed during the year at average rents 14% higher than those that expired during the period. We also continued to advance our development projects through active pre-leasing, bringing our 7.3 million-square-foot active pipeline to 60% committed. Significant development leases signed during the year included:

- *Advisory Board Company for 536,000 square feet at 655 New York Ave., Washington, DC*
- *National Hockey League for 176,000 square feet at One Manhattan West*
- *Bank of Nova Scotia for 140,000 square feet at Brookfield Place Calgary East*
- *Jefferies Group for 115,000 square feet at 100 Bishopsgate, London*
- *Incremental space commitments from anchor tenants at Principal Place, London (Amazon) and One Manhattan West (Skadden)*

Real estate fundamentals in the majority of our key office markets remain positive, although our energy-driven markets remained challenged due to the impact of the price of oil and other commodities. Despite this, we completed over 300,000 square feet of leasing in our Calgary portfolio during 2016. While the London office market slowed following the unexpected BREXIT outcome in June, it has stabilized quickly, and demand for premier quality office product has remained healthy.

Subsequent to year-end, we submitted a proposal to acquire the minority public interest in our Canadian REIT subsidiary – Brookfield Canada Office Properties ("BOX") – for C$30.10 per unit, or approximately C$475 million. The proposal is currently under review by a special committee of the BOX Board of Trustees. If successful, this transaction will allow us to fully integrate our North American office operations and further simplify our structure, following on the acquisitions in prior years of Brookfield Office Properties and Canary Wharf.

CORE RETAIL

Company FFO from our core retail operations was $459 million for the year, a 2% increase from the prior year. We achieved same-property growth of more than 5%, but overall earnings were impacted by asset sales during the year – most notably the sale of a 50% interest in Fashion Show in Las Vegas. In-place rents and tenant sales produced modest increases over the course of the year and same-property occupancy finished 2016 at a healthy 96.5%.

Although there has been much publicity around the distress of retail department stores, this has had little to no impact on the profitability of our premier mall portfolio. There is a noticeable sector bifurcation favoring class A malls in terms of value and operating performance. Consistent with 2016, we are targeting +/-5% same-store NOI growth this year. In addition, there is significant capacity to invest into development and redevelopment initiatives within this portfolio this year – a strategy that has proven to produce 8-10% yields-on-cost.

OPPORTUNISTIC

Company FFO from our opportunistic segment was $341 million for the year, up 39% over the prior year. This increase was largely due to new investments we made in 2016 and income earned on multi-family development dispositions.

We continued to allocate a larger percentage of our capital to opportunistic investment strategies, which generally produce outsized returns and provide capital appreciation. In April, Brookfield held a

final close of $9 billion for its second global opportunistic fund, double the size of its predecessor fund which is now entering its maturation and realization period. BPY committed approximately $2.3 billion of equity to this fund, making it a 26% participant. To-date, the fund has successfully invested or committed to invest approximately 75% of that capital. Through this investment we have expanded into new, higher growth-generating real estate sectors such as self-storage, student housing and manufactured housing. We also expanded our global investment and operating footprint, agreeing to acquire premier, large-scale projects in both Seoul and Mumbai.

2017 Outlook and Priorities

Continuing to build upon our success in 2016, our strategic priorities for this year remain largely unchanged:

- *Continue to enhance the flexibility of our balance sheet – extend the maturity profile of our debt, reduce our floating rate exposure, and seek ways to reduce our overall cost of capital and increase our access to liquidity*
- *Recycle $1-$2 billion of net equity from mature assets to fund new investments and build out our development pipeline*
- *Increase same-property and permanent occupancy in our core businesses and achieve a meaningful increase in the pre-leasing of our active development pipeline*
- *Allocate resources to repurchasing our own units should they continue to trade at a meaningful discount to NAV*

In 2016, we achieved meaningful earnings growth, enhanced the flexibility of our balance sheet, made strategic acquisitions in several new real estate sectors, and continued to expand our global investment and operating footprint. We are positioned for further growth in 2017 and remain committed, first and foremost, to delivering 12-15% long-term total returns for our unitholders.

On behalf of our Board of Directors and all of the employees within Brookfield's real estate group around the globe, I thank you for your continued support and partnership. We look forward to working with you again this year as our business continues to grow and evolve.

Sincerely,

Brian Kingston
Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-35505

Brookfield Property Partners L.P.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Bermuda

(Jurisdiction of incorporation or organization)

73 Front Street, 5th Floor, Hamilton, HM 12 Bermuda

(Address of principal executive office)

Bryan K. Davis
Brookfield Property Partners L.P.
73 Front Street, 5th Floor
Hamilton, HM 12, Bermuda
Tel: +441-294-3309

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Limited Partnership Units	New York Stock Exchange
Limited Partnership Units	Toronto Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 260,222,314 Limited Partnership Units as of December 31, 2016.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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INTRODUCTION AND USE OF CERTAIN TERMS

We have prepared this Form 20-F using a number of conventions, which you should consider when reading the information contained herein. Unless otherwise indicated or the context otherwise requires, in this Form 20-F:

- 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; and
- all information on financial results is presented in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, other than certain non-IFRS financial measures which are defined under "Use of Non-IFRS Measures".

In this Form 20-F, unless the context suggests otherwise, references to "we", "us" and "our" are to Brookfield Property Partners L.P., the Property Partnership, the Holding Entities and the operating entities, each as defined below, taken together on a consolidated basis. Unless the context suggests otherwise, in this Form 20-F references to:

- "assets under management" are to assets managed by us or by Brookfield on behalf of our third party investors, as well as our own assets, and also include capital commitments that have not yet been drawn. Our calculation of assets under management may differ from that employed by other asset managers and, as a result, this measure may not be comparable to similar measures presented by other asset managers;
- "Australia" are to Australia and New Zealand;
- the "BPY General Partner" are to the general partner of our company, which is Brookfield Property Partners Limited, an indirect wholly-owned subsidiary of Brookfield Asset Management;
- "Brookfield" are to Brookfield Asset Management and any subsidiary of Brookfield Asset Management, other than us;
- "Brookfield Asset Management" are to Brookfield Asset Management Inc.;
- the "Class A Preferred Unitholder" or "QIA" are to Qatar Investment Authority;
- the "Class A Preferred Units" or "Preferred Equity Units" are to the Class A preferred limited partnership units of the Property Partnership that are exchangeable for units of our company pursuant to the Preferred Unit Exchange Mechanism;
- "our business" are to our business of owning, operating and investing in commercial property, both directly and through our operating entities;
- "commercial property" or "commercial properties" are to commercial and other real property that generates or has the potential to generate income, including office, retail, multifamily, industrial, hospitality, triple net lease, self-storage and student housing assets, but does not include, among other things, residential land development, home building, construction, real estate advisory and other similar operations or services;
- "our company", "BPY" or "our partnership" are to Brookfield Property Partners L.P., a Bermuda exempted limited partnership;
- "fully-exchanged basis" assume the exchange of all of the issued and outstanding securities that are exchangeable into our units, including the exchange of the issued and outstanding Redemption-Exchange Units in accordance with the Redemption-Exchange Mechanism, the exchange of the issued and outstanding Class A Preferred Units in accordance with the Preferred Unit Exchange Mechanism and the exchange of the issued and outstanding exchangeable limited partnership units of Brookfield Office Properties Exchange LP not held by us;
- "Holding Entities" are to the primary holding subsidiaries of the Property Partnership, from time to time, through which it indirectly holds all of our interests in our operating entities;
- "our limited partnership agreement" are to the second amended and restated limited partnership agreement of our company;
- "Master Services Agreement" are to the amended and restated master services agreement among the Service Recipients, the Service Providers, and certain other subsidiaries of Brookfield Asset Management who are parties thereto;

- "operating entities" are to the entities in which the Holding Entities hold interests and that directly or indirectly hold our real estate assets other than entities in which the Holding Entities hold interests for investment purposes only of less than 5% of the equity securities;

- "our portfolio" are to the commercial property assets in our Core Office, Core Retail and Opportunistic sectors, as applicable;

- the "Preferred Unit Exchange Mechanism" are to the mechanism by which the Preferred Unitholder may exchange the Class A Preferred Units for units of our company, as more fully described in Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Preferred Unit-Exchange Mechanism"*;

- the "Preferred Units" are to the limited partnership units of the Property Partnership, including the Class A Preferred Units;

- the "Preferred Unitholders" are to holders of Preferred Units;

- the "Property Partnership" or the "Operating Partnership" are to Brookfield Property L.P.;

- "Property Special LP" are to Brookfield Property Special L.P., an indirect wholly-owned subsidiary of Brookfield Asset Management, which is the sole special limited partner of the Property Partnership;

- the "Redemption-Exchange Mechanism" are to the mechanism by which Brookfield may request redemption of its Redemption-Exchange Units in whole or in part in exchange for cash, subject to the right of our company to acquire such interests (in lieu of such redemption) in exchange for units of our company, as more fully described in Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Redemption-Exchange Mechanism"*;

- the "Redemption-Exchange Units" or "Redeemable/Exchangeable Partnership Units" are to the non-voting limited partnership interests in the Property Partnership that are redeemable for cash, subject to the right of our company to acquire such interests (in lieu of such redemption) in exchange for units of our company, pursuant to the Redemption-Exchange Mechanism;

- the "Service Providers" are to the subsidiaries of Brookfield Asset Management that provide services to us pursuant to our Master Services Agreement, and unless the context otherwise requires, any other affiliate of Brookfield that is appointed from time to time to act as a service provider pursuant to our Master Services Agreement or to whom any service provider has subcontracted for the provision of such services;

- the "Service Recipients" are to our company, the Property Partnership, the Holding Entities and, at the option of the Holding Entities, any wholly-owned subsidiary of a Holding Entity excluding any operating entity;

- "Spin-off" are to the special dividend of our units by Brookfield Asset Management on April 15, 2013 as described under Item 4.A. *"Information on the Company - History and Development of the Company"*; and

- "our units", "LP Units" and "units of our company" are to the non-voting limited partnership units in our company and references to "our unitholders" and "our limited partners" are to the holders of our units. References to "Unitholders" are to holders of general partnership units of our partnership, or GP Units, LP Units, Redemption-Exchange Units, special limited partnership units of the Property Partnership, or Special LP Units, and exchangeable limited partnership units of Brookfield Office Properties Exchange L.P., or Exchange LP Units.

Historical Performance and Market Data

This Form 20-F contains information relating to our business as well as historical performance and market data for Brookfield Asset Management and certain of its business groups. When considering this data, you should bear in mind that historical results and market data may not be indicative of the future results that you should expect from us.

Financial Information

The financial information contained in this Form 20-F is presented in U.S. Dollars and, unless otherwise indicated, has been prepared in accordance with IFRS. Amounts in "$" are to U.S. Dollars and amounts in Canadian Dollars ("C$"), Australian Dollars ("A$"), British Pounds ("£"), Euros ("€"), Brazilian Reais ("R$"), Indian Rupees ("Rs"), Chinese Yuan ("C¥"), and South Korean Won ("₩") are identified where applicable.

Use of Non-IFRS Measures

To measure our performance against targets, we focus on net operating income, or NOI, same-property NOI, funds from operations, or FFO, Company FFO, fair value changes, net income attributable to Unitholders and equity attributable to Unitholders. These performance metrics do not have standardized meanings prescribed by IFRS and therefore may differ from similar metrics used by other companies. We define each of these measures as follows:

- *NOI:* revenues from our commercial and hospitality operations of consolidated properties less direct commercial property and hospitality expenses.

- *Same-property NOI:* a subset of NOI, which excludes NOI that is earned from assets acquired, disposed or developed during the periods presented, or not of a recurring nature, and from opportunistic assets.

- *FFO:* net income, prior to fair value gains, net, depreciation and amortization of real estate assets, and income taxes less non-controlling interests of others in operating subsidiaries and properties share of these items. 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 and the FFO that would have been attributable to the partnership's shares of GGP Inc., or GGP, if all outstanding warrants of GGP, which are all currently exercisable, were exercised on a cashless basis. It also includes dilution adjustments to FFO as a result of the net settled warrants.

- *Fair value changes:* includes the increase or decrease in the value of investment properties that is reflected in the consolidated statements of income.

- *Net Income Attributable to Unitholders:* net income attributable to holders of GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units.

- *Equity Attributable to Unitholders:* equity attributable to holders of our GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units and Exchange LP Units.

NOI is a key indicator of our ability to impact operating performance of our properties. We seek to grow NOI through pro-active management and leasing of our properties. Same-property NOI allows us to segregate the performance of leasing and operating initiatives on the portfolio from the impact to performance of investing activities and "one-time items", which for the historical periods presented consist primarily of lease termination income.

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, or 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. We also add back the gains (or losses) related to properties developed for sale. 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, or 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, or 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 recognition of lease termination income. 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 reconcile FFO to net income rather than cash flow from operating activities 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.

Net income attributable to unitholders is 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. In calculating net income attributable to unitholders per unit, the partnership excludes the impact of mandatorily convertible preferred units in determining the average number of units outstanding as the holders of mandatorily convertible preferred units do not participate in current earnings.

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 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.

On page 65 of this Form 20-F, we provide a reconciliation to net income (loss) for the periods presented. We urge you to review the IFRS financial measures in this Form 20-F, including the financial statements, the notes thereto and the other financial information contained herein, and not to rely on any single financial measure to evaluate our company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 20-F contains "forward-looking information" within the meaning of Canadian provincial securities laws and applicable regulations and "forward-looking statements" within the meaning of "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. 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 exchanges 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 and hurricanes; 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.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. SELECTED FINANCIAL DATA

The following tables present selected financial data for our company as of and for the periods indicated:

	Years ended Dec. 31,				
(US$ Millions, except per unit information)	**2016**	2015	2014	2013[3]	2012[3]
Total revenue	**$ 5,352**	$ 4,853	$ 4,473	$ 4,287	$ 3,768
Net income	**2,717**	3,766	4,420	1,763	2,640
Net income attributable to LP units	**660**	1,064	1,154	118	—
Net income attributable to GP Units	**—**	1	1	—	—
Net income attributable to Brookfield Asset Management	**—**	—	—	232	1,476
Net income per LP Unit[1]	**2.30**	3.72	5.59	1.41	—
Distributions per LP Unit	**1.12**	1.06	1.00	0.63	—
FFO[2]	**895**	710	714	582	631

[1] *Net income per LP Unit has been presented effective for the period from the date of the Spin-off on April 15, 2013, as this is the date of legal entitlement of earnings to the LP Units.*

[2] *FFO is a non-IFRS measure. See "Use of Non-IFRS Measures" and "Financial Statements Analysis Review of Consolidated Results".*

[3] *For periods prior to April 15, 2013, the date of the Spin-off, the financial information reflected is that of Brookfield Asset Management's commercial property operations.*

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013[2]	Dec. 31, 2012[2]
Investment properties	**$ 48,784**	$ 41,599	$ 41,141	$ 34,153	$ 31,696
Equity accounted investments	**16,844**	17,638	10,356	9,281	8,038
Total assets	**78,127**	71,866	65,575	52,446	47,681
Debt obligations	**33,519**	30,526	27,006	21,640	19,808
Capital securities	**4,171**	4,031	4,011	2,369	866
Total equity	**34,161**	30,933	28,299	24,990	24,003
Equity attributable to Unitholders[1]	**22,358**	21,958	20,208	13,624	13,163

[1] *As at December 31, 2016, 2015 and 2014, refers to holders of our units, GP Units, Redemption-Exchange Units, Special LP Units and Exchange LP Units. As of December 31, 2013, refers to holders of our units, GP units, Redemption-Exchange Units and Special LP Units. As of December 31, 2012, reflects equity attributable to Brookfield Asset Management.*

[2] *For periods prior to April 15, 2013, the date of the Spin-off, the financial information reflected is that of Brookfield Asset Management's commercial property operations.*

3.B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

3.C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

3.D. RISK FACTORS

Your holding of units of our company involves substantial risks. You should carefully consider the following factors in addition to the other information set forth in this Form 20-F. If any of the following risks actually occur, our business, financial condition and results of operations and the value of your units would likely suffer.

Risks Relating to Our Business

Our economic performance and the value of our assets are subject to the risks incidental to the ownership and operation of real estate assets.

Our economic performance, the value of our assets and, therefore, the value of our units are subject to the risks normally associated with the ownership and operation of real estate assets, including but not limited to:

- downturns and trends in the national, regional and local economic conditions where our properties and other assets are located;
- the cyclical nature of the real estate industry;
- local real estate market conditions, such as an oversupply of commercial properties, including space available by sublease, or a reduction in demand for such properties;
- changes in interest rates and the availability of financing;
- competition from other properties;
- changes in market rental rates and our ability to rent space on favorable terms;
- the bankruptcy, insolvency, credit deterioration or other default of our tenants;
- the need to periodically renovate, repair and re-lease space and the costs thereof;
- increases in maintenance, insurance and operating costs;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses;
- the decrease in the attractiveness of our properties to tenants;
- the decrease in the underlying value of our properties; and
- certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges that must be made regardless of whether a property is producing sufficient income to service these expenses.

We are dependent upon the economic conditions of the markets where our assets are located.

We are affected by local, regional, national and international economic conditions and other events and occurrences that affect the markets in which we own assets. A protracted decline in economic conditions will cause downward pressure on our operating margins and asset values as a result of lower demand for space.

Our properties are largely located in North America, Europe and Australia but also include a growing presence in Brazil and Asia. A prolonged downturn in one or more of these economies or the economy of any other country where we own property would result in reduced demand for space and number of prospective tenants and will affect the ability of our properties to generate significant revenue. If there is an increase in operating costs resulting from inflation and other factors, we may not be able to offset such increases by increasing rents.

Additionally, as part of our strategy for our Core Office business is to focus on markets underpinned by major financial, energy, technology, and professional services businesses, a significant downturn in one or more of the industries in which these businesses operate would also adversely affect our results of operations.

We are subject to foreign currency risk and our risk management activities may adversely affect the performance of our operations.

Some of our assets and operations are in countries where the U.S. Dollar is not the functional currency. These operations pay distributions in currencies other than the U.S. Dollar which we must convert to U.S. Dollars prior to making distributions on our units. A significant depreciation in the value of such foreign currencies may have a material adverse effect on our business, financial condition and results of operations.

When managing our exposure to such market risks, we may use forward contracts, options, swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments. The success of any hedging or other derivative transactions that we enter into generally will depend on our ability to structure contracts that appropriately offset our risk position. As a result, while we may enter into such transactions in order to reduce our exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

We are subject to interest rate risk and a rise in interest rates may adversely affect us and the value of an investment in our units.

A number of our assets are interest rate sensitive: increases in long-term interest rates will, absent all else, decrease the value of these assets by reducing the present value of the cash flows expected to be produced by the asset. If interest rates were to rise, it may affect the market perceived or actual value of our assets and/or distributions and consequently the market price of our units may decline in value. Additionally, 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 we acquire to the extent we utilize leverage for those acquisitions and may result in a reduction in our acquisitions to the extent we reduce the amount we offer to pay for properties, due to the effect of increased interest rates, to a price that sellers may not accept.

We face risks associated with the use of debt to finance our business, including refinancing risk.

We incur debt in the ordinary course of our business and therefore are subject to the risks associated with debt financing. The risks associated with our debt financing, including the following, may adversely affect our financial condition and results of operations:

- cash flows may be insufficient to meet required payments of principal and interest;
- payments of principal and interest on borrowings may leave insufficient cash resources to pay operating expenses;
- we may not be able to refinance indebtedness on our properties at maturity due to business and market factors, including: disruptions in the capital and credit markets; the estimated cash flows of our properties and other assets; the value of our properties and other assets; and financial, competitive, business and other factors, including factors beyond our control; and
- if refinanced, the terms of a refinancing may not be as favorable as the original terms of the related indebtedness.

Our operating entities have a significant degree of leverage on their assets. Highly leveraged assets are inherently more sensitive to declines in revenues, increases in expenses and interest rates, and adverse market conditions. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company, all other things being equal, is generally greater than for companies with comparatively less debt. Leverage may also result in a requirement for liquidity, which may force the sale of assets at times of low demand and/or prices for such assets.

We rely on our operating entities to provide our company with the funds necessary to make distributions on our units and meet our financial obligations. The leverage on our assets may affect the funds available to our company if the terms of the debt impose restrictions on the ability of our operating entities to make distributions to our company. In addition, our operating entities generally have to service their debt obligations before making distributions to our company or their parent entity. The Property Partnership is also required to make distributions to Preferred Unitholders before making distributions to us.

We have substantial indebtedness, and we may incur substantially more indebtedness in the future, and are subject to certain refinancing risks.

In addition to our $2.5 billion of corporate credit facilities, we may also incur indebtedness under future credit facilities or other debt-like instruments, in addition to any asset-level indebtedness. We may also issue debt or debt-like instruments in the market in the future, which may or may not be rated. Should such debt or debt-like instruments be rated, a credit downgrade will have an adverse impact on the cost of such debt.

In addition, Brookfield holds $1.25 billion of redeemable preferred shares of Brookfield BPY Holdings Inc., one of our Holding Entities. We have agreed to use our commercially reasonable efforts to, as soon as reasonably practical, subject to any restrictions in our credit facilities, issue debt or equity securities or borrow money from one or more financial institutions or other lenders, on terms reasonably acceptable to us, in an aggregate amount sufficient to fund the redemption of $500 million of the preferred shares. The terms of any such financing may be less favorable to us than the terms of the preferred shares.

If we are unable to refinance our indebtedness on acceptable terms, or at all, we may need to dispose of one or more of our properties or other assets upon disadvantageous terms. In addition, prevailing interest rates or other factors at the time of refinancing could increase our interest expense, and if we mortgage property to secure payment of indebtedness and are unable to make mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of our rents and leases. This may adversely affect our ability to make distributions or payments to our unitholders and lenders.

Changes in our credit ratings may have an adverse effect on our financial position and ability to raise capital.

We cannot assure you that any credit rating assigned to our partnership, any of our subsidiaries or any of our subsidiaries' securities will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such ratings may have an adverse effect on our financial position and ability to raise capital.

Restrictive covenants in our indebtedness may limit management's discretion with respect to certain business matters.

Instruments governing any of our indebtedness or indebtedness of our operating entities or their subsidiaries may contain restrictive covenants limiting our discretion with respect to certain business matters. These covenants could place significant restrictions on, among other things, our ability to create liens or other encumbrances, to make distributions to our unitholders or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. These covenants could also require us to meet certain financial ratios and financial condition tests. A failure to comply with any such covenants could result in a default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

If we are unable to manage our interest rate risk effectively, our cash flows and operating results may suffer.

Advances under credit facilities and certain property-level mortgage debt bear interest at a variable rate. We may incur further indebtedness in the future that also bears interest at a variable rate or we may be required to refinance our debt at higher rates. In addition, though 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.

We face potential adverse effects from tenant defaults, bankruptcies or insolvencies.

A commercial tenant may experience a downturn in its business, which could cause the loss of that tenant as a tenant or weaken its financial condition and result in its inability to make rental payments when due or, for retail tenants, a reduction in percentage rent payable. If a tenant defaults, we may experience delays and incur costs in enforcing our rights as landlord and protecting our investments.

We cannot evict a tenant solely because of its bankruptcy. In addition, in certain jurisdictions where we own properties, a court may authorize a tenant to reject and terminate its lease. In such a case, our claim against the tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. In any event, it is unlikely that a bankrupt or insolvent tenant will pay the full amount it owes under a lease. The loss of rental payments from tenants and costs of re-leasing would adversely affect our cash flows and results of operations. In the case of our retail properties, the bankruptcy or insolvency of an anchor tenant or tenant with stores at many of our properties would cause us to suffer lower revenues and operational difficulties, including difficulties leasing the remainder of the property. Significant expenses associated

with each property, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the property. In the event of a significant number of lease defaults and/or tenant bankruptcies, our cash flows may not be sufficient to pay cash distributions to our unitholders and repay maturing debt or other obligations.

Reliance on significant tenants could adversely affect our results of operations.

Many of our properties are occupied by one or more significant tenants and, therefore, our revenues from those properties are materially dependent on our relationships with and the creditworthiness and financial stability of those tenants. Our business would be adversely affected if any of those tenants failed to perform or renew certain of their significant leases for any reason, or otherwise became insolvent, declared bankruptcy or otherwise refused to pay rent in a timely fashion or at all. In the event of a default by one or more significant tenants, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing the property. If a lease of a significant tenant is terminated, it may be difficult, costly and time consuming to attract new tenants and lease the property for the rent previously received. In addition, the loss of a significant tenant (particularly if related to one of our signature projects, or if otherwise widely publicized) could cause harm to our reputation.

Our inability to enter into renewal or new leases with tenants on favorable terms or at all for all or a substantial portion of space that is subject to expiring leases would adversely affect our cash flows and operating results.

Our properties generate revenue through rental payments made by tenants of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any renewal or replacement lease may be less favorable to us than the existing lease. We would be adversely affected, in particular, if any major tenant ceases to be a tenant and cannot be replaced on similar or better terms or at all. Additionally, we may not be able to lease our properties to an appropriate mix of tenants. Retail tenants may negotiate leases containing exclusive rights to sell particular types of merchandise or services within a particular retail property. These provisions may limit the number and types of prospective tenants for the vacant space in such properties.

Our competitors may adversely affect our ability to lease our properties which may cause our cash flows and operating results to suffer.

Each segment of the real estate industry is competitive. Numerous other developers, managers and owners of commercial properties compete with us in seeking tenants and, in the case of our multifamily properties, there are numerous housing alternatives which compete with our properties in attracting residents. Some of the properties of our competitors may be newer, better located or better capitalized. These competing properties may have vacancy rates higher than our properties, which may result in their owners being willing to make space available at lower prices than the space in our properties, particularly if there is an oversupply of space available in the market. Competition for tenants could have an adverse effect on our ability to lease our properties and on the rents that we may charge or concessions that we must grant, which may cause our cash flows and operating results to suffer.

Our ability to realize our strategies and capitalize on our competitive strengths are dependent on the ability of our operating entities to effectively operate our large group of commercial properties, maintain good relationships with tenants, and remain well-capitalized, and our failure to do any of the foregoing would affect our ability to compete effectively in the markets in which we do business.

Our insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates, which could adversely affect our financial condition and results of operations.

We maintain insurance on our properties in amounts and with deductibles that we believe are in line with what owners of similar properties carry; however, our insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates in the future.

There also are certain types of risks (such as war, environmental contamination such as toxic mold, and lease and other contract claims) that are either uninsurable or not economically insurable. Should any uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more properties, and we would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

Possible terrorist activity could adversely affect our financial condition and results of operations and our insurance may not cover some losses due to terrorism or may not be obtainable at commercially reasonable rates.

Possible terrorist attacks in the markets where our properties are located may result in declining economic activity, which could reduce the demand for space at our properties, reduce the value of our properties and harm the demand for goods and services offered by our tenants.

Additionally, terrorist activities could directly affect the value of our properties through damage, destruction or loss. Our Core Office portfolio is concentrated in large metropolitan areas, some of which have been or may be perceived to be subject to terrorist attacks. Many of our office properties consist of high-rise buildings, which may also be subject to this actual or perceived threat. Our insurance may not cover some losses due to terrorism or may not be obtainable at commercially reasonable rates.

We are subject to risks relating to development and redevelopment projects.

On a strategic and selective basis, we may develop and redevelop properties. The real estate development and redevelopment business involves significant risks that could adversely affect our business, financial condition and results of operations, including the following:

- we may not be able to complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing the properties;
- we may not have sufficient capital to proceed with planned redevelopment or expansion activities;
- we may abandon redevelopment or expansion activities already under way, which may result in additional cost recognition;
- we may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations;
- we may not be able to lease properties at all or on favorable terms, or occupancy rates and rents at a completed project might not meet projections and, therefore, the project might not be profitable;
- construction costs, total investment amounts and our share of remaining funding may exceed our estimates and projects may not be completed and delivered as planned; and
- upon completion of construction, we may not be able to obtain, or obtain on advantageous terms, permanent financing for activities that we have financed through construction loans.

We are subject to risks that affect the retail environment.

We are subject to risks that affect the retail environment, including unemployment, weak income growth, lack of available consumer credit, industry slowdowns and plant closures, low consumer confidence, increased consumer debt, poor housing market conditions, adverse weather conditions, natural disasters and the need to pay down existing obligations. Any of these factors could negatively affect consumer spending and adversely affect the sales of our retail tenants. This could have an unfavorable effect on our operations and our ability to attract new retail tenants.

In addition, our retail tenants face competition from retailers at other regional malls, outlet malls and other discount shopping centers, discount shopping clubs, catalogue companies, and through internet sales and telemarketing. Competition of these types could reduce the percentage rent payable by certain retail tenants and adversely affect our revenues and cash flows. Additionally, our retail tenants are dependent on perceptions by retailers and shoppers of the safety, convenience and attractiveness of our retail properties. If retailers and shoppers perceive competing properties and other retailing options such as the internet to be more convenient or of a higher quality, our revenues may be adversely affected.

Some of our retail lease agreements include a co-tenancy provision which allows the mall tenant to pay a reduced rent amount and, in certain instances, terminate the lease, if we fail to maintain certain occupancy levels at the mall. In addition, certain of our tenants have the ability to terminate their leases prior to the lease expiration date if their sales do not meet agreed upon thresholds. Therefore, if occupancy, tenancy or sales fall below certain thresholds, rents we are entitled to receive from our retail tenants would be reduced and our ability to attract new tenants may be limited.

The computation of cost reimbursements from our retail tenants for common area maintenance, insurance and real estate taxes is complex and involves numerous judgments including interpretation of lease terms and other tenant lease provisions. Most tenants make monthly fixed payments of common area maintenance, insurance, real estate taxes and other cost reimbursements and, after the end of the calendar year, we compute each tenant's final cost reimbursements and issue a bill or credit for the full amount, after considering amounts paid by the tenant during the year. The billed amounts could be disputed by the tenant or become the subject of a tenant audit or even litigation. There can be no assurance that we will collect all or any portion of these amounts.

We are subject to risks associated with the multifamily residential industry.

We are subject to risks associated with the multifamily residential industry, including the level of mortgage interest rates which may encourage tenants to purchase rather than lease and housing and governmental programs that provide assistance and rent subsidies to tenants. If the demand for multifamily properties is reduced, income generated from our multifamily residential properties and the underlying value of such properties may be adversely affected.

In addition, certain jurisdictions regulate the relationship of an owner and its residential tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees, and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions, and restrictions on a resident's choice of landlords. Apartment building owners have been the subject of lawsuits under various "Landlord and Tenant Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. If we become subject to litigation, the outcome of any such proceedings may materially adversely affect us for long periods of time. A few jurisdictions may offer more significant protection to residential tenants. In addition to state or provincial regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent control on apartment buildings. The imposition of rent control on our multifamily residential units could have a materially adverse effect on our results of operations.

We are subject to risks associated with the hospitality industry.

We are subject to risks associated with the hospitality industry, including: the relative attractiveness of our hotel properties and the level of services provided to guests; dependence on business and leisure travel and tourism; the seasonality of the hotel industry, which may cause our results of operations to vary on a quarterly basis; perceptions regarding the safety and conditions at our hospitality properties; and the appeal to travelers of the local markets in which our hotels are located which could have an adverse effect on our financial condition and results of operations.

A business disruption may adversely affect our financial condition and results of operations.

Our business is vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. If we are unable to recover from a business disruption on a timely basis, our financial condition and results of operations would be adversely affected. We may also incur additional costs to remedy damages caused by such disruptions, which could adversely affect our financial condition and results of operations.

Our failure to maintain effective internal controls could have a material adverse effect on our business.

Pursuant to Section 404 of the Sarbanes-Oxley Act, our management has delivered a report that assesses the effectiveness of our internal controls over financial reporting (in which they concluded that these internal controls are effective) and our independent registered public accounting firm has delivered an attestation report on our management's assessment of, and the operating effectiveness of, our internal controls over financial reporting in conjunction with their opinion on our audited consolidated financial statements. Any failure to maintain adequate internal controls over financial reporting or to implement required, new or improved controls, or difficulties encountered in their implementation, could cause us to report material weaknesses in our internal controls over financial reporting and could result in errors or misstatements in our consolidated financial statements that could be material. If we or our independent registered public accounting firm were to conclude that our internal controls over financial reporting were not effective, investors could lose confidence in our reported financial information and the price of our units could decline. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business in the future, our access to the capital markets and investors' perception of us. In addition, material weaknesses in our internal controls could require significant expense and management time to remediate.

The failure of our information technology systems, or an act of deliberate cyber terrorism, could adversely impact our reputation and financial performance.

We operate in businesses that are dependent on information systems and technology. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level, either of which could have a material adverse effect on us.

We rely on third-party service providers to manage certain aspects of our business, including for certain information systems and technology, data processing systems, and the secure processing, storage and transmission of information. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the quality of our operations and could adversely affect our business and reputation.

We rely on certain information technology systems which may be subject to cyber terrorism intended to obtain unauthorized access to our proprietary information, destroy data or disable, degrade or sabotage our systems, through the introduction of computer viruses, cyber-attacks and other means, and could originate from a variety of sources including our own employees or unknown third parties. Any such breach or compromise could also go undetected for an extended period. There can be no assurance that measures implemented to protect the integrity of our systems will provide adequate protection or enable us to detect and remedy any such breaches or compromises in a timely manner or at all. If our information systems are compromised, we could suffer a disruption in one or more of our businesses. This could have a negative impact on our financial condition and results of operations or, or result in reputational damage.

Because certain of our assets are illiquid, we may not be able to sell these assets when appropriate or when desired.

Large commercial properties like the ones that we own can be hard to sell, especially if local market conditions are poor. Such illiquidity could limit our ability to diversify our assets promptly in response to changing economic or investment conditions.

Additionally, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the markets in which we operate in times of illiquidity. These restrictions reduce our ability to respond to changes in the performance of our assets and could adversely affect our financial condition and results of operations.

We face risks associated with property acquisitions.

Competition from other well-capitalized real estate investors, including both publicly traded real estate investment trusts and institutional investment funds, may significantly increase the purchase price of, or prevent us from acquiring, a desired property. Acquisition agreements will typically contain conditions to closing, including completion of due diligence to our satisfaction or other conditions that are not within our control, which may not be satisfied. Acquired properties may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local government and applicable laws and regulations. We may be unable to finance acquisitions on favorable terms or newly acquired properties may fail to perform as expected. We may underestimate the costs necessary to bring an acquired property up to standards established for its intended market position or we may be unable to quickly and efficiently integrate new acquisitions into our existing operations. We may also acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. Each of these factors could have an adverse effect on our results of operations and financial condition.

We do not control certain of our operating entities, including GGP and certain businesses in the opportunistic funds that we are invested in, and therefore we may not be able to realize some or all of the benefits that we expect to realize from those entities.

We do not have control of certain of our operating entities, including GGP and certain businesses in the opportunistic funds that we are invested in. Our interests in those entities subject us to the operating and financial risks of their businesses, the risk that the relevant company may make business, financial or management decisions that we do not agree with, and the risk that we may have differing objectives than the entities in which we have interests. Because we do not have the ability to exercise control over those entities, we may not be able to realize some or all of the benefits that we expect to realize from those entities. For example, we may not be able to cause such operating entities to make distributions to us in the amount or at the time that we need or want such distributions. In addition, we rely on the internal controls and financial reporting controls of the companies in which we invest and the failure of such companies to maintain effective controls or comply with applicable standards may adversely affect us.

We do not have sole control over the properties that we own with co-venturers, partners, fund investors or co-tenants or over the revenues and certain decisions associated with those properties, which may limit our flexibility with respect to these investments.

We participate in joint ventures, partnerships, funds and co-tenancies affecting many of our properties. Such investments involve risks not present were a third party not involved, including the possibility that our co-venturers, partners, fund investors or co-tenants might become bankrupt or otherwise fail to fund their share of required capital contributions. The bankruptcy of one of our co-venturers, partners, fund investors or co-tenants could materially and adversely affect the relevant property or properties. Pursuant to bankruptcy laws, we could be precluded from taking some actions affecting the estate of the other investor without prior court approval which would, in most cases, entail prior notice to other parties and a hearing. At a minimum, the requirement to obtain court approval may delay the actions we would or might want to take. If the relevant joint venture or other investment entity has incurred recourse obligations, the discharge in bankruptcy of one of the other investors might result in our ultimate liability for a greater portion of those obligations than would otherwise be required.

Additionally, our co-venturers, partners, fund investors or co-tenants might at any time have economic or other business interests or goals that are inconsistent with those of our company, and we could become engaged in a dispute with any of them that might affect our ability to develop or operate a property. In addition, we do not have sole control of certain major decisions relating to these properties, including decisions relating to: the sale of the properties; refinancing; timing and amount of distributions of cash from such properties; and capital improvements. For example, when we participate with institutional investors in Brookfield-sponsored or co-sponsored consortiums for asset acquisitions and as a partner in or alongside Brookfield-sponsored or co-sponsored partnerships, there is often a finite term to the investment which could lead to the investment being sold prior to the date we would otherwise choose.

In some instances, where we are the property manager for a joint venture, the joint venture retains joint approval rights over various material matters such as the budget for the property, specific leases and our leasing plan. Moreover, in certain property management arrangements the other venturer can terminate the property management agreement in limited circumstances relating to enforcement of the property managers' obligations. In addition, the sale or transfer of interests in some of our joint ventures and partnerships is subject to rights of first refusal or first offer and some joint venture and partnership agreements provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not want to sell but we may be forced to do so because we may not have the financial resources at that time to purchase the other party's interest. Such rights may also inhibit our ability to sell an interest in a property or a joint venture or partnership within our desired time frame or on any other desired basis.

We have interests in public companies, and changes in the market prices of the stock of such public companies, particularly during times of increased market volatility, could have a negative impact on our financial condition and results of operations.

We hold interests in public companies, such as GGP, and changes in the market prices of the stock of such public companies could have a material impact on our financial condition and results of operations. Global securities markets have been highly volatile, and continued volatility may have a material negative impact on our consolidated financial position and results of operations.

We have significant interests in Brookfield-sponsored real estate funds, and poor investment returns in these funds could have a negative impact on our financial condition and results of operations.

We have, and expect to continue to have in the future, significant interests in Brookfield-sponsored real estate funds, and poor investment returns in these funds, due to either market conditions or underperformance (relative to their competitors or to benchmarks), could negatively affect our financial condition and results of operations. In addition, interests in such funds are subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets generally.

We are subject to risks associated with commercial property loans.

We have, and expect to continue to have in the future, significant interests in Brookfield-sponsored real estate finance funds which have interests in loans or participations in loans, or securities whose underlying performance depends on loans made with respect to a variety of commercial real estate. Such interests are subject to normal credit risks as well as those generally not associated with traditional debt securities. The ability of the borrowers to repay the loans will typically depend upon the successful operation of the related real estate project and the availability of financing. Any factors that affect the ability of the project to generate sufficient cash flow could have a material effect on the value of these interests. Security underlying such interests will generally be in a junior or subordinate position to senior financing. These investments will not always benefit from the same or similar financial and other covenants as those enjoyed by the debt ranking ahead of these investments or benefit from cross-default

provisions. Moreover, it is likely that these funds will be restricted in the exercise of their rights in respect of their investments by the terms of subordination agreements with the debt ranking ahead of the mezzanine capital. Accordingly, we may not be able to take the steps necessary to protect our investments in a timely manner or at all and there can be no assurance that the rate of return objectives of any particular investment will be achieved. To protect our original investment and to gain greater control over the underlying assets, these funds may elect to purchase the interest of a senior creditor or take an equity interest in the underlying assets, which may require additional investment requiring us to expend additional capital.

Our ownership of underperforming real estate properties involves significant risks and potential additional liabilities.

Our Opportunistic segment holds interests in certain real estate properties with weak financial conditions, poor operating results, substantial financial needs, negative net worth or special competitive problems, or that are over-leveraged. Our ownership of underperforming real estate properties involves significant risks and potential additional liabilities. Our exposure to such underperforming properties may be substantial in relation to the market for those interests and distressed assets may be illiquid and difficult to sell or transfer. As a result, it may take a number of years for the fair value of such interests to ultimately reflect their intrinsic value as perceived by us.

We face risks relating to the jurisdictions of our operations.

Our operations are subject to significant political, economic and financial risks, which vary by jurisdiction, and may include:

- changes in government policies or personnel;
- restrictions on currency transfer or convertibility;
- changes in labor relations;
- political instability and civil unrest;
- less developed or efficient financial markets than in North America;
- fluctuations in foreign exchange rates;
- the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements;
- less government supervision and regulation;
- a less developed legal or regulatory environment;
- heightened exposure to corruption risk;
- political hostility to investments by foreign investors; and
- difficulty in enforcing contractual obligations and expropriation or confiscation of assets.

We are subject to possible health and safety and environmental liabilities and other possible liabilities.

As an owner and manager of real property, we are subject to various laws relating to environmental matters. We could be liable under these laws for the costs of removal and remediation of certain hazardous substances or wastes present in our buildings, released or deposited on or in our properties or disposed of at other locations. These costs could be significant and reduce cash available for our business which could have an adverse effect on our business, financial condition and results of operations. The failure to remove or remediate such substances could adversely affect our ability to sell our properties or our ability to borrow using real estate as collateral and could potentially result in claims or other proceedings against us, which could have an adverse effect on our business, financial condition and results of operations. Environmental laws and regulations can change rapidly and

we may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on our business, financial condition or results of operations.

The ownership and operation of our assets carry varying degrees of inherent risk or liability related to worker and tenant health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and potential civil liability. Compliance with health, safety and environmental standards and the requirements set out in our licenses, permits and other approvals are important to our business. We have incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental standards and to obtain and comply with licenses, permits and other approvals and to assess and manage potential liability exposure. Nevertheless, we may be unsuccessful in obtaining or maintaining an important license, permit or other approval or become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to, or more rigorous enforcement of, health, safety and environmental standards, licenses, permits or other approvals could have a significant impact on our operations and/or result in material expenditures. As a consequence, no assurance can be given that additional environmental and health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to our business and operations.

Negative publicity could damage our reputation and business.

Our ability to attract and retain tenants, investors and employees is impacted by our reputation and negative publicity can expose us to litigation and regulatory action could damage our reputation, adversely affect our ability to attract and retain tenants and employees, and divert management's attention from day-to-day operations. The loss of significant tenants could also negatively impact our reputation. Significant harm to our reputation can also arise from employee misconduct, unethical behavior, environmental matters, litigation or regulatory outcomes, failing to deliver minimum or required standards of safety, service and quality, compliance failures, unintended disclosure of confidential information and the activities of our tenants and counterparties, including vendors.

We may be exposed to actual or alleged fraud, bribery, corruption, other illegal acts, inadequate or failed internal processes or systems or from external events which could lead to significant losses and harm to our reputation.

We may suffer a significant loss resulting from fraud, bribery, corruption, other illegal acts, inadequate or failed internal processes or systems, or from external events, such as security threats affecting our ability to operate. We operate in different markets and rely on our employees and certain third-parties to follow our policies and processes as well as applicable laws in their activities. Risk of illegal acts or failed systems is managed through our infrastructure, controls, systems, policies and people, complemented by central groups focusing on enterprise-wide management of specific operational risks such as fraud, trading, outsourcing, and business disruption, as well as personnel and systems risks. Failure to adequately manage these risks could result in direct or indirect financial loss, reputational impact, regulatory censure or failure in the management of other risks such as credit or market risk.

There is an increasing global focus on the implementation and enforcement of anti-bribery and corruption legislation, and this focus has heightened the risks that we face in this area, particularly as we expand our operations globally. We are subject to a number of laws and regulations governing payments and contributions to public officials or other third parties, including restrictions imposed by the U.S. Foreign Corrupt Practices Act and similar laws in non-U.S. jurisdictions, such as the U.K. Bribery Act and the Canadian Corruption of Foreign Public Officials Act. This increased global focus on anti-bribery and corruption enforcement may also lead to more investigations, both formal and informal, in this area, the results of which cannot be predicted.

Different laws that are applicable to us may contain conflicting provisions, making our compliance more difficult. The policies and procedures we have implemented to protect against non-compliance with anti-bribery and corruption legislation may be inadequate. If we fail to comply with these laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could negatively affect our operating results and financial condition. In addition, we may be subject to successor liability for violations under these laws or other acts of bribery committed by companies in which we or our funds invest.

Instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect, and fraud and other deceptive practices can be widespread in certain jurisdictions. We invest in emerging market countries that may not have established stringent anti-bribery and corruption laws and regulations, or where existing laws and regulations may not be consistently enforced or that are perceived to have materially higher levels of corruptions according to international rating standards. For example, we invest in jurisdictions that are perceived to have materially higher levels of corruption according to international rating standards, such as China, India and Brazil. Due diligence on investment opportunities in these jurisdictions is

frequently more challenging because consistent and uniform commercial practices in such locations may not have developed or do not meet international standards. Bribery, fraud, accounting irregularities and corrupt practices can be especially difficult to detect in such locations.

We face risks associated with our tenants and contractual counterparties being designated "Prohibited Persons" by the Office of Foreign Assets Control.

Pursuant to Executive Order 13224 and other laws, the Office of Foreign Assets Control of the United States Department of the Treasury, or OFAC, maintains a list of persons designated as terrorists or who are otherwise blocked or banned. OFAC regulations and other laws prohibit conducting business or engaging in transactions with prohibited persons. Certain of our loan and other agreements require us to comply with OFAC requirements. Our leases and other agreements, in general, require the other party to comply with OFAC requirements. If a tenant or other party with whom we contract is placed on the OFAC list, we may be required to terminate the lease or other agreement. Any such termination could result in a loss of revenue or a damage claim by the other party that the termination was wrongful.

We may be subject to litigation.

In the ordinary course of our business, we may be subject to litigation from time to time. The outcome of any such proceedings may materially adversely affect us and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of our management's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

The acquisition, ownership and disposition of real property expose us to certain litigation risks which could result in losses, some of which may be material. Litigation may be commenced with respect to a property we have acquired in relation to activities that took place prior to our acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of our efforts to maximize sale proceeds. Similarly, successful buyers may later sue us under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems. We may also be exposed to litigation resulting from the activities of our tenants or their customers.

Climate change may adversely impact our operations and markets.

There is growing concern from members of the scientific community and the general public that an increase in global average temperatures due to emissions of greenhouse gases and other human activities have or will cause significant changes in weather patterns and increase the frequency and severity of climate stress events. Climate change, including the impact of global warming, creates physical and financial risk. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in intense precipitation and extreme heat events, as well as tropical and non-tropical storms.

We own buildings in coastal locations that may be particularly susceptible to climate stress events or adverse localized effects of climate change, such as sea-level rise and increased storm frequency or intensity. The occurrence of one or more natural disasters, such as hurricanes, fires, floods, and earthquakes (whether or not caused by climate change), could cause considerable damage to our properties, disrupt our operations and negatively impact our financial performance. To the extent these events result in significant damage to or closure of one or more of our buildings, our operations and financial performance could be adversely affected through lost tenants and an inability to lease or re-lease the space. In addition, these events could result in significant expenses to restore or remediate a property, increases in fuel (or other energy) prices or a fuel shortage and increases in the costs of insurance if they result in significant loss of property or other insurable damage.

Risks Relating to Us and Our Structure

Our company relies on the Property Partnership and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions and meet our financial obligations.

Our company's sole direct investment is its managing general partnership interest in the Property Partnership, which owns all of the common shares or equity interests, as applicable, of the Holding Entities, through which we hold all of our interests in the operating entities. Our company has no independent means of generating revenue. As a result, we depend on distributions and other payments from the Property Partnership and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions on our units and to meet our financial obligations. The Property Partnership, the Holding

Entities and our operating entities are legally distinct from our company and they are generally required to service their debt obligations before making distributions to us or their parent entity, as applicable, thereby reducing the amount of our cash flow available to pay distributions on our units, fund working capital and satisfy other needs. In addition, the Property Partnership is required to make distributions to Preferred Unitholders before making distributions to us. Any other entities through which we may conduct operations in the future will also be legally distinct from our company and may be restricted in their ability to pay dividends and distributions or otherwise make funds available to our company under certain conditions.

We anticipate that the only distributions our company will receive in respect of our managing general partnership interests in the Property Partnership will consist of amounts that are intended to assist our company in making distributions to our unitholders in accordance with our company's distribution policy and to allow our company to pay expenses as they become due.

We may not be able to continue paying comparable or growing cash distributions to our unitholders in the future.

Our company intends to make quarterly cash distributions of approximately $1.18 per unit on an annualized basis. However, despite our projections, there can be no assurance that we will be able to make such distributions or meet our target growth rate range of 5% to 8% annually. Based on amounts received in distributions from our operating entities and our projected operating cash flow from our direct investments, our proposed distributions would be significantly greater than such amounts.

Although we may use distributions from our operating entities, the proceeds of sales of certain of our direct investments and/or borrowings to fund any shortfall in distributions, we may not be able to do so on a consistent and sustainable basis. Our ability to make distributions will depend on several other factors, some of which are out of our control, including, among other things, general economic conditions, our results of operations and financial condition, the amount of cash that is generated by our operations and investments, restrictions imposed by the terms of any indebtedness that is incurred to finance our operations and investments or to fund liquidity needs, levels of operating and other expenses, and contingent liabilities, any or all of which could prevent us from meeting our anticipated distribution levels. Finally, the BPY General Partner has sole authority to determine when and if our distributions will be made in respect of our units, and there can be no assurance that the BPY General Partner will declare and pay the distributions on our units as intended or at all.

Our company is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act of 1940, or the Investment Company Act, (and similar legislation in other jurisdictions) and if our company were deemed an "investment company" under the Investment Company Act applicable restrictions would make it impractical for us to operate as contemplated.

The Investment Company Act and the rules thereunder (and similar legislation in other jurisdictions) provide certain protections to investors and impose certain restrictions on companies that are registered as investment companies. Among other things, such rules limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities and impose certain governance requirements. Our company has not been and does not intend to become regulated as an investment company and our company intends to conduct its activities so it will not be deemed to be an investment company under the Investment Company Act (and similar legislation in other jurisdictions). In order to ensure that our company is not deemed to be an investment company, we may be required to materially restrict or limit the scope of our operations or plans, we will be limited in the types of acquisitions that we may make and we may need to modify our organizational structure or dispose of assets that we would not otherwise dispose of. Moreover, if anything were to happen that would potentially cause our company to be deemed an investment company under the Investment Company Act, it would be impractical for us to operate as intended, agreements and arrangements between and among us and Brookfield would be impaired and our business, financial condition and results of operations would be materially adversely affected. Accordingly, we would be required to take extraordinary steps to address the situation, such as the amendment or termination of our Master Services Agreement, the restructuring of our company and the Holding Entities, the amendment of our limited partnership agreement or the termination of our company, any of which would materially adversely affect the value of our units. In addition, if our company were deemed to be an investment company under the Investment Company Act, it would be taxable as a corporation for U.S. federal income tax purposes, and such treatment would materially adversely affect the value of our units. See Item 10.E. *"Additional Information - Taxation - U.S. Tax Considerations - Partnership Status of Our Company and the Property Partnership"*.

Our company is a "foreign private issuer" under U.S. securities laws and as a result is subject to disclosure obligations different from requirements applicable to U.S. domestic registrants listed on the New York Stock Exchange, or NYSE.

Although our company is subject to the periodic reporting requirement of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, the periodic disclosure required of foreign private issuers under the Exchange Act is different from periodic disclosure required of U.S. domestic registrants. Therefore, there may be less publicly available information about us than is regularly published by or about other public companies in the United States and our company is exempt from certain other

sections of the Exchange Act that U.S. domestic registrants would otherwise be subject to, including the requirement to provide our unitholders with information statements or proxy statements that comply with the Exchange Act. In addition, insiders and large unitholders of our company are not obligated to file reports under Section 16 of the Exchange Act and certain of the governance rules imposed by the NYSE are inapplicable to our company.

Our company is a "SEC foreign issuer" under Canadian securities regulations and is exempt from certain requirements of Canadian securities laws.

Although our company is a reporting issuer in Canada, we are a "SEC foreign issuer" and exempt from certain Canadian securities laws relating to continuous disclosure obligations and proxy solicitation as long as we comply with certain reporting requirements applicable in the United States, provided that the relevant documents filed with the U.S. Securities and Exchange Commission, or the SEC, are filed in Canada and sent to our company's unitholders in Canada to the extent and in the manner and within the time required by applicable U.S. requirements. Therefore, there may be less publicly available information in Canada about us than is regularly published by or about other reporting issuers in Canada.

We may be subject to the risks commonly associated with a separation of economic interest from control or the incurrence of debt at multiple levels within an organizational structure.

Our ownership and organizational structure is similar to structures whereby one company controls another company which in turn holds controlling interests in other companies; thereby, the company at the top of the chain may control the company at the bottom of the chain even if its effective equity position in the bottom company is less than a controlling interest. Brookfield is the sole shareholder of the BPY General Partner and, as a result of such ownership of the BPY General Partner, Brookfield controls the appointment and removal of the BPY General Partner's directors and, accordingly, exercises substantial influence over us. In turn, we often have a majority controlling interest or a significant influence in our investments. Even though Brookfield has an effective economic interest in our business of approximately 69% as of the date of this Form 20-F as a result of its ownership of our units and the Redemption-Exchange Units, over time Brookfield may reduce this economic interest while still maintaining its controlling interest, and therefore Brookfield may use its control rights in a manner that conflicts with the economic interests of our other unitholders. For example, despite the fact that our company has a conflicts policy in place which addresses the requirement for independent approval and other requirements for transactions in which there is greater potential for a conflict of interest to arise, including transactions with affiliates of Brookfield, because Brookfield exerts substantial influence over us, and, in turn, over our investments, there is a greater risk of transfer of assets of our investments at non-arm's length values to Brookfield and its affiliates. In addition, debt incurred at multiple levels within the chain of control could exacerbate the separation of economic interest from controlling interest at such levels, thereby creating an incentive to leverage our company and our investments. Any such increase in debt would also make us more sensitive to declines in revenues, increases in expenses and interest rates, and adverse market conditions. The servicing of any such debt would also reduce the amount of funds available to pay distributions to our company and ultimately to our unitholders.

Risks Relating to Our Relationship with Brookfield

Brookfield exercises substantial influence over us and we are highly dependent on the Service Providers.

Brookfield is the sole shareholder of the BPY General Partner. As a result of its ownership of the BPY General Partner, Brookfield is able to control the appointment and removal of the BPY General Partner's directors and, accordingly, exercise substantial influence over us. In addition, the Service Providers, wholly-owned subsidiaries of Brookfield Asset Management, provide management services to us pursuant to our Master Services Agreement. Our company and the Property Partnership do not currently have any senior management and depend on the management and administration services provided by the Service Providers. Brookfield personnel and support staff who provide services to us are not required to have as their primary responsibility the management and administration of our company or the Property Partnership or to work exclusively for either our company or the Property Partnership. Any failure to effectively manage our business or to implement our strategy could have a material adverse effect on our business, financial condition and results of operations.

Brookfield has no obligation to source acquisition opportunities for us and we may not have access to all acquisitions of commercial properties that Brookfield identifies.

Our ability to grow depends in part on Brookfield identifying and presenting us with acquisition opportunities. Pursuant to the Relationship Agreement, Brookfield Asset Management has identified our company as the primary entity through which Brookfield Asset Management will own and operate its commercial property businesses on a global basis. However, Brookfield has no obligation to source acquisition opportunities specifically for us. In addition, Brookfield has not agreed to commit to us any minimum level of dedicated resources for the pursuit of acquisitions of commercial property other than as contemplated by

our Master Services Agreement. There are a number of factors that could materially and adversely impact the extent to which acquisition opportunities are made available to us by Brookfield.

For example:

- Brookfield will only recommend acquisition opportunities that it believes are suitable for us;
- the same professionals within Brookfield's organization who are involved in acquisitions of commercial property have other responsibilities within Brookfield's broader asset management business. Limits on the availability of such individuals will likewise result in a limitation on the availability of acquisition opportunities for us;
- Brookfield may consider certain assets or operations that have both infrastructure related characteristics and commercial property related characteristics to be infrastructure and not commercial property;
- Brookfield may not consider an acquisition of commercial property that comprises part of a broader enterprise to be suitable for us, unless the primary purpose of such acquisition, as determined by Brookfield acting in good faith, is to acquire the underlying commercial property;
- legal, regulatory, tax and other commercial considerations will be an important factor in determining whether an opportunity is suitable for us; and
- in addition to structural limitations, the determination of whether a particular acquisition is suitable for us is highly subjective and is dependent on a number of factors including our liquidity position at the time, the risk profile of the opportunity, its fit with the balance of our business and other factors.

The departure of some or all of Brookfield's professionals could prevent us from achieving our objectives.

We depend on the diligence, skill and business contacts of Brookfield's professionals and the information and opportunities they generate during the normal course of their activities. Our success will depend on the continued service of these individuals, who are not obligated to remain employed with Brookfield. Brookfield has experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on our ability to achieve our objectives. The departure of a significant number of Brookfield's professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on our ability to achieve our objectives. Our limited partnership agreement and our Master Services Agreement do not require Brookfield to maintain the employment of any of its professionals or to cause any particular professionals to provide services to us or on our behalf.

Control of our company may be transferred directly or indirectly to a third party without unitholder consent.

The BPY General Partner may transfer its general partnership interest in our company to a third party, including in a merger or consolidation or in a transfer of all or substantially all of its assets, without the consent of our unitholders. Furthermore, at any time, the sole shareholder of the BPY General Partner may sell or transfer all or part of its shares in the BPY General Partner without the approval of our unitholders. If a new owner were to acquire ownership of the BPY General Partner and to appoint new directors or officers of its own choosing, it would be able to exercise substantial influence over our policies and procedures and exercise substantial influence over our management, our distributions and the types of acquisitions that we make. Such changes could result in our company's capital being used to make acquisitions in which Brookfield has no involvement or that are substantially different from our targeted acquisitions. Additionally, we cannot predict with any certainty the effect that any transfer in the ownership of the BPY General Partner would have on the trading price of our units or our ability to raise capital or make investments in the future, because such matters would depend to a large extent on the identity of the new owner and the new owner's intentions with regards to us. As a result, the future of our company would be uncertain and our financial condition and results of operations may suffer.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of our unitholders.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any duty (statutory or otherwise) to act in the best interests of the Service Recipients, nor do they impose other duties that are fiduciary in nature. As a result, the BPY General Partner, a wholly-owned subsidiary of Brookfield Asset Management, in its capacity as our general partner, has the sole authority to enforce the terms of such agreements and to consent to any waiver, modification or amendment of their provisions, subject to approval by the independent directors in accordance with our conflicts policy.

The Bermuda Limited Partnership Act 1883, under which our company and the Property Partnership were established, does not impose statutory fiduciary duties on a general partner of a limited partnership in the same manner that corporate statutes, such as the *Canada Business Corporations Act*, impose fiduciary duties on directors of a corporation. In general, under applicable Bermudian legislation, a general partner has certain limited duties to its limited partners, such as the duty to render accounts, account for private profits and not compete with the partnership in business. In addition, Bermuda common law recognizes that a general partner owes a duty of utmost good faith to its limited partners. These duties are, in most respects, similar to duties imposed on a general partner of a limited partnership under U.S. and Canadian law. However, to the extent that the BPY General Partner owes any fiduciary duties to our company and our unitholders, these duties have been modified pursuant to our limited partnership agreement as a matter of contract law. We have been advised by counsel that such modifications are not prohibited under Bermuda law, subject to typical qualifications as to enforceability of contractual provisions, such as the application of general equitable principles. This is similar to Delaware law which expressly permits modifications to the fiduciary duties owed to partners, other than an implied contractual covenant of good faith and fair dealing.

Our limited partnership agreement contains various provisions that modify the fiduciary duties that might otherwise be owed to our company and our unitholders, including when conflicts of interest arise. For example, the agreement provides that the BPY General Partner and its affiliates do not have any obligation under our limited partnership agreement, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our company, the Property Partnership, any Holding Entity or any other holding entity established by us. It also allows affiliates of the BPY General Partner to engage in activities that may compete with us or our activities. In addition, the agreement permits the BPY General Partner to take into account the interests of third parties, including Brookfield, when resolving conflicts of interest. The agreement prohibits our limited partners from advancing claims that otherwise might raise issues as to compliance with fiduciary duties or applicable law. These modifications to the fiduciary duties are detrimental to our unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit conflicts of interest to be resolved in a manner that is not in the best interests of our company or the best interests of our unitholders. *See* Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Conflicts of Interest and Fiduciary Duties"*.

Our organizational and ownership structure, as well as our contractual arrangements with Brookfield, may create significant conflicts of interest that may be resolved in a manner that is not in the best interests of our company or the best interests of our unitholders.

Our organizational and ownership structure involves a number of relationships that may give rise to conflicts of interest between us and our unitholders, on the one hand, and Brookfield, on the other hand. In certain instances, the interests of Brookfield may differ from the interests of our company and our unitholders, including with respect to the types of acquisitions made, the timing and amount of distributions by us, the reinvestment of returns generated by our operations, the use of leverage when making acquisitions and the appointment of outside advisors and Service Providers, including as a result of the reasons described under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield"*.

In addition, the Service Providers, affiliates of Brookfield, provide management services to us pursuant to our Master Services Agreement. Pursuant to our Master Services Agreement, we pay a base management fee to the Service Providers equal to 0.5% of the total capitalization of our partnership, subject to an annual minimum of $50 million (plus the amount of any annual escalation by the specified inflation factor). Additionally, the Property Partnership pays a quarterly equity enhancement distribution to Property Special LP of 0.3125% of the amount by which the company's total capitalization value at the end of each quarter exceeds its total capitalization value determined immediately following the Spin-off, subject to certain adjustments. Property Special LP also receives incentive distributions based on an amount by which quarterly distributions on the limited partnership units of the Property Partnership exceed specified target levels as set forth in the Property Partnership's limited partnership agreement. For a further explanation of the equity enhancement and incentive distributions, together with examples of how such amounts are calculated, see Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Distributions"*. This relationship may give rise to conflicts of interest between us and our unitholders, on the one hand, and Brookfield, on the other, as Brookfield's interests may differ from the interests of our company and our unitholders.

The BPY General Partner, the sole shareholder of which is Brookfield, has sole authority to determine whether our company will make distributions and the amount and timing of these distributions. The arrangements we have with Brookfield may create an incentive for Brookfield to take actions that would have the effect of increasing distributions and fees payable to it, which may be to the detriment of our company and our unitholders. For example, because the equity enhancement distribution is calculated based on our company's total capitalization, it may create an incentive for Brookfield to increase or maintain our company's total capitalization over the near-term when other actions may be more favorable to our company or our unitholders. Similarly, Brookfield

may take actions to increase our distributions in order to ensure Brookfield is paid incentive distributions in the near-term when other investments or actions may be more favorable to our company or our unitholders. Also, through Brookfield's ownership of our units and the Redemption-Exchange Units of the Property Partnership, it has an effective economic interest in our business of approximately 69% as of the date of this Form 20-F and therefore may be incented to increase distributions payable to unitholders and thereby to Brookfield. Finally, the management fee is payable to the Service Providers, which are controlled by Brookfield, irrespective of our actual performance.

Our arrangements with Brookfield were effectively determined by Brookfield in the context of the Spin-off and may contain terms that are less favorable than those which otherwise might have been obtained from unrelated parties.

The terms of our arrangements with Brookfield were effectively determined by Brookfield in the context of the Spin-off. These terms, including terms relating to compensation, contractual or fiduciary duties, conflicts of interest and Brookfield's ability to engage in outside activities, including activities that compete with us, our activities and limitations on liability and indemnification, may be less favorable than those which otherwise might have resulted if the negotiations had involved unrelated parties. The transfer agreements under which our assets and operations were acquired from Brookfield do not contain representations and warranties or indemnities relating to the underlying assets and operations. Under our limited partnership agreement, persons who acquire our units and their transferees will be deemed to have agreed that none of those arrangements constitutes a breach of any duty that may be owed to them under our limited partnership agreement or any duty stated or implied by law or equity.

The BPY General Partner may be unable or unwilling to terminate our Master Services Agreement.

Our Master Services Agreement provides that the Service Recipients may terminate the agreement only if: (i) any of the Service Providers defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Recipients and the default continues unremedied for a period of 60 days after written notice of the breach is given to such Service Provider; (ii) any of the Service Providers engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to the Service Recipients; (iii) any of the Service Providers is grossly negligent in the performance of its obligations under the Master Services Agreement and such gross negligence results in material harm to the Service Recipients; or (iv) upon the happening of certain events relating to the bankruptcy or insolvency of each of the Service Providers. The BPY General Partner cannot terminate the agreement for any other reason, including if any of the Service Providers or Brookfield experiences a change of control, and there is no fixed term to the agreement. In addition, because the BPY General Partner is a wholly-owned subsidiary of Brookfield Asset Management, it may be unwilling to terminate our Master Services Agreement, even in the case of a default. If the Service Providers' performance does not meet the expectations of investors, and the BPY General Partner is unable or unwilling to terminate our Master Services Agreement, the market price of our units could suffer. Furthermore, the termination of our Master Services Agreement would terminate our company's rights under the Relationship Agreement. See "Relationship Agreement" under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield"*.

The liability of the Service Providers is limited under our arrangements with them and we have agreed to indemnify the Service Providers against claims that they may face in connection with such arrangements, which may lead them to assume greater risks when making decisions relating to us than they otherwise would if acting solely for their own account.

Under our Master Services Agreement, the Service Providers have not assumed any responsibility other than to provide or arrange for the provision of the services described in our Master Services Agreement in good faith and will not be responsible for any action that the BPY General Partner takes in following or declining to follow their advice or recommendations. In addition, under our limited partnership agreement, the liability of the BPY General Partner and its affiliates, including the Service Providers, is limited to the fullest extent permitted by law to conduct involving bad faith, fraud, gross negligence or willful misconduct or, in the case of a criminal matter, action that was known to have been unlawful. The liability of the Service Providers under our Master Services Agreement is similarly limited. In addition, we have agreed to indemnify the Service Providers to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses incurred by an indemnified person or threatened in connection with our operations, investments and activities or in respect of or arising from our Master Services Agreement or the services provided by the Service Providers, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the conduct in respect of which such persons have liability as described above. These protections may result in the Service Providers tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which the Service Providers are parties may also give rise to legal claims for indemnification that are adverse to our company and our unitholders.

Risks Relating to our Units

The price of our units may fluctuate significantly and you could lose all or part of the value of your units.

The market price of our units may fluctuate significantly and you could lose all or part of the value of your units. Factors that may cause the price of our units to vary include:

- changes in our financial performance and prospects, or in the financial performance and prospects of companies engaged in businesses that are similar to us;
- public announcements about our business, including our development projects, pending investments and significant transactions, our significant tenants and properties or any negative publicity;
- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to us;
- sales of our units by our unitholders, including by Brookfield and/or other significant holders of our units;
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events;
- speculation in the press or investment community regarding us or factors or events that may directly or indirectly affect us;
- our access to capital or other funding sources and our ability to raise capital on favorable terms; and
- a loss of any major funding source.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of our units.

Our company may issue additional units in the future in lieu of incurring indebtedness which may dilute existing holders of our units or our company may issue securities that have rights and privileges that are more favorable than the rights and privileges accorded to holders of our units.

Our company may issue additional securities, including units and options, rights, warrants and appreciation rights relating to partnership securities for any purpose and for such consideration and on such terms and conditions as the BPY General Partner may determine. The BPY General Partner's board of directors will be able to determine the class, designations, preferences, rights, powers and duties of any additional partnership securities, including any rights to share in our company's profits, losses and distributions, any rights to receive partnership assets upon a dissolution or liquidation of our company and any redemption, conversion and exchange rights. The BPY General Partner may use such authority to issue additional units or additional securities exchangeable for our units, such as the Class A Preferred Units, which would dilute existing holders of our units, or to issue securities with rights and privileges that are more favorable than those of our units. You will not have any right to consent to or otherwise approve the issuance of any such securities or the terms on which any such securities may be issued.

Future sales or issuances of our units in the public markets, or the perception of such sales, could depress the market price of our units.

The sale or issuance of a substantial number of our units or other equity-related securities in the public markets, or the perception that such sales could occur, could depress the market price of our units and impair our ability to raise capital through the sale of additional equity securities. Although Brookfield intends to maintain a significant interest in our company, Brookfield expects its interests in the Property Partnership to be reduced over time through mergers, treasury issuances or secondary sales which could also depress the market price of our units. We cannot predict the effect that future sales or issuances of units, other equity-related securities, or the limited partnership units of the Property Partnership would have on the market price of our units.

Our unitholders do not have a right to vote on partnership matters or to take part in the management of our company.

Under our limited partnership agreement, our unitholders are not entitled to vote on matters relating to our company, such as acquisitions, dispositions or financings, or to participate in the management or control of our company. In particular, our unitholders do not have the right to remove the BPY General Partner, to cause the BPY General Partner to withdraw from our company, to cause a new general partner to be admitted to our partnership, to appoint new directors to the BPY General Partner's

board of directors, to remove existing directors from the BPY General Partner's board of directors or to prevent a change of control of the BPY General Partner. In addition, except as prescribed by applicable laws, our unitholders' consent rights apply only with respect to certain amendments to our limited partnership agreement. As a result, unlike holders of common stock of a corporation, our unitholders are not able to influence the direction of our company, including its policies and procedures, or to cause a change in its management, even if they are dissatisfied with our performance. Consequently, our unitholders may be deprived of an opportunity to receive a premium for their units in the future through a sale of our company and the trading price of our units may be adversely affected by the absence or a reduction of a takeover premium in the trading price.

Our company is a Bermuda exempted limited partnership and it may not be possible for our investors to serve process on or enforce U.S. or Canadian judgments against us.

Our company is a Bermuda exempted limited partnership and a substantial portion of our assets are located outside the United States and Canada. In addition, certain of the directors of the BPY General Partner and certain members of the senior management team who are principally responsible for providing us with management services reside outside of the United States and Canada. As a result, it may be difficult or impossible for U.S. or Canadian investors to effect service of process within the United States or Canada upon us or our directors and executive officers, or to enforce, against us or these persons, judgments obtained in the U.S. or Canadian courts predicated upon the civil liability provisions of U.S. federal securities laws or Canadian securities laws. We believe that there is doubt as to the enforceability in Bermuda, in original actions or in actions to enforce judgments of U.S. or Canadian courts, of claims predicated solely upon U.S. federal securities laws or Canadian securities laws. *See* Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement - Our Units".*

Risks Relating to Taxation

General

We participate in transactions and make tax calculations for which the ultimate tax determination may be uncertain.

We participate in many transactions and make tax calculations during the course of our business for which the ultimate tax determination is uncertain. While we believe we maintain provisions for uncertain tax positions that appropriately reflect our risk, these provisions are made using estimates of the amounts expected to be paid based on a qualitative assessment of several factors. It is possible that liabilities associated with one or more transactions may exceed our provisions due to audits by, or litigation with, relevant taxing authorities which may materially affect our financial condition and results of operations.

Changes in tax law and practice may have a material adverse effect on the operations of our company, the Holding Entities, and our operating entities and, as a consequence, the value of our assets and the net amount of distributions payable to our unitholders.

Our structure, including the structure of the Holding Entities and our operating entities, is based on prevailing taxation law and practice in the local jurisdictions in which we operate. Any change in tax legislation (including in relation to taxation rates) and practice in these jurisdictions could adversely affect these entities, as well as the net amount of distributions payable to our unitholders. Taxes and other constraints that would apply to our operating entities in such jurisdictions may not apply to local institutions or other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing such acquisitions.

Our company's ability to make distributions depends on it receiving sufficient cash distributions from its underlying operations, and we cannot assure unitholders that we will be able to make cash distributions to them in amounts that are sufficient to fund their tax liabilities.

Our Holding Entities and operating entities may be subject to local taxes in each of the relevant territories and jurisdictions in which they operate, including taxes on income, profits or gains and withholding taxes. As a result, our company's cash available for distribution is indirectly reduced by such taxes, and the post-tax return to our unitholders is similarly reduced by such taxes. We intend for future acquisitions to be assessed on a case-by-case basis and, where possible and commercially viable, structured so as to minimize any adverse tax consequences to our unitholders as a result of making such acquisitions.

In general, a unitholder that is subject to income tax in Canada or the United States must include in income its allocable share of our company's items of income, gain, loss, and deduction (including, so long as it is treated as a partnership for tax purposes, our company's allocable share of those items of the Property Partnership) for each of our company's fiscal years ending with or within such unitholder's tax year. See Item 10.E. *"Taxation".* However, the cash distributed to a unitholder may not be

sufficient to pay the full amount of such unitholder's tax liability in respect of its investment in our company, because each unitholder's tax liability depends on such unitholder's particular tax situation and the tax treatment of the underlying activities or assets of our company. If our company is unable to distribute cash in amounts that are sufficient to fund our unitholders' tax liabilities, each of our unitholders will still be required to pay income taxes on its share of our company's taxable income.

Our unitholders may be subject to non-U.S., state and local taxes and return filing requirements as a result of owning our units.

Based on our method of operation and the ownership of our operating entities indirectly through corporate Holding Entities, we do not expect any unitholder, solely as a result of owning our units, to be subject to any additional income taxes imposed on a net basis or additional tax return filing requirements in any jurisdiction in which we conduct activities or own property. However, our method of operation and current structure may change, and there can be no assurance that our unitholders, solely as a result of owning our units, will not be subject to certain taxes, including non-U.S., state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes imposed by the various jurisdictions in which we do business or own property now or in the future, even if our unitholders do not reside in any of these jurisdictions. Consequently, our unitholders may also be required to file non-U.S., state and local income tax returns in some or all of these jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with these requirements. It is the responsibility of each unitholder to file all U.S. federal, non-U.S., state and local tax returns that may be required of such unitholder.

Our unitholders may be exposed to transfer pricing risks.

To the extent that our company, the Property Partnership, the Holding Entities or our operating entities enter into transactions or arrangements with parties with whom they do not deal at arm's length, including Brookfield, the relevant tax authorities may seek to adjust the quantum or nature of the amounts received or paid by such entities if they consider that the terms and conditions of such transactions or arrangements differ from those that would have been made between persons dealing at arm's length. This could result in more tax (and penalties and interest) being paid by such entities, and therefore the return to investors could be reduced. For Canadian tax purposes, a transfer pricing adjustment may in certain circumstances result in additional income being allocated to a unitholder with no corresponding cash distribution or in a dividend being deemed to be paid by a Canadian-resident to a non-arm's length non-resident, which deemed dividend is subject to Canadian withholding tax.

The BPY General Partner believes that the base management fee and any other amount that is paid to the Service Providers is commensurate with the value of the services being provided by the Service Providers and comparable to the fees or other amounts that would be agreed to in an arm's length arrangement. However, no assurance can be given in this regard.

If the relevant tax authority were to assert that an adjustment should be made under the transfer pricing rules to an amount that is relevant to the computation of the income of the Property Partnership or our company, such assertion could result in adjustments to amounts of income (or loss) allocated to our unitholders by our company for tax purposes. In addition, we might also be liable for transfer pricing penalties in respect of transfer pricing adjustments unless reasonable efforts were made to determine, and use, arm's length transfer prices. Generally, reasonable efforts in this regard are only considered to be made if contemporaneous documentation has been prepared in respect of such transactions or arrangements that support the transfer pricing methodology.

The U.S. Internal Revenue Service, or IRS, or Canada Revenue Agency, or CRA, may not agree with certain assumptions and conventions that we use to comply with applicable U.S. and Canadian federal income tax laws or to report income, gain, loss, deduction, and credit to our unitholders.

We apply certain assumptions and conventions to comply with applicable tax laws and to report income, gain, deduction, loss, and credit to a unitholder in a manner that reflects such unitholder's beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, these assumptions and conventions may not be in compliance with all aspects of the applicable tax requirements. A successful IRS or CRA challenge to such assumptions or conventions could adversely affect the amount of tax benefits available to our unitholders and could require that items of income, gain, deduction, loss, or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects our unitholders. See Item 10.E. *"Taxation"*.

United States

If our company or the Property Partnership were to be treated as a corporation for U.S. federal income tax purposes, the value of our units might be adversely affected.

The value of our units to our unitholders depends in part on the treatment of our company and the Property Partnership as partnerships for U.S. federal income tax purposes. However, in order for our company to be treated as a partnership for U.S. federal income tax purposes, under present law, 90% or more of our company's gross income for every taxable year must consist of qualifying income, as defined in Section 7704 of the U.S. Internal Revenue Code of 1986, as amended, or the U.S. Internal Revenue Code, and our company must not be required to register, if it were a U.S. corporation, as an investment company under the Investment Company Act and related rules. Although the BPY General Partner intends to manage our affairs so that our company will not need to be registered as an investment company if it were a U.S. corporation and so that it will meet the 90% test described above in each taxable year, our company may not meet these requirements, or current law may change so as to cause, in either event, our company to be treated as a corporation for U.S. federal income tax purposes. If our company (or the Property Partnership) were treated as a corporation for U.S. federal income tax purposes, adverse U.S. federal income tax consequences could result for our unitholders and our company (or the Property Partnership, as applicable), as described in greater detail in Item 10.E. *"Taxation - U.S. Tax Considerations - Partnership Status of Our Company and the Property Partnership"*.

The failure of certain of our operating entities (or certain of their subsidiaries) to qualify as REITs under U.S. federal income tax rules generally would have adverse tax consequences which could result in a material reduction in cash flow and after-tax return for our unitholders and thus could result in a reduction of the value of our units.

Certain of our operating entities (and certain of their subsidiaries), including operating entities in which we do not have a controlling interest, intend to qualify for taxation as REITs for U.S. federal income tax purposes. However, no assurance can be provided that any such entity will qualify as a REIT. An entity's ability to qualify as a REIT depends on its satisfaction of certain asset, income, organizational, distribution, shareholder ownership, and other requirements on a continuing basis. No assurance can be provided that the actual results of operations for any particular entity in a given taxable year will satisfy such requirements. If any such entity were to fail to qualify as a REIT in any taxable year, it would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its net taxable income at regular corporate rates, and distributions would not be deductible by it in computing its taxable income. Any such corporate tax liability could be substantial and could materially reduce the amount of cash available for distribution to our company, which in turn would materially reduce the amount of cash available for distribution to our unitholders or investment in our business and could have an adverse impact on the value of our units. Unless entitled to relief under certain U.S. federal income tax rules, any entity which so failed to qualify as a REIT would also be disqualified from taxation as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT.

We may be subject to U.S. "backup" withholding tax or other U.S. withholding taxes if any unitholder fails to comply with U.S. tax reporting rules or if the IRS or other applicable state or local taxing authority does not accept our withholding methodology, and such excess withholding tax cost will be an expense borne by our company and, therefore, by all of our unitholders on a pro rata basis.

We may become subject to U.S. backup withholding tax or other U.S. withholding taxes with respect to any unitholder who fails to timely provide our company (or the applicable clearing agent or other intermediary) with an IRS Form W-9 or IRS Form W-8, as the case may be, or if the withholding methodology we use is not accepted by the IRS or other applicable state or local taxing authority. See Item 10.E. *"Taxation - U.S. Tax Considerations - Administrative Matters - Withholding and Backup Withholding"*. To the extent that any unitholder fails to timely provide the applicable form (or such form is not properly completed), or should the IRS or other applicable state or local taxing authority not accept our withholding methodology, our company might treat such U.S. backup withholding taxes or other U.S. withholding taxes as an expense, which would be borne indirectly by all of our unitholders on a pro rata basis. As a result, our unitholders that fully comply with their U.S. tax reporting obligations may bear a share of such burden created by other unitholders that do not comply with the U.S. tax reporting rules.

Tax-exempt organizations may face certain adverse U.S. tax consequences from owning our units.

The BPY General Partner intends to use commercially reasonable efforts to structure our activities to avoid generating income connected with the conduct of a trade or business (which income generally would constitute "unrelated business taxable income", or UBTI, to the extent allocated to a tax-exempt organization). However, no assurance can be provided that we will not generate UBTI in the future. In particular, UBTI includes income attributable to debt-financed property, and we are not prohibited from financing the acquisition of property with debt. In addition, a tax-exempt organization might be allocated UBTI if our company's indirect investment in a REIT were to give rise to "excess inclusion income". The potential for income to be characterized

as UBTI could make our units an unsuitable investment for a tax-exempt organization, as addressed in greater detail in Item 10.E. *"Taxation - U.S. Tax Considerations - Consequences to U.S. Holders - U.S. Taxation of Tax-Exempt U.S. Holders of Our Units"*.

If our company were engaged in a U.S. trade or business, non-U.S. persons would face certain adverse U.S. tax consequences from owning our units.

Based on our organizational structure, as well as our expected income and assets, the BPY General Partner currently believes that our company is unlikely to earn income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a "United States real property interest", as defined in the U.S. Internal Revenue Code. If our company were deemed to be engaged in a U.S. trade or business, or to realize gain from the sale or other disposition of a U.S. real property interest, Non-U.S. Holders (as defined in Item 10.E. *"Taxation - U.S. Tax Considerations"*) generally would be required to file U.S. federal income tax returns and could be subject to U.S. federal withholding tax at the highest marginal U.S. federal income tax rates applicable to ordinary income. See Item 10.E. *"Taxation - U.S. Tax Considerations - Consequences to Non-U.S. Holders"*.

To meet U.S. federal income tax and other objectives, our company and the Property Partnership may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax.

To meet U.S. federal income tax and other objectives, our company and the Property Partnership may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax. Consequently, items of income, gain, loss, deduction, or credit realized in the first instance by our operating entities will not flow, for U.S. federal income tax purposes, directly to the Property Partnership, our company, or our unitholders, and any such income or gain may be subject to a corporate income tax, in the U.S. or other jurisdictions, at the level of the Holding Entity. Any such additional taxes may adversely affect our company's ability to maximize its cash flow.

Our unitholders taxable in the United States may be viewed as holding an indirect interest in an entity classified as a "passive foreign investment company" or "controlled foreign corporation" for U.S. federal income tax purposes.

U.S. holders may face adverse U.S. tax consequences arising from the ownership of an indirect interest in a "passive foreign investment company", or PFIC, or in a "controlled foreign corporation", or CFC. These investments may produce taxable income prior to the receipt of cash relating to such income, and U.S. holders will be required to take such income into account in determining their gross income subject to tax. In addition, all or a portion of any gain realized upon the sale of a CFC may be taxable at ordinary income rates. Further, with respect to gain realized upon the sale of and excess distributions from a PFIC for which an election for current inclusions is not made, such income would be taxable at ordinary income rates and subject to an additional tax equivalent to an interest charge on the deferral of income inclusions from the PFIC. See Item 10.E. *"Taxation - U.S. Tax Considerations - Consequences to U.S. Holders - Passive Foreign Investment Companies"* and *"Taxation - U.S. Tax Considerations - Consequences to U.S. Holders - Controlled Foreign Corporations"*. Each U.S. holder should consult its own tax adviser regarding the implications of the PFIC and CFC rules for an investment in our units.

Tax gain or loss from the disposition of our units could be more or less than expected.

If a sale of our units by a unitholder is taxable in the United States, the unitholder will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and the unitholder's adjusted tax basis in such units. Prior distributions to a unitholder in excess of the total net taxable income allocated to such unitholder will have decreased such unitholder's tax basis in our units. Therefore, such excess distributions will increase a unitholder's taxable gain or decrease such unitholder's taxable loss when our units are sold, and may result in a taxable gain even if the sale price is less than the original cost. A portion of the amount realized, whether or not representing gain, could be ordinary income to such unitholder.

Our partnership structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The tax characterization of our partnership structure is also subject to potential legislative, judicial, or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of our unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Unitholders should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the U.S. Treasury Department and the courts, frequently resulting in changes which could adversely affect the value of our units or cause our company to change the way it conducts its activities. For example, changes to the U.S. federal tax laws and interpretations

thereof could make it more difficult or impossible for our company to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of our company's income, reduce the net amount of distributions available to our unitholders, or otherwise affect the tax considerations of owning our units. In addition, our company's organizational documents and agreements permit the BPY General Partner to modify our limited partnership agreement, without the consent of our unitholders, to address such changes. These modifications could have a material adverse impact on our unitholders. See Item 10.E. *"Taxation - U.S. Tax Considerations - Administrative Matters - New Legislation or Administrative or Judicial Action"*.

Our company's delivery of required tax information for a taxable year may be subject to delay, which could require a unitholder who is a U.S. taxpayer to request an extension of the due date for such unitholder's income tax return.

Our company has agreed to use commercially reasonable efforts to provide U.S. tax information (including IRS Schedule K-1 information needed to determine a unitholder's allocable share of our company's income, gain, losses, and deductions) no later than 90 days after the close of each calendar year. However, providing this U.S. tax information to our unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, a unitholder will need to apply for an extension of time to file such unitholder's tax returns. See Item 10.E. *"Taxation - U.S. Tax Considerations - Administrative Matters - Information Returns and Audit Procedures"*.

The sale or exchange of 50% or more of our units will result in the constructive termination of our partnership for U.S. federal income tax purposes.

Our partnership will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our units within a 12-month period. A constructive termination of our partnership would, among other things, result in the closing of its taxable year for U.S. federal income tax purposes for all of our unitholders and could result in the possible acceleration of income to certain of our unitholders and certain other consequences that could adversely affect the value of our units. However, the BPY General Partner does not expect a constructive termination, should it occur, to have a material impact on the computation of the future taxable income generated by our company for U.S. federal income tax purposes. See Item 10.E. *"Taxation - U.S. Tax Considerations - Administrative Matters - Constructive Termination"*.

If the IRS makes an audit adjustment to our income tax returns for taxable years beginning after December 31, 2017, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from us, in which case cash available for distribution to our unitholders might be substantially reduced.

Under the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, if the IRS makes an audit adjustment to our income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from our company instead of unitholders (as under prior law). We may be permitted to elect to have the BPY General Partner and our unitholders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit. However, there can be no assurance that we will choose to make such election or that it will be available in all circumstances. If we do not make the election, and we pay taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to our unitholders might be substantially reduced. As a result, our current unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if our current unitholders did not own our units during the taxable year under audit. The foregoing considerations also apply with respect to our company's interest in the Property Partnership. These rules do not apply to our company or the Property Partnership for taxable years beginning on or before December 31, 2017.

Under the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act of 2010, or FATCA, certain payments made or received by our company may be subject to a 30% federal withholding tax, unless certain requirements are met.

Under FATCA, a 30% withholding tax may apply to certain payments of U.S.-source income made to our company, the Property Partnership, the Holding Entities, or the operating entities, or by our company to a unitholder, unless certain requirements are met, as described in greater detail in Item 10.E *"Taxation - U.S. Tax Considerations - Administrative Matters - Foreign Account Tax Compliance"*. The 30% withholding tax may also apply to certain payments made on or after January 1, 2019 that are attributable to U.S.-source income or that constitute gross proceeds from the disposition of property that could produce U.S.-source dividends or interest. To ensure compliance with FATCA, information regarding certain unitholders' ownership of our units may be reported to the IRS or to a non-U.S. governmental authority. Unitholders should consult their own tax advisers regarding the consequences under FATCA of an investment in our units.

Canada

If the subsidiaries that are corporations, or non-resident subsidiaries, and that are not resident or deemed to be resident in Canada for purposes of the Income Tax Act (Canada), or, together with the regulations thereunder, the Tax Act, and that are "controlled foreign affiliates", or CFAs, as defined in the Tax Act, in which the Property Partnership directly holds an equity interest earn income that is "foreign accrual property income", or FAPI, as defined in the Tax Act, our unitholders may be required to include amounts allocated from our company in computing their income for Canadian federal income tax purposes even though there may be no corresponding cash distribution.

Certain of the non-resident subsidiaries in which the Property Partnership directly holds an equity interest are expected to be CFAs of the Property Partnership. If any CFA of the Property Partnership or any direct or indirect subsidiary thereof that is itself a CFA of the Property Partnership, or an Indirect CFA, earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI allocable to the Property Partnership must be included in computing the income of the Property Partnership for Canadian federal income tax purposes for the fiscal period of the Property Partnership in which the taxation year of that CFA or Indirect CFA ends, whether or not the Property Partnership actually receives a distribution of that FAPI. Our company will include its share of such FAPI of the Property Partnership in computing its income for Canadian federal income tax purposes and our unitholders will be required to include their proportionate share of such FAPI allocated from our company in computing their income for Canadian federal income tax purposes. As a result, our unitholders may be required to include amounts in their income for Canadian federal income tax purposes even though they have not and may not receive an actual cash distribution of such amounts. The Tax Act contains anti-avoidance rules to address certain foreign tax credit generator transactions, or the Foreign Tax Credit Generator Rules. Under the Foreign Tax Credit Generator Rules, the "foreign accrual tax", as defined in the Tax Act, applicable to a particular amount of FAPI included in the Property Partnership's income in respect of a particular "foreign affiliate", as defined in the Tax Act, of the Property Partnership may be limited in certain specified circumstances. See Item 10.E. "*Taxation - Certain Material Canadian Federal Income Tax Considerations*".

Our unitholders may be required to include imputed amounts in their income for Canadian federal income tax purposes in accordance with section 94.1 of the Tax Act.

Section 94.1 of the Tax Act contains rules relating to interests in entities that are not resident or deemed to be resident in Canada for purposes of the Tax Act or not situated in Canada, other than a CFA of the taxpayer, or Non-Resident Entities, that could in certain circumstances cause income to be imputed to unitholders for Canadian federal income tax purposes, either directly or by way of allocation of such income imputed to our company or to the Property Partnership. See Item 10.E. *"Taxation - Certain Material Canadian Federal Income Tax Considerations"*.

Our unitholders' foreign tax credits for Canadian federal income tax purposes will be limited if the Foreign Tax Credit Generator Rules apply in respect of the foreign "business income tax" or "non-business income tax", each as defined in the Tax Act, paid by our company or the Property Partnership to a foreign country.

Under the Foreign Tax Credit Generator Rules, the foreign "business-income tax" or "non-business-income tax" for Canadian federal income tax purposes for any taxation year may be limited in certain circumstances. If the Foreign Tax Credit Generator Rules apply, the allocation to a unitholder of foreign "business income tax" or "non-business income tax" paid by our company or the Property Partnership, and therefore, such unitholder's foreign tax credits for Canadian federal income tax purposes, will be limited. See Item 10.E. *"Taxation - Certain Material Canadian Federal Income Tax Considerations"*.

Unitholders who are not and are not deemed to be resident in Canada for purposes of the Tax Act and who do not use or hold, and are not deemed to use or hold, their units of our company in connection with a business carried on in Canada, or non-resident limited partners, may be subject to Canadian federal income tax with respect to any Canadian source business income earned by our company or the Property Partnership if our company or the Property Partnership were considered to carry on business in Canada.

If our company or the Property Partnership were considered to carry on business in Canada for purposes of the Tax Act, non-resident limited partners would be subject to Canadian federal income tax on their proportionate share of any Canadian source business income earned or considered to be earned by our company, subject to the potential application of the safe harbour rule in section 115.2 of the Tax Act and any relief that may be provided by any relevant income tax treaty or convention.

The BPY General Partner intends to manage the affairs of our company and the Property Partnership, to the extent possible, so that they do not carry on business in Canada and are not considered or deemed to carry on business in Canada for purposes of the Tax Act. Nevertheless, because the determination of whether our company or the Property Partnership is carrying on business and, if so, whether that business is carried on in Canada, is a question of fact that is dependent upon the surrounding circumstances,

the CRA, might contend successfully that either or both of our company and the Property Partnership carries on business in Canada for purposes of the Tax Act.

If our company or the Property Partnership is considered to carry on business in Canada or is deemed to carry on business in Canada for the purposes of the Tax Act, non-resident limited partners that are corporations would be required to file a Canadian federal income tax return for each taxation year in which they are a non-resident limited partner regardless of whether relief from Canadian taxation is available under an applicable income tax treaty or convention. Non-resident limited partners who are individuals would only be required to file a Canadian federal income tax return for any taxation year in which they are allocated income from our company from carrying on business in Canada that is not exempt from Canadian taxation under the terms of an applicable income tax treaty or convention.

Non-resident limited partners may be subject to Canadian federal income tax on capital gains realized by our company or the Property Partnership on dispositions of "taxable Canadian property" as defined in the Tax Act.

A non-resident limited partner will be subject to Canadian federal income tax on its proportionate share of capital gains realized by our company or the Property Partnership on the disposition of "taxable Canadian property" other than "treaty protected property", as defined in the Tax Act. "Taxable Canadian property" includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a "designated stock exchange", as defined in the Tax Act, if more than 50% of the fair market value of the shares is derived from certain Canadian properties during the 60-month period immediately preceding the particular time. Property of our company and the Property Partnership generally will be "treaty-protected property" to a non-resident limited partner if the gain from the disposition of the property would, because of an applicable income tax treaty or convention, be exempt from tax under the Tax Act. Our company and the Property Partnership are not expected to realize capital gains or losses from dispositions of "taxable Canadian property". However, no assurance can be given in this regard. Non-resident limited partners will be required to file a Canadian federal income tax return in respect of a disposition of "taxable Canadian property" by our company or the Property Partnership unless the disposition is an "excluded disposition" for the purposes of section 150 of the Tax Act. However, non-resident limited partners that are corporations will still be required to file a Canadian federal income tax return in respect of a disposition of "taxable Canadian property" that is an "excluded disposition" for the purposes of section 150 of the Tax Act if tax would otherwise be payable under Part I of the Tax Act by such non-resident limited partners in respect of the disposition but is not because of an applicable income tax treaty or convention (otherwise than in respect of a disposition of "taxable Canadian property" that is "treaty-protected property" of the corporation). In general, an "excluded disposition" is a disposition of property by a taxpayer in a taxation year where: (a) the taxpayer is a non-resident of Canada at the time of the disposition; (b) no tax is payable by the taxpayer under Part I of the Tax Act for the taxation year; (c) the taxpayer is not liable to pay any amounts under the Tax Act in respect of any previous taxation year (other than certain amounts for which the CRA holds adequate security); and (d) each "taxable Canadian property" disposed of by the taxpayer in the taxation year is either: (i) "excluded property" (as defined in subsection 116(6) of the Tax Act); or (ii) property in respect of the disposition of which a certificate under subsection 116(2), (4) or (5.2) of the Tax Act has been issued by the CRA. Non-resident limited partners should consult their own tax advisors with respect to the requirements to file a Canadian federal income tax return in respect of a disposition of "taxable Canadian property" by our company or the Property Partnership.

Non-resident limited partners may be subject to Canadian federal income tax on capital gains realized on the disposition of our units if our units are "taxable Canadian property".

Any capital gain arising from the disposition or deemed disposition of our units by a non-resident limited partner will be subject to taxation in Canada, if, at the time of the disposition or deemed disposition, our units are "taxable Canadian property" of the non-resident limited partner, unless our units are "treaty-protected property" to such non-resident limited partner. In general, our units will not constitute "taxable Canadian property" of any non-resident limited partner at the time of disposition or deemed disposition, unless (a) at any time in the 60-month period immediately preceding the disposition or deemed disposition, more than 50% of the fair market value of our units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property"), from one or any combination of: (i) real or immovable property situated in Canada; (ii) "Canadian resource properties", as defined in the Tax Act; (iii) "timber resource properties", as defined in the Tax Act; and (iv) options in respect, of or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our units are otherwise deemed to be "taxable Canadian property". Since our company's assets will consist principally of units of the Property Partnership, our units would generally be "taxable Canadian property" at a particular time if the units of the Property Partnership held by our company derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property") more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. The BPY General Partner does not expect our units to be "taxable Canadian property" of any non-resident limited partner at any time but no assurance can be given in this regard. See Item 10.E. "*Taxation - Certain Material Canadian Federal Income Tax Considerations*". Even if our units constitute "taxable Canadian property", units of our company will be "treaty protected property"

if the gain on the disposition of our units is exempt from tax under the Tax Act under the terms of an applicable income tax treaty or convention. If our units constitute "taxable Canadian property", non-resident limited partners will be required to file a Canadian federal income tax return in respect of a disposition of our units unless the disposition is an "excluded disposition" (as discussed above). If our units constitute "taxable Canadian property", non-resident limited partners should consult their own tax advisors with respect to the requirement to file a Canadian federal income tax return in respect of a disposition of our units.

Non-resident limited partners may be subject to Canadian federal income tax reporting and withholding tax requirements on the disposition of "taxable Canadian property".

Non-resident limited partners who dispose of "taxable Canadian property", other than "excluded property" and certain other property described in subsection 116(5.2) of the Tax Act (or who are considered to have disposed of such property on the disposition of such property by our company or the Property Partnership) are obligated to comply with the procedures set out in section 116 of the Tax Act and obtain a certificate pursuant to the Tax Act. In order to obtain such certificate, the non-resident limited partner is required to report certain particulars relating to the transaction to CRA not later than 10 days after the disposition occurs. Our units are not expected to be "taxable Canadian property" and neither our company nor the Property Partnership is expected to dispose of property that is "taxable Canadian property" but no assurance can be given in these regards.

Payments of dividends or interest (other than interest not subject to Canadian federal withholding tax) by residents of Canada to the Property Partnership will be subject to Canadian federal withholding tax and we may be unable to apply a reduced rate taking into account the residency or entitlement to relief under an applicable income tax treaty or convention of our unitholders.

Our company and the Property Partnership will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Property Partnership will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Property Partnership, we expect the Holding Entities to look-through the Property Partnership and our company to the residency of the partners of our company (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident limited partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Property Partnership. However, there can be no assurance that the CRA will apply its administrative practice in this context. If the CRA's administrative practice is not applied and the Holding Entities withhold Canadian federal withholding tax from applicable payments on a look-through basis, the Holding Entities may be liable for additional amounts of Canadian federal withholding tax plus any associated interest and penalties. Under the Canada-United States Tax Convention (1980), or the Treaty, a Canadian resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our company and the Property Partnership, to the residency and Treaty entitlements of their partners and take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty.

While the BPY General Partner expects the Holding Entities to look-through our company and the Property Partnership in determining the rate of Canadian federal withholding tax applicable to amounts paid or deemed to be paid by the Holding Entities to the Property Partnership, we may be unable to accurately or timely determine the residency of our unitholders for purposes of establishing the extent to which Canadian federal withholding taxes apply or whether reduced rates of withholding tax apply to some or all of our unitholders. In such a case, the Holding Entities will withhold Canadian federal withholding tax from all payments made to the Property Partnership that are subject to Canadian federal withholding tax at the rate of 25%. Canadian resident unitholders will be entitled to claim a credit for such taxes against their Canadian federal income tax liability, but non-resident limited partners will need to take certain steps to receive a refund or credit in respect of any such Canadian federal withholding taxes withheld equal to the difference between the withholding tax at a rate of 25% and the withholding tax at the reduced rate they are entitled to under an applicable income tax treaty or convention. See Item 10.E. *"Taxation - Certain Material Canadian Federal Income Tax Considerations"* for further detail. Unitholders should consult their own tax advisors concerning all aspects of Canadian federal withholding taxes.

Our units may or may not continue to be "qualified investments" under the Tax Act for registered plans.

Provided that our units are listed on a "designated stock exchange" (which includes the NYSE and the Toronto Stock Exchange, or the TSX), our units will be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan, or RRSP, deferred profit sharing plan, registered retirement income fund, or RRIF, registered education savings plan, registered disability savings plan and a tax-free savings account, or TFSA. However, there can be no assurance that our units will continue to be listed on a "designated stock exchange". There can also be no assurance that tax laws relating to "qualified investments" will not be changed. Taxes may be imposed in respect of the acquisition or holding of non-qualified investments by such registered plans and certain other taxpayers and with respect to the acquisition or holding of "prohibited investments", as defined in the Tax Act, by a RRSP, RRIF or TFSA.

Generally, our units will not be a "prohibited investment" for a trust governed by an RRSP, RRIF or TFSA, provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm's length with our company for purposes of the Tax Act and does not have a "significant interest" as defined in the Tax Act for purposes of the prohibited investment rules, in our company. Unitholders who will hold our units in an RRSP, RRIF or TFSA should consult with their own tax advisors regarding the application of the foregoing prohibited investment rules having regard to their particular circumstances.

The Canadian federal income tax consequences to our unitholders could be materially different in certain respects from those described in this Form 20-F if our company or the Property Partnership is a "SIFT partnership", as defined in the Tax Act.

Under the rules in the Tax Act applicable to a "SIFT partnership", or the SIFT Rules, certain income and gains earned by a "SIFT partnership" will be subject to income tax at the partnership level at a rate similar to a corporation, and allocations of such income and gains to its partners will be taxed as a dividend from a "taxable Canadian corporation", as defined in the Tax Act. In particular, a "SIFT partnership" will be required to pay a tax on the total of its income from businesses carried on in Canada, income from "non-portfolio properties", as defined in the Tax Act, other than taxable dividends, and taxable capital gains from dispositions of "non-portfolio properties". "Non-portfolio properties" include, among other things, equity interests or debt of corporations, trusts or partnerships that are resident in Canada, and of non-resident persons or partnerships the principal source of income of which is one or any combination of sources in Canada (other than a "portfolio investment entity" as defined in the Tax Act), that are held by the "SIFT partnership" and have a fair market value that is greater than 10% of the equity value of such entity, or that have, together with debt or equity that the "SIFT partnership" holds of entities affiliated (within the meaning of the Tax Act) with such entity, an aggregate fair market value that is greater than 50% of the equity value of the "SIFT partnership". The tax rate that is applied to the above mentioned sources of income and gains is set at a rate equal to the "net corporate income tax rate", plus the "provincial SIFT tax rate", each as defined in the Tax Act.

A partnership will be a "SIFT partnership" throughout a taxation year if at any time in the taxation year (i) it is a "Canadian resident partnership" as defined in the Tax Act, (ii) "investments", as defined in the Tax Act, in the partnership are listed or traded on a stock exchange or other public market and (iii) it holds one or more "non-portfolio properties". For these purposes, a partnership will be a "Canadian resident partnership" at a particular time if (a) it is a "Canadian partnership" as defined in the Tax Act at that time, (b) it would, if it were a corporation, be resident in Canada (including, for greater certainty, a partnership that has its central management and control located in Canada) or (c) it was formed under the laws of a province. A "Canadian partnership" for these purposes is a partnership all of whose members are resident in Canada or are partnerships that are "Canadian partnerships".

Under the SIFT Rules, our company and the Property Partnership could each be a "SIFT partnership" if it is a "Canadian resident partnership". However, the Property Partnership would not be a "SIFT partnership" if our company is a "SIFT partnership" regardless of whether the Property Partnership is a "Canadian resident partnership" on the basis that the Property Partnership would be an "excluded subsidiary entity" as defined in the Tax Act. Our company and the Property Partnership will be a "Canadian resident partnership" if the central management and control of these partnerships is located in Canada. This determination is a question of fact and is expected to depend on where the BPY General Partner is located and exercises central management and control of the partnerships. The BPY General Partner will take appropriate steps so that the central management and control of these entities is not located in Canada such that the SIFT Rules should not apply to our company or to the Property Partnership at any relevant time. However, no assurance can be given in this regard. If our company or the Property Partnership is a "SIFT partnership", the Canadian federal income tax consequences to our unitholders could be materially different in certain respects from those described in Item 10.E. *"Taxation - Certain Material Canadian Federal Income Tax Considerations"*. In addition, there can be no assurance that the SIFT Rules will not be revised or amended in the future such that the SIFT Rules will apply.

ITEM 4. INFORMATION ON THE COMPANY

4.A. HISTORY AND DEVELOPMENT OF THE COMPANY

Our company was established on January 3, 2013 as a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act 1883, as amended, and the Bermuda Exempted Partnerships Act 1992, as amended. Our company's head and registered office is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda, and our company's telephone number is +441 294 3309.

Our company was established by Brookfield Asset Management as its flagship public commercial property entity and the primary vehicle through which it invests in real estate on a global basis. Our company is a diversified global real estate company that owns, operates and develops a portfolio of office, retail, multifamily, industrial, hospitality, triple net lease, self-storage and student housing assets. Our partnership's limited partnership units are listed on the NYSE and the TSX under the symbols "BPY" and "BPY.UN", respectively.

On April 15, 2013, Brookfield Asset Management completed a spin-off of its commercial property operations to our partnership which was effected by way of a special dividend of units of our partnership to holders of Brookfield Asset Management's Class A and B limited voting shares. Each holder of the shares received one partnership unit for approximately every 17.42 shares, representing 44.7% of the limited partnership interest in our partnership, with Brookfield Asset Management retaining units of our partnership, Redemption-Exchange Units, and a 1% general partner interest in the Property Partnership through Property Special LP, which was then known as Brookfield Property GP L.P. Our general partner is an indirect wholly-owned subsidiary of Brookfield Asset Management. In addition, wholly-owned subsidiaries of Brookfield Asset Management provide management services to us pursuant to our Master Services Agreement.

Although Brookfield has maintained a significant interest in our company since the Spin-off, Brookfield expects its interest to be reduced over time through mergers, treasury issuances or secondary sales.

Recent Developments

In the first quarter of 2016, our partnership, through a Brookfield real estate opportunity fund, acquired a self-storage operating business in the United States for consideration of approximately $320 million. Following closing of this acquisition, this business has acquired 85 additional assets and development properties.

In the first quarter of 2016, we sold World Square Retail in Sydney for A$285 million and Royal Centre in Vancouver for C$428 million.

In the second quarter of 2016, our partnership, through a Brookfield real estate opportunity fund, acquired a portfolio of 13 student housing properties and the associated management team in the United Kingdom for consideration of $397 million. Following closing of this acquisition, the business has acquired three additional assets for a total of $137 million.

In the second quarter of 2016, our partnership, through a Brookfield real estate opportunity fund, acquired the Vintage Estate hotel and specialty retail center in Napa Valley, CA for $197 million.

In the third quarter of 2016, our partnership, through a Brookfield real estate opportunity fund, acquired the 66% of common shares of Rouse Properties, Inc., or Rouse, that we did not already own for $18.25 in cash per share, or approximately $1,063 million. This acquisition brought our net interest in Rouse to 50%.

In the third quarter of 2016, we sold One Shelley Street in Sydney for A$525 million.

In the third quarter of 2016, our partnership, through a Brookfield real estate opportunity fund, sold a portfolio of hotel assets in Germany for net proceeds of approximately €240 million.

In the fourth quarter of 2016, we, along with institutional partners, acquired the Seoul International Finance Center, or the Seoul IFC, in Seoul, South Korea for $2,114 million. The Seoul IFC is a premier, mixed-use 5.4-million-square-foot complex consisting of three office towers, a 400,000-square-foot mall and a Conrad hotel.

In the fourth quarter of 2016, we also closed on our first open-ended fund. We contributed eight high-quality office and multifamily properties across the United States for net proceeds of $337 million and an 18.7% interest in the fund.

In the first quarter of 2017, our partnership announced that it has made a proposal to Brookfield Canada Office Properties to acquire the approximate 17% equity interest in Brookfield Canada Office Properties that it or its affiliates do not own for C $30.10 cash per unit. Brookfield Canada Office Properties has appointed a special committee of independent trustees to review the proposal and has commissioned an independent valuation of Brookfield Canada Office Properties' units.

In the first quarter of 2017, Brookfield Properties issued 11 million cumulative minimum rate reset Class AAA Preference Shares, Series EE, or Series EE Shares. The Series EE Shares were issued at a price of C$25.00 per share for aggregate proceeds of C$275 million. The Series EE Shares pay quarterly fixed dividends yielding 5.10% annually for the initial period ending March 31, 2022.

In the first quarter of 2017, our partnership, through a Brookfield real estate opportunity fund, acquired a portfolio of over 130 manufactured housing communities across the U.S.

4.B. BUSINESS OVERVIEW

Overview of our Business

Our partnership is Brookfield Asset Management's flagship public commercial property entity and the primary vehicle through which it invests in real estate on a global basis. We are a globally-diversified owner and operator of high-quality properties that typically generate stable and sustainable cash flows over the long term. Our goal is to be a leading global owner and operator of real estate, providing investors with a diversified exposure to some of the most iconic properties in the world and to acquire high-quality assets at a discount to replacement cost or intrinsic value. With approximately 16,000 employees involved in Brookfield's real estate businesses around the globe, we have built operating entities in various real estate sectors, including:

- Core Office segment, which includes our 100% common equity interest in Brookfield Office Properties Inc., or Brookfield Properties, and our 50% interest in Canary Wharf Group plc, or Canary Wharf;
- Core Retail segment, which includes our 29% interest in GGP (34% on a fully diluted basis, assuming all outstanding warrants are exercised); and
- Opportunistic segment through investments in Brookfield-sponsored real estate funds.

Through these sectors, we have amassed a portfolio of premier properties and development sites around the globe, including:

- 142 office properties totaling over 99 million square feet primarily located in the world's leading commercial markets such as New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin;
- Office and urban multifamily development sites that enable the construction of over 33 million square feet of new properties;
- 127 regional malls and urban retail properties containing over 125 million square feet in the United States;
- 107 opportunistic office properties comprising approximately 29 million square feet of office space in the United States, United Kingdom, Brazil and Asia;
- Approximately 27 million square feet of opportunistic retail space across 44 properties throughout the United States and in select Brazilian markets;
- Over 45 million square feet of industrial space across 182 properties, primarily consisting of modern logistics assets in North America and Europe, with an additional 7 million square feet currently under construction;
- Approximately 30,300 multifamily units across 104 properties throughout the United States;
- Nineteen hospitality assets with 14,200 rooms across North America, Europe and Australia;
- 340 properties that are leased to automotive dealerships across North America on a triple net lease basis;
- 175 self-storage facilities comprising approximately 14 million square feet throughout the United States; and

- Sixteen student housing properties with over 6,800 beds in the United Kingdom.

Our diversified portfolio of high-quality office and retail assets in some of the world's most dynamic markets has a stable cash flow profile due to its long-term leases. In addition, as a result of the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy, these assets should generate strong same-property NOI growth without significant capital investment. Furthermore, we expect to earn between 8% and 11% unlevered, pre-tax returns on construction costs for our development and redevelopment projects and 20% on our equity invested in Brookfield-sponsored real estate funds. With this cash flow profile, our goal is to pay an attractive annual distribution to our unitholders and to grow our distribution by 5% to 8% per annum.

Overall, we seek to earn leveraged after-tax returns of 12% to 15% on our invested capital. These returns will be comprised of current cash flow and capital appreciation. Capital appreciation will be reflected in the fair value gains that flow through our income statement as a result of our revaluation of investment properties in accordance with IFRS to reflect initiatives that increase property level cash flows, change the risk profile of the asset, or to reflect changes in market conditions. From time to time, we will convert some or all of these unrealized gains to cash through asset sales, joint ventures or refinancings.

We believe our global scale and best-in-class operating entities 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.

Our Business Strategy

Our strategy is to be the leading globally-diversified owner and operator of commercial properties. Due to the cyclical nature of the real estate industry, we believe that a real estate portfolio diversified by property type and geography will perform consistently over time. Furthermore, since property valuations fluctuate considerably based on market sentiment and other factors, we believe that the flexibility to shift capital to sectors and geographies that are out of favor will enable us to earn premium returns on the capital that we invest.

We are currently targeting investments across our various operating platforms. In summary, our strategy is to acquire high-quality assets on a value basis, utilize our operating entities to add value through pro-active management, develop "best-in-class" properties at a discount to asset valuations, recycle capital for re-investment in new opportunities and finance on a non-recourse basis with investment grade metrics.

- Through our operating entities around the globe, we receive real-time information regarding market conditions and opportunities, which helps us identify the investments that offer the best risk-adjusted returns and give us competitive advantages in the marketplace.

- Our teams in each of the regions that we target have developed strong local relationships and partnerships. Through these local networks, we originate proprietary transactions that are generally priced at more favorable valuations than competitive processes.

- Brookfield has a long history of leading multi-faceted transactions such as recapitalizations. We utilize our structuring expertise to execute these types of transactions, whereby we can acquire high quality assets at a discount to their intrinsic value.

Utilize our operating entities to add value through pro-active management

- Within our operating entities, we pursue opportunities to maximize revenues in each market, such as optimizing tenant relationships to increase occupancy and raise rents.

- We also identify opportunities to redevelop our existing assets that offer premium risk-adjusted returns.

- Finally, we make add-on acquisitions that can be integrated into our operating entities.

Develop "best-in-class" properties at a discount to asset valuations

- In markets where asset valuations are at a premium to development cost, we selectively pursue development projects that offer attractive risk-adjusted returns.

- Our development strategy is relatively low risk. Before investing a material amount of capital, we generally meet prudent pre-leasing hurdles and secure construction financing and maximum-price contracts. We bring in capital partners on a project-specific basis in order to mitigate risk and manage our cash flow profile. Finally, we monetize land parcels in order to reduce our investment in land.

Recycle capital for re-investment in new opportunities

- Once we have stabilized an asset, we will consider a full or partial sale in order to recycle capital from these assets, which effectively have low costs of capital, for re-investment in new opportunities with higher rates of return.

- For core assets, our preference is to sell down interests in assets to institutional investors, which enables us to preserve our operating entities and earn incremental fee income.

Finance on a non-recourse basis with investment grade metrics

- We predominantly utilize asset-level debt. We size the non-recourse debt with investment grade metrics in order to provide broad access to capital throughout market cycles and optimize our cost of capital.

- In order to mitigate risk, we generally raise debt financing in local currency, and our debt portfolio is largely fixed rate through issuance of fixed coupon debt or use of interest rate derivatives.

- We seek to ladder maturities in order to reduce refinancing risk.

For opportunistic transactions, our strategy is to pursue acquisitions through private funds and/or consortium arrangements with institutional investors in order to manage our level of exposure to these higher risk investments. Brookfield has a strong track record of leading such consortiums and partnerships.

Competitive Strengths

We believe that a number of competitive strengths differentiate us from other commercial real estate companies.

- ***Global Scale***. With approximately 16,000 employees involved in Brookfield's real estate business globally, we have operating entities with scale in each of our targeted sectors and geographies. With the real-time information that we receive regarding market conditions and opportunities, we are well-positioned to opportunistically originate transactions that offer the highest risk-adjusted returns.

- ***Sector and Geographic Diversification***. With a portfolio of assets in the office, retail, multifamily, industrial, hospitality, triple net lease, self-storage and student housing asset classes located primarily in North America, Europe and Australia, with a growing presence in Brazil and Asia, we have diversified cash flows that increase stability and over time should lower our cost of capital. As a result of this diversity, combined with Brookfield's sponsorship and its strong institutional relationships, we believe that we should have access to capital across market cycles. This should enable us to take advantage of attractive opportunities as they arise.

- ***Superior Record of Executing Transactions***. Brookfield's real estate group has a long track record of leading multi-faceted transactions, such as the recapitalization of GGP, whereby it utilized its structuring capabilities to invest in high-quality assets on a value basis. Additionally, Brookfield has demonstrated an ability to develop "best-in-class" assets in markets where asset valuations are in excess of development costs, earning attractive returns on equity.

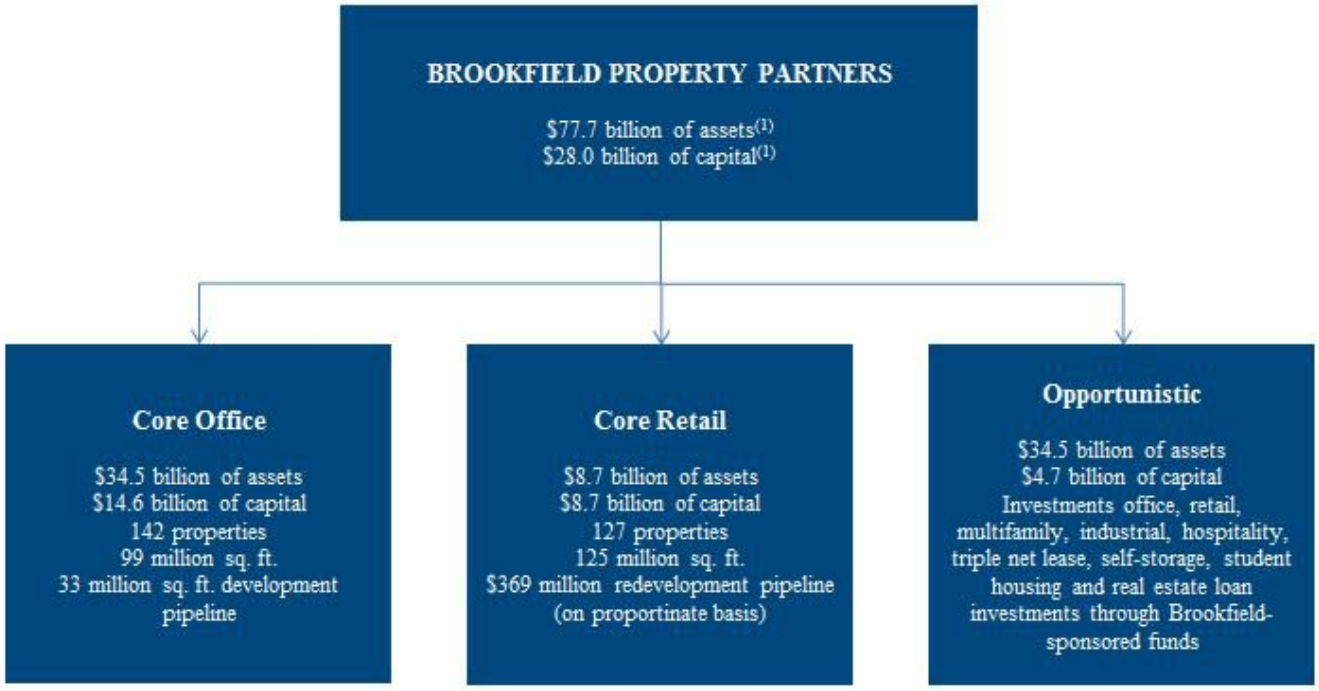
- ***Strong Organic Cash Flow Growth***. As a result of escalation provisions in a majority of our leases, the mark-to-market of rents as long-term leases expire and our ability to increase occupancy/permanent occupancy primarily in our Core Office and Core Retail sectors, we have a strong foundation for organic cash flow growth. We will have flexibility to utilize this incremental cash flow to increase our distribution to unitholders or fund other growth initiatives.

- ***Attractive Portfolio of Development/Redevelopment Opportunities***. Within our Core Office, Core Retail and Opportunistic businesses we have a portfolio of development and redevelopment opportunities that offer premium returns on invested capital. We will seek to capture the value of this pipeline through a combination of investment of capital to build-out such projects and sell-downs to partners at values that reflect the development value that has been created.

- ***Relationship with Brookfield***. As Brookfield's flagship public commercial property entity, we are the primary vehicle through which it invests in real estate on a global basis. As a result, our unitholders benefit from Brookfield's global presence, operating experience, execution capabilities and relationships. Furthermore, with Brookfield's substantial liquidity and strong relationships with banks and institutional investors, we may be able to participate in attractive investments that we could not have executed on a stand-alone basis.

Operating Entities

Our business is organized in three operating sectors, with assets as of December 31, 2016 as set forth in the diagram below. The capital invested in these operating entities is through a combination of: direct investment; investments in asset level partnerships or joint venture arrangements; participation in private equity funds and consortiums; and the ownership of shares in other public companies. Combining both publicly-listed and private institutional capital provides a competitive advantage in flexibility and access to capital to fund growth.



(1) *Represents assets and equity attributable to Unitholders related to our operating segments and excludes corporate assets and obligations*

Core Office

We are a global leader in the development, ownership and management of premier office properties. Our Core Office holdings primarily consist of Brookfield Properties, of which we own 100% of its common equity, and our 50% interest in Canary Wharf. Our Core Office business consists of 142 properties comprising over 99 million square feet under management and over 33 million square feet of development potential. Our properties are primarily located in commercial business districts in some of the world's leading cities, including New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin.

Within our Core Office business, we remain focused on the following strategic priorities:

- Realizing value from our properties through proactive leasing and select redevelopment and repositioning initiatives to convert assets to higher yielding (or cash flow generating) properties;

- Managing capital prudently, by utilizing conservative financing structures, including the disposition of select mature or non-core assets; and

- Advancing development projects to create "best-in-class" new stock in premium locations.

Our Core Office portfolio occupancy stands at 92.3% leased at December 31, 2016 and reflects average in-place net rent of $33.03 compared to average market net rent of $37.86, allowing for 15% potential to capture on higher rents on the upcoming expiration of leases.

Another important characteristic of our Core Office portfolio is the strong credit quality of our tenants. We focus on tenant credit quality in order to ensure the long-term sustainability of rental revenues through economic cycles. The following list shows major tenants in our Core Office portfolio by leased area and their respective credit ratings and lease commitments as at December 31, 2016.

Tenant	Primary Location	Credit Rating[1]	Exposure (%)[2]
Government and Government Agencies	Various	AAA/AA+	8.1 %
Barclays	London	BBB	2.5 %
Morgan Stanley	NY/Toronto/London	BBB+	2.4 %
CIBC World Markets[3]	Calgary/NY/Toronto	A+	1.8 %
Suncor Energy Inc.	Calgary/Houston	A-	1.7 %
Bank of America | Merrill Lynch	Denver/NY/LA/Toronto/D.C.	A/A-	1.4 %
Bank of Montreal	Calgary/Toronto	A+	1.4 %
Deloitte	Calgary/Houston/LA/Toronto/Perth	Not Rated	1.3 %
JPMorgan Chase & Co.	Denver/Houston/LA/NY	A	1.2 %
Royal Bank of Canada	Various	AA-	1.1 %
Total			**22.9%**

(1) *From Standard & Poor's Rating Services, Moody's Investment Services, Inc. or DBRS Limited.*
(2) *Prior to considering partnership interests in partially-owned properties.*
(3) *CIBC World Markets leases 1.1 million square feet at 300 Madison Avenue in New York, of which they sublease 925,000 square feet to PricewaterhouseCoopers LLP and approximately 100,000 square feet to Sumitomo Corporation of America.*

Another important strategy for our Core Office business is to sign long-term leases in order to mitigate risk, reduce our overall re-tenanting costs and ensure stable and sustainable cash flows. As at December 31, 2016, the average lease term of our Core Office business was 8.2 years, compared to 8.3 years at December 31, 2015. We typically commence discussions with tenants regarding their space requirements well in advance of the contractual expiration.

A portion of our Core Office business is owned through joint venture, partnership, consortium or other arrangements with institutional partners. Prospectively, as we recycle capital, our preference is to sell down interests in assets to institutional partners and to continue to manage the assets on behalf of ourselves and the investors. We believe that this strategy enables us to enhance returns on our capital through associated fees, which represent an important area of growth. These types of transactions allow us to earn the following categories of fees:

- ***Asset Management:*** Stable base fee for providing regular, ongoing services.
- ***Transaction:*** Development, redevelopment and leasing activities conducted on behalf of these funds.
- ***Performance:*** Earned when certain predetermined benchmarks are exceeded. Performance fees, which can add considerably to fee revenue, typically arise later in a partnership's life cycle and are therefore not fully reflected in current results.

Our development pipeline is a significant component of value of our Core Office business, and we expect this pipeline to contribute significantly to earnings and provide attractive returns on capital upon stabilization. As at December 31, 2016, we held interests in centrally located development sites with total development potential of over 33 million square feet in the United States, Canada, Australia and Europe.

We classify our Core Office development sites into three categories: (i) active development, (ii) active planning and (iii) held for development. Of the approximately 33.2 million square feet in our office development pipeline, 10.9 million square feet are in the active development stage, 13.8 million square feet are in the active planning stage and 8.5 million square feet are held for future development. With all of our development sites, we proceed with construction when our risk adjusted return hurdles and preleasing targets have been met.

Core Retail

As at December 31, 2016, our Core Retail business is comprised of our 29% ownership interest in GGP through public ownership (34% on a fully-diluted basis, assuming all outstanding warrants are exercised). As at December 31, 2016, our Core Retail portfolio consisted of interests in 127 regional malls and urban retail properties containing over 125 million square feet in the United States.

Our primary objective is to be an owner and operator of best-in-class malls that provide an outstanding environment and experience for our communities, retailers, employees and consumers. The strategy for our Core Retail business includes:

- Increasing the permanent occupancy of our regional mall portfolio by converting temporary leases to permanent leases and leasing vacant space;
- Renewing or replacing expiring leases at greater rental rates;
- Actively recycling capital through the disposition of strip centers and lower quality regional malls and investing in whole or partial interests in high-quality regional malls and anchor pads; and
- Continuing to execute on our existing redevelopment projects and seeking additional opportunities within our portfolio for redevelopment.

In 2016 our retail properties reported an average of $581 in tenant sales per square foot. During this same period, the spread between the rent paid on expiring leases and the rent commencing under new leases on a suite-to-suite basis in our retail portfolio increased by 9.7%, demonstrating our strong same-property growth potential.

Competition within the retail sector is strong. We compete for tenants and visitors to our malls with other malls in close proximity as well as online retailers. In order to maintain and increase our malls' competitive position within its marketplace we focus on the following:

- Strategically arrange the physical location of the merchants within each mall to enforce a merchandising strategy that promotes cross-shopping and maximizes sales;
- Introduce new concepts to the mall which may include restaurants, theaters, new retailers;
- Implement marketing campaigns to attract people to the mall; and
- Invest capital to maintain and improve the malls' aesthetics and infrastructure, including major redevelopments to further establish the malls as a destination.

We believe the high quality of our regional malls enable us to compete effectively for retailers and consumers.

Opportunistic

Through investments in Brookfield-sponsored real estate funds created to earn attractive returns, we have interests in various real estate sectors around the globe including office, retail, multifamily, industrial, hospitality, triple net lease, self-storage and student housing. Our ownership in these holdings ranges from 12% to 82%.

Opportunistic Office

Our Opportunistic office business consists of 107 opportunistic office properties comprising 29 million square feet of office space in the United States, United Kingdom, Brazil and Asia. Our Opportunistic office strategy is to acquire high-quality portfolios and/or in office properties at a discount to replacement cost or intrinsic value and execute strategies to increase occupancy and rental rates, expand on developments and achieve opportunistic returns through NOI growth and fair value appreciation.

Opportunistic Retail

Our Opportunistic retail business is comprised of approximately 27 million square feet of opportunistic retail space across 44 properties across the United States and in select Brazilian markets. The majority of these assets in the United States are managed by Rouse. Similar to our opportunistic office business, our strategy is to acquire high-quality portfolios and/or retail properties at

a discount to replacement cost or intrinsic value and execute strategies to increase occupancy and rental rates, expand on developments and achieve opportunistic returns through NOI growth and fair value appreciation.

Industrial

Our industrial business consists of over 45 million square feet of industrial space across 182 properties, primarily consisting of modern logistics assets in North America and Europe, with an additional seven million square feet currently under construction and a land portfolio for the construction of 41 million square feet of warehouse space. Our industrial strategy is to acquire older generation logistics properties that we can redevelop into state-of-the-art product. We also seek to selectively develop projects in supply constrained markets that are critical to the global supply chain. We leverage our long track record of successfully entitling land in these markets and our global relationships with retailers and other logistics companies to negotiate anchor leases to support such projects. Our land bank is comprised of well-located sites near major markets and transport routes in North America, Europe and China.

Multifamily

Our multifamily business consists of 104 properties with approximately 30,300 multifamily units across the United States. The majority of these apartments are managed by Fairfield Residential Company LLC, or Fairfield, which is majority-owned by Brookfield Asset Management. Fairfield is one of the largest vertically-integrated multifamily real estate companies in the United States and is a leading provider of acquisition, development, construction, renovation and property-management services. We aim to selectively develop Class A properties in high growth, supply-constrained markets. Due to institutional demand for these types of properties, acquisition opportunities are scarce. We leverage our long track record of successfully entitling land for development of multifamily properties and managing construction in order to maximize returns. We also seek opportunities to redevelop well-located, older assets. We target Class B assets that we can acquire at a significant discount to replacement cost. We typically invest $6,000 to $10,000 per door to upgrade apartments and common areas with amenities that are in demand in today's market. We seek to earn an attractive return on this capital by raising rents, which are still a significant discount to new products.

Hospitality

Our hospitality business consists of interests in 19 hospitality assets with 14,200 rooms across North America, Europe and Australia. Our North American hotel investing activities are primarily conducted through Thayer Lodging, a leading hospitality investment company, with more than two decades of experience in creating value from owning and operating hotels, and in the U.K. through Center Parcs Group, or Center Parcs UK. Our strategy is to employ a disciplined approach to asset selection and target investments with significant value creation opportunities. We seek to invest in hotels and hospitality related ventures in which we can use our operational expertise to add value. These strategies include, but are not limited to, renovations, repositioning, rebranding, management modification, channel distribution management, expense control and creative capital structuring.

Triple Net Lease

Our triple net lease business consists of 340 properties that are leased to automotive dealerships across the United States and Canada on a triple net lease basis. Our triple net lease business is managed through Capital Automotive L.P., a company focused on providing highly tailored sale-leaseback capital to the automotive retail industry since 1997. Through custom tailored real estate finance, our strategy is to assist automotive dealer groups in growing their organizations, acquiring new locations, upgrading existing facilities, constructing new stores, and facilitating estate planning and partner buyouts.

Self-storage

Our self-storage business consists of 175 self-storage facilities comprising approximately 14 million square feet throughout the United States. Our self-storage business is managed through Simply Storage, a company focused on providing self-storage facilities since being founded in 2003. Through our investments into the business, our strategy is to assist in growing their organization, acquiring new locations, and upgrading existing properties in order to meet and exceed target projections.

Student Housing

Our student housing business consists of sixteen student housing properties with over 6,800 beds in the United Kingdom. Our student housing business operates in strong markets with highly ranked universities throughout the United Kingdom. Our strategy to grow this business through add-on acquisitions of properties, upgrading existing properties, and internalized facilities management and marketing.

Geographic Distribution

As of December 31, 2016, approximately 66% of our assets and 67% of our revenues originated from the United States with the remaining 34% of our assets and 33% of our revenues originating from Canada, Australia, United Kingdom, Europe, Brazil and Asia.

Distribution Policy

Our distribution policy is to retain sufficient cash flow within our operations to cover tenant improvements, leasing costs and other sustaining capital expenditures and to pay out substantially all remaining cash flow. In order to finance development projects, acquisitions and other investments, we plan to raise external capital. We believe that a payout ratio of 80% of our FFO should accomplish this objective. We have invested a substantial amount of capital in development and redevelopment projects primarily in our Core Office and Core Retail segments. Once we realize stabilized cash flow from these initiatives, we expect the growth in our payout to meet its target range of 5% to 8% per annum.

We established our initial distribution level and our targeted distribution growth rate based on projections of the amount of FFO that we will generate in the short to medium term. These projections reflected the in-place cash flow of all of our investments and our capital investment plans. In a number of our operating entities, we are retaining operating cashflow for reinvestment. As a result, we are required to finance, in the short term, payment of our distributions to our unitholders. To maintain our distributions at the current level, we have a number of alternatives available to us, including (a) using borrowings under our committed revolving credit facilities; (b) electing to accrue and/or waive distributions to be made in respect of the Redemption-Exchange Units that are held by Brookfield Asset Management in accordance with the Property Partnership's limited partnership agreement; (c) paying off all or a portion of the fees owed to the Service Providers pursuant to the Master Services Agreement through the issuance of our units and/or Redemption-Exchange Units; (d) paying of any equity enhancement distributions to Property Special LP through the issuance of Redemption-Exchange Units; and (e) utilizing distributions of other operating entities from cash flow from operations, asset sales and/or refinancings. We are not a passive investor and we typically hold positions of control or significant influence over assets in which we invest, enabling us to influence distributions from those assets.

On February 2, 2017, the Board of Directors of the BPY General Partner increased the quarterly distribution on our units to $0.295 per unit (or $1.18 per unit on an annualized basis). Despite our projections and the alternative methods available to maintain our distribution level, there can be no assurance that we will be able to maintain an annual distribution of $1.18 per unit or meet our target growth rate. Based on amounts received in distributions from our operating entities and our projected operating cash flow from our direct investments, our proposed distributions are significantly greater than such amounts.

Additionally, our ability to make distributions will depend on a number of factors, some of which are out of our control, including, among other things, general economic conditions, our results of operations and financial condition, the amount of cash that is generated by our operations and investments, restrictions imposed by the terms of any indebtedness that is incurred to finance our operations and investments or to fund liquidity needs, levels of operating and other expenses, and contingent liabilities. Furthermore, the Property Partnership, the Holding Entities and our operating entities are legally distinct from our company and they are generally required to service their debt and other obligations, such as distributions to Preferred Unitholders, before making distributions to us or their parent entity as applicable, thereby reducing the amount of our cash flow available to pay distributions on our units, fund working capital and satisfy other needs.

Competition and Marketing

The nature and extent of competition we face varies from property to property and business to business. Our direct competitors include other office, retail, multifamily, industrial, hospitality, triple net lease, self-storage and student housing operating companies; public and private real estate companies and funds; commercial property developers and other owners of real estate that engage in similar businesses. In addition, we face competition in our retail business from alternatives to traditional mall shopping, particularly online shopping.

We believe the principal factors that our tenants consider in making their leasing decisions include: rental rates; quality, design and location of properties; total number and geographic distribution of properties; management and operational expertise; and financial position of the landlord. Based on these criteria, we believe that the size and scope of our operating entities, as well as the overall quality and attractiveness of our individual properties, enable us to compete effectively for tenants in our local markets. We benefit from using the "Brookfield" name and the "Brookfield" logo in connection with our marketing activities as Brookfield has a strong reputation throughout the global real estate industry.

Governmental, Legal and Arbitration Proceedings

Our company has not been since its formation and is not currently subject to any material governmental, legal or arbitration proceedings which may have or have had a significant impact on our company's financial position or profitability nor is our company aware of any such proceedings that are pending or threatened.

We are occasionally named as a party in various claims and legal proceedings which arise during the normal course of our business. We review each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. Although there can be no assurance as to the resolution of any particular claim, we do not believe that the outcome of any claims or potential claims of which we are currently aware will have a material adverse effect on us.

Regulation

Our business is subject to a variety of federal, state, provincial and local laws and regulations relating to the ownership and operation of real property, including the following:

- We are subject to various laws relating to environmental matters. We could be liable under these laws for the costs of removal and remediation of certain hazardous substances or wastes existing in, or released or deposited on or in our properties or disposed of at other locations.

- We must comply with regulations under building codes and human rights codes that generally require that public buildings be made accessible to disabled persons.

- We must comply with laws and regulations concerning zoning, design, construction and similar matters, including regulations which impose restrictive zoning and density requirements.

- We are also subject to state, provincial and local fire and life safety requirements.

These laws and regulations may change and we may become subject to more stringent laws and regulations in the future. Compliance with more stringent laws and regulations could have an adverse effect on our business, financial condition or results of operations. We have established policies and procedures for environmental management and compliance, and we have incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage potential liability exposure.

Environmental Protection

We pride ourselves on contributing positively to the communities in which we operate. This means we continually strive to minimize our impact on the environment, while balancing the need for economic growth for the company and our communities. With over 100 years of operating experience across asset classes, we have built a track record of achievement and recognition for our sustainability efforts. The initiatives we undertake and the investments we make are guided by our core set of values around sustainable development. We:

- Commit to the principle that our business decisions will take into consideration the long term sustainability of communities, including the current and future environmental, safety, health and economic conditions;

- Ensure that effective management systems are in place in our facilities to minimize risks to the environment;

- Comply with applicable legislation, regulation and best practices;

- Establish clear objectives and targets to meet and/or exceed regional standards;

- Communicate openly on a timely basis with employees, the public, government officials, and other stakeholders on activities involving environment, safety and health; and

- Conduct regular assurance audits and self-evaluations of our management systems, programs and activities.

As one of the largest commercial property investors in the world, we are committed to continuous improvement of our environmental performance. Sustainability is a priority for our tenants, and as landlords, our goal is to exceed their expectations.

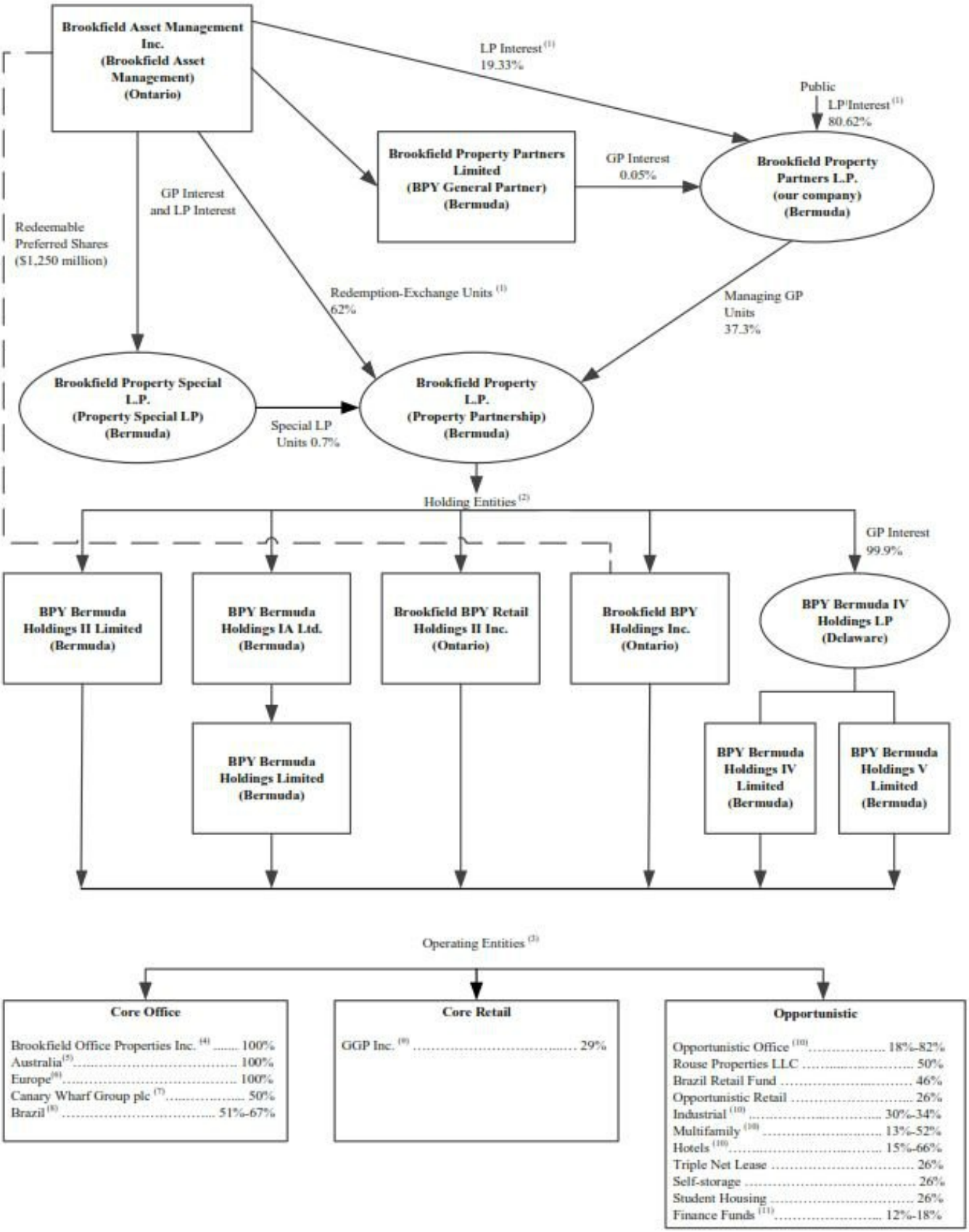
We know that shrinking the environmental footprint in our buildings by cutting back on energy, water and waste will have a positive effect on the financial performance of our assets.

4.C. ORGANIZATIONAL STRUCTURE

Organizational Chart

The chart on the following page represents a simplified summary of our organizational structure as of December 31, 2016. "GP Interest" denotes a general partnership interest and "LP Interest" denotes a limited partnership interest. Certain subsidiaries through which Brookfield Asset Management holds units of our company have been omitted.

This chart should be read in conjunction with the explanation of our ownership and organizational structure on the following pages.



(1) *As of December 31, 2016, public holders own units of our company representing an 81% limited partnership interest in our company, and Brookfield owns the remaining units of our company, representing a 19% limited partnership interest in our company. Assuming the exchange of the Redemption-Exchange Units in accordance with the Redemption-Exchange Mechanism and the exchange of the issued and outstanding Exchange LP Units not held by us, Brookfield has a 69% interest in our company. On a fully-exchanged basis, public holders (excluding the Class A Preferred Unitholder) would own units of our company representing a 27% interest in our company, the Class A Preferred Unitholder would own units of our company representing a 9% interest in our company and Brookfield would own the remaining units of our company, representing a 62% interest in our company. Brookfield also has an approximately 62% interest in the Property Partnership through Brookfield's ownership of Redemption-Exchange Units. On a fully-exchanged basis, our company would directly own 99% of the limited partnership interests in the Property Partnership.*

(2) *The Property Partnership owns, directly or indirectly, all of the common shares or equity interests, as applicable, of the Holding Entities. Brookfield holds $1.25 billion of redeemable preferred shares of Brookfield BPY Holdings Inc., or CanHoldco, which it received as partial consideration for causing the Property Partnership to directly acquire substantially all of Brookfield Asset Management's commercial property operations. In addition, on the Spin-off, Brookfield was issued $5 million of preferred shares of each of CanHoldco and four wholly-owned subsidiaries of other Holding Entities, which preferred shares are entitled to vote with the common shares of the applicable entity. Brookfield has an aggregate of 3% of the votes to be cast in respect of CanHoldco and 1% of the votes to be cast in respect of any of the other applicable entities. See Item 7.B. "Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Preferred Shares of Certain Holding Entities".*

(3) *Certain of the operating entities and intermediate holding companies that are directly or indirectly owned by the Holding Entities and that directly or indirectly hold our real estate assets are not shown on the chart. All percentages listed represent our economic interest in the applicable entity or group of assets, which may not be the same as our voting interest in those entities and groups of assets. All interests are rounded to the nearest one percent and are calculated as at December 31, 2016.*

(4) *Our interest in Brookfield Properties consists of 100% of its outstanding common shares and outstanding voting preferred shares as well as interests in certain series of its preferred shares. Our aggregate equity interest in Brookfield Canada Office Properties, a Canadian real estate investment trust that is listed on the TSX and the NYSE, is approximately 83%, which the majority of the interest is held by Brookfield Properties. On January 23, 2017, we announced a proposal to acquire the remaining 17% interest in Brookfield Canada Office Properties. Brookfield Canada Office Properties has appointed a special committee of independent trustees to review the proposal.*

(5) *Our Australian office business consists of our economic interest in certain of our Australian office properties not held through Brookfield Properties.*

(6) *Our European office business includes our interest in 20 Canada Square in London, which is not held through Brookfield Properties.*

(7) *Our interest in Canary Wharf is held through a joint venture owned 50% by our company and 50% by the Class A Preferred Unitholder, or the Canary JV.*

(8) *Our Brazilian office business, includes 67% ownership of an office development in Rio de Janeiro, Brazil and our interest in an office building in the Faria Lima section of São Paulo, Brazil.*

(9) *As at December 31, 2016, our interest in GGP consists of an interest in approximately 29% of the outstanding shares of common stock. We also own warrants to acquire additional shares of common stock, which warrants were "in-the-money" as at December 31, 2016. Assuming the exercise of these warrants, we would hold approximately 330 million shares of GGP, representing approximately 34% of the outstanding shares of common stock of GGP.*

(10) *Our economic interest set forth above is reflected as a range because our Opportunistic investments are held through Brookfield-sponsored real estate funds in which we hold varying interests.*

(11) *Our interest in one of our opportunistic real estate finance funds is owned by the Property Partnership.*

The following table provides the percentage of voting securities owned, or controlled or directed, directly or indirectly, by us, and our economic interest in our operating entities included in our organizational chart set out above under *"- Organizational Chart"*.

Name	Economic Interest[(1)]	Voting Interest[(1)]
Core Office		
Brookfield Properties[(2)]	100%	100%
Australia[(3)]	100%	—
Europe	100%	100%
Canary Wharf	50%	50%
Brazil	51% - 67%	51% - 67%
Core Retail		
GGP[(4)]	29%	29%
Opportunistic		
Opportunistic Office[(5,6)]	18% - 82%	—
Rouse	50%	33%
Brazil Retail Fund[(5)]	40%	—
Opportunistic Retail	26%	—
Industrial[(5,6)]	30% - 34%	—
Multifamily[(5,6)]	13% - 52%	—
Hospitality[(5,6)]	15% - 33%	—
Triple Net Lease[(5,6)]	26%	—
Self-storage[(5,6)]	26%	—
Student Housing[(5,6)]	26%	—
Finance Funds[(5,6)]	12% - 18%	—

(1) *All interests are rounded to the nearest one percent and are calculated as at December 31, 2016.*

(2) *Our interest in Brookfield Properties consists of 100% of its outstanding common shares and outstanding voting preferred shares. Our aggregate equity interest in Brookfield Canada Office Properties, a Canadian real estate investment trust that is listed on the TSX and the NYSE, is approximately 83%, which the majority of the interest is held by Brookfield Properties.On January 23, 2017, we announced a proposal to acquire the remaining 17% interest in Brookfield Canada Office Properties. Brookfield Canada Office Properties has appointed a special committee of independent trustees to review the proposal.*

(3) *Our Australian office business consists of our economic interest in certain of our Australian office properties not held through Brookfield Properties. This economic interest is held in the form of participating loan agreements with Brookfield, which are hybrid instruments comprising an interest bearing note, a total return swap, and an option to acquire direct or indirect legal ownership in the properties. The participating loan interests provide the holding entities (or their wholly owned subsidiaries) with an economic interest in the results of operations and changes in fair value of the properties. Brookfield retains the legal title to the properties through a wholly-owned subsidiary that is not part of the business in order to preserve existing financing arrangements. We have control or significant influence over the properties via the participating loan interests. Accordingly, the assets, liabilities and results of the entities that have direct ownership of such properties are consolidated or accounted for under the equity method by the holding entities (or their wholly owned subsidiaries).*

(4) *We control approximately 29% of the outstanding shares of common stock of GGP. In addition, we are entitled to appoint three directors to GGP's board of directors. We also own warrants to acquire additional shares of common stock of GGP, which warrants were "in-the-money" as at December 31, 2016. Assuming the exercise of these warrants, we would hold approximately 330 million shares of GGP, representing approximately 34% of the outstanding shares of common stock of GGP.*

(5) *We hold our economic interest in these assets primarily through limited partnership interests in Brookfield-sponsored real estate funds. By their nature, limited partnership interests do not have any voting rights.*

(6) *Our economic interest set forth above is reflected as a range because our Opportunistic investments are primarily held through Brookfield-sponsored real estate funds in which we hold varying interests.*

Our Company

In connection with the Spin-off, we acquired from Brookfield Asset Management substantially all of its commercial property operations, including its office, retail, multifamily and industrial assets. We are Brookfield Asset Management's flagship public commercial property entity and the primary vehicle through which it invests in real estate on a global basis. We are positioned to take advantage of Brookfield's global presence, providing unitholders with the opportunity to benefit from Brookfield's operating experience, execution abilities and global relationships. As of December 31, 2016, Brookfield Asset Management has an effective economic interest in our business of approximately 69%.

Property Partnership

Our company's sole direct investment is a managing general partnership interest in the Property Partnership. Our company serves as the managing general partner of the Property Partnership and has sole authority for the management and control of the Property Partnership.

Our company owns a direct 37% interest in the Property Partnership through ownership of Managing General Partner Units. Holders of our units other than Brookfield, including the Class A Preferred Unitholder, hold the remaining economic interest in the Property Partnership. Brookfield's interest in the Property Partnership includes a special limited partnership interest held by Property Special LP, a wholly-owned subsidiary of Brookfield Asset Management, which entitles it to receive equity enhancement distributions and incentive distributions from the Property Partnership. See Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Equity Enhancement and Incentive Distributions"*.

Our Service Providers

The Service Providers, wholly-owned subsidiaries of Brookfield Asset Management, provide management services to us pursuant to our Master Services Agreement. The senior management team that is principally responsible for providing us with management services include many of the same executives that have successfully overseen and grown Brookfield's global real estate business.

The BPY General Partner

The BPY General Partner, a wholly-owned subsidiary of Brookfield Asset Management, has sole authority for the management and control of our company. Holders of our units, in their capacities as such, may not take part in the management or control of the activities and affairs of our company and do not have any right or authority to act for or to bind our company or to take part or interfere in the conduct or management of our company. See Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement"*.

Property Special LP

Property Special LP is a special limited partner of the Property Partnership. The general partner of Property Special LP is Brookfield Asset Management. Property Special LP is entitled to receive equity enhancement distributions and incentive distributions from the Property Partnership as a result of its ownership of the Special LP Units. See Item 7.B. *"Major Shareholders and Related Party Transactions Related Party Transactions"*.

Holding Entities

Our company indirectly holds its interests in our operating entities through the Holding Entities, most of which were formed in connection with the Spin-off. The Property Partnership owns, directly or indirectly, all of the common shares or equity interests, as applicable, of the Holding Entities. Brookfield holds $1.25 billion of redeemable preferred shares of one of our Holdings Entities, which it received as partial consideration for causing the Property Partnership to directly acquire substantially all of Brookfield Asset Management's commercial property operations. We have agreed to use our commercially reasonable efforts to, as soon as reasonably practical, subject to any restrictions in our credit facilities, issue debt or equity securities or borrow money from one or more financial institutions or other lenders, on terms reasonably acceptable to us, in an aggregate amount sufficient to fund the redemption of $500 million of the preferred shares. In addition, on the Spin-off, Brookfield was issued $5 million of preferred shares of each of CanHoldco and four wholly-owned subsidiaries of other Holding Entities. See Item 7.B. *"Major Shareholders and Related Party Transactions Related Party Transactions - Relationship with Brookfield - Preferred Shares of Certain Holding Entities"*.

Operating Sectors

Our business is organized in three sectors: Core Office, Core Retail and Opportunistic sectors. The capital invested in these operating sectors is through a combination of: direct investment; investments in asset level partnerships or joint venture arrangements; sponsorship and participation in private equity funds; and the ownership of shares in other public companies. Combining both publicly-listed and private institutional capital provides a competitive advantage in flexibility and access to capital to fund growth.

4.D. PROPERTY, PLANTS AND EQUIPMENT

See Item 4.B. *"Information on the Company - Business Overview",* Item 4.C. *"Information on the Company - Organizational Structure - Operating Entities",* Item 5.A. *"Operating and Financial Review and Prospects"* and Item 18 *"Financial Statements"*.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A. OPERATING RESULTS

OBJECTIVES AND FINANCIAL HIGHLIGHTS
INTRODUCTION

This management's discussion and analysis ("MD&A") of Brookfield Property Partners L.P. ("BPY", the " partnership", "we", "us", or "our") covers the financial position as of December 31, 2016 and 2015and results of operations for the years ended December 31, 2016, 2015, and 2014. The information in this MD&A should be read in conjunction with the audited consolidated financial statements as of December 31, 2016 and 2015 and each of the years ended December 31, 2016, 2015, and 2014 (the "Financial Statements") and related notes contained elsewhere in this Form 20-F.

In addition to historical information, this MD&A contains forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. See *"Special Note Regarding Forward-Looking Statements"*.

BASIS OF PRESENTATION

Our sole material asset is our 37% interest in Brookfield Property L.P. (the "Operating Partnership"). As we have the ability to direct its activities pursuant to our rights as owners of the general partner units, we consolidate the Operating Partnership. Accordingly, our Financial Statements reflect 100% of its assets, liabilities, revenues, expenses and cash flows, including non-controlling interests therein, which capture the ownership interests of other third parties.

We also discuss the results of operations on a segment basis, consistent with how we manage our business. In the first quarter of 2016, we realigned the organizational and governance structures of our businesses to align them more closely with the nature of the partnership's investments. Such realignment gave rise to changes in how the partnership presents information for financial reporting and management decision-making purposes and resulted in a change in the partnership's reporting segments. Consequently, as of January 1, 2016, the partnership's operating segments are organized into four reportable segments: i) Core Office, ii) Core Retail, iii) Opportunistic and iv) Corporate. All prior period segment disclosures have been recast to reflect the changes in the partnership's reportable segments. These segments are independently and regularly reviewed and managed by the Chief Executive Officer, who is considered the Chief Operating Decision Maker.

Our partnership's equity interests include general partnership units ("GP Units"), publicly traded limited partnership units ("LP Units"), redeemable/exchangeable partnership units of the Operating Partnership ("Redeemable/Exchangeable Partnership Units"), special limited partnership units of the Operating Partnership ("Special LP Units") and limited partnership units of Brookfield Office Properties Exchange LP ("Exchange LP Units"). Holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units will be collectively referred to throughout this MD&A as "Unitholders". The LP Units, Redeemable/Exchangeable Partnership Units and Exchange LP Units have the same economic attributes in all respects, except that the Redeemable/Exchangeable Partnership Units have provided Brookfield Asset Management Inc. ("Brookfield Asset Management") the right to request that its units be redeemed for cash consideration. In the event that Brookfield Asset Management exercises this right, our partnership has the right, at its sole discretion, to satisfy the redemption request with its LP Units, rather than cash, on a one-for-one basis. As a result, Brookfield Asset Management, as holder of Redeemable/Exchangeable Partnership Units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP Units of our partnership. However, given the redeemable feature referenced above, we present the Redeemable/Exchangeable Partnership Units as a component of non-controlling interests. The Exchange LP Units are exchangeable at any time on a one-for-one basis, at the option of the holder, for LP Units. As a result of this redemption feature, we present the Exchange LP Units as a component of non-controlling interests.

This MD&A includes financial data for the year ended December 31, 2016 and includes material information up to the date of this Form 20-F. Financial data have been prepared using accounting policies in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Non-IFRS measures used in this MD&A are reconciled to or calculated from such financial information. 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, excluding information relating to our interests in China Xintiandi ("CXTD"). 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 Reais ("R$"), Indian Rupees ("Rs"), Chinese Yuan ("C¥") and South Korean Won ("₩") are identified where applicable.

We present certain financial information on a proportionate basis. Financial information presented on a proportionate basis provides further information on the financial performance and position of the partnership as a whole, including certain investments which are accounted for under the equity method. We believe that proportionate financial information assists analysts and investors in determining the partnership's economic interests in its consolidated and unconsolidated investments. The proportionate financial information reflects the financial position and performance of the partnership's economic ownership of each investment that the partnership does not wholly own.

This proportionate information is not, and is not intended to be, a presentation in accordance with IFRS. Other companies may calculate their proportionate financial information differently than us, limiting its usefulness as a comparative measure. As a result of these limitations, the proportionate information should not be considered in isolation or as a substitute for the partnership's financial statements as reported under IFRS.

Additional information is available on our website at *bpy.brookfield.com*, or on *www.sedar.com* or *www.sec.gov*.

OVERVIEW OF OUR BUSINESS

We are Brookfield Asset Management's flagship public commercial property entity and the primary vehicle through which it invests in real estate on a global basis. We are a globally-diversified owner and operator of high-quality properties that typically generate stable and sustainable cash flows over the long term. Our goal is to be a leading global owner and operator of real estate, providing investors with a diversified exposure to some of the most iconic properties in the world and to acquire high-quality assets at a discount to replacement cost or intrinsic value. With approximately 16,000 employees involved in Brookfield's real estate businesses around the globe, we have built operating platforms across our three reporting segments:

- Core Office segment, which includes our 100% common equity interest in Brookfield Office Properties Inc. ("BPO") and our 50% interest in Canary Wharf Group plc ("Canary Wharf");
- Core Retail segment, which includes our 29% interest in GGP Inc. ("GGP") (34% on a fully diluted basis, assuming all outstanding warrants are exercised); and
- Opportunistic segment through investments in Brookfield-sponsored real estate funds.

Through these platforms, we have amassed a portfolio of premier properties and development sites around the globe, including:

- 142 office properties totaling over 99 million square feet primarily located in the world's leading commercial markets such as New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin;
- Office and urban multifamily development sites that enable the construction of over 33 million square feet of new properties;
- 127 regional malls and urban retail properties containing over 125 million square feet in the United States and Brazil;
- 107 opportunistic office properties comprising approximately 29 million square feet of office space in the United States, United Kingdom, Brazil and Asia;
- Approximately 27 million square feet of opportunistic retail space across 44 properties throughout the United States and in select Brazilian markets;
- Over 45 million square feet of industrial space across 182 properties, primarily consisting of modern logistics assets in North America and Europe, with an additional seven million square feet currently under construction;
- Approximately 30,300 multifamily units across 104 properties throughout the United States;
- Nineteen hospitality assets with 14,200 rooms across North America, Europe and Australia;
- 340 properties that are leased to automotive dealerships across North America on a triple net lease basis;
- 175 self-storage facilities comprising approximately 14 million square feet throughout the United States; and
- Sixteen student housing properties with over 6,800 beds in the United Kingdom.

Our diversified portfolio of high-quality office and retail assets in some of the world's most dynamic markets has a stable cash flow profile due to its long-term leases. In addition, as a result of the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy, these assets should generate strong same-property net operating income ("NOI") growth without significant capital investment. Furthermore, we expect to earn between 8% and 11% unlevered, pre-tax returns on construction costs for our development and redevelopment projects and 20% on our equity invested in Brookfield-sponsored real estate opportunity funds. With this cash flow profile, our goal is to pay an attractive annual distribution to our unitholders and to grow our distribution by 5% to 8% per annum.

Overall, we seek to earn leveraged after-tax returns of 12% to 15% on our invested capital. These returns will be comprised of current cash flow and capital appreciation. Capital appreciation will be reflected in the fair value gains that flow through our income statement as a result of our revaluation of investment properties in accordance with IFRS to reflect initiatives that increase property level cash flows, change the risk profile of the asset, or to reflect changes in market conditions. From time to time, we will convert some or all of these unrealized gains to cash through asset sales, joint ventures or refinancings.

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.

PERFORMANCE MEASURES

We expect to generate returns to Unitholders from a combination of cash flow earned from our operations and capital appreciation. Furthermore, if we are successful in increasing cash flow earned from our operations we will be able to increase distributions to Unitholders to provide them with an attractive current yield on their investment.

To measure our performance against these targets, we focus on NOI, same-property NOI, funds from operations ("FFO"), Company FFO, fair value changes, net income attributable to Unitholders and equity attributable to Unitholders. These performance metrics do not have standardized meanings prescribed by IFRS and therefore may differ from similar metrics used by other companies. We define each of these measures as follows:

- *NOI*: revenues from our commercial and hospitality operations of consolidated properties less direct commercial property and hospitality expenses.

- *Same-property NOI*: a subset of NOI, which excludes NOI that is earned from assets acquired, disposed of or developed during the periods presented, or not of a recurring nature, and from opportunistic assets.

- *FFO*: net income, prior to fair value gains, net, depreciation and amortization of real estate assets, and income taxes less non-controlling interests of others in operating subsidiaries and properties therein. When determining FFO, we include our proportionate share of the FFO of unconsolidated partnerships and joint ventures and associates, as well as gains (or losses) related to properties developed for sale.

- *Company FFO*: FFO before the impact of depreciation and amortization of non-real estate assets, transaction costs, gains (losses) associated with non-investment properties and the FFO that would have been attributable to the partnership's shares of GGP if all outstanding warrants of GGP were exercised on a cashless basis. It also includes dilution adjustments to FFO as a result of the net settled warrants.

- *Fair value changes*: includes the increase or decrease in the value of investment properties that is reflected in the consolidated statements of income.

- *Net income attributable to Unitholders*: net income attributable to holders of GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units and Exchange LP Units.

- *Equity attributable to Unitholders*: equity attributable to holders of GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units and Exchange LP Units.

NOI is a key indicator of our ability to impact operating performance of our properties. We seek to grow NOI through pro-active management and leasing of our properties. Same-property NOI allows us to segregate the performance of leasing and

operating initiatives on the portfolio from the impact to performance of investing activities and "one-time items", which for the historical periods presented consist primarily of lease termination income. We reconcile NOI to net income on page 65.

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. We also add back the gains (or losses) related to properties developed for sale. 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 recognition of lease termination income. 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 reconcile FFO to net income on page 65 rather than cash flow from operating activities 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.

Net income attributable to unitholders is 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. In calculating net income attributable to unitholders per unit, the partnership excludes the impact of mandatorily convertible preferred units in determining the average number of units outstanding as the holders of mandatorily convertible preferred units do not participate in current earnings.

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 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.

We also 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 pending 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;
- Equity capital at a reasonable cost;
- New property acquisitions and other investments that fit into our strategic plan; and
- Investors for dispositions of peak value or non-core assets.

FINANCIAL STATEMENTS ANALYSIS
REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section, we review our consolidated performance for the years ended December 31, 2016, 2015, and 2014 and our financial position as of December 31, 2016, and 2015. Further details on our results from operations and our financial position are contained within the *"Segment Performance"* section on page 69.

Our investment approach is to acquire high-quality assets at a discount to replacement cost or intrinsic value. We have been actively pursuing this strategy through our flexibility to allocate capital to real estate sectors and geographies with the best risk-adjusted returns and to participate in transactions through our investments in various Brookfield-sponsored real estate funds. Some of the more significant transactions are highlighted below:

Significant Transactions in 2016

During the year, we continued to recycle capital out of mature Core Office assets and use the proceeds to invest in our opportunistic funds. One of the most notable transactions in the year was the privatization of Rouse Properties, Inc. ("Rouse") in July, in which we now own a net 50% interest. Other significant transactions during 2016 include the following:

- During the first quarter of 2016, we acquired a portfolio of self-storage facilities across the United States for consideration of approximately $320 million in our Opportunistic segment, including the assumption of debt.

- In our Core Office segment, we sold World Square Retail in Sydney for A$285 million and a realized gain of $112 million and Royal Centre in Vancouver for C$428 million and a realized gain of $171 million, in the first quarter of 2016.

- During the second quarter of 2016, we acquired a portfolio of student housing properties in the United Kingdom for approximately $397 million, the Vintage Estate hotel and specialty retail center in Napa Valley, CA for $197 million and an additional portfolio of self-storage facilities for consideration of $151 million in our Opportunistic sector.

- In our Core Office segment, we sold One Shelley Street in Sydney for A$525 million for a realized gain of $132 million, in the third quarter of 2016.

- In our Opportunistic segment, we sold a portfolio of hotel assets in Germany for net proceeds of approximately €240 million and a realized gain of $107 million, in the third quarter of 2016.

- In the fourth quarter of 2016, we acquired the International Finance Center Seoul ("IFC"), a 5.4 million square feet mixed-use complex (office, retail, hotel) for consideration of approximately $2,114 million in our Opportunistic segment.

- In the fourth quarter of 2016, we closed on our first open-ended fund. We contributed eight high-quality office and multifamily properties across the United States for net proceeds of $337 million and an 18.7% interest in the fund.

Significant Transactions in 2015

During the year, we were successful in expanding our Core Office segment through the acquisition of a further interest in Canary Wharf using proceeds raised at the end of 2014 through the issuance of preferred shares. In addition, we committed $2.3 billion of capital to the second Brookfield-sponsored real estate opportunity fund which had an active year executing transactions in various asset classes. Lastly, we fully repaid our acquisition facility used to help acquire the remaining common shares of BPO in 2014 using proceeds raised from the sale of interests in a number of our Core Office properties and development sites. The details of the significant transactions in 2015 are listed below:

- We, in conjunction with our joint venture partner QIA, acquired 100% of Canary Wharf (the "Canary Wharf Transaction") in London, in the first quarter of 2015.

- During the second quarter of 2015, we formed Brookfield D.C. Office Partners ("D.C. Fund"), to which we contributed three directly held assets and interests in an additional six assets from our Washington, D.C. office portfolio. We retained a 40% economic interest in the D.C. Fund.

- We acquired an interest in Center Parcs Group ("Center Parcs UK"), which operates five short-break destinations across the United Kingdom, in the third quarter of 2015.

- We acquired an interest in Associated Estates Realty Corp. ("Associated Estates"), a real estate investment trust focused on apartment communities across the U.S., in the third quarter of 2015.

- During the fourth quarter of 2015, we disposed of a 44% interest in the Manhattan West development project in New York City to Qatar Investment Authority ("QIA"), thereby reducing our exposure to development risk.

Significant Transactions in 2014

Our largest accomplishment in 2014 was the acquisition of the remaining common shares of BPO for approximately $5 billion, which we funded through a combination of the issuance of units and borrowings from an acquisition facility. In addition, Brookfield Asset Management's first real estate opportunity fund, to which BPY had committed $1.3 billion, was successful in pursuing a number of transactions. The details of the significant transactions in 2014 are listed below:

- We issued $1,800 million of mandatorily convertible preferred shares in connection with the acquisition of Canary Wharf.

- We acquired the remaining common shares and voting preferred shares of BPO that were previously not owned by the partnership, directly or indirectly, in the first and second quarters of 2014.

- We realized a $43 million net gain on the repayment of a debt investment in Inmobiliaria Colonial SA ("Colonial"), a Spanish office company, in the second quarter of 2014.

- We entered into our first triple net lease portfolio investment with the acquisition of Capital Automotive L.P. ("CARS"), which owns over 300 properties that are leased to automotive dealerships across North America, for consideration of $1,184 million in the fourth quarter of 2014.

- We acquired a portfolio of urban multifamily assets in Manhattan in the fourth quarter of 2014 for consideration of $1,056 million.

Summary of Operating Results

(US$ Millions) Years ended Dec. 31,		**2016**		2015		2014
Commercial property revenue	**$**	**3,624**	$	3,216	$	3,038
Hospitality revenue		**1,561**		1,276		983
Investment and other revenue		**167**		361		452
Total revenue		**5,352**		4,853		4,473
Direct commercial property expense		**1,394**		1,281		1,298
Direct hospitality expense		**1,036**		902		791
Investment and other expense		**1**		135		100
Interest expense		**1,681**		1,528		1,258
Depreciation and amortization		**240**		180		148
General and administrative expense		**569**		559		404
Total expenses		**4,921**		4,585		3,999
Fair value gains, net		**692**		2,007		3,756
Share of net earnings from equity accounted investments		**1,019**		1,591		1,366
Income before income taxes		**2,142**		3,866		5,596
Income tax (benefit) expense		**(575)**		100		1,176
Net income		**2,717**		3,766		4,420
Net income attributable to non-controlling interests of others in operating subsidiaries and properties		**924**		851		686
Net income attributable to Unitholders[(1)]	**$**	**1,793**	$	2,915	$	3,734
NOI[(1)]	**$**	**2,755**	$	2,309	$	1,932
FFO[(1)]	**$**	**895**	$	710	$	714
Company FFO[(1)]	**$**	**967**	$	839	$	739

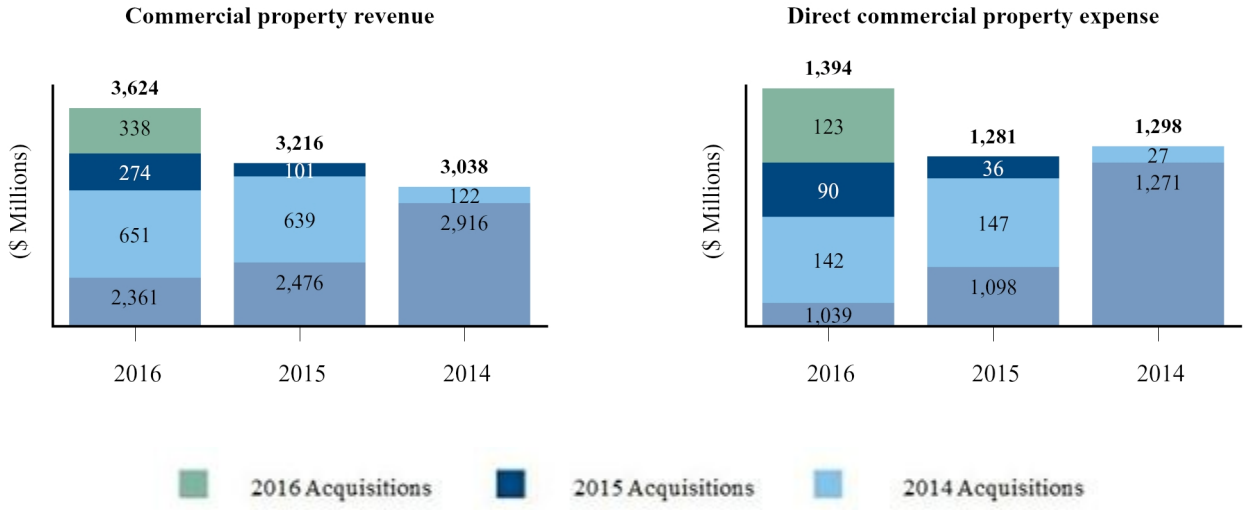
(1) *This is a non-IFRS measure our partnership uses to assess the performance of its operations as described in the "Performance Measures" section on page 57. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section starting on page 65.*

Our basic and diluted net income per unit attributable to Unitholders and weighted average units outstanding are calculated as follows:

(US$ Millions, except per units information) Years ended Dec. 31,		2016	2015	2014
Net income attributable to Unitholders – basic[1]	$	**1,793**	$ 2,915	$ 3,734
Dilutive effect of conversion of capital securities – corporate and options		**39**	48	30
Net income attributable to Unitholders – diluted		**1,832**	2,963	3,764
Weighted average number of units outstanding – basic[1]		**780.8**	782.6	668.3
Conversion of capital securities – corporate and options		**34.8**	40.4	40.8
Weighted average number of units outstanding – diluted		**815.6**	823.0	709.1
Net income attributable to Unitholders per unit – basic[1]	**$**	**2.30**	$ 3.72	$ 5.59
Net income attributable to Unitholders per unit – diluted	**$**	**2.25**	$ 3.60	$ 5.31

[1] *Basic net income attributable to Unitholders per unit requires the inclusion of preferred shares of the Operating Partnership that are mandatorily convertible into LP Units without an add back to earnings of the associated carry on the preferred shares.*

Commercial property revenue and direct commercial property expense



In 2016, commercial property revenue increased by $408 million compared to 2015, as a result of incremental capital allocated to higher yielding opportunistic investments and same-property growth in our Core Office segment. Acquisitions made in 2015 and 2016, including IFC, the privatization of Rouse, Associated Estates, an office portfolio in Brazil, and our self-storage and student housing portfolios, contributed to a $612 million increase in revenue. Same-property growth in our Core Office segment contributed $39 million. These increases were offset by the disposition or partial disposition of mature office assets, some of which resulted in the deconsolidation of certain commercial properties, that provided the capital to pursue the aforementioned acquisitions. Significant dispositions, full or partial, include Royal Centre in Vancouver, One Shelley Street and World Square Retail in Sydney, Manhattan West and One New York Plaza in New York City, and Moor Place in London.

In 2015, commercial property revenue increased by $178 million compared to 2014, as a result of incremental capital allocated to higher yielding opportunistic activities, same-property growth in our Core Office segment and an increase in our asset base. Acquisitions made in 2014 and 2015, including Associated Estates, CARS and a Manhattan multifamily portfolio contributed to a $740 million increase in revenue. These increases were offset by the disposition of mature assets, some of which resulted in the deconsolidation of certain commercial properties. Material dispositions, full or partial, include Southern Cross East and West in Melbourne, Manhattan West in New York City, 99 Bishopsgate in London, a portfolio of Washington, D.C. office assets and 75 State Street in Boston.

Direct commercial property expense increased by $113 million largely due to additional expenses following acquisitions during 2015 and 2016 as mentioned above, partially offset by the disposition of mature assets and the deconsolidation of certain commercial assets. Margins in 2016 were 61.5%, an improvement of 1.3% over 2015 and 4.2% over 2014.

Hospitality revenue and direct hospitality expense

Hospitality revenue increased to $1,561 million for the year ended December 31, 2016 from $1,276 million in 2015. Direct hospitality expense increased to $1,036 million in 2016 from $902 million in 2015. Margins were 33.6%, an improvement of 4.3% over 2015 and 14.1% over 2014. These increases are mostly attributable a full year of activity in 2016 for Center Parcs UK which was acquired in the third quarter of 2015.

Hospitality revenue increased to $1,276 million for the year ended December 31, 2015 from $983 million in 2014. Direct hospitality expense increased to $902 million in 2015 from $791 million in 2014. These increases are mostly attributable to the third quarter 2015 acquisition of Center Parcs UK partially offset by the sale of the One&Only Ocean Club in the Bahamas in the second quarter of 2014.

Investment and other revenue and investment and other expense

Investment and other revenue includes management fees, leasing fees, development fees, interest income and other non-rental revenue. Investment and other revenue decreased by $194 million for the year ended December 31, 2016 as compared to the prior year. The decrease was primarily due to revenue we recorded in the prior period from development fees earned by our industrial business unit.

Investment and other revenue decreased by $91 million for the year ended December 31, 2015 as compared to 2014. Our industrial sector earned more revenue on increased development activity in 2015 compared to 2014. During 2014, we recognized a realized gain on the repayment of a debt investment. The increase in development activity was the main contribution to an increase of $35 million in investment and other expense to $135 million in 2015.

Interest expense

Interest expense increased by $153 million for the year ended December 31, 2016 as compared to the prior year. This was due to the assumption of debt obligations as a result of acquisition activity and interest expense on temporary drawdowns on our credit facilities to source the capital required for acquisitions during the year. These increases were partially offset by disposition activity.

Additional debt obligations as a result of acquisition and refinancing activity in 2015, contributed to an increase in interest expense of $270 million for the year ended December 31, 2015 as compared to 2014.

General and administrative expense

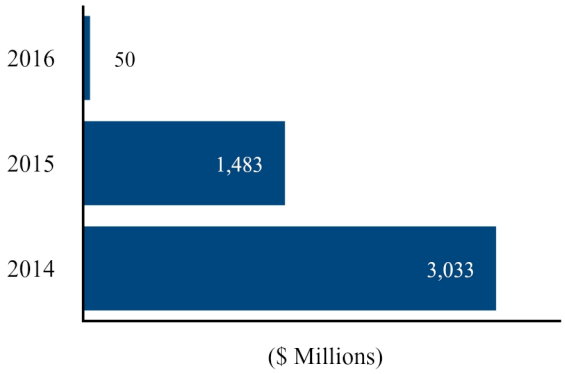
General and administrative expense increased by $10 million for the year ended December 31, 2016 compared to the prior year. These increases were primarily attributable to transaction and operating costs of newly acquired entities, including IFC in South Korea, Associated Estates, Center Parcs UK, and portfolios of office assets in Brazil, self-storage assets in the United States, and student housing assets in the United Kingdom, offset by higher transaction costs in the prior year. In addition, the prior year included an additional $6 million of management fees as a result of higher capitalization compared to the current year.

General and administrative expense increased by $155 million for the year ended December 31, 2015 compared to 2014. The increase was primarily attributable to transaction costs, which totaled $62 million, and an increase in management fees during 2015 of $36 million following an increase in the partnership's capitalization of $1.6 billion. The increase is also attributable to expenses from subsidiaries acquired during 2015 and a full year of general and administrative expenses from subsidiaries acquired in 2014.

Fair value gains, net

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 for recently acquired properties and to support our valuations.

Fair value gains, net - Core Office

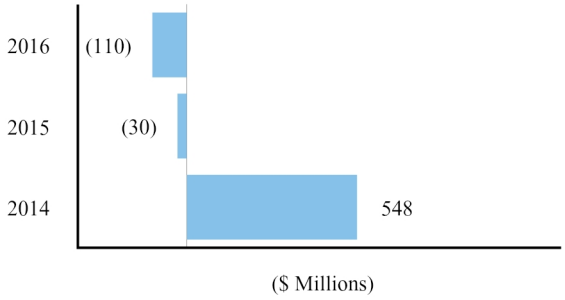


Fair value gains, net for our Core Office sector of $50 million were recognized in the year ended December 31, 2016. These gains related to realized gains on property dispositions during the year primarily in New York, Sydney, London and Vancouver. These gains were offset by losses in Los Angeles and New York, due to changes in cash flow assumptions and rental curves as well as the impact of lower energy prices on cities with large exposure to the industry, including Houston and Calgary.

In the year ended December 31, 2015, we recorded gains primarily related to capitalization and discount rate compression and positive impact from leases signed during the year, primarily in New York, London, Melbourne, Vancouver and Toronto.

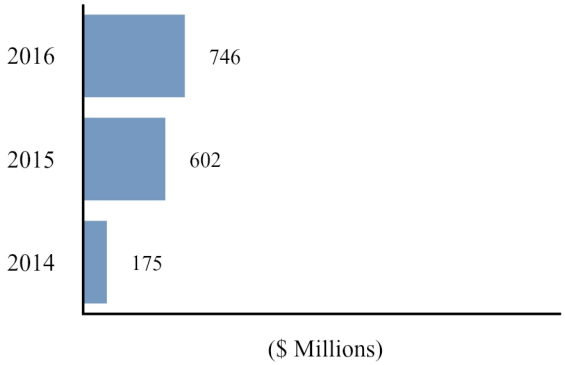
In year ended December 31, 2014, we recorded fair value gains, primarily in our U.S. office portfolio due to improving market conditions in the U.S which resulted in discount and capitalization rate compression.

Fair values (losses) gains, net - Core Retail



Fair value (losses) gains, net for the Core Retail segment largely relate to the depreciation or appreciation of our warrants in GGP which fluctuate with changes in the market price of the underlying shares.

Fair values gains, net - Opportunistic



We recognized fair value gains, net of $746 million in our Opportunistic segment in the year ended December 31, 2016 primarily related to realized gains on the sale of Hard Rock trademarks and the sale of a portfolio of hospitality assets in Germany. Additionally, we recorded valuation gains in our office, self-storage and triple net lease portfolios due to strengthened valuation metrics, as supported by comparable market and transaction data.

In the year ended December 31, 2015, we recognized fair value gains, net of $602 million, primarily related to our industrial and multifamily portfolios, where, in the former, we have seen improved market conditions and, in the latter, our renovation program is well underway and completed units have resulted in asset appreciation.

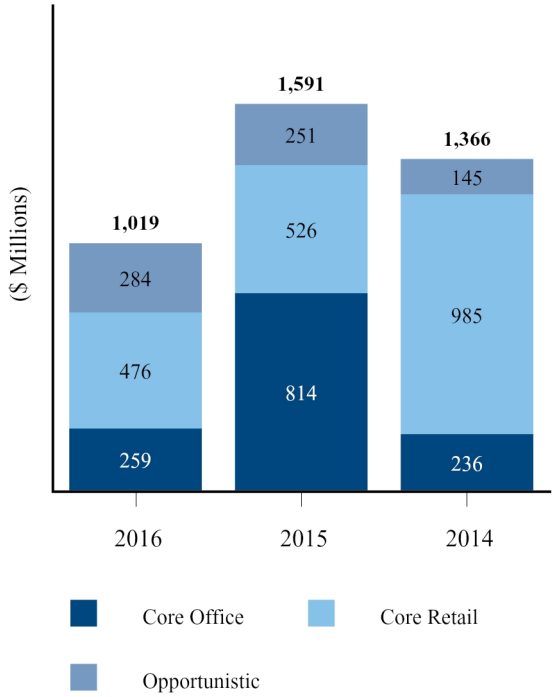
Fair value gains, net for the year ended December 31, 2014 were $175 million. These gains related primarily to a compression in discount and capitalization rates.

In addition, we recorded fair value gains of $6 million (December 31, 2015 - fair value losses of $48 million and December 31, 2014 - nil), primarily related to mark-to-market adjustments of financial instruments and the settlement of derivative contracts during the period.

Share of net earnings from equity accounted investments

Our most material equity accounted investments are Canary Wharf in our Core Office sector, GGP in our Core Retail sector and the Diplomat hotel and our interest in the second value-add multifamily fund in our Opportunistic segment.

Share of net earnings from equity accounted investments



Our share of net earnings from equity accounted investments was $1,019 million for the year ended December 31, 2016, which represents a decrease of $572 million compared to the prior year. The decrease was driven by our Core Office sector as a result of higher comparative fair value gains on properties in the United States and London in the prior year. Also contributing to the decrease were higher fair value gains in our Core Retail sector in the prior year, which were partially offset by realized gains on asset dispositions.

Our share of net earnings from equity accounted investments was $1,591 million for the year ended December 31, 2015, an increase of $225 million over 2014. The increase was driven by increases of $578 million and $106 million in our Core Office and Opportunistic sectors, respectively. Our interest in Canary Wharf increased from 22% to 50% in 2015, upon which it was classified as an equity accounted investment and accounts for the majority of the increase in the Core Office sector. Also contributing to the increase in Core Office equity accounted investments was the formation of the D.C. Fund which had several holdings in Washington, D.C. that were consolidated prior to the transaction. The Opportunistic segment contributed an increase of $106 million primarily due to fair value gains on our equity accounted industrial and multifamily properties. These increases were partially offset by a $459 million decrease in the Core Retail segment. The decrease was driven by lower fair value gains on our equity accounted GGP portfolio of Class A malls than were recognized in the prior year. In addition, 2014 included a $249 million reversal of an impairment loss recognized in 2013 related to GGP.

Income tax (benefit) expense

During the year ended December 31, 2016, we undertook a reorganization to consolidate the ownership of certain subsidiaries holding our Core Retail and Core Office assets. As a result of the reorganization, there was a change in the tax rate applicable to those subsidiaries, which resulted in a deferred tax recovery that reduced deferred tax liabilities by approximately $900 million. This income tax benefit was partially offset by income tax expense on current year operations.

Reconciliation of Non-IFRS measures

As described in the *"Performance Measures"* section on page 57, 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.

Commercial property NOI increased to $2,230 million for the year ended December 31, 2016 compared with $1,935 million during 2015. The increase was primarily driven by acquisitions across our portfolio and same-property growth, offset by the disposition of mature assets, the deconsolidation of certain assets following partial dispositions thereof and the negative impact of foreign exchange.

Hospitality NOI increased to $525 million for the year ended December 31, 2016 compared to $374 million during the same period in the prior year following the acquisition of Center Parcs UK during the third quarter of 2015.

The following table reconciles NOI to net income for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		2016		2015		2014
Commercial property revenue	**$**	**3,624**	$	3,216	$	3,038
Direct commercial property expense		**(1,394)**		(1,281)		(1,298)
Commercial property NOI		**2,230**		1,935		1,740
Hospitality revenue		**1,561**		1,276		983
Direct hospitality expense		**(1,036)**		(902)		(791)
Hospitality NOI		**525**		374		192
Total NOI		**2,755**		2,309		1,932
Investment and other revenue		**167**		361		452
Share of net earnings from equity accounted investments		**1,019**		1,591		1,366
Interest expense		**(1,681)**		(1,528)		(1,258)
Depreciation and amortization		**(240)**		(180)		(148)
General and administrative expenses		**(569)**		(559)		(404)
Investment and other expense		**(1)**		(135)		(100)
Fair value gains, net		**692**		2,007		3,756
Income before income taxes		**2,142**		3,866		5,596
Income tax benefit (expense)		**575**		(100)		(1,176)
Net income		**2,717**		3,766		4,420
Net income attributable to non-controlling interests of others in operating subsidiaries and properties		**924**		851		686
Net income attributable to Unitholders	**$**	**1,793**	$	2,915	$	3,734

The following table reconciles net income to FFO and Company FFO for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		2016		2015		2014
Net income	**$**	**2,717**	$	3,766	$	4,420
Add (deduct):						
Fair value gains, net		**(692)**		(2,007)		(3,756)
Share of equity accounted fair value gains, net		**(139)**		(867)		(809)
Depreciation and amortization of real-estate assets		**212**		153		112
Income tax (benefit) expense		**(575)**		100		1,176
Non-controlling interests in above items		**(628)**		(435)		(429)
FFO		**895**		710		714
Add (deduct):						
Depreciation and amortization of real-estate assets, net[(1)]		**26**		27		26
Transaction costs, net[(1)]		**44**		69		37
Gains/losses associated with non-investment properties, net[(1)]		**(46)**		(12)		(79)
Net contribution from GGP warrants[(2)]		**48**		45		41
Company FFO	**$**	**967**	$	839	$	739

(1) *Presented net of non-controlling interests.*

(2) *Represents incremental FFO that would have been attributable to the partnership's share of GGP, if all outstanding warrants of GGP had been exercised on a cashless basis. It also includes the dilution adjustments to FFO as a result of the net settled warrants.*

FFO increased to $895 million for the year ended December 31, 2016 compared with $710 million during 2015. The increase was driven by acquisition activity since the prior period, including IFC, Rouse, an office portfolio in Brazil, a self-storage portfolio in the U.S., a student housing portfolio in the U.K. FFO also increased as a result of a full year of FFO contribution from Center Parcs UK and Associated Estates, as well as positive same-property growth in our Core Office and Core Retail sectors. The increase was partially offset by the negative impact of foreign exchange rate fluctuations on our earnings from operations outside of the U.S. and dispositions of mature assets throughout the period.

Summary of Financial Position

(US$ Millions, except per unit information)		**Dec. 31, 2016**		Dec. 31, 2015
Investment properties:				
Commercial properties	**$**	**45,699**	$	39,111
Commercial developments		**3,085**		2,488
Equity accounted investments		**16,844**		17,638
Property, plant and equipment		**5,357**		5,023
Cash and cash equivalents		**1,456**		1,035
Assets held for sale		**147**		805
Total assets		**78,127**		71,866
Debt obligations		**33,519**		30,526
Liabilities associated with assets held for sale		**61**		242
Total equity		**34,161**		30,933
Equity attributable to Unitholders	**$**	**22,358**	$	21,958
Equity per unit[(1)]	**$**	**30.72**	$	30.09

(1) *Assumes conversion of mandatorily convertible preferred shares. See page 68 for additional information.*

As of December 31, 2016, we had $78,127 million in total assets, compared with $71,866 million at December 31, 2015. The increase of $6,261 million reflects acquisition activity since the prior year, including the acquisitions of IFC and our self-storage and student housing portfolios. In addition, following the acquisition of incremental interests in Rouse during the third quarter of 2016, we are now consolidating this investment, which was previously accounted for under the equity method.

Our investment properties are comprised of commercial, operating, rent-producing properties and commercial developments including active sites and those in planning for future development and land. Commercial properties increased from $39,111 million at the end of 2015 to $45,699 million at the end of the current year. The increase was largely due to the acquisition of IFC, Rouse, our self-storage and student housing portfolios, as well as incremental capital spend to maintain or enhance properties. This was offset by the full or partial disposition of certain assets during the year and the impact of foreign exchange.

Commercial developments consist of commercial property development sites, density rights and related infrastructure. The total fair value of development land and infrastructure was $3,085 million at December 31, 2016, an increase of $597 million from the balance at December 31, 2015. The increase is primarily attributable to acquisitions of development properties and capital spend on our active developments.

The following table presents the changes in investment properties from December 31, 2015 to December 31, 2016:

	Dec. 31, 2016	
(US$ Millions)	Commercial properties	Commercial developments
Investment properties, beginning of year	$ 39,111	$ 2,488
Acquisitions	8,697	310
Capital expenditures	770	835
Dispositions	(876)	(13)
Fair value gains, net	290	251
Foreign currency translation	68	(213)
Transfer between commercial properties and commercial developments	562	(562)
Reclassifications to assets held for sale and other changes	(2,923)	(11)
Investment properties, end of year	**$ 45,699**	**$ 3,085**

Equity accounted investments decreased by $794 million since December 31, 2015 as a result of significant transaction activity in the current year, including:

- During the third quarter of 2016, we acquired the remaining common shares of Rouse not previously owned by the partnership. We began including Rouse in our consolidated results following its privatization in July 2016;
- We sold our portfolio of hospitality assets in Germany in the third quarter of 2016; and
- We disposed of a portfolio of industrial assets in the United States during 2016.

These decreases were partially offset by our contribution of interests in One New York Plaza, 1801 California Street and 685 Market Street, as well as four development projects to a newly-launched open-ended fund during the fourth quarter of 2016, resulting in $337 million of net proceeds and an 18.7% interest in the fund, which is accounted for under the equity method. In addition, we separately sold an approximately 16% net interest in One New York Plaza during the fourth quarter of 2016. Following this partial sale and the contribution of a partial interest to the open-ended fund, the partnership retains a 15% interest in the property, which is accounted under the equity method.

The following table presents a roll-forward of changes in our equity accounted investments:

(US$ Millions)		**Dec. 31, 2016**
Equity accounted investments, beginning of year	$	17,638
Additions		715
Disposals and return of capital distributions		(1,180)
Share of net earnings from equity accounted investments		1,019
Distributions received		(524)
Foreign currency translation		(646)
Reclassification to assets held for sale		(340)
Other		162
Equity accounted investments, end of year	**$**	**16,844**

Property, plant and equipment increased by $334 million since December 31, 2015, primarily as the result of the acquisitions of IFC, which includes a 434-room Conrad Hotel, Vintage Estate, and the Marriott Bethesda North hotel and capital spend, partially offset by depreciation expense during the year and the impact of foreign exchange related to our Center Parcs UK portfolio.

As of December 31, 2016, assets held for sale included two industrial assets in France, a portfolio of multifamily assets in the United States and seven triple net lease assets in the United States, as we intend to sell controlling interests in these properties to third parties in the next 12 months.

The following table presents changes in our assets held for sale from December 31, 2015 to December 31, 2016:

(US$ Millions)		**Dec. 31, 2016**
Balance, beginning of year	$	805
Reclassification to/(from) assets held for sale, net		3,316
Disposals		(4,033)
Fair value adjustments		79
Foreign currency translation		(18)
Other		(2)
Assets held for sale	**$**	**147**

Our debt obligations increased to $33,519 million as at December 31, 2016 from $30,526 million as at December 31, 2015. Contributing to this increase was the addition of property-specific borrowings related to acquisition activity during the period, as noted above. These increases were partially offset by the disposition of encumbered assets during the period and the repayment of temporary draws on credit facilities used to fund these acquisitions.

The following table presents additional information on our partnership's outstanding debt obligations:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Corporate borrowings	**$ 1,152**	$ 1,632
Funds subscription facilities	**828**	1,594
Non-recourse borrowings:		
Property-specific borrowings	**30,070**	25,938
Subsidiary borrowings	**1,469**	1,362
Total debt obligations	**33,519**	30,526
Current	**5,096**	8,580
Non-current	**28,423**	21,946
Total debt obligations	**$ 33,519**	$ 30,526

The following table presents the components used to calculate equity attributable to Unitholders per unit:

(US$ Millions, except unit information)	Dec. 31, 2016	Dec. 31, 2015
Total equity	**$ 34,161**	$ 30,933
Less:		
Interests of others in operating subsidiaries and properties	**11,803**	8,975
Equity attributable to Unitholders	**22,358**	21,958
Mandatorily convertible preferred shares	**1,574**	1,554
Total equity attributable to unitholders	**23,932**	23,512
Partnership units	**709,133,314**	711,412,925
Mandatorily convertible preferred shares	**70,038,910**	70,038,910
Total partnership units	**779,172,224**	781,451,835
Equity attributable to Unitholders per unit	**$ 30.72**	$ 30.09

Equity attributable to Unitholders was $22,358 million at December 31, 2016, an increase of $400 million from the balance at December 31, 2015. Assuming the conversion of mandatorily convertible preferred shares, equity attributable to Unitholders increased to $30.72 per unit at December 31, 2016 from $30.09 per unit at December 31, 2015. The increase was a result of fair value gains and income from equity accounted investments recorded during the period, as well as income from new investments, which was partially offset by the impact of foreign exchange and dispositions.

Interests of others in operating subsidiaries and properties was $11,803 million at December 31, 2016, an increase of $2,828 million from the balance at December 31, 2015. The increase was primarily a result of the acquisition of new investments through Brookfield-sponsored funds in which the partnership is a limited partner and additional closes on the second opportunity fund, reducing our interests therein.

SUMMARY OF QUARTERLY RESULTS

	2016				2015			
(US$ Millions, except per unit information)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 1,363**	$ 1,409	$ 1,333	$ 1,247	$ 1,267	$ 1,267	$ 1,170	$ 1,149
Direct operating costs	**639**	621	594	576	573	573	504	533
Net income	**92**	1,616	569	440	1,157	435	1,165	1,009
Net income attributable to Unitholders	**(62)**	1,255	349	251	863	193	1,026	833
Net income attributable to Unitholders per unit – basic	**$ (0.08)**	$ 1.61	$ 0.45	$ 0.32	$ 1.10	$ 0.25	$ 1.31	$ 1.06
Net income attributable to Unitholders per unit – diluted	**$ (0.08)**	$ 1.56	$ 0.44	$ 0.32	$ 1.06	$ 0.25	$ 1.26	$ 1.02

Revenue varies from quarter to quarter due to acquisitions and dispositions of commercial and other income producing assets, changes in occupancy levels, 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 is also impacted by the fair value of properties in the period to reflect changes in valuation metrics driven by market conditions or property cash flows.

SEGMENT PERFORMANCE

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

The following table presents FFO by segment for comparison purposes:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Core Office	**$ 620**	$ 574	$ 440
Core Retail	**429**	397	415
Opportunistic	**320**	223	153
Corporate	**(474)**	(484)	(294)
FFO	**$ 895**	$ 710	$ 714

The following table presents equity attributable to Unitholders by segment as of December 31, 2016 and 2015:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Core Office	**$ 14,626**	$ 15,984
Core Retail	**8,707**	8,579
Opportunistic	**4,653**	4,251
Corporate	**(5,628)**	(6,856)
Equity attributable to Unitholders	**$ 22,358**	$ 21,958

Core Office

Our Core Office segment consists of interests in 142 office properties totaling 99 million square feet, which are primarily located in the world's leading commercial markets such as New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin, among others and consists primarily of our 100% common share interest in BPO and our 50% joint venture interest in Canary Wharf.

The following table presents FFO and net income attributable to Unitholders in our Core Office segment for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
FFO	**$ 620**	$ 574	$ 440
Net income attributable to Unitholders	**544**	2,700	2,826

FFO from our Core Office segment was $620 million for the year ended December 31, 2016 as compared to $574 million in 2015. This increase is largely attributable to rental income being recognized from same-property growth, primarily related to the lease-up of vacant space at Brookfield Place New York, offset by the impact of asset sales and the negative impact of foreign exchange.

Compared to 2014, FFO increased to $574 million in 2015 from $440 million. This increase was primarily the result of our increased ownership in BPO, which was 100% on a weighted average basis for 2015, compared to 87% for 2014. In addition, FFO increased as a result of the contribution of our share of FFO from Canary Wharf following the Canary Wharf Transaction in 2015. We also recognized a $15 million dividend from our interest in Canary Wharf prior to the Canary Wharf Transaction. These increases were partially offset by the negative impact of foreign exchange.

Net income attributable to Unitholders for 2016 was $544 million compared to $2,700 million in 2015. The decrease of $2,156 million was primarily a result of higher fair value gains recorded in the prior period due to the strengthening of market conditions and leasing during the period in New York, London and Sydney, as well as transaction activity, primarily in Melbourne and Vancouver. In addition, we also recorded a gain upon the contribution of our prior 22% interest in Canary Wharf to our joint venture with QIA in 2015.

Net income attributable to Unitholders decreased by $126 million from $2,826 million in 2014 to $2,700 million in 2015. This decrease was primarily a result of higher fair value gains recorded in 2014 due to the strengthening of market conditions and leasing during the period primarily in New York, London and Sydney. The decrease was offset by an income tax benefit as a result

of a reorganization of our interests in certain subsidiaries that resulted in a reduction in the tax rate applied to these subsidiaries in 2014 compared to an income tax expense in 2015.

The following table presents key operating metrics for our Core Office portfolio for the years ended December 31, 2016 and 2015:

(US$ Millions, except where noted)	Consolidated		Unconsolidated	
As at and for the years ended Dec. 31,	**2016**	2015	**2016**	2015
Total portfolio:				
NOI[1]	**$ 1,134**	$ 1,203	**$ 467**	$ 379
Number of properties	**74**	88	**68**	67
Leasable square feet (in thousands)	**50,768**	55,101	**29,524**	27,197
Occupancy	**91.1%**	91.2%	**94.3%**	94.4%
In-place net rents (per square foot)[2]	**$ 27.96**	$ 27.26	**$ 38.12**	$ 38.64
Same-property:				
NOI[2]	**$ 993**	$ 954	**$ 159**	$ 157
Number of properties	**65**	65	**8**	8
Leasable square feet (in thousands)	**50,659**	50,590	**7,973**	7,965
Occupancy	**91.1%**	91.2%	**94.2%**	96.0%
In-place net rents (per square foot)[2]	**$ 27.93**	$ 27.13	**$ 48.14**	$ 46.83

(1) *NOI for unconsolidated properties is presented on a proportionate basis, representing the Unitholders' interest in the property.*
(2) *Presented using normalized foreign exchange rates, using the December 31, 2016 exchange rate.*

NOI from our consolidated properties decreased to $1,134 million in 2016 from $1,203 million in 2015. This decrease was primarily due to the negative impact of foreign exchange and dispositions in New York, Boston, Seattle, Vancouver, Melbourne, Sydney, Toronto and London, offset by the incremental NOI contribution from new leases, primarily in Downtown New York.

Same-property NOI for our consolidated properties for the year ended December 31, 2016 compared with the prior year increased by $39 million to $993 million. This increase was primarily the result of lease commencements in Downtown New York and higher in-place net rents.

NOI from our unconsolidated properties, which is presented on a proportionate basis, increased to $467 million in 2016 from $379 million in 2015. This increase primarily reflects the full year inclusion of Canary Wharf in the current period and reflects a full year of NOI from assets that have been deconsolidated since prior year. Occupancy rates remained relatively consistent compared to prior year.

The following table presents certain key operating metrics related to leasing activity in our Core Office segment:

	Total portfolio year-to-date	
(US$ millions, except where noted)	**Dec. 31, 2016**	Dec. 31, 2015
Leasing activity (in thousands of square feet)		
New leases	**4,407**	4,232
Renewal leases	**3,823**	3,574
Total leasing activity	**8,230**	7,806
Average term (in years)	**8.2**	8.3
Year-one leasing net rents (per square foot)[1]	**$ 31.15**	$ 30.44
Average leasing net rents (per square foot)[1]	**33.97**	33.26
Expiring net rents (per square foot)[1]	**29.74**	25.13
Estimated market net rents for similar space[1]	**37.81**	41.17
Tenant improvements and leasing costs (per square foot)	**$ 61.64**	$ 46.95

(1) *Presented using normalized foreign exchange rates, using the December 31, 2016 exchange rate.*

For the year ended December 31, 2016, we leased over 8 million square feet at average in-place net rents approximately 14% higher than expiring net rents. Approximately 54% of our leasing activity represented new leases. Our overall Core Office portfolio's in-place net rents are currently 15% below market net rents, which gives us confidence that we will be able to increase our NOI in the coming years, as we sign new leases. For the year ended December 31, 2016, tenant improvements and leasing costs were $61.64 per square foot, compared to $46.95 per square foot in the prior year.

We calculate net rent as the annualized amount of cash rent receivable from leases on a per square foot basis including tenant expense reimbursements, less operating expenses being incurred for that space, excluding the impact of straight-lining rent escalations or amortization of free rent periods. This measure represents the amount of cash, on a per square foot basis, generated from leases in a given period.

The following table presents our fair value gains from consolidated and unconsolidated investments attributable to our Core Office segment:

(US$ Millions) Years ended Dec. 31,		**2016**	2015	2014
Fair value gains:				
Consolidated investments	**$**	**50**	$ 1,483	$ 3,033
Unconsolidated investments[(1)]		**(62)**	599	139
Total fair value gains	**$**	**(12)**	$ 2,082	$ 3,172

(1) Fair value gains for unconsolidated investments are presented on a proportionate basis, representing the Unitholders' interest in the investments.

We recorded $12 million fair value losses in 2016 and fair value gains of $2,082 million in 2015. The losses were driven by fair value losses in our New York, London, Calgary and Houston office portfolios, as a result of changes in cash flow assumptions, offset by gains in Toronto and Sydney, where market conditions have strengthened as evidenced by transactions. The prior year included fair value gains in our U.S. and Australian office portfolios, mainly as a result of cash flow changes and discount and terminal capitalization rate compression, as well as a gain upon contributing our prior interest in Canary Wharf to our joint venture with QIA. These gains were partially offset by fair value losses on certain derivative contracts within our investment in Canary Wharf within unconsolidated properties.

The key valuation metrics for commercial properties in our Core Office segment on a weighted-average basis are as follows:

	Dec. 31, 2016			Dec. 31, 2015		
	Discount rate	**Terminal capitalization rate**	**Investment horizon**	Discount rate	Terminal capitalization rate	Investment horizon
Consolidated properties:						
United States	**6.8%**	**5.6%**	**12**	6.9%	5.7%	12
Canada	**6.2%**	**5.5%**	**10**	6.1%	5.5%	10
Australia	**7.3%**	**6.1%**	**10**	7.6%	6.2%	10
Europe	**6.0%**	**5.0%**	**12**	6.0%	5.1%	12
Brazil	**9.3%**	**7.5%**	**10**	9.3%	7.5%	10
Unconsolidated properties:						
United States	**6.3%**	**5.3%**	**11**	6.3%	5.3%	11
Australia	**7.1%**	**6.0%**	**10**	7.4%	6.1%	10
Europe[(1)]	**5.1%**	**4.8%**	**10**	5.1%	5.1%	10

(1) Certain properties in the United Kingdom accounted for under the equity method are valued using both discounted cash flow and yield models. For comparative purposes, the discount and terminal capitalization rates and investment horizon calculated under the discounted cash flow method are presented in the table above.

The following table provides an overview of the financial position of our Core Office segment as at December 31, 2016 and 2015:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Investment properties:		
Commercial properties	**$ 23,102**	$ 25,048
Commercial developments	**2,297**	1,627
Equity accounted investments	**7,390**	7,697
Participating loan interests	**471**	449
Accounts receivable and other	**869**	783
Cash and cash equivalents	**398**	430
Assets held for sale	**—**	506
Total assets	**34,527**	36,540
Debt obligations	**13,328**	13,818
Capital securities	**1,091**	1,151
Accounts payable and other liabilities	**1,403**	1,583
Deferred tax liability	**1,310**	1,193
Liabilities associated with assets held for sale	**—**	105
Non-controlling interests of others in operating subsidiaries and properties	**2,769**	2,706
Equity attributable to Unitholders	**$ 14,626**	$ 15,984

Equity attributable to Unitholders decreased by $1,358 million to $14,626 million at December 31, 2016 from $15,984 million at December 31, 2015. The decrease was primarily a result of reinvesting net proceeds from the disposition of mature assets into higher-yielding opportunistic investments.

Commercial properties totaled $23,102 million at December 31, 2016, compared to $25,048 million at December 31, 2015. This decrease was primarily due to the disposition of properties during the year and the negative impact of foreign exchange.

Commercial developments increased by $670 million between December 31, 2015 and December 31, 2016 as a result of incremental capital expenditures on active developments as well as acquisition activity during the period.

The following table summarizes the scope and progress of active developments in our Core Office segment as of December 31, 2016:

Active developments: (Millions, except where noted)	Square feet under construction (in 000's)	Proportionate square feet under construction in (000's)	Expected date of cash stabilization	Percent pre-leased	Cost			Construction Loan		
					Total[1]		To-date	Total		Drawn
Office:										
L'Oreal Brazil Headquarters, Rio de Janeiro[2]	197	92	Q4 2017	100%	R$ 137	**R$**	**95**	R$ —	**R$**	**—**
Brookfield Place East Tower, Calgary	1,400	1,400	Q3 2018	81%	C$ 799	**C$**	**596**	C$ 575	**C$**	**326**
London Wall Place, London[2]	505	253	Q2 2020	71%	£ 203	**£**	**163**	£ 137	**£**	**87**
One Manhattan West, Midtown New York[2]	2,117	1,186	Q4 2020	37%	$ 1,063	**$**	**305**	$ 700	**$**	**103**
655 New York Avenue, Washington, D.C.	766	383	Q2 2021	70%	$ 285	**$**	**110**	$ 200	**$**	**34**
Principal Place - Commercial, London	621	621	Q3 2021	85%	£ 376	**£**	**296**	£ 280	**£**	**192**
100 Bishopsgate, London	938	938	Q4 2021	38%	£ 875	**£**	**411**	£ 515	**£**	**81**
1 Bank Street, London[2]	715	358	Q1 2023	40%	£ 247	**£**	**81**	£ 185	**£**	**—**
Multifamily:										
Three Manhattan West, Midtown New York[2]	587	329	Q3 2018	n/a	$ 414	**$**	**321**	$ 268	**$**	**155**
Camarillo, California	413	409	Q1 2019	n/a	$ 127	**$**	**50**	$ 83	**$**	**5**
Principal Place - Residential, London[2][3]	303	152	Q1 2019	n/a	£ 190	**£**	**67**	£ 122	**£**	**12**
Shell Centre - Residential, London[2][3]	529	132	Q3 2019	n/a	£ 164	**£**	**66**	£ 96	**£**	**17**
New District - 10 Park Drive[3]	269	135	Q4 2019	n/a	£ 117	**£**	**50**	£ 93	**£**	**9**
Studio Plaza, Maryland	343	296	Q4 2019	n/a	$ 106	**$**	**15**	$ 69	**$**	**—**
Greenpoint Landing Building G, New York	250	238	Q4 2019	n/a	$ 273	**$**	**84**	$ 179	**$**	**—**
Newfoundland, London[2]	546	273	Q4 2020	n/a	£ 242	**£**	**92**	£ 174	**£**	**—**
New District - 8 Water Street & 2 George Street, London	371	186	Q4 2020	n/a	£ 151	**£**	**52**	£ 121	**£**	**10**
Total	**10,870**	**7,381**								

[1] *Net of NOI earned during stabilization.*
[2] *Cost and construction loan information is presented on a proportionate basis at our ownership in these developments.*
[3] *Represents condominium/market sale developments.*

The following table presents changes in our partnership's equity accounted investments in the Core Office segment from December 31, 2015 to December 31, 2016:

(US$ Millions)	Dec. 31, 2016
Equity accounted investment, beginning of period	$ 7,697
Additions	527
Disposals and return of capital distributions	(142)
Share of net income, including fair value gains (losses)	259
Distributions received	(200)
Foreign exchange	(597)
Reclassification to assets held for sale	(165)
Other	11
Equity accounted investments, end of year	**$ 7,390**

Equity accounted investments decreased by $307 million to $7,390 million at December 31, 2016 compared to the prior year-end. The decrease was primarily driven by the impact of the weakening British Pound, distributions received, reclassifications to assets held for sale and disposition activity. Additions include assets that were deconsolidated as a result of partial dispositions and acquisitions of equity accounted interests in properties during the year.

Assets held for sale at December 31, 2015 consisted of properties in Sydney and Vancouver, which were disposed of during 2016.

Debt obligations decreased from $13,818 million at December 31, 2015 to $13,328 million at December 31, 2016. This decrease is the result of the repayment of debt following the disposition of certain properties and the impact of foreign exchange, offset by refinancing activity of property-level debt related to office properties and drawdowns on existing facilities to fund capital expenditures on development properties.

The following table provides additional information on our outstanding capital securities in our Core Office segment:

(US$ Millions, except where noted)	Shares outstanding	Cumulative dividend rate	**Dec. 31, 2016**	Dec. 31, 2015
BPO Class AAA Preferred Shares:				
Series G[(1)]	3,236,308	5.25%	**$ 81**	$ 84
Series H[(2)]	—	5.75%	**—**	128
Series J[(1)]	6,592,443	5.00%	**123**	125
Series K[(1)]	4,995,414	5.20%	**93**	90
BPO Class B Preferred Shares:				
Series 1[(3)]	3,600,000	70% of bank prime	—	—
Series 2[(3)]	3,000,000	70% of bank prime	—	—
Capital Securities – Fund Subsidiaries			**794**	724
Total capital securities			**$ 1,091**	$ 1,151

(1) BPY and its subsidiaries own 1,003,549, 1,000,000, and 1,004,586 shares of Series G, Series J, and Series K Class AAA preferred shares of BPO as of December 31, 2016, respectively, which has been reflected as a reduction in outstanding shares of the BPO Class AAA Preferred Shares.

(2) The BPO Class AAA Series H Preferred Shares were redeemed on May 23, 2016 for cash of C$25.00 per share plus accrued and unpaid dividends thereon.

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

We had $794 million of capital securities – fund subsidiaries outstanding at December 31, 2016 (December 31, 2015 - $724 million). Capital securities – fund subsidiaries includes $753 million (December 31, 2015 - $683 million) of equity interests in Brookfield DTLA Holdings LLC ("DTLA") held by our co-investors in the fund, which have been classified as a liability, rather than as non-controlling interests, as the 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. In addition, capital securities – fund subsidiaries also includes $41 million (December 31, 2015 - $41 million) which represents the equity interests held by our co-investor in the D.C. Fund which have been classified as a liability, rather than as non-controlling interest, due to the fact that on June 18, 2023, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Fund for cash equivalent to the fair value of the interests.

Reconciliation of Non-IFRS Measures – Core Office

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

(US$ Millions) Years ended Dec. 31,	**2016**	2015	2014
Commercial property revenue	**$ 2,094**	$ 2,200	$ 2,423
Direct commercial property expense	**(960)**	(997)	(1,078)
Total NOI	**$ 1,134**	$ 1,203	$ 1,345

The following table reconciles Core Office NOI to net income for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Same-property NOI	**$ 840**	$ 788	$ 755
Currency variance	**—**	13	65
NOI related to acquisitions and dispositions	**294**	402	525
Total NOI	**1,134**	1,203	1,345
Investment and other revenue	**109**	112	120
Interest expense	**(640)**	(674)	(740)
Depreciation and amortization on non-real estate assets	**(16)**	(17)	(18)
Investment and other expense	**(1)**	—	—
General and administrative expense	**(150)**	(142)	(151)
Fair value gains, net	**50**	1,483	3,033
Share of net earnings from equity accounted investments	**259**	814	236
Income before income taxes	**745**	2,779	3,825
Income tax benefit (expense)	**(68)**	97	(644)
Net income	**677**	2,876	3,181
Net income attributable to non-controlling interests	**133**	176	355
Net income attributable to Unitholders	**$ 544**	$ 2,700	$ 2,826

The following table reconciles Core Office net income to FFO for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Net income	**$ 677**	$ 2,876	$ 3,181
Add (deduct):			
Fair value gains, net	**(50)**	(1,483)	(3,033)
Share of equity accounted fair value gains, net	**62**	(599)	(139)
Income tax (benefit) expense	**68**	(97)	644
Non-controlling interests in above items	**(137)**	(123)	(213)
FFO	**$ 620**	$ 574	$ 440

The following table reconciles Core Office share of net earnings from equity accounted investment for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Unconsolidated properties NOI	**$ 467**	$ 379	$ 161
Unconsolidated properties fair value gains, net	**(62)**	599	139
Other	**(146)**	(164)	(64)
Share of net earnings from equity accounted investments	**$ 259**	$ 814	$ 236

Core Retail

Our Core Retail segment consists of interests in 127 regional malls and urban retail properties containing over 125 million square feet in the United States through our 29% interest in GGP (34% on a fully-diluted basis, assuming all outstanding warrants are exercised). Our investment in GGP is accounted for under the equity method.

The following table presents FFO and net income attributable to Unitholders in our retail segment for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
FFO	**$ 429**	$ 397	$ 415
Net income attributable to Unitholders	**366**	494	1,538

FFO earned in our Core Retail platform for the year ended December 31, 2016 was $429 million compared to $397 million in the prior year. Same-property growth in our portfolio was partially offset by asset sales.

The decrease in FFO from $415 million in 2014 to $397 million in 2015, also reflects the impact of asset dispositions.

Net income attributable to Unitholders decreased by $128 million to $366 million in 2016 compared to $494 million in 2015. This decrease is due to greater mark-to-market losses on our investment in GGP warrants, as a result of a larger decrease in GGP's share price during 2016 compared to 2015.

Net income attributable to Unitholders decreased by $1,044 million to $494 million in 2015 compared to $1,538 million in 2014 primarily as a result of significant fair value gains in 2014 due to positive leasing spreads and tightening discount and capitalization rates. In addition, this decrease was also due to greater mark-to-market adjustments on our investment in GGP warrants in 2014, as a result of a greater increase in GGP's share price during 2014 compared to a loss in 2015. During 2014, we also recorded a reversal of a $249 million impairment loss on our investment in GGP.

The following table presents key operating metrics in our Core Retail portfolio for the years ended December 31, 2016 and 2015:

(US$ Millions, except where noted)	Unconsolidated	
As at and for the years ended Dec. 31,	**2016**	2015
NOI:		
Total portfolio[1]	**$ 676**	$ 670
Same-property[1]	**663**	630
Total portfolio:		
Number of malls and urban retail properties	**127**	131
Leasable square feet (in thousands)	**125,225**	127,659
Occupancy[2]	**96.5%**	96.8%
In-place net rents (per square foot)[2]	**$ 62.12**	$ 60.92
Tenant sales (per square foot)[2]	**$ 581**	$ 597

(1) *NOI for unconsolidated properties is presented on a proportionate basis, representing the Unitholders' interest in the investments.*
(2) *Presented on a same-property basis.*

NOI, which is presented on a proportionate basis, increased to $676 million from $670 million in the prior year due to same-property growth, which was partially offset by the impact of dispositions. On a same-property basis, NOI on unconsolidated properties increased to $663 million from $630 million due to increases in rental rates.

The results of our operations are primarily driven by changes in occupancy and in-place rental rates. The following table presents new and renewal leases with commencement dates in 2016 and 2017 compared to expiring leases for the prior tenant in the same suite, for leases where the downtime between new and previous tenant is less than 24 months, among other metrics:

	Total portfolio	
(US$ Millions, except where noted)	**Dec. 31, 2016**	Dec. 31, 2015
Number of leases	**2,213**	2,161
Leasing activity (in thousands of square feet)	**6,796**	6,323
Average term in years	**6.8**	6.5
Initial rent (per square foot)[1]	**$ 64.13**	$ 67.62
Expiring rent (per square foot)[2]	**58.46**	60.52
Initial rent spread (per square foot)	**5.67**	7.10
% Change	**9.7%**	11.7%
Tenant allowances and leasing costs	**$ 156**	$ 148

(1) *Represents initial rent over the term consisting of base minimum rent and common area costs.*
(2) *Represents expiring rent at end of lease consisting of base minimum rent and common area costs.*

Through December 31, 2016, we leased approximately 6.8 million square feet at initial rents approximately 9.7% higher than expiring net rents on a suite-to-suite basis. Additionally, for the year ended December 31, 2016 tenant allowances and leasing costs related to leasing activity were $156 million compared to $148 million in the prior year.

Our Core Retail portfolio occupancy rate at December 31, 2016 was 96.5%, down 0.3% from the occupancy rates at December 31, 2015. In our Core Retail segment, we use in-place rents as a measure of leasing performance. In-place rents are calculated on a cash basis and consist of base minimum rent, plus reimbursements of common area costs, and real estate taxes.

In-place rents increased to $62.12 at December 31, 2016 from $60.92 at December 31, 2015, primarily as a result of strong leasing activity across our portfolio.

The following table presents our fair value gains (losses), net from our investment in GGP for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		**2016**	2015	2014
Fair value (losses) gains, net from GGP warrants	**$**	**(110)**	$ (30)	$ 548
Fair value gains, net from GGP[(1)]		**47**	130	574
Total fair value (losses) gains	**$**	**(63)**	$ 100	$ 1,122

(1) Fair value gains for unconsolidated properties are presented on a proportionate basis, representing the Unitholders' interest in the investments.

We recorded fair value losses of $110 million (2015 - losses of $30 million and 2014 - gains of $548 million) from our GGP warrants, respectively. Fair value (losses) gains, net for the GGP warrants relate to the depreciation or appreciation of the warrants which fluctuate with changes in the market price of the underlying shares.

We recorded fair value gains of $47 million (2015 - $130 million and 2014 - $574 million) from GGP. This decrease is due to higher prior period fair value gains on commercial properties. The decrease in 2015 compared to 2014 was primarily due to the higher fair value gains on our portfolio and a $249 million reversal of an impairment loss in 2014 from 2013.

The key valuation metrics of these properties in our Core Retail segment on a weighted-average basis are presented in the following table. The valuations are most sensitive to changes in the discount rate and timing or variability of cash flows.

	Dec. 31, 2016			Dec. 31, 2015		
	Discount Rate	**Terminal capitalization rate**	**Investment horizon**	Discount Rate	Terminal capitalization rate	Investment horizon
Unconsolidated properties:						
United States	**7.4%**	**5.9%**	**10**	7.4%	5.8%	10

Equity attributable to Unitholders in the Core Retail segment increased by $128 million from December 31, 2015 to December 31, 2016 due to increased net income attributable to Unitholders, partially offset by a decrease in the value of GGP warrants, as discussed above.

The following table presents an overview of the financial position of our Core Retail segment as at December 31, 2016 and 2015:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Equity accounted investments	**7,453**	7,215
GGP warrants	**1,254**	1,364
Total assets	**8,707**	8,579
Total liabilities	**—**	—
Total equity attributable to Unitholders	**$ 8,707**	$ 8,579

Equity accounted investments increased by $238 million driven by positive net income, partially offset by dividends received from GGP during the current period.

The following table presents a roll-forward of our partnership's equity accounted investments for the year ended December 31, 2016:

(US$ Millions)	**Dec. 31, 2016**
Equity accounted investments, beginning of year	$ 7,215
Share of net earnings from equity accounted investments	476
Distributions received	(266)
Other	28
Equity accounted investments, end of year	**$ 7,453**

Reconciliation of Non-IFRS Measures – Core Retail

The following table reconciles Core Retail NOI to net income for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		**2016**		2015		2014
Total NOI	**$**	**—**	$	—	$	8
Interest expense		**—**		—		(3)
Fair value gains (losses), net		**(110)**		(30)		548
Share of net earnings from equity accounted investments		**476**		526		985
Income before income taxes		**366**		496		1,538
Income tax benefit (expense)		**—**		—		—
Net income		**366**		496		1,538
Net income attributable to non-controlling interests of others in operating subsidiaries and properties		**—**		2		—
Net income attributable to Unitholders	**$**	**366**	$	494	$	1,538

The following table reconciles Core Retail net income to FFO for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		**2016**		2015		2014
Net income	**$**	**366**	$	496	$	1,538
Add (deduct):						
Fair value (gains) losses, net		**110**		30		(548)
Share of equity accounted fair value gains, net		**(47)**		(130)		(574)
Non-controlling interests in above items		**—**		1		(1)
FFO	**$**	**429**	$	397	$	415

Opportunistic

Our Opportunistic segment is comprised of the following:

- 107 office properties comprising approximately 29 million square feet of office space in the United States, United Kingdom, Brazil and Asia;
- Approximately 27 million square feet of retail space across 44 properties throughout the United States and in select Brazilian markets;
- Over 45 million square feet of industrial space across 182 industrial properties, primarily consisting of modern logistics assets in North America and Europe, with an additional seven million square feet currently under construction;
- Approximately 30,300 multifamily units across 104 properties throughout the United States;
- Nineteen hospitality assets with 14,200 rooms in North America, Europe and Australia;
- 340 properties that are leased to automotive dealerships across North America on a triple net lease basis;
- 175 self-storage facilities comprising of approximately 14 million square feet throughout the United States; and
- Sixteen student housing properties with over 6,800 beds in the United Kingdom.

The following table presents NOI, FFO and net income attributable to Unitholders in our Opportunistic segment for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		**2016**		2015		2014
NOI	**$**	**1,621**	$	1,106	$	579
FFO		**320**		223		153
Net income attributable to Unitholders		**607**		402		179

Over the past three years, we have made significant investments our Opportunistic segment. We have also invested in new asset classes, including self-storage and student housing. These investments are the primary driver of the increased earnings for the periods presented. These investments include the following:

- Acquired the IFC in South Korea, a 5.4 million square feet mixed-use complex in the fourth quarter of 2016;
- Acquired the remaining common shares of Rouse in the third quarter of 2016;
- Acquired a portfolio of 16 student housing properties across the United Kingdom throughout 2016;
- Acquired the Vintage Estate hotel and specialty retail center in Napa Valley, CA in the second quarter of 2016;
- Acquired a portfolio of 175 self-storage facilities across the United States throughout 2016;
- Acquired a portfolio of seven office assets in Brazil in the fourth quarter of 2015 and the first quarter of 2016;
- Acquired Center Parcs UK, which operates five short break destinations across the U.K. during the third quarter of 2015;
- Acquired Associated Estates, which owns approximately 12,800 multifamily units across the United States, during the third quarter of 2015;
- Converted our interest in convertible preferred equity of CXTD into common equity in the entity during the third quarter of 2015;
- Acquired a 4,000-unit multifamily portfolio in Manhattan on a value-add basis, with plans to renovate the majority of those units and benefit from positive rent spreads on the releasing of renovated units, during the fourth quarter of 2014; and
- Acquired CARS, which owns the real estate for more than 300 automotive dealerships across North America and leases it on a triple net basis, during the fourth quarter of 2014.

Contributing to the increase in net income attributable to Unitholders were net income from the acquisitions noted above, as well as fair value gains, particularly related to our opportunistic office portfolios in India and Brazil, our industrial assets in the U.S. and Germany, our self-storage facilities in the U.S., and our triple net lease portfolio in the U.S. and Canada.

The following table presents key operating metrics for our Opportunistic portfolio as at December 31, 2016 and 2015:

	Equity attributable to Unitholders		**Dec. 31, 2016**			
(US$ Millions, except where noted)	**Dec. 31, 2016**	Dec. 31, 2015	Number of properties	Total area (sq. ft. in thousands)	Units of measure	Occupancy %
Opportunistic Office	**$ 811**	$ 501	107	28,669	Sq. ft.	83.0%
Opportunistic Retail	**967**	786	44	26,980	Sq. ft.	89.8%
Industrial	**558**	510	182	45,360	Sq. ft.	91.9%
Multifamily	**762**	878	104	30,294	Units	95.0%
Hospitality	**738**	1,078	19	14,200	Rooms	n/a
Triple Net Lease	**428**	381	340	17,152	Sq. ft.	99.9%
Self-storage	**158**	—	175	13,731	Sq. ft.	81.3%
Student Housing	**69**	—	16	6,835	Beds	98.0%
Finance Funds	**162**	117	n/a	n/a	n/a	n/a
Total	**$ 4,653**	$ 4,251				

The following table presents the contributions to fair value gains from consolidated and unconsolidated investments in our Opportunistic segment:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Fair value gains:			
Consolidated investments	**$ 746**	$ 602	$ 175
Unconsolidated investments[1]	**154**	138	96
Total fair value gains	**$ 900**	$ 740	$ 271

[1] *Fair value gains for unconsolidated investments are presented on a proportionate basis, representing the Unitholders' interest in the investments.*

The key valuation metrics of our Opportunistic properties on a weighted-average basis are presented in the following table. The valuations are most sensitive to changes in the discount rate and timing or variability of cash flows.

	Dec. 31, 2016			Dec. 31, 2015		
	Discount rate	**Terminal capitalization rate**	**Investment horizon**	Discount rate	Terminal capitalization rate	Investment horizon
Consolidated properties:						
Opportunistic Office	**9.9%**	**7.6%**	**7**	11.5%	8.3%	6
Opportunistic Retail[1]	**10.2%**	**8.1%**	**12**	11.3%	8.5%	10
Industrial	**7.4%**	**6.6%**	**10**	7.6%	6.8%	10
Multifamily[1]	**4.9%**	**n/a**	**n/a**	5.1%	n/a	n/a
Hospitality	**10.2%**	**7.4%**	**6**	10.0%	7.4%	7
Triple Net Lease[1]	**6.1%**	**n/a**	**n/a**	6.3%	n/a	n/a
Self-storage[1]	**6.2%**	**n/a**	**n/a**	n/a	n/a	n/a
Student Housing[1]	**5.9%**	**n/a**	**n/a**	n/a	n/a	n/a
Unconsolidated properties						
Opportunistic Office	**9.0%**	**7.8%**	**5**	8.3%	7.4%	5
Opportunistic Retail[1]	**11.0%**	**9.0%**	**10**	7.2%	n/a	n/a
Industrial	**6.9%**	**6.1%**	**10**	7.1%	6.5%	10
Multifamily[1]	**5.1%**	**n/a**	**n/a**	5.4%	n/a	n/a
Hospitality	**11.3%**	**7.0%**	**6**	9.1%	6.7%	6

[1] *The valuation method used to value multifamily, triple net lease, self-storage and student housing properties is the direct capitalization method which is presented in the discounted rate column. The terminal capitalization rate and investment horizon are not applicable. under this valuation methodology.*

The following table presents equity attributable to Unitholders in our Opportunistic segment:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Investment properties	**$ 23,385**	$ 14,924
Property, plant and equipment	**5,278**	5,023
Equity accounted investments	**2,001**	2,726
Accounts receivable and other	**2,899**	3,073
Cash and cash equivalents	**808**	476
Assets held for sale	**147**	299
Total assets	**34,518**	26,521
Less:		
Debt obligations	**18,211**	13,482
Capital securities	**183**	—
Accounts payable and other liabilities	**1,980**	1,638
Liabilities associated with assets held for sale	**61**	137
Non-controlling interests of others in operating subsidiaries and properties	**9,430**	7,013
Equity attributable to Unitholders	**$ 4,653**	$ 4,251

The increase in investment properties is primarily the result of our acquisition activity and valuation gains, as well as capital spend. These increases were partially offset by the disposition and reclassification of certain multifamily, industrial, and triple net lease properties to assets held for sale.

The increase in property, plant and equipment was the result of the acquisitions of Vintage Estate and Marriott Bethesda North hotels during the year and capital spend, partially offset by depreciation and the negative impact of foreign exchange from Center Parcs UK.

Equity accounted investments decreased during 2016 following the acquisition of incremental interests in Rouse. Consequently, we are now consolidating this investment. In addition, the decrease was attributable to the sale of a portfolio of hotels in Germany. These decreases were partially offset by net income from these investments during the period.

Assets held for sale and related liabilities as of December 31, 2016 include industrial assets in Europe, multifamily assets in the United States and triple net lease assets in the United States, as we intend to sell controlling interests in these properties to third parties in the next 12 months.

Debt obligations increased due to the acquisition activity noted above.

Reconciliation of Non-IFRS Measures - Opportunistic

The following table reconciles Opportunistic NOI to net income for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		**2016**	2015	2014
Commercial property revenue	**$**	**1,530**	$ 1,016	$ 606
Hospitality revenue		**1,561**	1,276	983
Direct commercial property expense		**(434)**	(284)	(219)
Direct hospitality expense		**(1,036)**	(902)	(791)
Total NOI		**1,621**	1,106	579
Investment and other revenue		**58**	249	361
Interest expense		**(751)**	(574)	(367)
General and administrative expense		**(211)**	(196)	(115)
Investment and other expense		**—**	(135)	(100)
Depreciation and amortization		**(224)**	(163)	(130)
Fair value gains, net		**746**	602	175
Share of net earnings from equity accounted investments		**284**	251	145
Income before income taxes		**1,523**	1,140	548
Income tax (expense)		**(101)**	(48)	(17)
Net income		**1,422**	1,092	531
Net income attributable to non-controlling interests of others in operating subsidiaries and properties		**815**	690	352
Net income attributable to Unitholders	**$**	**607**	$ 402	$ 179

The following table reconciles Opportunistic net income to FFO for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		**2016**	2015	2014
Net income	**$**	**1,422**	$ 1,092	$ 531
Add (deduct):				
Fair value (gains), net		**(746)**	(602)	(175)
Share of equity accounted fair value gains, net		**(154)**	(138)	(96)
Depreciation and amortization of real estate assets		**212**	153	112
Income tax expense		**101**	48	17
Non-controlling interests in above items		**(515)**	(330)	(236)
FFO	**$**	**320**	$ 223	$ 153

Corporate

The following table presents FFO and net income attributable to Unitholders in our corporate segment for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,		**2016**	2015	2014
FFO	**$**	**(474)**	$ (484)	$ (294)
Net income (loss) attributable to Unitholders		**276**	(681)	(809)

Certain amounts are allocated to our corporate segment in our management reports as those activities are not used to evaluate our segments' operating performance.

FFO was a loss of $474 million for the year ended December 31, 2016 compared to a loss of $484 million in the prior year.

Interest expense contributes to this loss and for the year ended December 31, 2016 was $290 million, which is comprised of $214 million of interest expense paid on our credit facilities and $76 million of interest expense on capital securities. This compares to interest expense of $280 million paid in the prior year and $148 million in 2014.

Another component of FFO is general and administrative expense, which for the year ended December 31, 2016, was $208 million, comprised of $104 million of asset management fees, $25 million of equity enhancement fees and $79 million of other corporate costs. This compares to general and administrative expense of $221 million in the prior year and $138 million in 2014.

In addition, during 2016, we recorded fair value gains, net of $6 million primarily related to the settlement of foreign currency forward contracts during the year ended December 31, 2016. Consistent with our risk management policy, the partnership uses such derivative instruments to hedge cash flows in foreign currencies. For further information on the partnership's use of derivative contracts, please refer to *"Derivative Financial Instruments."*

In 2016, we also recorded a $744 million income tax benefit allocated to the corporate segment (2015 - income tax expense of $149 million and 2014 - $515 million). The income tax benefit relates to a reorganization the partnership undertook during the year, to consolidate the ownership of certain subsidiaries holding its core retail and office assets. As a result of the reorganization, there was a change in the tax rate applicable to those subsidiaries, which resulted in a deferred tax recovery of $898 million during the period, which reduced deferred tax liabilities.

The following table presents equity attributable to Unitholders at the corporate level:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Accounts receivable and other	**$ 125**	$ 97
Cash and cash equivalents	**250**	129
Total assets	**375**	226
Debt obligations	**1,980**	3,226
Capital securities	**2,897**	2,880
Deferred tax liabilities	**431**	1,215
Accounts payable and other liabilities	**1,091**	505
Non-controlling interests	**(396)**	(744)
Equity attributable to Unitholders	**$ (5,628)**	$ (6,856)

The corporate balance sheet includes corporate debt and capital securities from our partnership. The decrease in corporate debt obligations is primarily a result of the repayment of our fund subscription facility during 2016 using funds from a capital call from investors in the second real estate opportunity fund on final close of the fund.

On December 4, 2014, our partnership issued $1,800 million of exchangeable preferred equity securities ("Preferred Equity Units") to QIA. During the first quarter of 2015, the proceeds were used to fund the Canary Wharf Transaction. At December 31, 2016 and December 31, 2015, the balance related to the Preferred Equity Units recorded within capital securities was $1,574 million and $1,554 million, respectively.

In August 2016, we renewed our normal course issuer bid for our LP Units for a further one-year period. During the twelve-month period commencing August 18, 2016, and ending August 17, 2017, we may purchase on the Toronto Stock Exchange, the New York Stock Exchange ("NYSE"), and any alternative Canadian trading system, up to 13,097,963 LP Units, representing approximately 5% of our issued and outstanding LP Units. Unitholders may obtain a copy of the Notice of Intention relating to our normal course issuer bid, without charge, by contacting the partnership.

The change in non-controlling interest is primarily related to related to capital contributed by investors in the second Brookfield-sponsored opportunity fund.

The following table provides additional information on our outstanding capital securities – corporate:

(US$ Millions, except where noted)	Shares outstanding	Cumulative dividend rate	Dec. 31, 2016	Dec. 31, 2015
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25%	**$ 541**	$ 532
Series 2	24,000,000	6.50%	**522**	516
Series 3	24,000,000	6.75%	**511**	506
Brookfield BPY Holdings Inc. Junior Preferred Shares:				
Class B Junior Preferred Shares	30,000,000	5.75%	**750**	750
Class C Junior Preferred Shares	20,000,000	6.75%	**500**	500
BOP Split Senior Preferred Shares:				
Series 1	924,390	5.25%	**24**	23
Series 2	699,165	5.75%	**13**	18
Series 3	913,194	5.00%	**17**	17
Series 4	984,586	5.20%	**19**	18
Total capital securities			**$ 2,897**	$ 2,880

In addition, as at December 31, 2016, we had $15 million (December 31, 2015 - $25 million) of preferred shares with a cumulative dividend rate of 5% outstanding. The preferred shares were issued by various holding entities of our partnership.

Reconciliation of Non-IFRS Measures – Corporate

Net income to FFO:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Net income (loss)	**$ 252**	$ (698)	$ (830)
Add (deduct):			
Fair value (gains) losses, net	**(6)**	48	—
Income tax (benefit) expense	**(744)**	149	515
Non-controlling interests in above items	**24**	17	21
FFO	**$ (474)**	$ (484)	$ (294)

RISKS AND UNCERTAINTIES

The financial results of our business are impacted by the performance of our properties and various external factors influencing the specific sectors and geographic locations in which we operate, including: macro-economic factors such as economic growth, changes in currency, inflation and interest rates; regulatory requirements and initiatives; and litigation and claims that arise in the normal course of business.

Our property investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (including the availability and costs of mortgage funds), local conditions (including an oversupply of space or a reduction in demand for real estate in the markets in which we operate), the attractiveness of the properties to tenants, competition from other landlords with competitive space and our ability to provide adequate maintenance at an economical cost.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether a property is producing sufficient income to service these expenses. Certain properties are subject to mortgages which require substantial debt service payments. If we become unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. We believe the stability and long-term nature of our contractual revenues effectively mitigates these risks.

We are affected by local, regional, national and international economic conditions and other events and occurrences that affect the markets in which we own assets. A protracted decline in economic conditions would cause downward pressure on our operating margins and asset values as a result of lower demand for space.

Substantially all of our properties are located in North America, Europe and Australia, with a growing presence in Brazil and Asia. A prolonged downturn in the economies of these regions would result in reduced demand for space and number of

prospective tenants and will affect the ability of our properties to generate significant revenue. If there is an increase in operating costs resulting from inflation and other factors, we may not be able to offset such increases by increasing rents.

We are subject to risks that affect the retail environment, including unemployment, weak income growth, lack of available consumer credit, industry slowdowns and plant closures, consumer confidence, increased consumer debt, poor housing market conditions, adverse weather conditions, natural disasters and the need to pay down existing obligations. All of these factors could negatively affect consumer spending, and adversely affect the sales of our retail tenants. This could have an unfavorable effect on our operations and our ability to attract new retail tenants.

As owners of office, retail, and industrial properties, lease rollovers also present a risk, as continued growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies. Refer to "Lease Rollover Risk" below for further details.

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"* elsewhere in this annual report on Form 20-F.

Credit Risk

Credit risk arises from the possibility that tenants may be unable to fulfill their lease commitments. We mitigate this risk by ensuring that our tenant mix is diversified and by limiting our exposure to any one tenant. We also maintain a portfolio that is diversified by property type so that exposure to a business sector is lessened. Government and government agencies comprise 8.1% of our Core Office segment tenant base and, as at December 31, 2016, no one tenant comprises more than this.

The following list shows the largest tenants by leasable area in our Core Office portfolio and their respective credit ratings and exposure as at December 31, 2016:

Tenant	Primary Location	Credit Rating[(1)]	Exposure (%)[(2)]
Government and Government Agencies	Various	AAA/AA+	8.1 %
Barclays	London	BBB	2.5 %
Morgan Stanley	NY/Toronto/London	BBB+	2.4 %
CIBC World Markets[(3)]	Calgary/NY/Toronto	A+	1.8 %
Suncor Energy Inc.	Calgary/Houston	A-	1.7 %
Bank of America | Merrill Lynch	Denver/NY/LA/Toronto/D.C.	A/A-	1.4 %
Bank of Montreal	Calgary/Toronto	A+	1.4 %
Deloitte	Calgary/Houston/LA/Toronto/Perth	Not Rated	1.3 %
JPMorgan Chase & Co.	Denver/Houston/LA/NY	A	1.2 %
Royal Bank of Canada	Various	AA-	1.1 %
Total			**22.9%**

(1) *From Standard & Poor's Rating Services, Moody's Investment Services, Inc. or DBRS Limited.*

(2) *Exposure is a percentage of total leasable square feet.*

(3) *CIBC World Markets leases 1.1 million square feet at 300 Madison Avenue in New York, of which they sublease 925,000 square feet to PricewaterhouseCoopers LLP and approximately 100,000 square feet to Sumitomo Corporation of America.*

The following list reflects the largest tenants in our retail portfolio as at December 31, 2016. The largest ten tenants in our portfolio accounted for approximately 20% of minimum rents, tenant recoveries and other.

Tenant	Doing Business As:	Exposure (%)[(1)]
L Brands, Inc.	Victoria's Secret, Bath & Body Works, PINK, Henri Bendel	4.0 %
Foot Locker, Inc.	Footlocker, Champs Sports, Footaction USA, House of Hoops, SIX:02	2.8 %
The Gap, Inc.	Gap, Banana Republic, Old Navy, Athleta	2.4 %
Forever 21 Retail, Inc.	Forever 21	1.8 %
Abercrombie & Fitch Stores, Inc.	Abercrombie, Abercrombie & Fitch, Hollister	1.8 %
Ascena Retail Group	Dress Barn, Justice, Lane Bryant, Maurices, Ann Taylor, Loft	1.5 %
Signet Jewelers Limited	Zales, Gordon's, Kay, Jared	1.5 %
Sephora USA Inc.	Sephora	1.5 %
Genesco Inc.	Journeys, Lids, Underground Station, Johnston & Murphy	1.4 %
Luxottica Group S.p.A.	Lenscrafters, Sunglass Hut, Pearle Vision	1.3 %
Total		**20.0%**

(1) *Exposure is a percentage of minimum rents and tenant recoveries.*

Lease Roll-over Risk

Lease roll-over risk arises from the possibility that we may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon early lease expiry. We attempt to stagger the lease expiry profile so that we are not faced with disproportionate amounts of space expiring in any one year. On average, approximately 10.0% of our Core Office, Core Retail, opportunistic office, opportunistic retail and industrial leases mature annually up to 2021. Our Core Office, Core Retail, opportunistic office, opportunistic retail and industrial portfolio has a weighted average remaining lease life of approximately 6.5 years. We further mitigate this risk by maintaining a diversified portfolio mix by geographic location and by pro-actively leasing space in advance of its contractual expiry. We do not consider the lease-roll risk for our multifamily, hospitality, triple net lease, self-storage and student housing portfolios as the lease lives in each of these respective portfolios are relatively short.

The following table sets out lease expiries, by square footage, for our office, retail and industrial portfolios at December 31, 2016, including our unconsolidated investments:

(Sq. ft. in thousands)	Current	2017	2018	2019	2020	2021	2022	2023	2024 and Beyond	**Total**
Core Office	6,190	3,155	4,932	4,258	5,765	5,580	5,506	5,381	39,525	**80,292**
Expiring %	7.7%	3.9%	6.1%	5.3%	7.2%	6.9%	6.9%	6.7%	49.3%	**100.0%**
Core Retail[(1)]	1,553	6,858	5,621	5,773	4,130	4,686	3,379	3,712	17,065	**52,777**
Expiring %	2.9%	13.0%	10.7%	10.9%	7.8%	8.9%	6.4%	7.0%	32.4%	**100.0%**
Opportunistic Office	3,583	2,202	1,615	2,869	3,209	2,997	503	234	3,858	**21,070**
Expiring %	17.0%	10.5%	7.7%	13.6%	15.2%	14.2%	2.4%	1.1%	18.3%	**100.0%**
Opportunistic Retail	1,338	1,548	1,448	1,337	1,298	1,237	701	687	4,207	**13,801**
Expiring %	9.7%	11.2%	10.5%	9.7%	9.4%	9.0%	5.1%	5.0%	30.4%	**100.0%**
Industrial	3,680	2,600	6,421	5,478	5,623	5,731	2,994	1,998	10,835	**45,360**
Expiring %	8.1%	5.7%	14.2%	12.1%	12.4%	12.6%	6.6%	4.4%	23.9%	**100.0%**

(1) *Represents regional malls only and excludes traditional anchor and specialty leasing agreements.*

Tax Risk

We are subject to income taxes in various jurisdictions, and our tax liabilities are dependent upon the distribution of income among these different jurisdictions. Our effective income tax rate is influenced by a number of factors, including changes in tax law, tax treaties, interpretation of existing laws, and our ability to sustain our reporting positions on examination. Changes in any of those factors could change our effective tax rate, which could adversely affect our profitability and results of operations.

Environmental Risk

As an owner of real property, we are subject to various federal, provincial, state and municipal laws relating to environmental matters. Such laws provide that we could be liable for the costs of removing certain hazardous substances and remediating certain hazardous locations. The failure to remove such substances or remediate such locations, if any, could adversely affect our ability to sell such real estate or to borrow using such real estate as collateral and could potentially result in claims against us. We are not aware of any material non-compliance with environmental laws at any of our properties nor are we aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of our properties or any pending or threatened claims relating to environmental conditions at our properties.

We will continue to make the necessary capital and operating expenditures to ensure that we are compliant with environmental laws and regulations. Although there can be no assurances, we do not believe that costs relating to environmental matters will have a materially adverse effect on our business, financial condition or results of operations. However, environmental laws and regulations can change and we may become subject to more stringent environmental laws and regulations in the future, which could have an adverse effect on our business, financial condition or results of operations.

Economic Risk

Real estate is relatively illiquid. Such illiquidity may limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. Also, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the markets in which we operate.

Our commercial properties generate a relatively stable source of income from contractual tenant rent payments. Continued growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies. We are substantially protected against short-term market conditions, as most of our leases are long-term in nature with an average term of over six years.

Insurance Risk

Our insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates. We maintain insurance on our properties in amounts and with deductibles that we believe are in line with what owners of similar properties carry. We maintain all risk property insurance and rental value coverage (including coverage for the perils of flood, earthquake and weather catastrophe).

Interest Rate and Financing Risk

We have an on-going need to access debt markets to refinance maturing debt as it comes due. There is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to us or on any terms at all. Our strategy to stagger the maturities of our mortgage portfolio attempts to mitigate our exposure to excessive amounts of debt maturing in any one year and to maintain relationships with a large number of lenders to limit exposure to any one counterparty.

Approximately 50% of our outstanding debt obligations at December 31, 2016 are floating rate debt compared to 55% at December 31, 2015. This debt is subject to fluctuations in interest rates. A 100 basis point increase in interest rates relating to our corporate and commercial floating rate debt obligations would result in an increase in annual interest expense of approximately $169 million. A 100 basis point increase in interest rates relating to fixed rate debt obligations due within one year would result in an increase in annual interest expense of approximately $24 million upon refinancing. In addition, we have exposure to interest rates within our equity accounted investments. We have mitigated, to some extent, the exposure to interest rate fluctuations through interest rate derivative contracts. See *"Derivative Financial Instruments"* below in this MD&A.

At December 31, 2016, our consolidated debt to capitalization was 47% (December 31, 2015 – 47%). It is our view this level of indebtedness is conservative given the cash flow characteristics of our properties and the fair value of our assets. Based on this, we believe that all debts will be financed or repaid as they come due in the foreseeable future.

Foreign Exchange Risk

As at and for the year ended December 31, 2016, approximately 34% of our assets and 33% of our revenues originated outside the United States and consequently are subject to foreign currency risk due to potential fluctuations in exchange rates between these currencies and the U.S. Dollar. To mitigate this risk, we attempt to maintain a natural hedged position with respect to the carrying value of assets through debt agreements denominated in local currencies and, from time to time, supplemented through the use of derivative contracts as discussed under *"Derivative Financial Instruments"*.

The following table shows the impact of a 10% change in foreign exchange rates on net income and other comprehensive income:

		Dec. 31, 2016		
(Millions)		Equity attributable to Unitholders[1]	OCI	Net income
Canadian Dollar[2]	C$	(329)	$ 25	$ —
Australian Dollar	A$	2,344	(169)	—
British Pound	£	3,749	(463)	—
Euro	€	326	(34)	—
Brazilian Real	R$	1,941	(60)	—
Indian Rupee	Rs	10,436	(15)	—
Hong Kong Dollar	HK$	(77)	1	—
Chinese Yuan	C¥	1,001	(16)	—
South Korean Won	₩	147,052	(12)	—
Total			$ (743)	$ —

(1) *As of December 31, 2016, Unitholders are defined as holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units.*

(1) *Net of Canadian Dollar denominated loans.*

(Millions)	Dec. 31, 2015			
	Equity attributable to Unitholders[1]		OCI	Net income
Canadian Dollar[2]	C$	(268)	$ 19	$ —
Australian Dollar	A$	2,721	(198)	—
British Pound	£	3,620	(533)	—
Euro	€	588	(64)	—
Brazilian Real	R$	1,725	(44)	—
New Zealand Dollar	NZ$	29	(2)	—
Indian Rupee	Rs	9,166	(14)	—
Chinese Yuan	C¥	1,268	(20)	—
Total			$ (856)	$ —

(1) *As of December 31, 2015, Unitholders are defined as holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units.*

(1) *Net of Canadian Dollar denominated loans.*

(Millions)	Dec. 31, 2014			
	Equity attributable to Unitholders[1]		OCI	Net income
Canadian Dollar[2]	C$	(223)	$ 19	$ —
Australian Dollar	A$	2,668	(218)	—
British Pound	£	1,468	(229)	—
Euro	€	205	(9)	(12)
Brazilian Real	R$	1,325	(50)	—
New Zealand Dollar	NZ$	44	(4)	—
Indian Rupee	Rs	6,104	(10)	—
Total			$ (501)	$ (12)

(1) *As of December 31, 2014, Unitholders are defined as holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, and Special LP Units.*

(1) *Net of Canadian Dollar denominated loans.*

DERIVATIVE FINANCIAL INSTRUMENTS

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; and
- Interest rate caps to hedge interest rate risk on certain variable rate debt;

We also designate Canadian Dollar financial liabilities of certain of our operating entities as hedges of our net investments in our Canadian operations.

Interest Rate Hedging

The following table provides our 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 December 31, 2016 and 2015:

(US$ Millions)	Hedging item		Notional	Rates	Maturity dates		Fair value
Dec. 31, 2016	**Interest rate caps of US$ LIBOR debt**	**$**	**4,933**	**2.5% - 5.8%**	**Jan. 2017 - Jun. 2020**	**$**	**—**
	Interest rate swaps of US$ LIBOR debt		**502**	**1.5% - 2.2%**	**Jun. 2018 - Nov. 2020**		**(6)**
	Interest rate caps of £ LIBOR debt		**37**	**2.5%**	**Aug. 2017**		**—**
	Interest rate swaps of £ LIBOR debt		**85**	**1.0% - 1.5%**	**Apr. 2020 - Jun. 2021**		**2**
	Interest rate swaps of € EURIBOR debt		**146**	**0.3% - 1.4%**	**Oct. 2017 - Apr. 2021**		**(4)**
	Interest rate swaps of C$ LIBOR debt		**44**	**3.7%**	**Nov. 2021**		**—**
	Interest rate swaps of A$ BBSW/BBSY debt		**65**	**1.9%**	**Jul. 2017**		**(1)**
	Interest rate swaps on forecasted fixed rate debt		**300**	**3.7% - 4.0%**	**Jun. 2027 - Jun. 2029**		**(34)**
Dec. 31, 2015	Interest rate caps of US$ LIBOR debt	$	3,654	2.5% - 5.8%	Jan. 2016 - Oct. 2018	$	—
	Interest rate swaps of US$ LIBOR debt		285	2.1% - 2.2%	Oct. 2020 - Nov. 2020		(8)
	Interest rate swaps of £ LIBOR debt		77	1.5%	Apr. 2020		1
	Interest rate swaps of € EURIBOR debt		187	0.02% - 1.4%	Oct. 2017 - Feb. 2021		5
	Interest rate swaps of A$ BBSW/BBSY debt		488	3.5% - 5.9%	Jan. 2016 - Jul. 2017		(9)
	Interest rate swaps on forecasted fixed rate debt		1,885	3.1% - 5.5%	Jan. 2026 - Jun. 2029		(332)

For the year ended December 31, 2016, the amount of hedge ineffectiveness recorded in earnings in connection with our partnership's interest rate hedging activities totaled $18 million. For the year ended December 31, 2015, the amount of hedge ineffectiveness recorded in earnings was not significant.

Foreign Currency Hedging

The following table presents the partnership's outstanding derivatives that are designated as net investment hedges in foreign subsidiaries or cash flow hedges as of December 31, 2016 and 2015:

(US$ Millions)	Hedging item		Net Notional	Rates	Maturity dates	Fair value
Dec. 31, 2016	**Net investment hedges**	**€**	**600**	**€0.87/$ - €0.94/$**	**Feb. 2017 - Feb. 2018**	**8**
	Net investment hedges	**£**	**3,664**	**£0.68/$ - £0.82/$**	**Jan. 2017 - Jan. 2018**	**(18)**
	Net investment hedges	**A$**	**1,967**	**A$1.32/$ - A$1.41/$**	**Jan. 2017 - Dec. 2017**	**36**
	Net investment hedges	**C¥**	**1,750**	**C¥6.77/$ - C¥7.20/$**	**Feb. 2017 - Dec. 2017**	**7**
	Net investment hedges	**R$**	**—**	**R$3.27/$ - R$3.83/$**	**Jan. 2017 - Feb. 2017**	**(9)**
	Cash flow hedges	**R$**	**500**	**R$3.35/$**	**Mar. 2017**	**1**
	Net investment hedges	**₩**	**585,600**	**₩1,135.30/$ - ₩1,167.90/$**	**Sep. 2017 - Dec. 2017**	**22**
	Cash flow hedges	**Rs**	**12,500**	**Rs67.84/$ - Rs70.60/$**	**Feb. 2017 - Sep. 2017**	**1**
Dec. 31, 2015	Net investment hedges	£	2,346	£0.64/$ - £0.68/$	Jan. 2016 - Mar. 2017	$ 26
	Net investment hedges	C¥	2,000	C¥6.62/$ - C¥6.78/$	Feb. 2016 - Dec. 2016	3
	Net investment hedges	A$	811	A$1.29/$ - A$1.44/$	Jan. 2016 - Feb. 2017	2
	Net investment hedges	€	446	€0.80/$ - €0.94/$	May 2016 - Dec. 2016	1
	Cash flow hedges	R$	613	R$3.89/$ - R$3.96/$	Jan. 2016 - Mar. 2016	(8)

In addition, as of December 31, 2016, our partnership had designated C$690 million (December 31, 2015 – C$900 million) of Canadian Dollar financial liabilities as hedges against our partnership's net investment in Canadian operations.

For the years ended December 31, 2016 and 2015, 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 tables provide detail of our partnership's other derivatives that have been entered into to manage financial risks as of December 31, 2016 and December 31, 2015:

(US$ millions)	Derivative type		Notional	Maturity dates	Rates		Fair value
Dec. 31, 2016	**Interest rate swaps on forecasted fixed rate debt**	**$**	**1,460**	**Jun. 2018 - Nov. 2028**	**1.9% - 6.0%**	**$**	**(172)**
	Interest rate caps		**350**	**Jul. 2017**	**3.25%**		**—**
Dec. 31, 2015	Interest rate caps	$	381	Mar. 2016	3.65%	$	—
	Interest rate caps		350	Jul. 2017	3.25%		—
	Interest rate caps		34	Jan. 2016	3.00%		—
	Interest rate caps		75	Feb. 2016	2.93%		—

(US$ Millions)	Derivative type		Notional	Maturity dates	Strike prices		Fair value
Dec. 31, 2015	Foreign currency call	A$	175	Mar. 2016	A$1.22/$	$	—
	Foreign currency call	A$	275	Apr. 2016	A$1.25/$		—
	Foreign currency put	£	370	Jan. 2016	£0.71/$		—
	Foreign currency put	£	200	Mar. 2016	£0.71/$		(1)
	Foreign currency call	A$	150	Apr. 2016	A$1.22/$		—
	Foreign currency call	A$	150	Apr. 2016	A$1.22/$		—
	Foreign currency call	A$	250	Apr. 2016	A$1.22/$		—

There were no outstanding foreign currency calls or puts as of December 31, 2016

During 2016, our partnership recognized fair value losses, net of approximately $60 million related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

During 2016, our partnership entered into swaptions with a notional amount of totaling $1,660 million, with a 1.00% rate and maturity dates from June 2017 to November 2018. The fair value of these derivatives as of December 31, 2016 was $2 million.

These other derivatives have not been designated as hedges for accounting purposes.

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 the general partner. The ultimate parent of the partnership is Brookfield Asset Management. Other related parties of the partnership include the partnership's and Brookfield Asset Management's subsidiaries and operating entities, certain joint ventures and associates accounted for under the equity method, as well as officers of such entities and their spouses.

The partnership has a management agreement with its service providers, wholly-owned subsidiaries of Brookfield Asset Management. Pursuant to a Master Services Agreement, prior to the third quarter of 2015, on a quarterly basis, the partnership paid a base management fee ("base management fee"), to the service providers equal to $12.5 million per quarter ($50.0 million annually).

Through the second quarter of 2015, the partnership also paid a quarterly equity enhancement distribution to Special L.P., a wholly-owned subsidiary of Brookfield Asset Management, of 0.3125% of the amount by which the operating partnership's total capitalization value at the end of each quarter exceeded its total capitalization value that immediately followed the spin-off of Brookfield Asset Management's commercial property operations on April 15, 2013, subject to certain adjustments. For purposes of calculating the equity enhancement distribution at each quarter-end, the capitalization of the partnership was equal to the volume-weighted average of the closing prices of the LP Units on the NYSE for each of the last five trading days of the applicable quarter multiplied by the number of issued and outstanding units of the partnership on the last of those days (assuming full conversion of Brookfield Asset Management's interest in the partnership into units of the partnership), plus the amount of third-party debt, net of cash, with recourse to the partnership and the operating partnership and certain holding entities held directly by the operating partnership.

On August 3, 2015, the board of directors of the partnership approved an amendment to the base management fee and equity enhancement distribution calculations, as of the beginning of the third quarter of 2015. Pursuant to this amendment, the annual base management fee paid by the partnership to Brookfield Asset Management was changed from $50.0 million, subject to annual inflation adjustments, to 0.5% of the total capitalization of the partnership, subject to an annual minimum of $50.0 million plus annual inflation

adjustments. The calculation of the equity enhancement distribution was amended to reduce the distribution by the amount by which the revised base management fee is greater than $50.0 million per annum, plus annual inflation adjustments, to maintain a fee level in aggregate that would be the same as prior to the amendment.

The base management fee for the year ended December 31, 2016 was $104.4 million (2015 - $76.1 million, 2014 - $50.0 million). The equity enhancement distribution for the year ended December 31, 2016 was $25.1 million (2015 - $59.9 million, 2014 - $50.0 million).

In connection with the issuance of Preferred Equity Units to QIA, Brookfield Asset Management has contingently agreed to acquire the seven-year and ten-year tranches of Preferred Equity Units from QIA 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.

The following table summarizes transactions and balances with related parties:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Balances outstanding with related parties:		
Participating loan interests	**$ 471**	$ 449
Equity accounted investments	**110**	143
Loans and notes receivable[1]	**46**	63
Receivables and other assets	**71**	29
Property-specific obligations	**(323)**	(362)
Corporate debt obligations	**—**	(1,000)
Deposit from Brookfield Asset Management	**(500)**	—
Other liabilities	**(136)**	(373)
Capital securities held by Brookfield	**(1,250)**	(1,250)
Preferred shares held by Brookfield Asset Management	**(15)**	(25)

(US$ Millions) Years ended Dec. 31,	**2016**	2015	2014
Transactions with related parties:			
Commercial property revenue	**$ 20**	$ 22	$ 16
Management fee income	**5**	3	—
Participating loan interests (including fair value gains, net)[1]	**61**	129	88
Interest expense on debt obligations	**28**	55	23
Interest on capital securities held by Brookfield Asset Management	**76**	76	76
General and administrative expense [2]	**212**	207	187
Construction costs[3]	**266**	308	207

(1) *Includes $46 million receivable from Brookfield Asset Management upon the earlier of our partnership's exercise of its option to convert its participating loan interests into direct ownership of the Australian portfolio or the maturity of the participating loan interests.*

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

(3) *Includes amounts paid to Brookfield Asset Management and its subsidiaries for management fees, management fees associated with our private funds, and administrative services.*

During the first quarter of 2016, the partnership's 50/50 joint venture with the Investment Corporation of Dubai ("ICD") acquired land in Dubai on which ICD Brookfield Place Dubai will be erected. BPO serves as the development manager and, as such, earns a management fee during the construction period. In addition, the primary contractor for the construction of the property will be a joint venture of Brookfield Multiplex Pty. Ltd., which is indirectly owned by Brookfield Asset Management through Brookfield Business Partners L.P. ("Brookfield Business Partners").

During the first quarter of 2016, Fairfield Residential Company LLC ("Fairfield"), which is majority-owned by Brookfield Asset Management, sold a multifamily development site in Camarillo, CA to BPO for consideration of $35 million. During the second quarter of 2016, BPO sold a 1% interest in this investment back to Fairfield, which will receive fees for serving as developer, property manager and general contractor.

During the second quarter of 2016, in connection with the creation of Brookfield Business Partners, a subsidiary of the partnership sold its 80% interest in Brookfield Condominium Services Ltd. to a subsidiary of Brookfield Business Partners for $15 million in cash.

In connection with the launch of the open-ended fund, the partnership contributed certain operating buildings and development projects. Following this transaction, BPO will earn property management fees on certain properties in the portfolio and Fairfield will serve as development manager, for a fee, for certain of the development projects contributed to the fund. In addition, the partnership will incur asset management fees from Brookfield Asset Management-affiliated entities for the management of the fund.

During the fourth quarter of 2016, a subsidiary of the partnership sold its interest in Oak Ridges Seaton Inc. to Brookfield Homes Limited for C$48 million and the Allen Center Central Plant within One Allen Center in Houston to Brookfield Infrastructure Group for net proceeds of $18 million.

Also during the fourth quarter of 2016, Brookfield Asset Management made a $500 million on-demand deposit to the partnership, which amount was outstanding at December 31, 2016.

PORTFOLIO LISTING

The following table presents details of our property portfolio as of December 31, 2016:

Core Office Property Portfolio Dec. 31, 2016 (Sq. ft in 000's)	Number of properties	% Leased	Assets under management			Proportionate at subsidiary level[1]			Proportionate to Unitholders[2]		Proportionate to LP Unitholders[3]	
			Leasable	Parking	Total	Owned %	Leasable	Total	Leasable	Total	Leasable	Total
CONSOLIDATED PROPERTIES												
United States												
Midtown New York	1	100.0%	1,134	14	1,148	100.0%	1,134	1,148	1,134	1,148	416	421
Downtown New York	6	92.5%	10,283	478	10,761	100.0%	10,283	10,761	10,283	10,761	3,773	3,949
Washington, D.C.	13	84.5%	3,160	2,040	5,200	92.3%	2,904	4,797	2,904	4,797	1,065	1,760
Los Angeles	7	87.2%	8,565	4,277	12,842	47.3%	4,052	6,076	4,052	6,076	1,487	2,230
Houston	5	86.0%	5,053	1,186	6,239	86.6%	4,390	5,400	4,390	5,400	1,611	1,982
Denver	1	95.2%	1,316	581	1,897	51.0%	672	968	672	967	246	355
San Francisco	1	97.5%	199	6	205	49.8%	100	102	100	102	37	37
	34	89.4%	29,710	8,582	38,292	76.4%	23,535	29,252	23,535	29,251	8,635	10,734
Canada												
Toronto	11	94.0%	9,264	1,706	10,970	69.2%	6,420	7,583	6,420	7,583	2,356	2,783
Calgary	8	93.5%	5,633	1,194	6,827	50.0%	2,817	3,415	2,817	3,415	1,034	1,253
Ottawa	7	95.0%	1,733	804	2,537	25.1%	437	637	437	637	160	234
	26	93.9%	16,630	3,704	20,334	57.2%	9,674	11,635	9,674	11,635	3,550	4,270
Australia and New Zealand												
Sydney	4	94.8%	789	140	929	82.7%	664	768	664	768	244	282
Melbourne	1	98.5%	499	4	503	50.1%	249	252	249	252	91	92
Brisbane	1	57.3%	305	36	341	100.0%	305	341	305	341	112	125
Perth	4	89.7%	1,891	227	2,118	83.9%	1,587	1,778	1,587	1,778	582	652
	10	89.3%	3,484	407	3,891	80.7%	2,805	3,139	2,805	3,139	1,029	1,151
United Kingdom												
London	3	99.5%	668	78	746	100.0%	668	746	668	746	245	274
	3	99.5%	668	78	746	100.0%	668	746	668	746	245	274
Brazil												
São Paulo	1	100.0%	276	209	485	51.1%	141	248	141	248	52	91
	1	100.0%	276	209	485	51.1%	141	248	141	248	52	91
Total Consolidated Properties	74	91.1%	50,768	12,980	63,748	70.6%	36,823	45,020	36,823	45,019	13,511	16,520
UNCONSOLIDATED PROPERTIES												
United States												
Midtown New York	4	85.2%	5,299	104	5,403	50.2%	2,662	2,713	2,662	2,713	977	996
Downtown New York	1	95.4%	2,581	65	2,646	15.0%	387	397	387	397	142	146
Washington, D.C.	11	95.9%	2,564	908	3,472	35.2%	905	1,222	905	1,222	333	449
Boston	2	98.8%	910	245	1,155	27.7%	255	320	255	320	94	118
Los Angeles	2	93.2%	371	389	760	42.2%	157	321	157	321	58	118
Houston	1	98.9%	1,135	699	1,834	10.0%	113	183	113	183	42	68
Denver	1	91.7%	1,338	511	1,849	50.0%	669	924	669	924	245	339
	22	91.8%	14,198	2,921	17,119	35.5%	5,148	6,080	5,148	6,080	1,891	2,234
Australia and New Zealand												
Sydney	6	99.0%	2,931	526	3,457	51.8%	1,515	1,790	1,515	1,790	555	656
Melbourne	1	99.9%	858	339	1,197	50.0%	429	598	429	598	158	220
	7	99.2%	3,789	865	4,654	51.3%	1,944	2,388	1,944	2,388	713	876
United Kingdom												
London	23	97.6%	9,061	1,091	10,152	40.4%	3,562	4,097	3,562	4,097	1,307	1,503
	23	97.6%	9,061	1,091	10,152	40.4%	3,562	4,097	3,562	4,097	1,307	1,503
Germany												
Berlin	16	89.4%	2,476	1,171	3,647	25.0%	620	911	620	911	227	334
	16	89.4%	2,476	1,171	3,647	25.0%	620	911	620	911	227	334
Total Unconsolidated Properties	68	94.3%	29,524	6,048	35,572	37.9%	11,274	13,476	11,274	13,476	4,138	4,947
Total Core Office Properties	142	92.3%	80,292	19,028	99,320	58.9%	48,097	58,496	48,097	58,495	17,649	21,467

(1) *Reflects our partnership's interest before considering non-controlling interests in operating subsidiaries.*

(2) *Reflects our partnership's interest before considering non-controlling interests in subsidiaries, including Brookfield Canada Office Properties and Brookfield Prime Property Fund.*

(3) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (2) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Opportunistic Office Property Portfolio Dec. 31, 2016 (Sq. ft in 000's)	Number of properties	% Leased	Assets under management			Proportionate at subsidiary level[1]			Proportionate to Unitholders[2]		Proportionate to LP Unitholders[3]	
			Leasable	Parking	Total	Owned %	Leasable	Total	Leasable	Total	Leasable	Total
CONSOLIDATED PROPERTIES												
United States												
Los Angeles	12	63.5%	1,283	—	1,283	100.0%	1,283	1,283	384	384	141	141
San Diego	1	41.2%	177	—	177	100.0%	177	177	53	53	19	19
San Francisco/San Jose	31	89.6%	1,159	—	1,159	100.0%	1,159	1,159	347	347	127	127
Washington, D.C.	6	85.2%	1,205	—	1,205	100.0%	1,205	1,205	308	308	113	113
Dallas	6	60.0%	466	—	466	100.0%	466	466	140	140	51	51
	56	75.3%	4,290	—	4,290	100.0%	4,290	4,290	1,232	1,232	451	451
United Kingdom												
London	2	91.2%	816	90	906	100.0%	816	906	242	270	89	99
	2	91.2%	816	90	906	100.0%	816	906	242	270	89	99
Brazil												
Rio de Janeiro	3	96.4%	1,207	618	1,825	100.0%	1,207	1,825	388	588	142	216
São Paulo	4	36.4%	950	950	1,900	100.0%	950	1,900	306	612	112	225
	7	70.0%	2,157	1,568	3,725	100.0%	2,157	3,725	694	1,200	254	441
India												
NCR (Delhi region)	27	96.7%	7,882	3,849	11,731	100.0%	7,882	11,731	2,579	3,838	946	1,408
Kolkata	10	79.7%	2,523	903	3,426	100.0%	2,523	3,426	825	1,121	303	411
	37	92.6%	10,405	4,752	15,157	100.0%	10,405	15,157	3,404	4,959	1,249	1,819
South Korea												
Seoul	4	68.5%	3,276	1,189	4,465	62.7%	2,056	2,801	525	810	193	262
	4	68.5%	3,276	1,189	4,465	62.7%	2,056	2,801	525	810	193	262
Total Consolidated Properties	106	82.9%	20,944	7,599	28,543	94.2%	19,724	26,879	6,097	8,471	2,236	3,072
UNCONSOLIDATED PROPERTIES												
United States												
Los Angeles	1	100.0%	126	—	126	100.0%	126	126	28	28	10	10
	1	100.0%	126	—	126	100.0%	126	126	28	28	10	10
Total Unconsolidated Properties	1	100.0%	126	—	126	100.0%	126	126	28	28	10	10
Total Opportunistic Office Properties	107	83.0%	21,070	7,599	28,669	94.2%	19,850	27,005	6,125	8,499	2,246	3,082

Core Retail Property Portfolio[1] Dec. 31, 2016 (Sq. ft. in 000's)	Number of properties	% Leased	Assets under management	Proportionate at subsidiary level[2]		Proportionate to Unitholders[3]	Proportionate to LP Unitholders[4]
			Total	Owned %	Total	Total	Total
UNCONSOLIDATED PROPERTIES							
U.S. Properties							
Pacific region	19	95.9%	16,198	74.2%	12,022	3,472	1,274
Southwest region	17	98.1%	21,198	85.7%	18,166	5,247	1,926
East North Central region	16	95.3%	16,442	83.0%	13,651	3,943	1,447
Southeast region	17	97.2%	16,479	78.8%	12,986	3,751	1,377
Mideast region	16	97.1%	15,721	84.2%	13,239	3,824	1,403
Mountain region	13	96.7%	13,728	82.9%	11,382	3,288	1,206
Northeast region	18	97.4%	15,171	85.2%	12,931	3,735	1,371
West North Central region	11	96.4%	10,288	94.9%	9,764	2,820	1,035
Total Unconsolidated Properties	127	96.9%	125,225	83.2%	104,141	30,080	11,039
Total Core Retail Properties	127	96.9%	125,225	83.2%	104,141	30,080	11,039

(1) *Does not include non-regional malls*

(2) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries.*

(3) *Reflects our partnership's interest net of non-controlling interests described in note (2) above.*

(4) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (3) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Opportunistic Retail Property Portfolio[1] Dec. 31, 2016 (Sq. ft. in 000's)	Number of properties	% Leased	Assets under management	Proportionate at subsidiary level[2]		Proportionate to Unitholders[3]	Proportionate to LP Unitholders[4]
			Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES							
U.S. Properties							
Pacific region	10	89.9%	7,762	100.0%	7,762	3,906	1,433
Southwest region	6	82.3%	3,124	100.0%	3,124	1,519	557
East North Central region	6	90.5%	4,497	100.0%	4,497	2,263	830
Southeast region	3	89.3%	2,809	86.9%	2,442	1,229	451
Mideast region	4	95.0%	3,196	100.0%	3,196	1,609	590
Mountain region	6	87.5%	2,210	100.0%	2,210	1,112	408
Northeast region	2	88.8%	603	100.0%	603	183	67
	37	89.4%	24,201	98.5%	23,834	11,821	4,336
Brazil							
São Paulo	4	94.2%	1,438	49.9%	718	348	128
Rio de Janeiro	2	97.1%	969	73.0%	707	322	118
	6	95.4%	2,407	59.2%	1,425	670	246
Total Consolidated Properties	43	89.9%	26,608	94.9%	25,259	12,491	4,582
UNCONSOLIDATED PROPERTIES							
U.S. Properties							
Mountain region	1	79.3%	372	100.0%	372	44	16
Total Unconsolidated Properties	1	79.3%	372	100.0%	372	44	16
Total Opportunistic Retail Properties	44	89.8%	26,980	95.0%	25,631	12,535	4,598

(1) *Does not include non-regional malls; includes anchor space.*

(2) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries.*

(3) *Reflects our partnership's interest net of non-controlling interests described in note (2) above.*

(4) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (3) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Industrial Property Portfolio Dec. 31, 2016 (Sq. ft. in 000's)	Number of properties	Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
		Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
United States						
California	18	2,937	100.0%	2,937	880	323
Florida	4	572	100.0%	572	171	63
Georgia	3	1,320	100.0%	1,320	395	145
Illinois	5	1,702	100.0%	1,702	510	187
Indiana	2	1,258	100.0%	1,258	377	138
Kentucky	3	2,097	100.0%	2,097	628	230
Mississippi	4	1,975	100.0%	1,975	592	217
New Jersey	1	343	100.0%	343	103	38
Ohio	1	109	100.0%	109	33	12
Texas	49	7,277	100.0%	7,275	2,174	800
Utah	1	232	50.0%	116	70	26
	91	19,822	99.4%	19,704	5,933	2,179
Europe						
France	22	5,100	98.0%	4,995	1,755	644
Germany	18	4,492	97.5%	4,380	1,546	567
Netherlands	15	2,300	100.0%	2,300	792	291
United Kingdom	7	948	100.0%	948	326	120
	62	12,840	98.3%	12,623	4,419	1,622
Asia						
China	1	274	100.0%	274	94	34
	1	274	100.0%	274	94	34
Total Consolidated Properties	154	32,936	99.0%	32,601	10,446	3,835
UNCONSOLIDATED PROPERTIES						
United States						
California	2	1,691	50.0%	846	507	186
Florida	3	548	50.0%	274	164	60
Georgia	1	396	50.0%	198	119	44
Illinois	4	1,179	50.0%	589	353	130
Kentucky	1	387	50.0%	194	116	43
Mississippi	5	2,038	49.8%	1,016	611	224
New Jersey	3	2,553	50.0%	1,276	765	281
Ohio	4	1,998	36.8%	736	598	219
Texas	5	1,634	49.9%	815	484	180
Total Unconsolidated Properties	28	12,424	47.8%	5,944	3,717	1,367
Total Industrial Properties	182	45,360	85.0%	38,545	14,163	5,202

(1) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries.*

(2) *Reflects our partnership's interest before considering non-controlling interests of others in subsidiaries.*

(3) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (2) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Multifamily Property Portfolio Dec. 31, 2016 (Units)	Number of properties	Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
		Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
United States						
New York	6	3,962	99.0%	3,922	1,203	441
Ohio	15	2,884	100.0%	2,884	737	270
Virginia	8	2,596	100.0%	2,596	696	255
Texas	8	2,107	100.0%	2,107	571	210
North Carolina	8	1,638	100.0%	1,638	429	157
Michigan	5	1,534	100.0%	1,534	392	144
Florida	4	1,294	100.0%	1,294	331	121
Indiana	3	836	100.0%	836	214	79
Georgia	2	531	100.0%	531	135	50
Maryland	1	140	100.0%	140	36	13
Total Consolidated Properties	60	17,522	99.8%	17,482	4,744	1,740
UNCONSOLIDATED PROPERTIES						
United States						
Texas	7	2,314	100.0%	2,314	529	194
Florida	8	2,246	100.0%	2,246	667	245
Arizona	5	1,906	100.0%	1,906	658	241
California	7	1,769	100.0%	1,769	659	242
Washington	5	1,248	100.0%	1,248	465	171
Nevada	3	882	100.0%	882	329	121
Georgia	2	728	100.0%	728	177	65
North Carolina	2	692	100.0%	692	168	62
Maryland	1	300	100.0%	300	112	41
Virginia	1	226	100.0%	226	84	31
Connecticut	1	168	100.0%	168	63	23
Colorado	1	160	100.0%	160	60	22
Massachusetts	1	133	100.0%	133	50	18
Total Unconsolidated Properties	44	12,772	100.0%	12,772	4,021	1,476
Total Multifamily Properties	104	30,294	99.9%	30,254	8,765	3,216

(1) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries and properties.*

(2) *Reflects our partnership's interest net of non-controlling interests described in note (1) above.*

(3) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (2) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Hospitality Property Portfolio Dec. 31, 2016 (Sq. ft. in 000's)	Number of properties	Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
		Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
North America	4	5,947	100.0%	5,947	2,418	887
United Kingdom	5	4,139	100.0%	4,139	1,133	416
Total Consolidated Properties	9	10,086	100.0%	10,086	3,551	1,303
UNCONSOLIDATED PROPERTIES						
North America	7	2,816	76.0%	2,140	546	200
Australia	3	1,298	100.0%	1,298	408	150
Total Unconsolidated Properties	10	4,114	83.6%	3,438	954	350
Total Hospitality Properties	19	14,200	95.2%	13,524	4,505	1,653

(1) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries.*

(2) *Reflects our partnership's interest net of non-controlling interests described in note (1) above.*

(3) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (3) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Triple Net Lease Property Portfolio Dec. 31, 2016 (Sq. ft. in 000's)	Number of properties	Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
		Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
North America	340	17,152	100.0%	17,152	4,399	1,614
Total Consolidated Properties	340	17,152	100.0%	17,152	4,399	1,614
Total Triple Net Lease Properties	340	17,152	100.0%	17,152	4,399	1,614

(1) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries.*
(2) *Reflects our partnership's interest net of non-controlling interests described in note (1) above.*
(3) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (2) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Self-Storage Property Portfolio Dec. 31, 2016 (Sq. ft. in 000's)	Number of properties	Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
		Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
United States	175	13,731	100.0%	13,731	3,510	1,288
Total Consolidated Properties	175	13,731	100.0%	13,731	3,510	1,288
Total Self-Storage Properties	175	13,731	100.0%	13,731	3,510	1,288

(1) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries.*
(2) *Reflects our partnership's interest net of non-controlling interests described in note (1) above.*
(3) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (2) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

Student Housing Property Portfolio Dec. 31, 2016 (Beds)	Number of properties	Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
		Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
United Kingdom	16	6,835	100.0%	6,835	1,747	641
Total Consolidated Properties	16	6,835	100.0%	6,835	1,747	641
Total Student Housing Properties	16	6,835	100.0%	6,835	1,747	641

(1) *Reflects our partnership's interest before considering non-controlling interests of others in operating subsidiaries.*
(2) *Reflects our partnership's interest net of non-controlling interests described in note (1) above.*
(3) *Reflects our partnership's proportionate interest net of non-controlling interests described in note (2) above and the Redeemable/Exchangeable Partnership Units and Special LP Units held by Brookfield Asset Management and Exchange LP Units.*

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The discussion and analysis of our financial condition and results of operations is based upon the Financial Statements, which have been prepared in accordance with IFRS. The preparation of the consolidated financial statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Our most critical accounting policies are those that we believe are the most important in portraying our financial condition and results of operations, and require the most subjectivity and estimates by our management.

Investment Properties

Investment properties include commercial properties held to earn rental income and commercial developments that are being constructed or developed for future use as commercial properties. Commercial properties and commercial developments are recorded at fair value, determined based on available market evidence, at the balance sheet date. We determine the fair value of each investment property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the balance sheet date, less future cash flows (including rental payments and other outflows) in respect of such leases. Investment property valuations are 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. Fair values are primarily determined by discounting the expected future cash flows as opposed to the direct capitalization approach. In determining the appropriateness of the methodology applied, our 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. 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. Valuations of investment properties are most sensitive to changes in the discount rate and timing or variability of cash flows. 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.

Borrowing costs associated with direct expenditures on properties under development or redevelopment are capitalized. Borrowing costs are also capitalized on the purchase cost of a site or property acquired specifically for development or redevelopment in the short-term but only where activities necessary to prepare the asset for development or redevelopment are in progress. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any incidental investment income. Borrowing costs are capitalized from the commencement of the development until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. We consider practical completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Where we have pre-leased space as of or prior to the start of the development and the lease requires us to construct tenant improvements which enhance the value of the property, practical completion is considered to occur on completion of such improvements.

Initial direct leasing costs we incur in negotiating and arranging tenant leases are added to the carrying amount of investment properties.

Business Combinations

We account for business combinations in which control is acquired under the acquisition method. We consider three criteria that include input, process and output to assess whether acquired assets and assumed liabilities meet the definition of a business. The acquisition price is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. As a result, our partnership recognizes the acquiree's identifiable assets and assumed liabilities at their acquisition-date fair values, except for non-current assets classified as held-for-sale, which are recognized at fair value less costs to sell. We also evaluate whether there are intangible assets acquired that have not previously been recognized by the acquiree and recognize them as identifiable intangible assets. The interests of non-controlling shareholders in the acquiree are initially measured at their proportion of the net fair value of the identifiable assets and assumed liabilities recognized.

To the extent that the acquisition price exceeds the fair value of the net identifiable assets, the excess is recorded as goodwill. To the extent the fair value of consideration paid is less than the fair value of net identifiable assets, the excess is recognized as a bargain purchase gain in our partnership's net income for the respective reporting period.

Where a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in net income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to net income. Changes in our partnership's ownership interest of an investee that do not result in a change of control are accounted for as equity transactions and are recorded as a component of equity. Acquisition costs are recorded as an expense in the reporting period as incurred.

In applying this policy, judgment is applied in determining whether an acquisition meets the definition of a business combination or an asset acquisition by considering the nature of the assets acquired and the processes applied to those assets, or if the integrated set of assets and activities is capable of being conducted and managed for the purpose of providing a return to investors or other owners.

Basis of Accounting for Investees

We consolidate an investee when we control the investee, with control existing if and only if we have power over the investee; exposure, or rights, to variable returns from our involvement with the investee; and the ability to use our power over the investee to

affect the amount of our partnership's returns. Whether we consolidate or equity account an investee may have a significant impact on the presentation of our consolidated financial statements, especially as it relates to the consolidation of the operating partnership.

In determining if we have power over an investee, we make judgments when identifying which activities of the investee are relevant in significantly affecting returns of the investee and the extent of our existing rights that give us the current ability to direct the relevant activities of the investee. We also make judgments as to the amount of potential voting rights which provides us or unrelated parties voting powers, the existence of contractual relationships that provide us voting power, the ability to appoint directors and the ability of other investors to remove us as a manager or general partner. We enter into voting agreements to provide our partnership with the ability to contractually direct the relevant activities of the investee (formally referred to as "power" within IFRS 10, *Consolidated Financial Statements*). In assessing if we have exposure, or rights, to variable returns from our involvement with the investee we make judgments concerning whether returns from an investee are variable and how variable those returns are on the basis of the substance of the arrangement, the size of those returns and the size of those returns relative to others, particularly in circumstances where our voting interest differs from our ownership interest in an investee. In determining if we have the ability to use our power over the investee to affect the amount of our returns we make judgments when we are an investor as to whether we are a principal or agent and whether another entity with decision-making rights is acting as an agent for us. If we determine that it is acting as an agent, as opposed to principal, we do not control the investee.

Revaluation Method Hospitality Assets

We account for our investments in hospitality properties as property, plant and equipment under the revaluation model. Hospitality properties are recognized initially at cost or fair value if acquired in a business combination and subsequently carried at fair value at the balance sheet date less any accumulated impairment and subsequent accumulated depreciation. Fair values of North American hospitality properties are determined internally using discounted cash flow models with inputs from available market evidence. Fair values for the short-break destinations across the United Kingdom owned by Center Parcs UK are determined using a depreciated replacement cost method based on the age, physical condition and the construction costs of the assets.

Revaluations of hospitality properties are performed annually at December 31, the end of the fiscal year, to ensure that the carrying amount does not differ significantly from fair value. Where the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity within revaluation surplus, unless the increase reverses a previously recognized revaluation loss recorded through prior period net income, in which case that portion of the increase is recognized in net income. Where the carrying amount of an asset is decreased, the decrease is recognized in other comprehensive income to the extent of any balance existing in revaluation surplus in respect of the asset, with the remainder of the decrease recognized in net income. Revaluation gains are recognized in other comprehensive income, and are not subsequently recycled into profit or loss. The cumulative revaluation surplus is transferred directly to retained earnings when the asset is derecognized.

In performing annual revaluations, we first qualitatively assess whether there is any indication that the hospitality properties may be impaired. If no indication is identified, no impairment will be recorded. If we have identified indicators for impairment, the asset's carrying amount (i.e., fair value less any accumulated depreciation and impairment) is compared with the recoverable amount of the hospitality property, which is determined as the higher of the estimated fair value less costs on disposal or the present value of expected future cash flows generated from the use and eventual disposal of an asset. An impairment is taken if the recoverable amount is less than the carrying amount of the asset and is accounted for in the same manner as a revaluation decrease as illustrated in previous paragraphs.

GGP

As of December 31, 2016, we held an indirect 29% interest in GGP and were entitled to nominate three of the nine directors to GGP's board and vote all of our shares for those directors.

We account for our investment in GGP following the equity method of accounting. The carrying value of our investment in GGP consists of our original cost of the investment plus our share of the earnings of GGP, determined in accordance with our accounting policies under IFRS, less distributions received from GGP. This includes our share of GGP's unrealized fair value gains (losses) in respect of investment property, which is determined in accordance with our accounting policy for valuation of investment properties. Accordingly, the variance between the value of our investment in GGP based on the publicly-traded share price and the carrying value of the equity accounted investment is the result of recording our share of the IFRS net earnings of GGP, which includes the cumulative unrealized fair value gains arising from the fair value increases in the underlying investment properties.

We consider the guidance in IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28") and IAS 36, *Impairment of Assets* ("IAS 36") to determine if there are indicators of impairment, one of which is whether there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. Accordingly, we consider whether the variance between the value of the investment as determined using the publicly-traded share price and the carrying value is an indicator of impairment.

Our evaluation of whether there are impairment indicators present includes consideration of a number of factors as required by IAS 36 including an evaluation of the technological, market, economic and legal environment in which GGP operates; consideration of whether GGP was, or in the near future is expected to be, in significant financial difficulty and an assessment of trends in actual net cash flows or operating profit or loss of GGP. Further, with respect specifically to the variance between the value of the investment as determined using the publicly-traded share price and the carrying value determined under IAS 28, we consider additional factors relative to this variance. This includes an analysis of the original blended cost of our investment in GGP compared to the publicly-traded share price over the period from the acquisition dates through each reporting date; the trend in the share price of GGP as at each reporting date up to and including the current date; and an assessment of the underlying cash flows that are expected to be derived from the operating and redevelopment properties, including the recovery in property values contributing to the fair value gains recorded by GGP.

Taxation

We apply judgment in determining the tax rate applicable to our REIT operating entities and identifying the temporary differences related to such operating entities with respect to which deferred income taxes are recognized. Deferred taxes related to temporary differences arising in our partnership's REIT operating entities, joint ventures and associates are measured based on the tax rates applicable to distributions received by the investor entity on the basis that REITs can deduct dividends or distributions paid such that their liability for income taxes is substantially reduced or eliminated for the year, and we intend that these entities will continue to distribute their taxable income and continue to qualify as REITs for the foreseeable future.

We measure deferred income taxes associated with our investment properties based on our specific intention with respect to each asset at the end of the reporting period. Where we have a specific intention to sell a property in the foreseeable future or where existing contractual arrangements create an intention to sell in the future, deferred taxes on the building portion of the investment property are measured based on the tax consequences following from the disposition of the property. Otherwise, deferred taxes are measured on the basis the carrying value of the investment property will be recovered substantially through use. Judgment is required in determining the manner in which the carrying amount of each investment property will be recovered.

We also make judgments with respect to the taxation of gains inherent in our investments in foreign subsidiaries and joint ventures. While we believe that the recovery of our original investment in these foreign subsidiaries and joint ventures will not result in additional taxes, certain unremitted gains inherent in those entities could be subject to foreign taxes depending on the manner of realization.

Revenue Recognition

For investment properties, we account for our leases with tenants as operating leases as we have retained substantially all of the risks and benefits of ownership of our investment properties. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where our partnership is required to make additions to the property in the form of tenant improvements which enhance the value of the property, upon substantial completion of the improvements. The total amount of contractual rents expected from operating leases is recognized on a straight-line basis over the term of the lease, including contractual base rent and subsequent rent increases as a result of rent escalation clauses. A rent receivable, included within the carrying amount of investment properties, is used to record the difference between the rental revenue recorded and the contractual amount received.

Rent receivables and related revenue also includes percentage participating rents and recoveries of operating expenses, including property and capital taxes. Percentage participating rents are recognized when tenants' specified sales targets have been met. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

With regards to hospitality revenue, we recognize revenue on rooms, food and other revenue as services are provided. We recognize room revenue net of taxes and levies. Advance deposits are deferred and included in accounts payable and other liabilities until services are provided to the customer. We recognize the difference between gaming wins and losses from casino gaming activities as gaming revenue. We recognize liabilities for funds deposited by patrons before gaming play occurs and for chips in the patrons' possession, both of which are included in accounts payable and other liabilities. Revenue and expenses from tour operations include the sale of travel and leisure packages and are recognized on the day the travel package begins. Amounts collected in advance from guests are deferred and included in accounts payable and other liabilities until such amounts are earned.

Financial Instruments

We classify our financial instruments into categories based on the purpose for which the instrument was acquired or issued, its characteristics and our designation of the instrument. The category into which we classify financial instruments determines its measurement basis (e.g., fair value or amortized cost) subsequent to initial recognition. We hold financial instruments that represent secured debt and equity interests in commercial properties that are measured at fair value. Estimation of the fair value of these instruments is subject to the estimates and assumptions associated with the valuation of investment properties. When designating

derivatives in cash flow hedging relationships, we make assumptions about the timing and amount of forecasted transactions, including anticipated financings and refinancings.

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

Use of Estimates

Our partnership makes estimates and assumptions that affect carried amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the period. Actual results could differ from estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Fair value of investment property

Our 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 (including rental payments and other outflows) in respect of such leases. Where available, our partnership determines the fair value of commercial properties based on recent sales of similar property in the same location and condition and subject to a similar leasing profile. Where comparable current sales in an active market do not exist, our partnership considers information from a variety of sources, including: i) discounted cash flows based on reliable estimates of future cash flows, supported by the terms of existing lease and other contracts, and evidence such as current market rents for similar properties in the same location and condition, using discount rates to reflect uncertainty in the amount and timing of the cash flows; ii) recent prices of similar properties in less active markets, with adjustments to reflect any change in economic conditions since the date of the observed transactions that occurred at those prices, including market rents and discount or capitalization rates; and iii) current prices in an active market for properties of a different nature, condition or location, including differences in leasing and other contracts.

In certain cases, these sources will suggest different conclusions about the fair value of an investment property. In such cases, our partnership considers the reasons for any such differences in validating the most reliable estimate of fair value. Investment property valuations are 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. In determining the appropriateness of the methodology applied, our 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.

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. We generally do not measure or record our properties prepared by external valuation professionals.

(ii) Fair value of financial instruments

We determine the fair value of our warrants to acquire common shares of GGP using a Black-Scholes option pricing model wherein we are required to make estimates and assumptions regarding expected future volatility of GGP's shares and the term of the warrants.

We have certain financial assets and liabilities with embedded participation features related to the values of investment properties whose fair values are based on the fair values of the related properties.

We hold other financial instruments that represent equity interests in investment property entities that are measured at fair value as these financial instruments are designated as fair value through profit or loss or available-for-sale. Estimation of the fair value of these instruments is also subject to the estimates and assumptions associated with investment properties.

The fair value of interest rate caps is determined based on generally accepted pricing models using quoted market interest rates for the appropriate term. Interest rate swaps are valued at the present value of estimated future cash flows and discounted based on applicable yield curves derived from market interest rates.

Application of the effective interest method to certain financial instruments involves estimates and assumptions about the timing and amount of future principal and interest payments.

Future Accounting Policy Changes

The following are accounting policies issued that our partnership expects to adopt in the future:

IFRS 16, *Leases* ("IFRS 16") will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17, *Leases* ("IAS 17") would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period. IFRS 16 supersedes IAS 17 and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15, *Revenue from Contracts with Customers* has also been applied. The partnership is currently evaluating the impact of IFRS 16 to its consolidated financial statements.

IFRS 9, *Financial Instruments* ("IFRS 9") will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. It also introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted and will be applied retrospectively. The partnership is currently evaluating the impact of IFRS 9 to its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. This standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early application permitted, and will be applied retrospectively. The partnership is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

The amendments to IAS 7, *Statement of Cash Flows* requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The amendment to IAS 7 is effective for annual periods beginning January 1, 2017. Since the amendments are being issued less than one year before the effective date, the partnership is not required to provide comparative information when it first applies the amendments.

The amendment to IAS 12, *Income Taxes* clarifies the following aspects: (i) unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; (ii) the carrying amount of an asset does not limit the estimation of probable future taxable profits; (iii) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; (iv) an entity assesses a deferred tax asset in combination with other deferred tax assets. The amendment to IAS 12 is effective for annual periods beginning January 1, 2017. The amendment will not have any impact to the consolidated financial statements of the partnership as the partnership currently calculates the deferred tax assets and liabilities in accordance with the clarified guidance.

IFRIC 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") clarifies that the date of foreign currency transactions for purposes of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation is effective for periods beginning on or after January 1, 2018 and may be applied either retrospectively or prospectively. The partnership has not yet determined the impact of IFRIC 22 to its consolidated financial statements.

5.B. LIQUIDITY AND CAPITAL RESOURCES

The capital of our business consists of debt obligations, capital securities, preferred stock and equity. Our objective when managing this capital is to maintain an appropriate balance between holding a sufficient amount of equity capital to support our operations and reducing our weighted average cost of capital to improve our return on equity. As at December 31, 2016, capital totaled $72 billion compared with $65 billion at December 31, 2015.

We attempt to maintain a level of liquidity to ensure we are able to participate in investment opportunities as they arise and to better withstand sudden adverse changes in economic circumstances. Our primary sources of liquidity include cash, undrawn committed credit facilities, construction facilities, cash flow from operating activities and access to public and private capital markets. In addition, we structure our affairs to facilitate monetization of longer-duration assets through financings and co-investor participations.

We seek to increase income from our existing properties by maintaining quality standards for our properties that promote high occupancy rates and support increases in rental rates while reducing tenant turnover and related costs, and by controlling operating expenses. Consequently, we believe our revenue, along with proceeds from financing activities and divestitures, will continue to provide the necessary funds to cover our short-term liquidity needs. However, material changes in the factors described above may adversely affect our net cash flows.

Our principal liquidity needs for the current year and for periods beyond include:

- Recurring expenses;
- Debt service requirements;
- Distributions to unitholders;
- Capital expenditures deemed mandatory, including tenant improvements;
- Development costs not covered under construction loans;
- Investing activities which could include:
  - Discretionary capital expenditures;
  - Property acquisitions and other investments;
  - Future developments; and
  - Repurchase of our units.

We plan to meet these liquidity needs by accessing our group-wide liquidity of $6,854 million at December 31, 2016 as highlighted in the table below. In addition, we have the ability to supplement this liquidity through cash generated from operating activities, asset sales, co-investor interests and financing opportunities. Since December 31, 2015, we added construction facilities related to certain active developments.

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Corporate cash and cash equivalents	**$ 125**	$ 77
Available committed corporate credit facility	**1,369**	368
Available subordinated credit facility	**253**	174
Corporate liquidity	**1,747**	619
Proportionate cash retained at subsidiaries	**1,102**	1,000
Proportionate availability under construction facilities	**3,013**	1,983
Proportionate availability under subsidiary credit facilities	**992**	536
Group-wide liquidity[(1)]	**$ 6,854**	$ 4,138

(1) *This includes liquidity of investments which are not controlled and can only be obtained through distributions which the partnership does not control.*

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, except where noted)		Dec. 31, 2016
2017	$	3,900
2018		4,168
2019		3,900
2020		2,356
2021		4,429
Thereafter		6,943
Deferred financing costs		(189)
Secured debt obligations	$	25,507
Loan to value (%)		52.3%

Our partnership's operating subsidiaries are subject to limited covenants in respect of their corporate debt and are in full compliance with all such covenants at December 31, 2016. The partnership's operating subsidiaries are also in compliance with all covenants and other capital requirements related to regulatory or contractual obligations of material consequence to our partnership. Summaries of our debt profile for each of our segments are included elsewhere in this Form 20-F.

For the years ended December 31, 2016, 2015 and 2014, the partnership made distributions to unitholders of $796 million, $755 million and $663 million, respectively. This compares to cash flow from operating activities of $745 million, $590 million and $483 million, respectively, for each of the three years then ended. In 2016, 2015 and 2014, distributions exceeded cash flow from operating activities. The partnership has a number of alternatives at its disposal to fund any difference between the cash flow from operating activities and distributions to unitholders. The partnership is not a passive investor and typically holds positions of control or significant influence over assets in which it invests, enabling the partnership to influence distributions from those assets. The partnership will, from time to time, convert some or all of the unrealized fair value gains on investment properties to cash through asset sales, joint ventures or refinancings. The partnership may access its credit facilities in order to temporarily fund its distributions as a result of timing differences between the payments of distributions and cash receipts from its investments. In 2016, 2015 and 2014, the partnership funded the gap between its distributions and cash flow from operating activities through approximately $1,180 million, $1,193 million and $431 million of realized gains from the disposition of assets with meaningful returns on capital, respectively. Distributions made to unitholders which exceed cash flow from operating activities in future periods may be considered to be a return of capital to unitholders as defined in Canadian Securities Administrators' National Policy 41-201 - *Income Trusts and Indirect Offerings*.

5.C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Not applicable.

5.D. TREND INFORMATION

We will seek to increase the cash flows from our Core Office and Core Retail property activities through continued leasing activity as described below. In particular, we are operating below our historical office occupancy level, which provides the opportunity to expand cash flows through higher occupancy. In addition, we believe that most of our markets have favorable outlooks, which we believe also provides an opportunity for strong growth in lease rates. Our beliefs as to the opportunities for our partnership to increase occupancy levels, lease rates and cash flows are based on assumptions about our business and markets that management believes are reasonable in the circumstances. There can be no assurance as to growth in occupancy levels, lease rates or cash flows. See *"Special Note Regarding Forward-Looking Statements"*.

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 and the near total development halt during the global financial crisis, 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.

5.E. 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.

5.F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations as of December 31, 2016:

(US$ Millions)		Payments due by period					
Dec. 31, 2016	**Total**	< 1 Year	1 Year	2 Years	3 Years	4 Years	> 5 Years
Debt obligations	**$ 33,519**	$ 5,096	$ 5,422	$ 6,693	$ 3,952	$ 4,772	$ 7,584
Capital securities	**4,171**	370	143	—	522	511	2,625
Lease obligations	**4,374**	29	27	28	29	29	4,232
Commitments[(1)]	**2,268**	1,201	753	294	20	—	—
Interest expense[(2)]:							
Debt obligations	**6,711**	$ 1,488	$ 1,286	$ 1,060	$ 884	$ 652	$ 1,341
Capital securities	**1,270**	198	188	188	164	154	378
Interest rate swaps	**163**	73	56	24	7	2	1

(1) *Primarily consists of construction commitments on commercial developments.*

(2) *Represents aggregate interest expense expected to be paid over the term of the obligations. Variable interest rate payments have been calculated based on current rates.*

5.G. SAFE HARBOR

See *"Special Note Regarding Forward-Looking Statements"*.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. DIRECTORS AND SENIOR MANAGEMENT

Governance

As required by law, our limited partnership agreement provides for the management and control of our company by a general partner rather than a board of directors and officers. The BPY General Partner serves as our company's general partner and has a board of directors. The BPY General Partner has sole responsibility and authority for the central management and control of our company, which is exercised through its board of directors. Accordingly, references herein to "our directors" and "our board" refer to the board of directors of the BPY General Partner.

The following table presents certain information concerning the current board of directors of the BPY General Partner:

Name and Residence[1]	Age	Position with the BPY General Partner	Principal Occupation
Jeffrey M. Blidner Toronto, Canada	68	Director	Senior Managing Partner of Brookfield Asset Management
Soon Young Chang Dubai, United Arab Emirates	57	Director	Director of Dubai World; Senior Advisor of Investment Corporation of Dubai
Richard B. Clark New York, United States	58	Chairman of the Board, Director	Senior Managing Partner of Brookfield Asset Management and Chairman, Brookfield Property Group
Omar Carneiro da Cunha[3] Rio de Janeiro, Brazil	70	Director	Senior Partner of Dealmaker Ltd. and BOND Consultoria Empresarial e Participacoes
Stephen DeNardo[2] Stamford, United States	63	Director	Managing Director and President and Chief Executive Officer of RiverOak Investment Corp., LLC
Louis Joseph Maroun[2][3] Warwick, Bermuda	66	Director	Chairman of Sigma Real Estate Advisors/Sigma Capital Corporation
Lars Rodert[3] Stockholm, Sweden	55	Director	Founder and Chief Executive Officer of ÖstVäst Capital Management
Lisa M. Shalett Purchase, United States	50	Director	Director
José Ramón Valente Vías [2] Santiago, Chile	54	Director	Partner and Executive Director of ECONSULT

[1] *The business address for each of the directors is 73 Front Street, 5th Floor, Hamilton, HM 12, Bermuda.*
[2] *Member of the audit committee. Mr. DeNardo is the Chair of the audit committee and is the audit committee financial expert.*
[3] *Member of the governance and nominating committee. Mr. Maroun is the Chair of the governance and nominating committee.*

Set forth below is biographical information for the BPY General Partner's current directors.

Jeffrey M. Blidner. Mr. Blidner is a Senior Managing Partner of Brookfield Asset Management and is responsible for strategic planning and transaction execution. Mr. Blidner is also Chief Executive Officer of Brookfield's Private Funds Group, Chairman and a director of Brookfield Renewable Energy Partners L.P. and a director of Brookfield Asset Management and Brookfield Infrastructure Partners L.P. Prior to joining Brookfield in 2000, Mr. Blidner was a senior partner at a Canadian law firm. Mr. Blidner received his LLB from Osgoode Hall Law School and was called to the Bar in Ontario as a Gold Medalist.

Soon Young Chang. Dr. Chang is a member of the board of directors of Dubai World. Dr. Chang serves as Senior Advisor to the Investment Corporation of Dubai, providing strategic counsel and lending his global perspective to the investment arm of the Dubai Government. Dr. Chang is the founder and chairman of Midas International Asset Management Company, an international asset management fund which manages over $5 billion. He is also a founding partner of Sentinel Advisor, a New York-based arbitrage fund. Dr. Chang has served as an advisor to a variety of financial institutions, including Korea National Pension Corporation, Hyundai International Merchant Bank and Templeton-Ssangyong Investment Trust Company. Dr. Chang received his Master's and Doctoral degrees from the George Washington University in the United States and has authored many books and articles on the subject of financial engineering.

Richard B. Clark. Mr. Clark is a Senior Managing Partner of Brookfield Asset Management and Chairman of the board of directors of the company and a member of the board of directors of GGP and Brookfield Properties. He has over 30 years of real estate experience. Mr. Clark has been employed by Brookfield and its predecessors since 1984 in various senior roles including

President and CEO of Brookfield Properties. Mr. Clark holds a Bachelor of Science in Business from the Indiana University of Pennsylvania.

Omar Carneiro da Cunha. Mr. Cunha is a Senior Partner with Dealmaker Ltd., a consultancy and M&A advisory firm, with a focus in telecommunications, information technology, oil & gas and retail, and has also been a Senior Partner of BOND Consultoria Empresarial e Participacoes since 1994. He was the Chairman of "Bob's", a Brazilian fast food company, from 1995 to 2008, a director of the Energisa Group since 1996, and a director of Grupo Libra since 2010. In 2005, Mr. Cunha was the Deputy Chairman and Chief Executive Officer of VARIG Brazilian Airline. From 1995 to 1998, Mr. Cunha was the President of AT&T Brasil and a member of the Management Committee of AT&T International. Prior to that, Mr. Cunha worked for 27 years in Brazil and abroad for the Royal Dutch/Shell Group, and was President of Shell Brasil, Billiton Metals and Shell Quimica from 1991 to 1994. Mr. Cunha is currently a member of the board of Cultura Inglesa S/A and of the American Chamber of Commerce for Brazil.

Stephen DeNardo. Mr. DeNardo is currently managing director and president and CEO of RiverOak Investment Corp., LLC and has held this position since 1999. From 1997 to 1999 he was Partner and Senior Vice President of ING Realty Partners, where he managed a $1 billion portfolio. Prior to his employment with ING Realty Partners, he was President of ARES Realty Capital from 1991 to 1997, where he managed a $5 billion portfolio of diversified debt and equity assets. Before joining ARES Realty Capital, he was a Partner at First Winthrop Corporation. Mr. DeNardo has held a license as a Certified Public Accountant since 1978 and has a B.S. in Accounting from Fairleigh Dickinson University.

Louis Joseph Maroun. Mr. Maroun is the Founder and Chairman of Sigma Real Estate Advisors and Sigma Capital Corporation, which specializes in international real estate advisory services. Prior to this role, Mr. Maroun was the Executive Chairman of ING Real Estate Canada, and held executive positions in a number of real estate companies where he was responsible for overseeing operations, real estate transactions, asset and property management, as well as many other related functions. Mr. Maroun also is on the board of directors of Brookfield Renewable Energy Partners L.P., and Summit Industrial Income REIT. Mr. Maroun graduated from the University of New Brunswick in 1972 with a Bachelor's degree, followed by a series of post graduate studies and in January of 2007, after a long and successful career in investment real estate, Mr. Maroun was elected to the position of Fellow of the Royal Institute of Chartered Surveyors.

Lars Rodert. Mr. Rodert is the founder and CEO of ÖstVäst Capital Management, or OVCM. Mr. Rodert has 30 years of experience in global investment industry. Prior to OVCM, Mr. Rodert spent 11 years as a Global Investment Manager for IKEA Treasury. Before joining IKEA, Mr. Rodert was with SEB Asset Management for 10 years as CIO and responsible for SEB Global Funds. Prior to SEB, Mr. Rodert spent 10 years in North America with five years at Investment Bank Gordon Capital and five years as a partner with a private investment holding company, Robur et. Securitas. Mr. Rodert is a director of PCCW Limited, an information and communications technology company. Mr. Rodert holds a Master of Science Degree in Business and Economics from Stockholm University.

Lisa M. Shalett. Ms. Shalett is a former Partner at Goldman Sachs, where she worked for 20 years. Over her career, she held a number of different senior leadership roles in both revenue-producing and control functions, including Head of International Equities, COO of Global Compliance, Legal and Internal Audit, and, most recently, Global Head of Brand Marketing and Digital Strategy in the Executive Office, overseeing Goldman Sachs' corporate brand. She serves on the board of PerformLine, the Advisory Board of the Coach/K Fuqua Center on Leadership and Ethics at Duke University, the Steering Committee of Kellogg's Center for Executive Women, and as an International Selection Panelist for Endeavor. Ms. Shalett received a Master of Business Administration from Harvard Business School, and a Bachelor of Arts, summa cum laude, in East Asian Studies from Harvard University.

José Ramón Valente Vías. Mr. Valente is a partner and executive director of ECONSULT. Mr. Valente is the representative in Chile of Fidelity Investments (U.S.A.) and was a founding partner and director of Duff and Phelps Rating Agency in Chile, Argentina and Peru between 1989 and 2000. Mr. Valente was a Finance and Macroeconomics professor in Universidad de Chile and Universidad Gabriela Mistral between 1989 and 1993. Mr. Valente is currently a member of the board of several companies, such as Transelec Chile S.A. and Cementos Bío Bío S.A. Mr. Valente is currently a director of the SEP (Public Companies System of the Chilean State). Mr. Valente holds a Commercial Engineering degree from Universidad de Chile and Master in Business Administration from the University of Chicago.

Our Management

The Service Providers, wholly-owned subsidiaries of Brookfield Asset Management, provide management services to us pursuant to our Master Services Agreement. Brookfield has built its property business through the integration of formative portfolio acquisitions and single asset transactions over several decades and throughout all phases of the real estate investment cycle. The Service Providers' investment and asset management professionals are complemented by the depth of real estate investment and

operational expertise throughout our operating entities which specialize in office, retail, multifamily, industrial, hospitality, triple net lease, self-storage and student housing assets, generating significant and stable operating cash flows. Members of Brookfield's senior management and other individuals from Brookfield's global affiliates are drawn upon to fulfill the Service Providers' obligations to provide us with management services under our Master Services Agreement.

The following table presents certain information concerning the Chief Executive Officer and the Chief Financial Officer of our Service Providers:

Name	Age	Years of Experience	Years at Brookfield	Position with one of the Service Providers
Brian W. Kingston	43	19	16	Chief Executive Officer
Bryan K. Davis	43	21	18	Chief Financial Officer

Set forth below is biographical information for Messrs. Kingston and Davis.

Brian W. Kingston. Mr. Kingston was named Chief Executive Officer in 2015. He is also a Senior Managing Partner at Brookfield Asset Management and a director of GGP. Prior to that, he was the President and Chief Investment Officer of Brookfield Property Group. Mr. Kingston joined Brookfield in 2001 and held senior management positions within the company and its affiliates, including providing mergers and acquisitions, merchant banking and real estate advisory services. From 2008 to 2012, Mr. Kingston held leadership roles for Brookfield in Australia where the company acquired and integrated property and infrastructure businesses. Mr. Kingston holds a Bachelor of Commerce degree from Queen's University.

Bryan K. Davis. Mr. Davis was named Chief Financial Officer in 2015. Prior to that, he was Chief Financial Officer of Brookfield Properties, a role he had served since 2007. Before taking that role, he was Senior Vice President, Finance at Brookfield Asset Management. Prior to that, Mr. Davis spent four years in various senior finance positions including Chief Financial Officer of Trilon Financial Corporation, Brookfield Asset Management's financial services subsidiary. Prior to joining Brookfield Asset Management in 1999, Mr. Davis was involved in providing restructuring and advisory services at Deloitte & Touche LLP. He is a Chartered Accountant and holds a Bachelor of Commerce degree from Queen's University.

The directors and officers of the BPY General Partner and our Service Providers and their associates, as a group, beneficially own, directly or indirectly, or exercise control and direction over, our units representing in the aggregate less than 1% of our issued and outstanding units on a fully-exchanged basis.

6.B. COMPENSATION

The BPY General Partner pays each of its directors $100,000 per year for serving on its board of directors and various board committees. The BPY General Partner pays the chair of the audit committee an additional $20,000 per year and pays the other members of the audit committee an additional $10,000 per year for serving in such positions. The BPY General Partner also pays the lead independent director an additional $10,000 per year.

The BPY General Partner does not have any employees. Our partnership has entered into a Master Services Agreement with the Service Providers pursuant to which each Service Provider and certain other affiliates of Brookfield provide, or arrange for other Service Providers to provide, day-to-day management and administrative services for our company, the Property Partnership and the Holding Entities. The fees payable under the Master Service Agreement are set forth under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Our Master Services Agreement - Management Fee"*.

Pursuant to our Master Services Agreement, members of Brookfield's senior management and other individuals from Brookfield's global affiliates are drawn upon to fulfill obligations under the Master Services Agreement. However, these individuals, including the Brookfield employees identified in the table under Item 6.A. *"Directors, Senior Management and Employees - Directors and Senior Management - Our Management"*, are not compensated by our company or the BPY General Partner. Instead, they are compensated by Brookfield.

6.C. BOARD PRACTICES

Board Structure, Practices and Committees

The structure, practices and committees of the BPY General Partner's board of directors, including matters relating to the size and composition of the board of directors, the election and removal of directors, requirements relating to board action and the powers delegated to board committees, are governed by the BPY General Partner's bye-laws. The BPY General Partner's board of directors is responsible for supervising the management, control, power and authority of the BPY General Partner except as required by applicable law or the bye-laws of the BPY General Partner. The following is a summary of certain provisions of those bye-laws that affect our company's governance.

Size, Independence and Composition of the Board of Directors

The BPY General Partner's board of directors may consist of between 3 and 11 directors or such other number of directors as may be determined from time to time by a resolution of the BPY General Partner's shareholders and subject to its bye-laws. The board is currently set at nine directors and a majority of the directors of the BPY General Partner's board of directors are independent. In addition, the BPY General Partner's bye-laws provide that not more than 50% of the directors (as a group) or the independent directors (as a group) may be residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

Pursuant to the investor agreement between us and the Class A Preferred Unitholder dated December 4, 2014, the Class A Preferred Unitholder is entitled, for so long as it owns an aggregate limited partnership interest in our company of at least 5% of our issued and outstanding units on a fully-diluted basis, to designate one individual to the BPY General Partner's board of directors. Such individual must meet the standards of independence established by the NYSE and the TSX and be reasonably acceptable to the board of directors. As of the date of this Form 20-F, the Class A Preferred Unitholder has not exercised this right.

Lead Independent Director

The BPY General Partner's board of directors has selected Lars Rodert to serve as lead independent director. The lead independent director's primary role is to facilitate the functioning of the board (independently of the Service Providers and Brookfield), and to maintain and enhance the quality of our company's corporate governance practices. The lead independent director presides over the private sessions of the independent directors of the BPY General Partner that take place following each meeting of the board and conveys the results of these meetings to the chair of the board. In addition, the lead independent director is available, when appropriate, for consultation and direct communication with unitholders or other stakeholders of our company.

Election and Removal of Directors

The BPY General Partner's board of directors is appointed by its shareholders and each of its current directors will serve until the earlier of his or her death, resignation or removal from office. Any director designated by the Class A Preferred Unitholder may be removed or replaced by the Class A Preferred Unitholder at any time. Vacancies on the board of directors may be filled and additional directors may be added by a resolution of the BPY General Partner's shareholders or a vote of the directors then in office. A director may be removed from office by a resolution duly passed by the BPY General Partner's shareholders. A director will be automatically removed from the board of directors if he or she becomes bankrupt, insolvent or suspends payments to his or her creditors, or becomes prohibited by law from acting as a director.

Action by the Board of Directors

The BPY General Partner's board of directors may take action in a duly convened meeting at which a quorum is present or by a written resolution signed by all directors then holding office. The BPY General Partner's board of directors holds a minimum of four meetings per year. When action is to be taken at a meeting of the board of directors, the affirmative vote of a majority of the votes cast is required for any action to be taken. Depending on the size of the board of directors, each director shall be entitled to a number of votes set forth in the bye-laws of the BPY General Partner such that any director designated by the Class A Preferred Unitholder will have less than 10% of the aggregate number of votes that may be cast by all directors taken together.

Transactions Requiring Approval by the Governance and Nominating Committee

The BPY General Partner's governance and nominating committee has approved a conflicts policy which addresses the approval and other requirements for transactions in which there is greater potential for a conflict of interest to arise.

These transactions include:

- acquisitions by us from, and dispositions by us to, Brookfield;
- the dissolution of our partnership or the Property Partnership;
- any material amendment to our Master Services Agreement, the Relationship Agreement, our limited partnership agreement or the Property Partnership's limited partnership agreement;
- any material service agreement or other material arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by our Master Services Agreement;
- termination of, or any determinations regarding indemnification under, our Master Services Agreement, our limited partnership agreement or the Property Partnership's limited partnership agreement; and
- any other material transaction involving us and Brookfield.

Our conflicts policy requires the transactions described above to be approved by the BPY General Partner's governance and nominating committee. Pursuant to our conflicts policy, the BPY General Partner's governance and nominating committee may grant approvals for any of the transactions described above in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. The conflicts policy can be amended at the discretion of the BPY General Partner's governance and nominating committee. See Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Conflicts of Interest and Fiduciary Duties"*.

Service Contracts

There are no service contracts with directors that provide benefit upon termination of office or services.

Director Unit Ownership Requirements

The BPY General Partner believes that directors can better represent our company's unitholders if they have economic exposure to our company themselves. Our company expects that non-Brookfield-employed directors, or outside directors, should hold sufficient limited partnership units such that the acquisition costs of units held by such directors are equal to at least two times their annual retainer, as determined by the board of directors from time to time.

Outside directors are required to purchase limited partnership units on an annual basis in an amount not less than 20% of the minimum economic ownership requirement until the requirement is met. Outside directors are required to achieve this minimum economic ownership within five years of joining the board. In the event of an increase in the annual retainer fee, the outside directors will have two years from the date of the change to comply with the ownership requirement. In the case of outside directors who have served on the board less than five years at the date of the change, such directors will be required to comply with the ownership requirement by the date that is the later of: (i) the fifth anniversary of their appointment to the board, and (ii) two years following the date of the change in retainer fee. Six of our outside directors have met this minimum economic ownership requirement and the remaining one outside director, who has served less than five years on the board, has met the 20% annual minimum purchase requirement.

Transactions in which a Director has an Interest

A director who directly or indirectly has an interest in a contract, transaction or arrangement with the BPY General Partner, our company or certain of our affiliates is required to disclose the nature of his or her interest to the full board of directors. Such disclosure may generally take the form of a general notice given to the board of directors to the effect that the director has an interest in a specified company or firm and is to be regarded as interested in any contract, transaction or arrangement with that company or firm or its affiliates. A director may participate in any meeting called to discuss or any vote called to approve the transaction in which the director has an interest and no transaction approved by the board of directors will be void or voidable solely because the director was present at or participates in the meeting in which the approval was given provided that the board of directors or a board committee authorizes the transaction in good faith after the director's interest has been disclosed or the transaction is fair to the BPY General Partner and our company at the time it is approved.

Transactions Requiring Unitholder Approval

Limited partners have consent rights with respect to certain fundamental matters and related party transactions (in accordance with Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions of the Canadian Securities Administrators, or MI 61-101) and on any other matters that require their approval in accordance with applicable securities laws and stock exchange rules. See *"Description of the Property Partnership Limited Partnership Agreement - Amendment of the Property Partnership Limited Partnership Agreement", "Description of the Property Partnership Limited Partnership Agreement - Opinion of Counsel and Limited Partner Approval", and "Description of the Property Partnership Limited Partnership Agreement - Withdrawal of the Managing General Partner".*

Audit Committee

The BPY General Partner's board of directors is required to maintain an audit committee that operates pursuant to a written charter. The audit committee is required to consist solely of independent directors and each member must be financially literate. Not more than 50% of the audit committee members may be residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

The audit committee is responsible for assisting and advising the BPY General Partner's board of directors with respect to:

- our accounting and financial reporting processes;
- the integrity and audits of our financial statements;
- our compliance with legal and regulatory requirements; and
- the qualifications, performance and independence of our independent accountants.

The audit committee is responsible for engaging our independent auditors, reviewing the plans and results of each audit engagement with our independent auditors, approving professional services provided by our independent accountants, considering the range of audit and non-audit fees charged by our independent auditors and reviewing the adequacy of our internal accounting controls.

See Item 6.A. "*Directors and Senior Management*" for the names of the directors currently on the audit committee.

Governance and Nominating Committee

The BPY General Partner's board of directors is required to maintain at all times a governance and nominating committee that operates pursuant to a written charter. The governance and nominating committee is required to consist solely of independent directors and not more than 50% of the governance and nominating committee members may be residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

The governance and nominating committee has approved a conflicts policy which addresses the approval and other requirements for transactions in which there is a greater potential for a conflict of interest to arise. The governance and nominating committee may be required to approve any such transactions. *See "- Transactions Requiring Approval by the Governance and Nominating Committee".*

The governance and nominating committee is responsible for approving the appointment by the sitting directors of a person to the office of director and for recommending a slate of nominees for election as directors by the BPY General Partner's shareholders. The governance and nominating committee is responsible for assisting and advising the BPY General Partner's board of directors with respect to matters relating to the general operation of the board of directors, our company's governance, the governance of the BPY General Partner and the performance of its board of directors. The governance and nominating committee is responsible for reviewing and making recommendations to the board of directors of the BPY General Partner concerning the remuneration of directors and committee members and any changes in the fees to be paid pursuant to our Master Services Agreement.

See Item 6.A. "*Directors and Senior Management*" for the names of the directors currently on the governance and nominating committee.

Indemnification and Limitations on Liability

Our Limited Partnership Agreement

The laws of Bermuda permit the partnership agreement of a limited partnership, such as our company, to provide for the indemnification of a partner, the officers and directors of a partner and any other person against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy or to the extent that the laws of Bermuda prohibit indemnification against personal liability that may be imposed under specific provisions of the laws of Bermuda. The laws of Bermuda also permit a partnership to pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought. See Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement - Indemnification; Limitations on Liability"* for a description of the indemnification arrangements in place under our limited partnership agreement.

The BPY General Partner's Bye-laws

The laws of Bermuda permit the bye-laws of an exempted company, such as the BPY General Partner, to provide for the indemnification of its officers, directors and shareholders and any other person designated by the company against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy or to the extent that the laws of Bermuda prohibit indemnification against personal liability that may be imposed under specific provisions of Bermuda law, such as the prohibition under the Bermuda Companies Act 1981 to indemnify liabilities arising from fraud or dishonesty. The BPY General Partner's bye-laws provide that, as permitted by the laws of Bermuda, it will pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought.

Under the BPY General Partner's bye-laws, the BPY General Partner is required to indemnify, to the fullest extent permitted by law, its affiliates, directors, officers, resident representatives, shareholders and employees, any person who serves on a governing body of the Property Partnership or any of its subsidiaries and certain others against any and all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with our company's investments and activities or in respect of or arising from their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the BPY General Partner's bye-laws: (i) the liability of such persons has been limited to the fullest extent permitted by law and except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful; and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. The BPY General Partner's bye-laws require it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Insurance

Our partnership has obtained insurance coverage under which the directors of the BPY General Partner are insured, subject to the limits of the policy, against certain losses arising from claims made against such directors by reason of any acts or omissions covered under the policy in their respective capacities as directors of the BPY General Partner, including certain liabilities under securities laws. The insurance applies in certain circumstances where we may not indemnify the BPY General Partner's directors and officers for their acts or omissions.

6.D. EMPLOYEES

The BPY General Partner does not have any employees. Our partnership has entered into a Master Services Agreement with the Service Providers pursuant to which each Service Provider and certain other affiliates of Brookfield provide, or arrange for other Service Providers to provide, day-to-day management and administrative services for our company, the Property Partnership and the Holding Entities. The fees payable under the Master Service Agreement are set forth under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Our Master Services Agreement - Management Fee"*.

6.E. SHARE OWNERSHIP

Each of the directors and officers of the BPY General Partner own less than 1% of our units. Units of our partnership may be issued to such directors and officers through our distribution reinvestment plan described in Item 10.B. "*Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement - Distribution Reinvestment Plan*" and through our Unit-based compensation plans described in Item 18 "*Financial Statements - Note 30 - Unit-based Compensation Plans*".

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. MAJOR SHAREHOLDERS

As of March 1, 2017, there are 255,889,452 limited partnership units of our company outstanding. To our knowledge, as of March 1, 2017, no person or company, other than Brookfield, Partners Limited and the Class A Preferred Unitholder, beneficially owns or controls or directs, directly or indirectly, more than 5% of our units. See also the information contained in this Form 20-F under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of our Units and our Limited Partnership Agreement"*.

As of March 1, 2017, 116,038 of our outstanding units were held by 1,258 holders of record in the United States, not including units of our company held of record by the Depository Trust Company, or DTC. As of March 1, 2017, DTC was the holder of record of 68,657,784 units.

As of March 1, 2017, 278,902 of our outstanding units were held by 4,048 holders of record in Canada, not including units of our company held of record by Clearing and Depository Services Inc., or CDS. As of March 1, 2017, CDS was the holder of record of 186,940,562 units.

The following table presents information regarding the beneficial ownership of our company, as of March 1, 2017, by each person or entity that we know beneficially owns 5% or more of our company.

	Units Outstanding	
Name and Address	**Units Owned[1]**	**Percentage**
Brookfield Asset Management Inc.[2] Suite 300, Brookfield Place, 181 Bay Street Toronto, Ontario, M5J 2T3	487,880,284	69%
Partners Limited[3] Suite 300, Brookfield Place, 181 Bay Street Toronto, Ontario, M5J 2T3	491,493,730	69%
Qatar Investment Authority[4] Q-Tel Tower Diplomatic Area Street, West Bay Doha, Qatar	70,038,910	9%

(1) *Units Owned includes our limited partnership units, and for Brookfield Asset Management and Partners Limited, also includes Redemption-Exchange Units, and for Brookfield Asset Management, also includes GP Units and Special LP Units.*

(2) *Brookfield beneficially owns 50,332,307 of our units, 138,875 GP Units, 432,649,105 Redemption-Exchange Units and 4,759,997 Special LP Units. Brookfield has a 69% interest in our company assuming the exchange of the Redemption-Exchange Units and the Exchange LP Units not held by us, and a 62% interest in our company on a fully-exchanged basis.*

(3) *Partners Limited is a corporation whose principal business mandate is to hold shares of Brookfield Asset Management, directly or indirectly, for the long-term. Partners Limited's holdings of our company include the Brookfield Asset Management holdings noted in footnote (2) plus 3,613,446 of our units held directly by its subsidiary, Partners Value Investments L.P.*

(4) *Represents ownership on a fully-exchanged basis.*

Our major unitholders have the same voting rights as all other holders of our units.

7.B. RELATED PARTY TRANSACTIONS

RELATIONSHIP WITH BROOKFIELD

Brookfield Asset Management

Brookfield Asset Management is a global alternative asset manager with approximately $250 billion in assets under management. It has more than a 100-year history of owning and operating assets with a focus on property, renewable power, infrastructure and private equity. Brookfield Asset Management is co-listed on the NYSE under the symbol "BAM", on the TSX under the symbol "BAM.A" and on the NYSE Euronext under the symbol "BAMA".

Brookfield believes its operating experience is an essential differentiating factor in its past ability to generate significant risk-adjusted returns. In addition, Brookfield has demonstrated particular expertise in sourcing and executing large-scale multi-faceted transactions across a wide spectrum of real estate sectors and geographies.

As a global alternative asset manager, Brookfield brings a strong and proven corporate platform supporting legal, tax, operations oversight, investor reporting, portfolio administration and other client services functions. Brookfield's management team is multi-disciplinary, comprising investment and operations professionals, each with significant expertise in evaluating and executing investment opportunities and investing on behalf of itself and institutional investors.

We are an affiliate of Brookfield. We have entered into a number of agreements and arrangements with Brookfield in order to enable us to be established as a separate entity and pursue our vision of being a leading owner and operator of high quality commercial real estate assets. While we believe that our ongoing relationship with Brookfield provides us with a unique competitive advantage as well as access to opportunities that would otherwise not be available to us, we operate very differently from an independent, stand-alone entity. We describe below this relationship as well as potential conflicts of interest (and the methods for resolving them) and other material considerations arising from our relationship with Brookfield.

Relationship Agreement

Our company, the Property Partnership, the Holding Entities, the Service Providers and Brookfield Asset Management have entered into an agreement, referred to as the Relationship Agreement, that governs aspects of the relationship among them. Pursuant to the Relationship Agreement, Brookfield Asset Management has agreed that we will serve as the primary entity through which acquisitions of commercial property will be made by Brookfield Asset Management and its affiliates on a global basis.

In the commercial property industry, it is common for assets to be owned through consortiums and partnerships of institutional equity investors and owner/operators such as ourselves. Accordingly, an integral part of our strategy is to pursue acquisitions through arrangements with institutional investors, strategic partners or financial sponsors and to form partnerships to pursue acquisitions on a specialized or global basis.

Brookfield Asset Management has a strong track record of leading such consortiums and partnerships and actively managing underlying assets to improve performance. Brookfield has also established and manages a number of private investment entities, managed accounts, joint ventures, consortiums, partnerships and investment funds whose investment objectives include the acquisition of commercial property and Brookfield may in the future establish similar funds. Nothing in the Relationship Agreement limits or restricts Brookfield from establishing or advising these or similar entities or limits or restricts any such entities from carrying out any investment. Brookfield Asset Management has agreed that it will offer our company the opportunity to take up Brookfield's share of any investment through these consortium arrangements or by one of these entities that involves the acquisition of commercial property that is suitable for us, subject to certain limitations.

Under the terms of the Relationship Agreement, our company, the Property Partnership and the Holding Entities have acknowledged and agreed that Brookfield carries on a diverse range of businesses worldwide, including the development, ownership and/or management of commercial property, and investing (and advising on investing) in commercial property, or loans, debt instruments and other securities with underlying collateral or exposure to commercial property and that except as explicitly provided in the Relationship Agreement, the Relationship Agreement does not in any way limit or restrict Brookfield from carrying on its business.

Our ability to grow depends in part on Brookfield identifying and presenting us with acquisition opportunities. Brookfield's commitment to us and our ability to take advantage of opportunities is subject to a number of limitations such as our financial capacity, the suitability of the acquisition in terms of the underlying asset characteristics and its fit with our strategy, limitations arising from the tax and regulatory regimes that govern our affairs and certain other restrictions. See Item 3.D. *"Key Information*

- Risk Factors - Risks Relating to Our Relationship with Brookfield". Under the terms of the Relationship Agreement, our company, the Property Partnership and the Holding Entities have acknowledged and agreed that, subject to providing us the opportunity to participate on the basis described above, Brookfield may pursue other business activities and provide services to third parties that compete directly or indirectly with us. In addition, Brookfield has established or advised, and may continue to establish or advise, other entities that rely on the diligence, skill and business contacts of Brookfield's professionals and the information and acquisition opportunities they generate during the normal course of their activities. Our company, the Property Partnership and the Holding Entities have acknowledged and agreed that some of these entities may have objectives that overlap with our objectives or may acquire commercial property that could be considered appropriate acquisitions for us, and that Brookfield may have financial incentives to assist those other entities over us. If any of the Service Providers determine that an opportunity is not suitable for us, Brookfield may still pursue such opportunity on its own behalf. Our company, the Property Partnership and the Holding Entities have further acknowledged and agreed that nothing in the Relationship Agreement will limit or restrict: (i) Brookfield's ability to make any investment recommendation or take any other action in connection with its public securities business; (ii) Brookfield from investing in any loans or debt securities or from taking any action in connection with any loan or debt security notwithstanding that the underlying collateral comprises or includes commercial property provided that the original purpose of the investment was not to acquire a controlling interest in such property; or (iii) Brookfield from acquiring or holding an investment of less than 5% of the outstanding shares of a publicly traded company or from carrying out any other investment in a company or real estate portfolio where the underlying assets do not principally constitute commercial property. Due to the foregoing, we expect to compete from time to time with other affiliates of Brookfield Asset Management or other third parties for access to the benefits that we expect to realize from Brookfield Asset Management's involvement in our business.

In the event of the termination of our Master Services Agreement, the Relationship Agreement would also terminate, including Brookfield's commitments to provide us with acquisition opportunities, as described above.

Under the Relationship Agreement, our company, the Property Partnership and the Holding Entities have agreed that none of Brookfield nor any affiliate, director, officer, employee, contractor, agent, advisor, member, partner, shareholder or other representative of Brookfield, will be liable to us for any claims, liabilities, losses, damages, costs or expenses (including legal fees) arising in connection with the business, investments and activities in respect of or arising from the Relationship Agreement, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the person's bad faith, fraud, willful misconduct or gross negligence, or in the case of a criminal matter, action that the person knew to have been unlawful. The maximum amount of the aggregate liability of Brookfield, or any of its affiliates, or of any director, officer, employee, contractor, agent, advisor, member, partner, shareholder or other representative of Brookfield, will be equal to the amounts previously paid in the two most recent calendar years by the Service Recipients pursuant to our Master Services Agreement.

Other Services

Brookfield may provide services to our operating entities which are outside the scope of our Master Services Agreement under arrangements that are on market terms and conditions, or otherwise permitted or approved by independent directors, pursuant to our conflicts policy, and pursuant to which Brookfield will receive fees. The services that may be provided under these arrangements include financial advisory, property management, facilities management, development, relocation services, construction activities, marketing or other services.

Preferred Shares of Certain Holding Entities

Brookfield holds $750 million of Class B and $500 million of Class C redeemable preferred shares of CanHoldco, one of our Holding Entities, which it received as partial consideration for causing the Property Partnership to acquire substantially all of Brookfield Asset Management's commercial property operations. The Class B preferred shares are entitled to receive a cumulative preferential dividend equal to 5.75% of their redemption value as and when declared by the board of directors of CanHoldco until the fifth anniversary of their issuance, after which the preferred shares will be entitled to receive a cumulative preferential dividend equal to 5.0% plus the prevailing yield for 5-year U.S. Treasury Notes. CanHoldco may redeem the Class B preferred shares at any time and must redeem all of the outstanding Class B preferred shares on the tenth anniversary of their issuance. Brookfield has a right of retraction following the fifth anniversary of the issuance of the Class B preferred shares. The Class C preferred shares are entitled to receive a cumulative preferential dividend equal to 6.75% of their redemption value as and when declared by the board of directors of CanHoldco. CanHoldco may redeem the Class C preferred shares at any time and must redeem all of the outstanding Class C preferred shares on the seventh anniversary of their issuance. Brookfield has a right of retraction following the third anniversary of the issuance of the Class C preferred shares. The Class B and Class C preferred shares are entitled to vote with the common shares of CanHoldco and each class of preferred shares has an aggregate of 1% of the votes to be cast in respect of CanHoldco. We have agreed to use our commercially reasonable efforts to, as soon as reasonably practical, issue debt or equity securities or borrow money from one or more financial institutions or other lenders, on terms reasonably acceptable to us, in an

aggregate amount sufficient to fund the redemption by CanHoldco of the Class C preferred shares. The terms of any such financing may be less favorable to us than the terms of the Class C preferred shares.

In connection with the issuance of the Class A Preferred Units, Brookfield has agreed with the Class A Preferred Unitholder that the Class A Preferred Units will rank *pari passu* with CanHoldco's Class A senior preferred shares, Class B preferred shares and Class C preferred shares in the payment of dividends, and that this will not prevent CanHoldco from redeeming its preferred shares except in the event of a dissolution, liquidation or winding-up of CanHoldco, in which case the Class A Preferred Units will rank *pari passu* with CanHoldco's preferred shares.

In addition, Brookfield provided $5 million of working capital to each of CanHoldco and four wholly-owned subsidiaries of other Holding Entities, for a total of $25 million, through a subscription for preferred shares of such entities. These preferred shares are entitled to receive a cumulative preferential cash dividend equal to 5% as and when declared by the board of directors of the applicable entity and are redeemable at the option of the applicable entity, subject to certain limitations, at any time after the twentieth anniversary of their issuance. The preferred shares are entitled to vote with the common shares of the applicable entity and have an aggregate of 1% of the votes to be cast in respect of the applicable entity. During the year ended December 31, 2016, the partnership redeemed $10 million of these preferred shares.

Redemption-Exchange Mechanism

The holders of Redemption-Exchange Units of the Property Partnership have the right to require the Property Partnership to redeem all or a portion of the Redemption-Exchange Units for either (a) cash in an amount equal to the market value of one of our units multiplied by the number of units to be redeemed (subject to certain adjustments) or (b) such other amount of cash as may be agreed by the relevant holder and the Property Partnership, subject to our company's right to acquire such interests (in lieu of redemption) in exchange for our units. See Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Redemption-Exchange Mechanism".* Taken together, the effect of the redemption right and the right of exchange is that the holders of Redemption-Exchange Units will receive our units, or the value of such units, at the election of our company. Should we determine not to exercise our right of exchange, cash required to fund a redemption of Redemption-Exchange Units will likely be financed by a public offering of our units.

Registration Rights Agreement

Our company has entered into a customary registration rights agreement with Brookfield pursuant to which we have agreed that, upon the request of Brookfield, our company will file one or more registration statements to register for sale, under the U.S. Securities Act of 1933, as amended, or one or more prospectuses to qualify the distribution in Canada, any of our units held by Brookfield (including units of our company acquired pursuant to the Redemption-Exchange Mechanism). Under the registration rights agreement, our company is not required to file a U.S. registration statement or a Canadian prospectus unless Brookfield requests that units having a value of at least $50 million be registered or qualified. In the registration rights agreement, we have agreed to pay expenses in connection with such registration and sales, except for any underwriting discounts or commissions, which will be borne by the selling unitholder, and to indemnify Brookfield for material misstatements or omissions in the registration statement and/or prospectus.

Equity Enhancement and Incentive Distributions

Property Special LP, a wholly-owned subsidiary of Brookfield Asset Management, is entitled to receive equity enhancement distributions and incentive distributions from the Property Partnership as a result of its ownership of the special limited partnership interest in the Property Partnership. Property Special LP will receive quarterly equity enhancement distributions equal to 0.3125% of the amount by which our company's total capitalization value exceeds an initial reference value determined based on the market capitalization immediately following the Spin-off, subject to certain adjustments. In addition, Property Special LP will receive incentive distributions calculated in increments based on the amount by which quarterly distributions on the limited partnership units of the Property Partnership exceed specified target levels as set forth in the Property Partnership's limited partnership agreement.

We believe these arrangements create an incentive for Brookfield to manage our company in a way that helps us achieve our goal of creating value for our unitholders both through distributions and capital appreciation. For a further explanation of the equity enhancement and incentive distributions, together with examples of how such amounts are calculated, see Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Distributions".*

Property Special LP may, at its sole discretion, elect to reinvest equity enhancement distributions and incentive distributions in exchange for Redemption-Exchange Units.

To the extent that any Holding Entity or any operating entity pays to Brookfield any comparable performance or incentive distribution, the amount of any future incentive distributions will be reduced in an equitable manner to avoid duplication of distributions.

General Partner Distributions

Pursuant to our limited partnership agreement, the BPY General Partner is entitled to receive a general partner distribution equal to 0.2% of the total distributions of our company.

Special Limited Partner Distributions

Pursuant to the limited partnership agreement of the Property Partnership, Property Special LP is entitled to receive a distribution from the Property Partnership equal to a share of the total distributions of the Property Partnership in proportion to Property Special LP's percentage interest in the Property Partnership which will be equal to 1% of the total distributions of the Property Partnership. See Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Distributions"*.

Indemnification Arrangements

Subject to certain limitations, Brookfield and its directors, officers, agents, subcontractors, contractors, delegates, members, partners, shareholders and employees generally benefit from indemnification provisions and limitations on liability that are included in our limited partnership agreement, the BPY General Partner's bye-laws, the Property Partnership's limited partnership agreement, our Master Services Agreement and other arrangements with Brookfield. See Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Our Master Services Agreement"*, Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement - Indemnification; Limitations of Liability"* and Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Indemnification; Limitations of Liability"*.

Maturity of Class A Preferred Units

The Class A Preferred Units are exchangeable at the option of the Class A Preferred Unitholder into our units at a price of $25.70 per unit and were issued on December 4, 2014 in three tranches of $600 million each, with an average dividend yield of 6.5% and maturities of seven, ten and twelve years. After three years for the seven-year tranche and four years for the ten- and twelve-year tranches, we can effectively require a holder of Class A Preferred Units to exchange the Class A Preferred Units into our units as long as our units are trading at or above 125%, 130% and 135%, respectively, of the exchange price. Upon maturity, the Class A Preferred Units that remain outstanding will be redeemed in exchange for our units valued at the 20-day, volume-weighted average trading price at such time. To the extent that the market price of our units is less than 80% of the exchange price at maturity, Brookfield has contingently agreed to acquire the seven-year and ten-year tranches of Class A Preferred Units from the holder of Class A Preferred Units for the initial issuance price plus accrued and unpaid distributions and to exchange such units for Preferred Units with terms and conditions substantially similar to the twelve-year tranche. Brookfield has also agreed with the Class A Preferred Unitholder to grant Brookfield the right to purchase all or any portion of the Class A Preferred Units held by the Class A Preferred Unitholder at maturity, and to grant the Class A Preferred Unitholder the right to sell all or any portion of the Class A Preferred Unitholders held by the Class A Preferred Unitholder at maturity, in each case at a price equal to the issue price for such Class A Preferred Units plus accrued and unpaid dividends.

Conflicts of Interest and Fiduciary Duties

Our organizational and ownership structure and strategy involve a number of relationships that may give rise to conflicts of interest between our company and our unitholders, on the one hand, and Brookfield, on the other hand. In particular, conflicts of interest could arise, among other reasons, because:

- in originating and recommending acquisition opportunities, Brookfield has significant discretion to determine the suitability of opportunities for us and to allocate such opportunities to us or to itself or third parties;

- because of the scale of typical commercial property acquisitions and because our strategy includes completing acquisitions through consortium or partnership arrangements with pension funds and other investors, we will likely make co-investments with Brookfield and Brookfield-sponsored funds or Brookfield-sponsored or co-sponsored consortiums and partnerships involving third party investors to whom Brookfield will owe fiduciary duties, which it does not owe to us;

- the same professionals within Brookfield's organization who are involved in acquisitions that are suitable for us are responsible for the consortiums and partnerships referred to above, as well as having other responsibilities within Brookfield's broader asset management business. Limits on the availability of such individuals will likewise result in a limitation on the availability of acquisition opportunities for us;

- there may be circumstances where Brookfield will determine that an acquisition opportunity is not suitable for us because of the fit with our acquisition strategy, limits arising due to regulatory or tax considerations, limits on our financial capacity or because of the immaturity of the target assets and Brookfield is entitled to pursue the acquisition on its own behalf rather than offering us the opportunity to make the acquisition;

- where Brookfield has made an acquisition, it may transfer it to us at a later date after the assets have been developed or we have obtained sufficient financing;

- our relationship with Brookfield involves a number of arrangements pursuant to which Brookfield provides various services, access to financing arrangements and originates acquisition opportunities, and circumstances may arise in which these arrangements will need to be amended or new arrangements will need to be entered into;

- as certain of our arrangements with Brookfield were effectively determined by Brookfield in the context of the Spin-off, they may contain terms that are less favorable than those which otherwise might have been negotiated between unrelated parties;

- Brookfield is generally entitled to share in the returns generated by our operations, which could create an incentive for it to assume greater risks when making decisions than it otherwise would in the absence of such arrangements;

- Brookfield is permitted to pursue other business activities and provide services to third parties that compete directly with our business and activities without providing us with an opportunity to participate, which could result in the allocation of Brookfield's resources, personnel and acquisition opportunities to others who compete with us;

- Brookfield does not owe our company or our unitholders any fiduciary duties, which may limit our recourse against it; and

- the liability of Brookfield and its directors is limited under our arrangements with them, and we have agreed to indemnify Brookfield and its directors against claims, liabilities, losses, damages, costs or expenses which they may face in connection with those arrangements, which may lead them to assume greater risks when making decisions than they otherwise would if such decisions were being made solely for its own account, or may give rise to legal claims for indemnification that are adverse to the interests of our unitholders.

See Item 3.D. *"Key Information - Risk Factors - Risks Relating to Our Relationship with Brookfield - Our organizational and ownership structure, as well as our contractual arrangements with Brookfield, may create significant conflicts of interest that may be resolved in a manner that is not in the best interests of our company or the best interests of our unitholders"*.

With respect to transactions in which there may be a conflict of interest, the BPY General Partner may be required to seek the prior approval of its governance and nominating committee pursuant to a conflicts policy that has been approved by its governance and nominating committee. These transactions include: (i) acquisitions by us from, and dispositions by us to, Brookfield; (ii) the dissolution of our partnership or the Property Partnership; (iii) any material amendment to our Master Services Agreement, the Relationship Agreement, our limited partnership agreement or the Property Partnership's limited partnership

agreement; (iv) any material service agreement or other material arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by our Master Services Agreement; (v) termination of, or any determinations regarding indemnification under, our Master Services Agreement, our limited partnership agreement or the Property Partnership's limited partnership agreement; and (vi) any other material transaction involving us and Brookfield. Pursuant to our conflicts policy, the BPY General Partner's governance and nominating committee may grant prior approvals for any of these transactions in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. In certain circumstances, these transactions may be related party transactions for the purposes of, and subject to certain requirements of, MI 61-101. MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. See *"Canadian Securities Law Exemptions"* below for application of MI 61-101 to our company.

The conflicts policy states that conflicts be resolved based on the principles of transparency, third party validation and approvals. The policy recognizes the benefit to us of our relationship with Brookfield and our intent to pursue a strategy that seeks to maximize the benefits from this relationship. The policy also recognizes that the principal areas of potential application of the policy on an ongoing basis are in connection with our acquisitions and our participation in Brookfield-led consortiums and partnership arrangements, together with any management or service arrangements entered into in connection therewith or the ongoing operations of the underlying operating entities.

In general, the conflicts policy provides that acquisitions that are carried out jointly by us and Brookfield, or in the context of a Brookfield-led or co-led consortium or partnership be carried out on the basis that the consideration paid by us be no more, on a per share or proportionate basis, than the consideration paid by Brookfield or other participants, as applicable. The policy also provides that any fees or carried interest payable in respect of our proportionate investment, or in respect of an acquisition made solely by us, must be credited in the manner contemplated by the Property Partnership's limited partnership agreement, where applicable, or that such fees or carried interest must either have been negotiated with another arm's length participant or otherwise demonstrated to be on market terms (or better). The policy generally provides that if the acquisition involves the purchase by us of an asset from Brookfield, or the participation in a transaction involving the purchase by us and Brookfield of different assets, that a fairness opinion or, in some circumstances, a valuation or appraisal by a qualified expert be obtained. These requirements provided for in the conflicts policy are in addition to any disclosure, approval, or valuation requirements that may arise under applicable law.

Our limited partnership agreement contains various provisions that modify the fiduciary duties that might otherwise be owed to us and our unitholders. These duties include the duties of care and loyalty. In the absence of provisions in our limited partnership agreement to the contrary, the duty of loyalty would generally prohibit the BPY General Partner from taking any action or engaging in any transaction as to which it has a conflict of interest. Our limited partnership agreement prohibits our limited partners from advancing claims that otherwise might raise issues as to compliance with fiduciary duties or applicable law. For example, the agreement provides that the BPY General Partner and its affiliates do not have any obligation under our limited partnership agreement, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our company, the Property Partnership, any Holding Entity or any other holding entity established by us. It also allows affiliates of the BPY General Partner to engage in activities that may compete with us or our activities. In addition, the agreement permits the BPY General Partner to take into account the interests of third parties, including Brookfield, when resolving conflicts of interest.

These modifications to the BPY General Partner board of director's fiduciary duties are detrimental to our unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit conflicts of interest to be resolved in a manner that is not always in the best interests of our company or the best interests of our unitholders. We believe it is necessary to modify the fiduciary duties that might otherwise be owed to us and our unitholders, as described above, due to our organizational and ownership structure and the potential conflicts of interest created thereby. Without modifying those duties, the ability of the BPY General Partner to attract and retain experienced and capable directors and to take actions that we believe are necessary for the carrying out of our business would be unduly limited due to their concern about potential liability. See Item 3.D. *"Key Information - Risk Factors - Risks Relating to Our Relationship with Brookfield - Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of our unitholders."*

Canadian Securities Law Exemptions

MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. Our company has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and

valuation requirements for transactions that would have a value of less than 25% of our market capitalization, if the indirect equity interest in our company, which is held in the form of Redemption-Exchange Units, or in the form of non-voting Exchange LP Units, is included in the calculation of our company's market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements apply, is increased to include the approximate 62% indirect interest in our company held in the form of Redemption-Exchange Units. See Item 7.B. *"Conflicts of Interest and Fiduciary Duties"* above and Item 10.B. *"Memorandum and Articles of Association – Description of Our Units and Our Limited Partnership Agreement – Exchange LP Units and the Support Agreement"* below.

Although our company is a reporting issuer in Canada, it is an "SEC foreign issuer" under Canadian securities regulations and exempt from certain Canadian securities laws relating to continuous disclosure obligations and proxy solicitation as long as we comply with certain reporting requirements applicable in the United States, provided that the relevant documents filed with the SEC are filed in Canada and sent to our company's unitholders in Canada to the extent and in the manner and within the time required by applicable U.S. requirements. Therefore, there may be less publicly available information in Canada about us than is regularly published by or about other reporting issuers in Canada. Our company has undertaken to the provincial and territorial securities regulatory authorities in Canada that to the extent it complies with the foreign private issuer disclosure regime under U.S. securities law:

- our company will only rely on the exemptions in Part 4 of National Instrument 71-102 - Continuous Disclosure and Other Exemptions Relating to Foreign Issuers;

- our company will not rely on any exemption from the foreign private issuer disclosure regime;

- our company will file its financial statements pursuant to Part 4 of National Instrument 51-102 - Continuous Disclosure Obligations, or NI 51-102, except that our company does not have to comply with the conditions in section 4.2 of NI 51-102 if it files such financial statements on or before the date that it is required to file its Form 20-F with the SEC;

- our company will file an interim financial report as set out in Part 4 of NI 51-102 and the management's discussion and analysis as set out in Part 5 of NI 51-102 for each period commencing on the first day of the financial year and ending nine, six, or three months before the end of the financial year;

- our company will file a material change report as set out in Part 7 of NI 51-102 in respect of any material change in the affairs of our company that is not reported or filed by our company on SEC Form 6-K; and

- our company will include in any prospectus filed by our company financial statements or other information about any acquisition that would have been or would be a significant acquisition for the purposes of Part 8 of NI 51-102 that our company has completed or has progressed to a state where a reasonable person would believe that the likelihood of our company completing the acquisition is high if the inclusion of the financial statements is necessary for the prospectus to contain full, true and plain disclosure of all materials facts relating to the securities being distributed. The requirement to include financial statements or other information will be satisfied by including or incorporating by reference (a) the financial statements or other information as set out in Part 8 of NI 51-102, or (b) satisfactory alternative financial statements or other information, unless at least nine months of the operations of the acquired business or related businesses are incorporated into our company's current annual financial statements included or incorporated by reference in the prospectus.

OUR MASTER SERVICES AGREEMENT

The Service Recipients have entered into a Master Services Agreement pursuant to which the Service Providers have agreed to provide or arrange for other Service Providers to provide management and administration services to our company and the other Service Recipients.

The following is a summary of certain provisions of our Master Services Agreement. Because this description is only a summary of our Master Services Agreement, it does not necessarily contain all of the information that you may find useful. We therefore urge you to review our Master Services Agreement in its entirety. Our Master Services Agreement is available electronically on the website of the SEC at *www.sec.gov* and on our SEDAR profile at *www.sedar.com* and is available to our unitholders as described under Item 10.C. *"Additional Information - Material Contracts"* and Item 10.H. *"Documents on Display"*.

Appointment of the Service Providers and Services Rendered

Under our Master Services Agreement, the Service Recipients have appointed the Service Providers to provide or arrange for the provision of the following services:

- supervising the carrying out of all day-to-day management, secretarial, accounting, banking, treasury, administrative, liaison, representative, regulatory and reporting functions and obligations;
- providing overall strategic advice to the Holding Entities including advising with respect to the expansion of their business into new markets;
- supervising the establishment and maintenance of books and records;
- identifying and recommending to the Holding Entities acquisitions or dispositions from time to time and, where requested to do so, assisting in negotiating the terms of such acquisitions or dispositions;
- recommending and, where requested to do so, assisting in the raising of funds whether by way of debt, equity or otherwise, including the preparation, review or distribution of any prospectus or offering memorandum in respect thereof and assisting with communications support in connection therewith;
- recommending to the Holding Entities suitable candidates to serve on the boards of directors or the equivalent governing bodies of our operating entities;
- making recommendations with respect to the exercise of any voting rights to which the Holding Entities are entitled in respect of our operating entities;
- making recommendations with respect to the payment of dividends by the Holding Entities or any other distributions by the Service Recipients, including distributions by our company to our unitholders;
- monitoring and/or oversight of the applicable Service Recipient's accountants, legal counsel and other accounting, financial or legal advisors and technical, commercial, marketing and other independent experts, and managing litigation in which a Service Recipient is sued or commencing litigation after consulting with, and subject to the approval of, the relevant board of directors or its equivalent;
- attending to all matters necessary for any reorganization, bankruptcy proceedings, dissolution or winding up of a Service Recipient, subject to approval by the relevant board of directors or its equivalent;
- supervising the making of all tax elections, determinations and designations, the timely calculation and payment of taxes payable and the filing of all tax returns due, by each Service Recipient;
- supervising the preparation of the Service Recipients' annual consolidated financial statements, quarterly interim financial statements and other public disclosure;
- making recommendations in relation to and effecting the entry into insurance of each Service Recipient's assets, together with other insurances against other risks, including directors and officers insurance as the relevant Service Provider and the relevant board of directors or its equivalent may from time to time agree;
- arranging for individuals to carry out the functions of principal executive, accounting and financial officers for our company only for purposes of applicable securities laws;
- providing individuals to act as senior officers of the Holding Entities as agreed from time to time, subject to the approval of the relevant board of directors or its equivalent;
- providing advice, when requested, to the Service Recipients regarding the maintenance of compliance with applicable laws and other obligations; and
- providing all such other services as may from time to time be agreed with the Service Recipients that are reasonably related to the Service Recipient's day-to-day operations.

The Service Providers' activities are subject to the supervision of the board of directors or equivalent governing body of the BPY General Partner and of each of the other Service Recipients, as applicable. The relevant governing body remains responsible for all investment and divestment decisions made by the Service Recipient.

Any Service Provider may, from time to time, appoint an affiliate of Brookfield to act as a new Service Provider under our Master Services Agreement, effective upon the execution of a joinder agreement by the new Service Provider.

Management Fee

Pursuant to our Master Services Agreement, we pay a base management fee to the Service Providers equal to 0.5% of the total capitalization of our partnership, subject to an annual minimum of $50 million (plus the amount of any annual escalation by the specified inflation factor). For any quarter in which the BPY General Partner determines that there is insufficient available cash to pay the base management fee as well as the next regular distribution on our units, the Service Recipients may elect to pay all or a portion of the base management fee in our units or Redemption-Exchange Units, subject to certain conditions.

Reimbursement of Expenses and Certain Taxes

We also reimburse the Service Providers for any out-of-pocket fees, costs and expenses incurred in the provision of the management and administration services, including those of any third party. However, the Service Recipients are not required to reimburse the Service Providers for the salaries and other remuneration of their management, personnel or support staff who carry out any services or functions for such Service Recipients or overhead for such persons.

The relevant Service Recipient reimburses the Service Providers for all other out-of-pocket fees, costs and expenses incurred in connection with the provision of the services including those of any third party. Such out-of-pocket fees, costs and expenses include, among other things: (i) fees, costs and expenses relating to any debt or equity financing; (ii) fees, costs and expenses incurred in connection with the general administration of any Service Recipient in respect of services; (iii) taxes, licenses and other statutory fees or penalties levied against or in respect of a Service Recipient; (iv) amounts owed by the Service Providers under indemnification, contribution or similar arrangements; (v) fees, costs and expenses relating to our financial reporting, regulatory filings and investor relations and the fees, costs and expenses of agents, advisors and other persons who provide services to or on behalf of a Service Recipient; and (vi) any other fees, costs and expenses incurred by the Service Providers that are reasonably necessary for the performance by the Service Providers of their duties and functions under our Master Services Agreement.

In addition, the Service Recipients are required to pay all fees, costs and expenses incurred in connection with the investigation, acquisition, holding or disposal of any asset or business that is made or that is proposed to be made by us. Such additional fees, expenses and costs represent out-of-pocket costs associated with investment activities that will be undertaken pursuant to our Master Services Agreement.

The Service Recipients are also required to pay or reimburse the Service Providers for all sales, use, value added, goods and services, harmonized sales, withholding or other taxes or customs duties or other governmental charges levied or imposed by reason of our Master Services Agreement or any agreement it contemplates, other than income taxes, corporation taxes, capital taxes or other similar taxes payable by the Service Providers, which are personal to the Service Providers.

Assignment

Our Master Services Agreement may not be assigned by the Service Providers without the prior written consent of our company except that (i) any Service Provider may subcontract or arrange for the provision of services by another Service Provider, provided that the Service Providers remain liable under the agreement, and (ii) any of the Service Providers may assign the agreement to an affiliate or to a person that is its successor by way of merger, amalgamation or acquisition of the business of the Service Provider.

Termination

Our Master Services Agreement continues in perpetuity until terminated in accordance with its terms. However, the Service Recipients may terminate our Master Services Agreement upon written notice of termination from the BPY General Partner to the Service Providers if any of the following occurs:

- any of the Service Providers defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Recipients and the default continues unremedied for a period of 60 days after written notice of the breach is given to such Service Provider;

- any of the Service Providers engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to the Service Recipients;

- any of the Service Providers is grossly negligent in the performance of its obligations under the agreement and such gross negligence results in material harm to the Service Recipients; or

- certain events relating to the bankruptcy or insolvency of each of the Service Providers.

The Service Recipients have no right to terminate for any other reason, including if any of the Service Providers or Brookfield experiences a change of control. The BPY General Partner may only terminate our Master Services Agreement on behalf of our company with the prior unanimous approval of the BPY General Partner's independent directors.

Our Master Services Agreement expressly provides that our Master Services Agreement may not be terminated by the BPY General Partner due solely to the poor performance or the underperformance of any of our operations.

The Service Providers may terminate our Master Services Agreement upon written notice of termination to the BPY General Partner if any Service Recipient defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Providers and the default continues unremedied for a period of 60 days after written notice of the breach is given to the Service Recipient. The Service Providers may also terminate our Master Services Agreement upon the occurrence of certain events relating to the bankruptcy or insolvency of the Service Recipients.

If our Master Services Agreement is terminated, the Relationship Agreement and any of Brookfield Asset Management's obligations under the Relationship Agreement will also terminate.

Indemnification and Limitations on Liability

Under our Master Services Agreement, the Service Providers have not assumed and do not assume any responsibility other than to provide or arrange for the provision of the services called for thereunder in good faith and will not be responsible for any action that the Service Recipients take in following or declining to follow the advice or recommendations of the Service Providers. In addition, under our Master Services Agreement, the Service Providers and the related indemnified parties will not be liable to the Service Recipients for any act or omission, except for conduct that involved bad faith, fraud, willful misconduct, gross negligence or in the case of a criminal matter, conduct that the indemnified person knew was unlawful. The maximum amount of the aggregate liability of the Service Providers or any of their affiliates, or of any director, officer, agent, subcontractor, contractor, delegate, member, partner, shareholder, employee or other representative of the Service Providers or any of their affiliates, will be equal to the amounts previously paid by the Service Recipients in respect of services pursuant to our Master Services Agreement in the two most recent calendar years. The Service Recipients have agreed to indemnify the Service Providers, their affiliates, directors, officers, agents, subcontractors, delegates, members, partners, shareholders and employees to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) incurred by an indemnified person or threatened in connection with our respective businesses, investments and activities or in respect of or arising from our Master Services Agreement or the services provided by the Service Providers, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, gross negligence or in the case of a criminal matter, action that the indemnified person knew to have been unlawful.

Outside Activities

Our Master Services Agreement does not prohibit the Service Providers or their affiliates from pursuing other business activities or providing services to third parties that compete directly or indirectly with us.

OTHER RELATED PARTY TRANSACTIONS

For a description of specific transactions in 2016 with Brookfield, Brookfield-related entities and other related parties, see Item 5.A. *"Operating and Financial Review and Prospects - Related Parties"*.

VOTING AGREEMENTS

Our company and Brookfield have determined that it is advisable for certain subsidiaries of our company to have the ability to control the entities through which we hold certain of our operating entities, or the Specified Entities, including certain of our investments by private equity funds. Accordingly, subsidiaries of our company have entered into voting agreements to provide us with the ability to elect to have voting rights over the Specified Entities.

Pursuant to the voting agreements, voting rights, if elected, with respect to any of the Specified Entities will be voted in accordance with the direction of these subsidiaries with respect to certain matters, including: (i) the election of a majority of directors or their equivalent, if any; (ii) any merger, amalgamation, consolidation, business combination or other similar material corporate transaction, except in connection with any internal reorganization that does not result in a change of control; (iii) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency; (iv) any amendment to its governing documents; or (v) any commitment or agreement to do any of the foregoing.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To the knowledge of our company, no current or former director, officer or employee of our company, nor any associate or affiliate of any of them, is or was indebted to our company at any time since its formation.

The aggregate indebtedness to Brookfield Properties (one of our operating entities) or its subsidiaries of all officers, directors and employees and former officers, directors and employees of Brookfield Properties and its subsidiaries is C$698,726. No loans have been extended by Brookfield Properties since July 30, 2002 to directors, executives or senior officers of Brookfield Properties. Richard B. Clark, the former CEO of Brookfield Properties, has an outstanding non-interest bearing loan from Brookfield Properties of C$698,726. The largest amount outstanding of such loan during the 12 months ended December 31, 2016 was C$698,726. Mr. Clark's securities purchased with the loan are held as security for the loan.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Form 20-F, no director or senior officer of the BPY General Partner or the Service Providers or other insider of our company, nor any associate or affiliate of the foregoing persons, has any existing or potential material conflict of interest with our company, the Property Partnership or any of its subsidiaries or interest in any material transaction involving our company, the Property Partnership or any of its subsidiaries.

7.C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 18. *"Financial Statements"*.

8.B. SIGNIFICANT CHANGES

On January 23, 2017, our partnership announced that it has made a proposal to Brookfield Canada Office Properties to acquire the approximate 17% equity interest in Brookfield Canada Office Properties that it or its affiliates do not own for C $30.10 cash per unit.

On February 17, 2017, Brookfield Properties issued 11 million cumulative minimum rate reset Class AAA Preference Shares, Series EE, or Series EE Shares. The Series EE Shares were issued at a price of C$25.00 per share, for aggregate proceeds

of C$275 million. The Series EE Shares pay quarterly fixed dividends yielding 5.10% annually for the initial period ending March 31, 2022.

On February 28, 2017, BPO announced that it intends to redeem 4,760,750 of its outstanding Class AAA Preference Shares, Series J and all 5,909,250 of its outstanding Class AAA Preference Shares, Series K for cash on March 31, 2017. The redemption price for each such share will be C$25.00 plus accrued and unpaid dividends thereon (which as of March 31, 2017 will be C$0.00), representing a total redemption price of C$25.00. As of December 31, 2016, the partnership owned 1,000,000 shares of Class AAA Preference Shares, Series J and 1,004,586 shares of Class AAA Preference Shares, Series K.

On March 8, 2017, Brookfield Asset Management made a $500 million on-demand deposit to the partnership.

On March 9, 2017, the partnership, through a fund sponsored by Brookfield Asset Management, acquired a portfolio of over 130 manufactured housing communities across the U.S.

ITEM 9. THE OFFER AND LISTING

9.A. OFFER AND LISTING DETAILS

The following table sets forth the annual high and low prices for our units on the TSX and NYSE for the periods indicated since when-issued trading commenced on April 15, 2013:

		Units on TSX		Units on NYSE	
		High	Low	High	Low
		(C$)	(C$)	(US$)	(US$)
Year Ended	December 31, 2013 (since April 15, 2013)	24.70	19.47	23.99	18.80
Year Ended	December 31, 2014	27.55	20.41	23.94	18.19
Year Ended	December 31, 2015	33.12	26.02	26.54	19.89
Year Ended	December 31, 2016	32.80	26.00	24.98	18.69

The following table sets forth the quarterly high and low prices for the Units on the TSX and NYSE for the periods indicated for the past two financial years:

	Units on TSX		Units on NYSE	
	High	Low	High	Low
	(C$)	(C$)	(US$)	(US$)
January 1, 2015 to March 31, 2015	33.12	26.40	26.54	22.63
April 1, 2015 to June 30, 2015	31.02	26.78	24.90	21.80
July 1, 2015 to September 30, 2015	30.07	26.02	23.12	19.89
October 1, 2015 to December 31, 2015	32.25	28.30	24.20	21.24
January 1, 2016 to March 31, 2016	32.22	26.00	23.42	18.69
April 1, 2016 to June 30, 2016	31.94	28.14	24.98	21.41
July 1, 2016 to September 30, 2016	32.80	29.01	24.94	22.07
October 1, 2016 to December 31, 2016	30.80	27.40	23.09	20.31

The following table sets forth, for the periods indicated, the market price ranges and trading volumes of the Units on the TSX and NYSE for the most recent six months:

	Units on TSX			Units on NYSE		
	High (C$)	Low (C$)	Volume	High (US$)	Low (US$)	Volume
2016						
September	31.20	29.01	4,298,300	23.85	22.07	3,131,300
October	30.80	28.93	2,445,500	23.09	21.77	1,819,400
November	30.12	27.55	4,382,900	22.55	20.31	3,702,800
December	29.76	27.40	3,485,700	22.16	20.61	2,628,600
2017						
January	29.81	28.30	3,434,100	22.60	21.22	3,008,400
February	30.99	29.11	3,266,400	23.54	22.31	6,446,600

9.B. PLAN OF DISTRIBUTION

Not applicable.

9.C. MARKETS

Our units are listed on the NYSE and TSX under the symbols “BPY” and “BPY.UN”, respectively.

9.D. SELLING SHAREHOLDERS

Not applicable.

9.E. DILUTION

Not applicable.

9.F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. SHARE CAPITAL

Not applicable.

10.B. MEMORANDUM AND ARTICLES OF ASSOCIATION

DESCRIPTION OF OUR UNITS AND OUR LIMITED PARTNERSHIP AGREEMENT

The following is a description of the material terms of our units and our limited partnership agreement. Because this description is only a summary of the terms of our units and our limited partnership agreement, you should read our limited partnership agreement. The limited partnership agreement is available electronically on the website of the SEC at www.sec.gov and on our SEDAR profile at www.sedar.com and is available to our holders as described under Item 10.C. *“Additional Information - Material Contracts”* and Item 10.H. *“Documents on Display”*.

Formation and Duration

Our company is a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act 1883 and the Bermuda Exempted Partnerships Act 1992. Our company has a perpetual existence and will continue as a limited liability partnership unless terminated or dissolved in accordance with our limited partnership agreement. Our partnership interests consist of our units, which represent limited partnership interests in our company, and any additional partnership interests representing

limited partnership interests that we may issue in the future as described below under *"- Issuance of Additional Partnership Interests"*.

Management

As required by law, our limited partnership agreement provides for the management and control of our company by a general partner, the BPY General Partner.

Nature and Purpose

Under our limited partnership agreement, the purpose of our company is to: acquire and hold interests in the Property Partnership and, subject to the approval of the BPY General Partner, interests in any other entity; engage in any activity related to the capitalization and financing of our company's interests in such entities; serve as the managing general partner of the Property Partnership and execute and deliver, and perform the functions of a managing general partner of the Property Partnership specified in, the limited partnership agreement of the Property Partnership; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by the BPY General Partner and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act 1883, the Bermuda Exempted Partnerships Act 1992 and our limited partnership agreement.

Our Units

Our units are non-voting limited partnership interests in our company. A holder of our units does not hold a share of a body corporate. As holders of units of our company, holders do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of holders of units of our company are based on our limited partnership agreement, amendments to which may be proposed only by or with the consent of the BPY General Partner as described below under *"- Amendment of Our Limited Partnership Agreement"*.

Units of our company represent a fractional limited partnership interest in our company and do not represent a direct investment in our company's assets and should not be viewed by investors as direct securities of our company's assets. Holders of our units are not entitled to the withdrawal or return of capital contributions in respect of our units, except to the extent, if any, that distributions are made to such holders pursuant to our limited partnership agreement or upon the liquidation of our company as described below under *"- Liquidation and Distribution of Proceeds"* or as otherwise required by applicable law. Except to the extent expressly provided in our limited partnership agreement, a holder of our units does not have priority over any other holder of our units, either as to the return of capital contributions or as to profits, losses or distributions.

Holders of our units do not have the ability to call meetings of unitholders, and holders of our units are not entitled to vote on matters relating to our company except as described below under *"- No Management or Control; Limited Voting"*. Any action that may be taken at a meeting of unitholders may be taken without a meeting if written consent is solicited by or on behalf of the BPY General Partner and it receives approval of not less than the minimum percentage of support necessary to authorize or take such action at a meeting as described below under *"- Meetings"*.

Exchange LP Units and the Support Agreement

In connection with the acquisition of Brookfield Properties, Canadian residents had the election to receive in exchange for their common shares an Exchange LP Unit instead of our units, which allowed for full or partial deferral of capital gains for Canadian federal income tax purposes. Holders of Exchange LP Units are entitled to receive distributions economically equivalent to the distributions, if any, paid from time to time by us on our units. Exchange LP Units are not transferrable, except upon the death of a holder.

Holders of Exchange LP Units are entitled at any time to retract (i.e., to require Exchange LP to redeem) any or all Exchange LP Units held by them and to receive in exchange one of our units, plus the full amount of all declared and unpaid distributions on the Exchange LP Units and all distributions declared on one of our units that have not yet been declared or paid on the Exchange LP Units, or the Distribution Amount, if any. Instead of Exchange LP redeeming the retracted units, we have a call right to purchase all but not less than all of the units covered by the retraction request.

Exchange LP has the right, commencing on the seventh anniversary of the initial take-up date of the Offer, to redeem all of the then outstanding Exchange LP Units for a purchase price equal to one of our units for each outstanding Exchange LP Unit plus the Distribution Amount, if any. The redemption date may be accelerated if certain conditions are met. As an alternative to Exchange LP exercising its redemption right, we can require that each holder of Exchange LP Units sell all the Exchange LP Units

held by such holder to us on the redemption date upon payment by us to such holder of the purchase price for such Exchange LP Units.

Under the Support Agreement between us and Exchange LP, we have covenanted that, so long as such Exchange LP Units not owned by us or our subsidiaries are outstanding, we will, among other things: (a) not declare or pay any distribution on our units unless (i) on the same day Exchange LP declares or pays, as the case may be, an equivalent distribution on the Exchange LP Units and (ii) Exchange LP has sufficient money to pay such distribution; (b) take actions reasonably necessary to ensure that the declaration date, record date and payment date for distributions on the Exchange LP Units are the same as those for any corresponding distributions on our units; (c) take all actions reasonably necessary to enable Exchange LP to pay the liquidation amount, the retraction price or the redemption price to the holders of the Exchange LP Units in the event of a liquidation, dissolution or winding up of Exchange LP, a retraction request by a holder of Exchange LP Units or a redemption of Exchange LP Units, as the case may be.

The Support Agreement also provides that, without the prior approval of Exchange LP and the holders of Exchange LP Units, we will not distribute our units or rights to subscribe for our units or other property or assets to all or substantially all of our holders, change any of the rights, privileges or other terms of our units, or change the then outstanding number of our units into a lesser or greater number, unless the same or an equivalent distribution on, or change to, the Exchange LP Units is made simultaneously. In the event of any proposed cash offer, share exchange offer, issuer bid, take-over bid or similar transaction affecting our units, we and Exchange LP will use reasonable best efforts to take all actions necessary or desirable to enable holders of Exchange LP Units to participate in such transaction to the same extent and on an economically equivalent basis as our holders.

The foregoing is a summary of certain of the material terms of the Exchange LP Units, as set out in the limited partnership agreement of Exchange LP, and the Support Agreement and is qualified in its entirety by reference to the full text of the limited partnership agreement of Exchange LP and the Support Agreement, which are available electronically on the website of the SEC at *www.sec.gov* and on our SEDAR profile at *www.sedar.com*.

Class A Preferred Units and Redemption-Exchange Units

The Class A Preferred Units and Redemption-Exchange Units are exchangeable into our units in accordance with the Preferred Unit Exchange Mechanism and the Redemption-Exchange Mechanism, respectively.

Distribution Reinvestment Plan

We have a distribution reinvestment plan for holders of our units resident in Canada. We may in the future expand our distribution reinvestment plan to include holders of our units resident in the United States. The Property Partnership also has a distribution reinvestment plan. Holders of our units who are not resident in Canada or the United States may participate in the distribution reinvestment plan provided that there are not any laws or governmental regulations that may limit or prohibit them from doing so. The following is a summary of the principal terms of our company's distribution reinvestment plan.

Pursuant to the distribution reinvestment plan, holders of our units can elect to have distributions paid on units held by them automatically reinvested in additional units in accordance with the terms of the plan. Distributions to be reinvested in our units under the distribution reinvestment plan are reduced by the amount of any applicable withholding tax.

Distributions due to plan participants are paid to the plan agent for the benefit of the plan participants and, if a plan participant has elected to have his or her distributions automatically reinvested, or applied, on behalf of such plan participant to the purchase of additional units, such purchases will be made from our company on the distribution date at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the NYSE for the five trading days immediately preceding the date the relevant distribution is paid by our company.

As soon as reasonably practicable after each distribution payment date, a statement of account will be mailed to each participant setting out the amount of the relevant cash distribution reinvested, the price of each unit purchased, the number of units purchased under the distribution reinvestment plan on the distribution payment date and the total number of units, computed to four decimal places, held for the account of the participant under the distribution reinvestment plan (or, in the case of beneficial holders, CDS will receive such statement on behalf of the beneficial holders participating in the plan). While our company does not issue fractional units, a plan participant's entitlement to units purchased under the distribution reinvestment plan may include a fraction of a unit and such fractional units shall accumulate. A cash adjustment for any fractional units will be paid by the plan agent upon the withdrawal from or termination by a plan participant of his or her participation in the distribution reinvestment plan or upon termination of the distribution reinvestment plan at a price per unit based upon the closing price for our units on the NYSE on the trading day immediately preceding such withdrawal or termination. A registered holder may, at any time, obtain unit

certificates for any number of whole units held for the participant's account under the plan by notifying the plan agent. Certificates for units acquired under the plan will not be issued to participants unless specifically requested. Prior to pledging, selling or otherwise transferring units held for a participant's account (except for sale of our units through the plan agent), a registered holder must request that his or her units be electronically transferred to his or her brokerage account or a unit certificate be issued. The automatic reinvestment of distributions under the plan will not relieve participants of any income tax obligations applicable to such distributions. No brokerage commissions are payable in connection with the purchase of our units under the distribution reinvestment plan and all administrative costs are borne by our company.

Unitholders can terminate their participation in the distribution reinvestment plan by providing, or by causing to be provided, notice to the plan agent. Such notice, if actually received by the plan agent no later than five business days prior to a record date, will have effect in respect of the distribution to be made as of such date. Thereafter, distributions to such unitholders will be in cash. In addition, unitholders may request that all or part of their units be sold. When our units are sold through the plan agent, a holder will receive the proceeds less a handling charge and any brokerage trading fees. Our company is able to terminate the distribution reinvestment plan, in its sole discretion, upon notice to the plan participants and the plan agent, but such action will have no retroactive effect that would prejudice a participant's interest. Our company is also able to amend, modify or suspend the distribution reinvestment plan at any time in its sole discretion, provided that our company, through the plan agent, gives notice of any amendment, modification or suspension to the distribution reinvestment plan that in our company's opinion may materially prejudice participants.

The Property Partnership has a corresponding distribution reinvestment plan in respect of distributions made to our company and to holders of the Redemption-Exchange Units. Our company does not intend to reinvest distributions it receives from the Property Partnership in the Property Partnership's distribution reinvestment plan except to the extent that holders of our units elect to reinvest distributions pursuant to our distribution reinvestment plan. Brookfield has advised our company that it may from time to time reinvest distributions it receives from us in respect of our units or from the Property Partnership in respect of the Redemption-Exchange Units pursuant to the distribution reinvestment plans of our company or the Property Partnership, as applicable. To the extent Brookfield reinvests distributions it receives on our units, it will receive additional units of our company. To the extent Brookfield elects to reinvest distributions it receives from the Property Partnership pursuant to the Property Partnership's distribution reinvestment plan, it will receive Redemption-Exchange Units. Such Redemption-Exchange Units received by Brookfield also would become subject to the Redemption-Exchange Mechanism and may therefore result in Brookfield acquiring additional units of our company.

Issuance of Additional Partnership Interests

The BPY General Partner has broad rights to cause our company to issue additional partnership interests and may cause us to issue additional partnership interests (including new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and on such terms and conditions as it may determine without the approval of any limited partners. Any additional partnership interests may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as may be determined by the BPY General Partner in its sole discretion, all without the approval of our limited partners.

Investments in Property Partnership

If and to the extent that our company raises funds by way of the issuance of equity or debt securities, or otherwise, pursuant to a public offering, private placement or otherwise, an amount equal to the proceeds will be invested in the Property Partnership, unless otherwise agreed by us and the Property Partnership.

Capital Contributions

No partner has the right to withdraw any or all of its capital contribution. The limited partners have no liability for further capital contributions to our company. Each limited partner's liability will be limited to the amount of capital such partner is obligated to contribute to our company for its limited partner interest plus its share of any undistributed profits and assets, subject to certain exceptions. See *"- Limited Liability"* below.

Distributions

Distributions to partners of our company will be made only as determined by the BPY General Partner in its sole discretion. However, the BPY General Partner will not be permitted to cause our company to make a distribution if it does not have sufficient cash on hand to make the distribution (including as a result of borrowing), the distribution would render it insolvent, or if, in the

opinion of the BPY General Partner, the distribution would leave it with insufficient funds to meet any future or contingent obligations, or the distribution would contravene the Bermuda Limited Partnership Act 1883. For greater certainty, our company, the Property Partnership or one or more of the Holding Entities may (but none is obligated to) borrow money in order to obtain sufficient cash to make a distribution. The amount of taxes withheld or paid by us in respect of our units held by limited partners or the BPY General Partner shall be treated either as a distribution to such partner or as a general expense of our company as determined by the BPY General Partner in its sole discretion.

The BPY General Partner has sole authority to determine whether our company will make distributions and the amount and timing of these distributions. The BPY General Partner has adopted a distribution policy pursuant to which our company intends to make quarterly cash distributions in such amounts as are determined in its sole discretion. The quarterly distribution is currently anticipated to be approximately $1.18 per unit on an annualized basis. Our distribution policy is to retain sufficient cash flow within our operations to cover tenant improvements, leasing costs and other sustaining capital expenditures and to pay out substantially all remaining cash flow. In order to finance development projects, acquisitions and other investments, we plan to raise external capital. We believe that a payout ratio of 80% of FFO should accomplish this objective. See Item 5.A. *"Operating and Financial Review and Prospects - Operating Results"* for a discussion of FFO. We have invested a substantial amount of capital in development and redevelopment projects primarily in our office and retail businesses. Once we realize stabilized cash flow from these initiatives, we expect the growth in our payout to meet its target range of 5% to 8% annually. Our company, the Property Partnership or one or more Holding Entities may (but none is obligated to) borrow money in order to obtain sufficient cash to make a distribution.

From time to time our distributions may exceed the above percentages as a result of acquisitions that are attractive on a long-term cash flow and/or return basis but are not immediately accretive to FFO. However, there can be no assurance that we will be able to make distributions in the amounts discussed above or meet our target growth rate. Our company's ability to make distributions will depend on our company receiving sufficient distributions from the Property Partnership, which in turn will depend on the Property Partnership receiving sufficient distributions from the Holding Entities, and we cannot assure you that our company will in fact make cash distributions as intended. In particular, the amount and timing of distributions will depend upon a number of factors, including, among others, our actual results of operations and financial condition, the amount of cash that is generated by our operations and investments, restrictions imposed by the terms of any indebtedness that is incurred to leverage our operations and investments or to fund liquidity needs, levels of operating and other expenses, contingent liabilities and other factors that the BPY General Partner deems relevant.

Distributions made by the Property Partnership will be made pro rata with respect to the Property Partnership's managing general partnership interest owned by us and those limited partnership interests owned by Brookfield. Our company's ability to make distributions will also be subject to additional risks and uncertainties, including those set forth in this Form 20-F under Item 3.D. *"Key Information - Risk Factors - Risks Related to Our Structure"* and Item 5. *"Operating and Financial Review and Prospects"*. In particular, see Item 3.D *"Key Information - Risk Factors - We may not be able to continue paying comparable or growing cash distributions to our unitholders in the future" and "Risks Related to Our Relationship with Brookfield - Our organizational and ownership structure, as well as our contractual arrangements with Brookfield, may create significant conflicts of interest that may be resolved in a manner that is not in the best interests of our company or the best interests of our unitholders."* In addition, the BPY General Partner will not be permitted to cause our company to make a distribution if we do not have sufficient cash on hand to make the distribution, if the distribution would render our company insolvent or if, in the opinion of the BPY General Partner, the distribution would leave us with insufficient funds to meet any future or contingent obligations, or the distribution would contravene the Bermuda Limited Partnership Act of 1883.

Allocations of Income and Losses

Limited partners share in the net profits and net losses of our company generally in accordance with their respective percentage interest in our company.

Net income and net losses for U.S. federal income tax purposes will be allocated for each taxable year or other relevant period among our partners using a monthly, quarterly or other permissible convention pro rata on a per unit basis, except to the extent otherwise required by law or pursuant to tax elections made by our company. Each item of income, gain, loss and deduction so allocated to a partner of our partnership generally will be the same source and character as though such partner had realized the item directly.

The income for Canadian federal income tax purposes of our company for a given fiscal year will be allocated to each partner in an amount calculated by multiplying such income by a fraction, the numerator of which is the sum of the distributions received by such partner with respect to such fiscal year and the denominator of which is the aggregate amount of the distributions made by our company to partners with respect to such fiscal year. To such end, any person who was a partner at any time during

such fiscal year but who has transferred all of their units before the last day of that fiscal year may be deemed to be a partner on the last day of such fiscal year for the purposes of subsection 96(1) of the Tax Act. Generally, the source and character of items of income so allocated to a partner with respect to a fiscal year of our company will be the same source and character as the distributions received by such partner with respect to such fiscal year. The BPY General Partner may adjust allocations of items that would otherwise be made pursuant to the terms of our limited partnership agreement to the extent necessary to avoid an adverse effect on our company's limited partners, subject to the approval of a committee of the board of directors of the BPY General Partner made up of independent directors.

If, with respect to a given fiscal year, no distribution is made by our company or we have a loss for Canadian federal income tax purposes, one quarter of the income, or loss, as the case may be, for Canadian federal income tax purposes of our company for such fiscal year, will be allocated to the partners of record at the end of each calendar quarter ending in such fiscal year pro rata to their respective percentage interests in our company, which in the case of the BPY General Partner shall mean 0.2%, and in the case of all of our limited partners shall mean in the aggregate 99.8%, which aggregate percentage interest shall be allocated among the limited partners in the proportion that the number of our units held at each such date by a limited partner is of the total number of our units issued and outstanding at each such date. Generally, the source and character of such income or losses so allocated to a partner at the end of each calendar quarter will be the same source and character as the income or loss earned or incurred by our company in such calendar quarter.

Limited Liability

Assuming that a limited partner does not participate in the control or management of our company or conduct the affairs of, sign or execute documents for or otherwise bind our company within the meaning of the Bermuda Limited Partnership Act 1883 and otherwise acts in conformity with the provisions of our limited partnership agreement, such partner's liability under the Bermuda Limited Partnership Act 1883 and our limited partnership agreement will be limited to the amount of capital such partner is obligated to contribute to our company for its limited partner interest plus its share of any undistributed profits and assets, except as described below.

If it were determined, however, that a limited partner was participating in the control or management of our company or conducting the affairs of, signing or executing documents for or otherwise binding our company (or purporting to do any of the foregoing) within the meaning of the Bermuda Limited Partnership Act 1883 or the Bermuda Exempted Partnerships Act 1992, such limited partner would be liable as if it were a general partner of our partnership in respect of all debts of our company incurred while that limited partner was so acting or purporting to act. Neither our limited partnership agreement nor the Bermuda Limited Partnership Act 1883 specifically provides for legal recourse against the BPY General Partner if a limited partner were to lose limited liability through any fault of the BPY General Partner. While this does preclude a limited partner from seeking legal recourse, we are not aware of any precedent for such a claim in Bermuda case law.

No Management or Control; Limited Voting

Our company's limited partners, in their capacities as such, may not take part in the management or control of the activities and affairs of our company and do not have any right or authority to act for or to bind our company or to take part or interfere in the conduct or management of our company. Limited partners are not entitled to vote on matters relating to our company, although holders of units are entitled to consent to certain matters with respect to certain amendments to our limited partnership agreement and certain matters with respect to the withdrawal of the BPY General Partner as described in further detail below. Each unit entitles the holder thereof to one vote for the purposes of any approvals of holders of units. In addition to their rights under our limited partnership agreement, limited partners have consent rights with respect to certain fundamental matters and related party transactions (in accordance with MI 61-101) and on any other matters that require their approval in accordance with applicable securities laws and stock exchange rules. Each unit entitles the holder thereof to one vote for the purposes of any approvals of holders of units.

Meetings

The BPY General Partner may call special meetings of the limited partners at a time and place outside of Canada determined by the BPY General Partner on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. The limited partners do not have the ability to call a special meeting. Only holders of record on the date set by the BPY General Partner (which may not be less than 10 nor more than 60 days before the meeting) are entitled to notice of any meeting.

Written consents may be solicited only by or on behalf of the BPY General Partner. Any such consent solicitation may specify that any written consents must be returned to our company within the time period, which may not be less than 20 days, specified by the BPY General Partner.

For purposes of determining holders of partnership interests entitled to provide consents to any action described above, the BPY General Partner may set a record date, which may be not less than 10 nor more than 60 days before the date by which record holders are requested in writing by the BPY General Partner to provide such consents. Only those holders of partnership interests on the record date established by the BPY General Partner will be entitled to provide consents with respect to matters as to which a consent right applies.

Amendment of Our Limited Partnership Agreement

Amendments to our limited partnership agreement may be proposed only by or with the consent of the BPY General Partner. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, the BPY General Partner must seek approval of a majority of our outstanding units required to approve the amendment, either by way of a meeting of the limited partners to consider and vote upon the proposed amendment or by written approval.

Prohibited Amendments

No amendment may be made that would:

1) enlarge the obligations of any limited partner without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or

2) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by our company to, the BPY General Partner or any of its affiliates without the consent of the BPY General Partner, which may be given or withheld in its sole discretion.

The provision of our limited partnership agreement preventing the amendments having the effects described in clauses (1) and (2) above can be amended upon the approval of the holders of at least 90% of the outstanding units.

No Limited Partner Approval

Subject to applicable law, the BPY General Partner may generally make amendments to our limited partnership agreement without the approval of any limited partner to reflect:

1) a change in the name of our company, the location of our registered office or our registered agent;

2) the admission, substitution or withdrawal of partners in accordance with our limited partnership agreement;

3) a change that the BPY General Partner determines is reasonable and necessary or appropriate for our company to qualify or to continue our company's qualification as an exempted limited partnership under the laws of Bermuda or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or is necessary or advisable in the opinion of the BPY General Partner to ensure that our company will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;

4) an amendment that the BPY General Partner determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;

5) an amendment that is necessary, in the opinion of our counsel, to prevent our company or the BPY General Partner or its directors or officers, from in any manner being subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;

6) an amendment that the BPY General Partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership securities;

7) any amendment expressly permitted in our limited partnership agreement to be made by the BPY General Partner acting alone;

8) any amendment that the BPY General Partner determines in its sole discretion to be necessary or appropriate to reflect and account for the formation by our company of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by our limited partnership agreement;

9) a change in our company's fiscal year and related changes; or

10) any other amendments substantially similar to any of the matters described in (1) through (9) above.

In addition, the BPY General Partner may make amendments to our limited partnership agreement without the approval of any limited partner if those amendments, in the discretion of the BPY General Partner:

1) do not adversely affect our company's limited partners considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;

2) are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or judicial authority;

3) are necessary or appropriate to facilitate the trading of our units or to comply with any rule, regulation, guideline or requirement of any securities exchange on which our units are or will be listed for trading;

4) are necessary or appropriate for any action taken by the BPY General Partner relating to splits or combinations of units under the provisions of our limited partnership agreement; or

5) are required to effect the intent expressed in the final registration statement and prospectus of our company filed in connection with the Spin-off or the intent of the provisions of our limited partnership agreement or are otherwise contemplated by our limited partnership agreement.

Opinion of Counsel and Limited Partner Approval

The BPY General Partner will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under "- *No Limited Partner Approval*" should occur. No other amendments to our limited partnership agreement will become effective without the approval of holders of at least 90% of our units, unless our company obtains an opinion of counsel to the effect that the amendment will not (i) cause our company to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes the BPY General Partner has not made the election described below under "- *Election to be Treated as a Corporation*"), or (ii) affect the limited liability under the Bermuda Limited Partnership Act 1883 of any of our company's limited partners.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the written consent or affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

Sale or Other Disposition of Assets

Our limited partnership agreement generally prohibits the BPY General Partner, without the prior approval of the holders of at least 66 2/3% of the voting power of our units, from causing our company to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions. However, the BPY General Partner, in its sole discretion, may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets (including for the benefit of persons who are not our company or our company's subsidiaries) without that approval. The BPY General Partner may also sell all or substantially all of our assets under any forced sale of any or all of our assets pursuant to the foreclosure or other realization upon those encumbrances without that approval.

Take-Over Bids

If, within 120 days after the date of a take-over bid, as defined in the *Securities Act* (Ontario), the take-over bid is accepted by holders of not less than 90% of our outstanding units, other than our units held at the date of the take-over bid by the offeror

or any affiliate or associate of the offeror, and the offeror acquires the units deposited or tendered under the take-over bid, the offeror will be entitled to acquire our units not deposited under the take-over bid on the same terms as the units acquired under the take-over bid.

Election to be Treated as a Corporation

If the BPY General Partner determines in its sole discretion that it is no longer in our company's best interests to continue as a partnership for U.S. federal income tax purposes, the BPY General Partner may elect to treat our company as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

Termination and Dissolution

Our company will terminate upon the earlier to occur of: (i) the date on which all of our company's assets have been disposed of or otherwise realized by us and the proceeds of such disposals or realizations have been distributed to partners; (ii) the service of notice by the BPY General Partner, with the special approval of a majority of its independent directors, that in its opinion the coming into force of any law, regulation or binding authority renders illegal or impracticable the continuation of our company; and (iii) at the election of the BPY General Partner, if our company, as determined by the BPY General Partner, is required to register as an "investment company" under the Investment Company Act or similar legislation in other jurisdictions.

Our partnership will be dissolved upon the withdrawal of the BPY General Partner as the general partner of our partnership (unless a successor entity becomes the general partner as described in the following sentence or the withdrawal is effected in compliance with the provisions of our limited partnership agreement that are described below under *"- Withdrawal of the BPY General Partner"*) or the date on which any court of competent jurisdiction enters a decree of judicial dissolution of our partnership or an order to wind-up or liquidate the BPY General Partner without the appointment of a successor in compliance with the provisions of our limited partnership agreement that are described below under *"- Withdrawal of the BPY General Partner"*. Our partnership will be reconstituted and continue without dissolution if within 30 days of the date of dissolution (and provided a notice of dissolution has not been filed with the Bermuda Monetary Authority), a successor general partner executes a transfer deed pursuant to which the new general partner assumes the rights and undertakes the obligations of the general partner, but only if our partnership receives an opinion of counsel that the admission of the new general partner will not result in the loss of limited liability of any limited partner.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless our company is continued as a new limited partnership, the liquidator authorized to wind-up our company's affairs will, acting with all of the powers of the BPY General Partner that the liquidator deems necessary or appropriate in its judgment, liquidate our company's assets and apply the proceeds of the liquidation first, to discharge our company's liabilities as provided in our limited partnership agreement and by law and thereafter to the partners pro rata according to the percentages of their respective partnership interests as of a record date selected by the liquidator. The liquidator may defer liquidation of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that an immediate sale or distribution of all or some of our company's assets would be impractical or would cause undue loss to the partners.

Withdrawal of the BPY General Partner

The BPY General Partner may withdraw as the general partner without first obtaining approval of our unitholders by giving written notice to the other partners, and that withdrawal will not constitute a violation of our limited partnership agreement.

Upon the withdrawal of a general partner, the holders of at least a majority of our units may select a successor to that withdrawing general partner. If a successor is not selected, or is selected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, our company will be dissolved, wound up and liquidated. See *"- Termination and Dissolution"* above.

In the event of the withdrawal of a general partner, where such withdrawal will violate our limited partnership agreement, a successor general partner will have the option to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. Under all other circumstances where a general partner withdraws, the departing general partner will have the option to require the successor general partner to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached within 30 days of the general partner's departure, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. If the departing general partner and the successor general

partner cannot agree upon an expert within 45 days of the general partner's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partnership interest will automatically convert into units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

Transfer of the General Partnership Interest

The BPY General Partner may transfer all or any part of its general partnership interests without first obtaining approval of any unitholder. As a condition of this transfer, the transferee must: (i) be an affiliate of the general partner of the Property Partnership (or the transfer must be made concurrently with a transfer of the general partnership units of the Property Partnership to an affiliate of the transferee); (ii) agree to assume the rights and duties of the BPY General Partner to whose interest that transferee has succeeded; (iii) agree to assume and be bound by the provisions of our limited partnership agreement; and (iv) furnish an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions). Any transfer of the general partnership interest is subject to prior notice to and approval of the relevant Bermuda regulatory authorities. At any time, the members of the BPY General Partner may sell or transfer all or part of their shares in the BPY General Partner without the approval of the unitholders.

Partnership Name

If the BPY General Partner ceases to be the general partner of our partnership and our new general partner is not an affiliate of Brookfield, our company will be required by our limited partnership agreement to change our name to a name that does not include "Brookfield" and which could not be capable of confusion in any way with such name. Our limited partnership agreement explicitly provides that this obligation shall be enforceable and waivable by the BPY General Partner notwithstanding that it may have ceased to be the general partner of our partnership.

Transactions with Interested Parties

The BPY General Partner, its affiliates and their respective partners, members, directors, officers, employees and shareholders, which we refer to as "interested parties," may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with our units with the same rights they would have if the BPY General Partner was not a party to our limited partnership agreement. An interested party will not be liable to account either to other interested parties or to our company, our company's partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

Our limited partnership agreement permits an interested party to sell investments to, purchase assets from, vest assets in and enter into any contract, arrangement or transaction with our company, the Property Partnership, any of the Holding Entities, any operating entity or any other holding entity established by our company and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to our company, the Property Partnership, any of the Holding Entities, any operating entity or any other holding entity established by our company or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to the bye-laws of the BPY General Partner.

Outside Activities of the BPY General Partner; Conflicts of Interest

Under our limited partnership agreement, the BPY General Partner is required to maintain as its sole activity the activity of acting as the general partner of our partnership. The BPY General Partner is not permitted to engage in any business or activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner or incurring, guaranteeing, acquiring, owning or disposing of debt or equity securities of the Property Partnership, a Holding Entity or any other holding entity established by our company.

Our limited partnership agreement provides that each person who is entitled to be indemnified by our company (other than the BPY General Partner), as described below under *"- Indemnification; Limitations on Liability"*, will have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether: (i) such businesses and activities are similar to our activities; or (ii) such businesses and activities directly compete with, or disfavor or exclude, the BPY General Partner, our company, the Property Partnership, any Holding Entity, any operating entity or any other holding entity established by us. Such business interests, activities

and engagements will be deemed not to constitute a breach of our limited partnership agreement or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the BPY General Partner, our company, the Property Partnership, any Holding Entity, any operating entity and any other holding entity established by us (or any of their respective investors), and shall be deemed not to be a breach of the BPY General Partner's fiduciary duties or any other obligation of any type whatsoever of the BPY General Partner. None of the BPY General Partner, our company, the Property Partnership, any Holding Entity, any operating entity, any other holding entity established by us or any other person shall have any rights by virtue of our limited partnership agreement or our partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by our company as described below under *"- Indemnification; Limitations on Liability"*.

The BPY General Partner and the other indemnified persons described in the preceding paragraph do not have any obligation under our limited partnership agreement or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our company, our limited partners, the Property Partnership, any Holding Entity, any operating entity or any other holding entity established by our company. These provisions do not affect any obligation of an indemnified person to present business or investment opportunities to our company, the Property Partnership, any Holding Entity, any operating entity or any other holding entity established by our company pursuant to the Relationship Agreement or a separate written agreement between such persons.

Any conflicts of interest and potential conflicts of interest that are approved by the BPY General Partner's governance and nominating committee from time to time will be deemed approved by all partners. Pursuant to our conflicts policy, by a majority vote, independent directors may grant approvals for any of the transactions described above in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. See Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Conflicts of Interest and Fiduciary Duties"*.

Indemnification; Limitations on Liability

Under our limited partnership agreement, our company is required to indemnify to the fullest extent permitted by law the BPY General Partner and any of its affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a governing body of the Property Partnership, a Holding Entity, operating entity or any other holding entity established by our company and any other person designated by the BPY General Partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with our investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under our limited partnership agreement: (i) the liability of such persons has been limited to the fullest extent permitted by law, except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful; and (ii) any matter that is approved by the independent directors of the BPY General Partner will not constitute a breach of our limited partnership agreement or any duties stated or implied by law or equity, including fiduciary duties. Our limited partnership agreement requires us to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Accounts, Reports and Other Information

Under our limited partnership agreement, within the time required by applicable laws and regulations, including any rules of any applicable securities exchange, the BPY General Partner is required to prepare financial statements in accordance with IFRS or such other appropriate accounting principles as determined from time to time and make publicly available as of a date selected by the BPY General Partner, in its sole discretion, our company's financial statements together with a statement of the accounting policies used in their preparation, such information as may be required by applicable laws and regulations and such information as the BPY General Partner deems appropriate. Our company's annual financial statements must be audited by an independent accounting firm of international standing. Our company's quarterly financial statements may be unaudited and will be made available publicly as and within the time period required by applicable laws and regulations, including any rules of any applicable securities exchange.

The BPY General Partner is also required to use commercially reasonable efforts to prepare and send to the limited partners of our partnership on an annual basis a Schedule K-1 (or equivalent). The BPY General Partner will, where reasonably possible, prepare and send information required by the non-U.S. limited partners of our partnership for U.S. federal income tax reporting

purposes. The BPY General Partner will also use commercially reasonable efforts to supply information required by limited partners of our partnership for Canadian federal income tax purposes.

Governing Law; Submission to Jurisdiction

Our limited partnership agreement is governed by and will be construed in accordance with the laws of Bermuda. Under our limited partnership agreement, each of our company's partners (other than governmental entities prohibited from submitting to the jurisdiction of a particular jurisdiction) will submit to the non-exclusive jurisdiction of any court in Bermuda in any dispute, suit, action or proceeding arising out of or relating to our limited partnership agreement. Each partner waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein and further waives, to the fullest extent permitted by law, any claim of inconvenient forum, improper venue or that any such court does not have jurisdiction over the partner. Any final judgment against a partner in any proceedings brought in a court in Bermuda will be conclusive and binding upon the partner and may be enforced in the courts of any other jurisdiction of which the partner is or may be subject, by suit upon such judgment. The foregoing submission to jurisdiction and waivers will survive the dissolution, liquidation, winding up and termination of our company.

Transfers of Units

We are not required to recognize any transfer of our units until certificates, if any, evidencing such units are surrendered for registration of transfer. Each person to whom a unit is transferred (including any nominee holder or an agent or representative acquiring such unit for the account of another person) will be admitted to our partnership as a partner with respect to the unit so transferred subject to and in accordance with the terms of our limited partnership agreement. Any transfer of a unit will not entitle the transferee to share in the profits and losses of our company, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a partner and a party to our limited partnership agreement.

By accepting a unit for transfer in accordance with our limited partnership agreement, each transferee will be deemed to have:

- executed our limited partnership agreement and become bound by the terms thereof;

- granted an irrevocable power of attorney to the BPY General Partner or the liquidator of our company and any officer thereof to act as such partner's agent and attorney-in-fact to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices: (i) all certificates, documents and other instruments relating to the existence or qualification of our company as an exempted limited partnership (or a partnership in which the limited partners have limited liability) in Bermuda and in all jurisdictions in which our company may conduct activities and affairs or own property; any amendment, change, modification or restatement of our limited partnership agreement, subject to the requirements of our limited partnership agreement; the dissolution and liquidation of our company; the admission or withdrawal of any partner of our partnership or any capital contribution of any partner of our partnership; the determination of the rights, preferences and privileges of any class or series of units or other partnership interests of our company, and any tax election with any limited partner or general partner on behalf of our partnership or the partners; and (ii) subject to the requirements of our limited partnership agreement, all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the sole discretion of the BPY General Partner or the liquidator of our company, to make, evidence, give, confirm or ratify any voting consent, approval, agreement or other action that is made or given by our company's partners or is consistent with the terms of our limited partnership agreement or to effectuate the terms or intent of our limited partnership agreement;

- made the consents and waivers contained in our limited partnership agreement, including with respect to the approval of the transactions and agreements entered into in connection with our formation and the Spin-off; and

- ratified and confirmed all contracts, agreements, assignments and instruments entered into on behalf of our company in accordance with our limited partnership agreement, including the granting of any charge or security interest over the assets of our company and the assumption of any indebtedness in connection with the affairs of our company.

The transfer of any unit and the admission of any new partner to our partnership will not constitute any amendment to our limited partnership agreement.

Book-Based System

Our units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS or DTC, as applicable, as custodian of such certificates for the participants of CDS or DTC, registered in the name of CDS or DTC or their respective nominee, and registration of ownership and transfers of our units may be effected through the book-based system administered by CDS or DTC as applicable.

DESCRIPTION OF THE PROPERTY PARTNERSHIP LIMITED PARTNERSHIP AGREEMENT

The following is a description of the material terms of the Property Partnership's limited partnership agreement. You are not a limited partner of the Property Partnership and do not have any rights under its limited partnership agreement. However, our company is the managing general partner of the Property Partnership and is responsible for the management and control of the Property Partnership.

We have included a summary of what we believe are the most important provisions of the Property Partnership's limited partnership agreement because we conduct our operations through the Property Partnership and the Holding Entities and our rights with respect to our partnership interest in the Property Partnership are governed by the terms of the Property Partnership's limited partnership agreement. Because this description is only a summary of the terms of the agreement, you should read the Property Partnership's limited partnership agreement. The agreement is available electronically on the website of the SEC at *www.sec.gov* and on our SEDAR profile at *www.sedar.com* and is available to our unitholders as described under Item 10.C. *"Additional Information - Material Contracts"* and Item 10.H. *"Documents on Display"*.

Formation and Duration

The Property Partnership is a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act 1883 and the Bermuda Exempted Partnerships Act 1992. The Property Partnership has a perpetual existence and will continue as a limited liability partnership unless our partnership is terminated or dissolved in accordance with its limited partnership agreement.

Management

As required by law, the Property Partnership's limited partnership agreement provides for the management and control of the Property Partnership by its managing general partner, our company.

Nature and Purpose

Under its limited partnership agreement, the purpose of the Property Partnership is to: acquire and hold interests in the Holding Entities and, subject to the approval of our company, any other entity; engage in any activity related to the capitalization and financing of the Property Partnership's interests in such entities; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by our company and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act 1883, the Bermuda Exempted Partnerships Act 1992 and our limited partnership agreement.

Units

In connection with the Spin-off, Class A limited partnership units of the Property Partnership were issued to our company, the Redemption-Exchange Units were issued to certain wholly-owned subsidiaries of Brookfield Asset Management and the general partnership interests were issued to Property Special LP (formerly known as Brookfield Property GP L.P.). On August 8, 2013, we effected a restructuring pursuant to which: (i) all of the Class A limited partnership units of the Property Partnership were reclassified as Managing General Partner Units; and (ii) all of the general partnership interests in the Property Partnership were reclassified as Special LP Units.

As of the date hereof, the Property Partnership has four classes of units: Redemption-Exchange Units, Special LP Units, Managing General Partner Units and Preferred Units. Holders of any class of Property Partnership units are not entitled to the withdrawal or return of capital contributions in respect of their units, except to the extent, if any, that distributions are made to such holders pursuant to the Property Partnership's limited partnership agreement or upon the dissolution of the Property Partnership as described below under *"- Dissolution"* or as otherwise required by applicable law. Holders of the Property Partnership's units are not entitled to vote on matters relating to the Property Partnership except as described below under *"- No Management or Control; No Voting"*. Except to the extent expressly provided in the Property Partnership's limited partnership agreement, a holder

of Property Partnership units will not have priority over any other holder of Property Partnership units, either as to the return of capital contributions or as to profits, losses or distributions. Except with respect to the Class A Preferred Units, the Property Partnership's limited partnership agreement does not contain any restrictions on ownership of the Property Partnership units. The units of the Property Partnership have no par or other stated value.

All of the outstanding Redemption-Exchange Units and Special LP Units are held by certain wholly-owned subsidiaries of Brookfield Asset Management and all of the outstanding Managing General Partner Units are held by our company. As of the date hereof, all of the outstanding Preferred Units are held by the Class A Preferred Unitholder.

Issuance of Additional Partnership Interests

The Property Partnership may issue additional partnership interests (including Managing General Partner Units, Preferred Units, Special LP Units and Redemption-Exchange Units as well as new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and on such terms and conditions as our company may determine without the approval of any limited partners. Any additional partnership interests may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as may be determined by our company in its sole discretion, all without the approval of our limited partners.

Redemption-Exchange Mechanism

At any time, the holders of the Redemption-Exchange Units have the right to require the Property Partnership to redeem all or a portion of the Redemption-Exchange Units for cash, subject to our company's right to acquire such interests for our units as described below. Any such holder may exercise its right of redemption by delivering a notice of redemption to the Property Partnership and our company.

A holder of Redemption-Exchange Units who delivers a notice of redemption will receive, on the redemption-exchange date and subject to our company's right to acquire such interests (in lieu of redemption) in exchange for units of our company, either (a) cash in an amount equal to the market value of one of our units (as determined by reference to the five day volume weighted average of the trading price of our units on the principal stock exchange for our units based on trading volumes) multiplied by the number of units to be redeemed or (b) such other amount of cash as may be agreed by such holder and the Property Partnership. Upon its receipt of the redemption notice, our company will have a right to elect, at its sole discretion, to acquire all (but not less than all) Redemption-Exchange Units presented to the Property Partnership for redemption in exchange for units of our company on a one-for-one basis. Upon a redemption, the holder's right to receive distributions with respect to the Redemption-Exchange Units so redeemed will cease.

The date of exchange specified in any redemption notice may not be less than five business days nor more than twenty business days after the date upon which the redemption notice is received by the Property Partnership and our company. At any time prior to the applicable redemption-exchange date, any holder of Redemption-Exchange Units who delivers a redemption notice will be entitled to withdraw such redemption notice.

Brookfield's aggregate interest in our company is approximately 69% as of the date of this Form 20-F assuming the exchange of the Redemption-Exchange Units and Exchange LP Units not held by us, and is currently approximately 62% on a fully-exchanged basis.

Class A Preferred Units

The Class A Preferred Units were issued to the Class A Preferred Unitholder on December 4, 2014 in three tranches of $600 million each, with an average dividend yield of 6.5% and maturities of seven, ten and twelve years. In addition, a holder of the Class A Preferred Units is entitled to receive an additional distribution, or excess distribution, in any quarter in which the greater of (i) the aggregate distributions declared on an exchange number of our units and (ii) the aggregate distributions paid on an exchange number of the Redemption-Exchange Units divided by an exchange ratio, exceeds the base distribution such holder is entitled to receive for such quarter. Pursuant to the terms of the Class A Preferred Units, the Property Partnership shall not declare or pay dividends on its Managing General Partner Units or Redemption-Exchange Units, or buy back such units, unless it has paid or also pays any arrears of dividends to the holder of the Class A Preferred Units.

In connection with the issuance of the Class A Preferred Units, our company has agreed to guarantee the obligation of the Property Partnership to pay a liquidation amount in the event of the liquidation, dissolution or winding-up of the Property Partnership equal to the issue price per Class A Preferred Unit together with all accrued and unpaid dividends. Such guarantee ranks junior to

any indebtedness of our company, pari passu with all obligations of our company in respect of any preferred partnership interested issued by our company from time to time, and senior to all obligations of our company with respect of all other non-preferred partnership units issued by our company from time to time.

Our company has entered into an investor agreement with the Class A Preferred Unitholder in connection with the issuance of the Class A Preferred Units pursuant to which we have agreed that, upon the request of a holder of the Class A Preferred Units, our company will file up to four registration statements to register for sale, under the U.S. Securities Act of 1933, as amended or up to four prospectuses to qualify the distribution in Canada, any of our units acquired pursuant to the Preferred Unit Exchange Mechanism. Our company is not required to file a U.S. registration statement or a Canadian prospectus unless such holder requests that units having a value of at least $50 million be registered or qualified. We have agreed to pay expenses in connection with such registration and sales, except for any underwriting discounts or commissions, which will be borne by the selling unitholder, and to indemnify the selling unitholder for material misstatements or omissions in the registration statement and/or prospectus.

Pursuant to the investor agreement, the Class A Preferred Unitholder is also entitled, for so long as it owns an aggregate limited partnership interest in our company of at least 5% of our issued and outstanding units on a fully-diluted basis, to designate one individual to the BPY General Partner's board of directors. Such individual must meet the standards of independence established by the NYSE and the TSX and be reasonably acceptable to the board of directors.

The Class A Preferred Unitholder is not entitled to transfer the Class A Preferred Units (or the units into which they are exchangeable) except in accordance with the investor agreement. The investor agreement permits transfers to affiliates of the Class A Preferred Unitholder. In addition, the restrictions on transfer in the investor agreement will be lifted in respect of one-third of the Class A Preferred Units of each series (or the units into which they are exchangeable) on each of the first, second and third anniversaries of the date of the agreement. The rights under the investor agreement are only transferable to an affiliate of the Class A Preferred Unitholder.

Preferred Unit Exchange Mechanism

The Class A Preferred Units are exchangeable at the option of a holder of such Class A Preferred Units into our units at an exchange price of $25.70 per unit. After three years for the seven-year tranche and four years for the ten- and twelve-year tranches, we can effectively require a holder of such Class A Preferred Units to exchange the Class A Preferred Units into our units as long as our units are trading at or above 125%, 130% and 135%, respectively, of the exchange price. Upon maturity, the Class A Preferred Units that remain outstanding will be redeemed in exchange for our units valued at the 20-day, volume-weighted average trading price at such time. To the extent that the market price of our units is less than 80% of the exchange price at maturity, Brookfield has contingently agreed to acquire the seven-year and ten-year tranches of Class A Preferred Units from the holder of Class A Preferred Units for the initial issuance price plus accrued and unpaid distributions and to exchange such units for Class A Preferred Units with terms and conditions substantially similar to the twelve-year tranche.

Distributions

Distributions by the Property Partnership will be made in the sole discretion of our company. However, our company will not be permitted to cause the Property Partnership to make a distribution if the Property Partnership does not have sufficient cash on hand to make the distribution, the distribution would render the Property Partnership insolvent or if, in the opinion of our company, the distribution would or might leave the Property Partnership with insufficient funds to meet any future or contingent obligations, or the distribution would contravene the Bermuda Limited Partnership Act 1883. For greater certainty, the Property Partnership or one or more of the Holding Entities may (but none is obligated to) borrow money in order to obtain sufficient cash to make a distribution.

Except as set forth below, prior to the dissolution of the Property Partnership, distributions of available cash (if any), including cash that has been borrowed for such purpose, in any given quarter will be made by the Property Partnership as follows, referred to as the Regular Distribution Waterfall:

- first, 100% of any available cash to our company until our company has been distributed an amount equal to our expenses and outlays for the quarter properly incurred;

- second, but only at such times as there are no Preferred Units outstanding, to the extent distributions in respect of Redemption-Exchange Units have accrued in previous quarters (as described in the next paragraph), 100% to all the holders of Redemption-Exchange Units pro rata in proportion to their respective percentage interests (which will be calculated using Redemption-Exchange Units only) (which distribution will be treated as having been made pursuant to the sixth and seventh

provision below, as applicable) of all amounts that have been accrued in previous quarters and not yet recovered to the holders of Redemption-Exchange Units;

- third, an equity enhancement distribution of 100% of any available cash then remaining to Property Special LP until an amount equal to 0.3125% of the amount by which our company's total capitalization value exceeds the total capitalization value of our company determined immediately following the Spin-off has been distributed to Property Special LP, provided that for any quarter in which our company determines that there is insufficient cash to pay this equity enhancement distribution, our company may elect to pay all or a portion of this distribution in Redemption-Exchange Units. This distribution for any quarter will be reduced by an amount equal to (i) the proportion of each cash payment in relation to such quarter made by an Operating Entity to Brookfield, including any payment made in the form of a dividend, distribution or other profit entitlement, which our company determines to be comparable to this equity enhancement distribution that is attributable to the amount that a Service Recipient has committed and/or contributed at such time (either as debt or equity) to such Operating Entity (and, in the case of a commitment, as set forth in the terms of the subscription agreement or other underlying documentation with respect to such Operating Entity at or prior to such time), provided that the aggregate amount of any such payments under this clause (i) will not exceed an amount equal to 0.3125% of the amount the Service Recipient has so committed and/or contributed and the deduction of such amount will not result in this equity enhancement adjustment being less than zero; and (ii) the amount, if any, by which 0.125% of the total capitalization value of our company on the last day of such quarter exceeds $12.5 million (plus the amount of any annual escalation by the specified inflation factor), provided that the deduction of such amount under this clause (ii) will not result in this equity enhancement adjustment being less than zero. The total capitalization value of our company will be equal to the aggregate of the value of all of our outstanding units and the securities of other Service Recipients that are not held by our company, the Property Partnership, the Holding Entities, the operating entities or any other direct or indirect subsidiary of a Holding Entity, plus all outstanding third party debt (including, generally, debt owed to Brookfield but not amounts owed under the Brookfield revolving credit facility that was in place at closing of the Spin-off) with recourse against our company, the Property Partnership or a Holding Entity, less all cash held by such entities;

- fourth, 100% of any available cash then remaining to holders of the Preferred Units, pro rata to their respective relative percentage of Preferred Units held (determined by reference to the aggregate value of the issue price of the Preferred Units held by each such holder relative to the aggregate value of the issue price of all Preferred Units outstanding), until an amount equal to all preferential distribution to which the holders of the Preferred Units are entitled under the terms of the Preferred Units then outstanding (including any excess distribution and any outstanding accrued and unpaid preferential distributions from prior periods) has been distributed in respect of each Preferred Unit outstanding during such quarter;

- fifth, at any time that Preferred Units are outstanding, 100% of any available cash then remaining to holders of Redemption-Exchange Units pro rata in proportion to their respective percentage interests (which will be calculated using Redemption-Exchange Units only) (which distribution will be treated as having been made pursuant to the sixth and seventh provision below, as applicable) all amounts that have been deferred in previous quarters pursuant to the third provision above);

- sixth, 100% of any available cash then remaining to the owners of the Property Partnership's partnership interests (other than owners of the Preferred Units), pro rata to their percentage interests (the percentage interests as to any Preferred Unitholder shall be zero), until an amount equal to the First Distribution Threshold, of $0.275 per unit, has been distributed in respect of each partnership interest of the Property Partnership during such quarter;

- seventh, 85% of any available cash then remaining to the owners of the Property Partnership's partnership interests (other than owners of the Preferred Units), pro rata to their percentage interests (the percentage interests as to any Preferred Unitholder shall be zero), and an incentive distribution of 15% to Property Special LP, until an amount equal to the Second Distribution Threshold, of $0.30 per unit, has been distributed in respect of each partnership interest of the Property Partnership (other than Preferred Units) during such quarter; and

- thereafter; 75% of any available cash then remaining to the owners of the Property Partnership's partnership interests (other than owners of the Preferred Units), pro rata to their percentage interests (the percentage interests as to any Preferred Unitholder shall be zero), and an incentive distribution of 25% to Property Special LP.

In 2016, we paid $25 million of equity enhancement distributions and no incentive distributions to Property Special LP. Set forth below is an example of how the base management fee, equity enhancement and incentive distributions to be made to Property Special LP are calculated on a quarterly and annualized basis. The figures used below are for illustrative purposes only and are not indicative of our company's expectations.

Illustrative Base Management Fee Calculation	Quarterly Per Unit ($)	Quarterly Total ($m)	Annualized Per Unit ($)	Annualized Total ($m)
Capitalization at illustrative quarter-end[1]				
Market value of our company's units per unit	$ 21.70	15,391.6	$ 21.70	15,391.6
Add: Brookfield Group preferred shares		1,265.0		1,265.0
Add: QIA preferred shares		1,800.0		1,800.0
Add: Recourse debt, net of cash		1,621.5		1,621.5
Total capitalization		**$ 20,078.1**		**$ 20,078.1**
Base management fee rate		0.125%		0.500%
Base management fee		**$ 25.1**		**$ 100.4**

(1) *Based on the number of units, Exchange LP Units and Redemption-Exchange Units as of December 31, 2016. For purposes of calculating the quarter end total capitalization, securities were valued based on their volume weighted average trading price on the principal stock exchange (NYSE) for the preceding five trading days. For illustrative purposes only, the example above assumes a value of $21.70 per unit.*

Illustrative Equity Enhancement Distribution Calculation	Units (m)	Quarterly Per Unit ($)	Quarterly Total ($m)	Annualized Per Unit ($)	Annualized Total ($m)
Initial capitalization[1]					
Market value of our company's units per unit		$ 21.914		$ 21.914	
Our company's units	80.2				
Redemption-Exchange Units held by Brookfield[2]	386.1				
Total units	466.3				
Total market value			$ 10,218.2		$ 10,218.2
Preferred shares of holding entities held by Brookfield			1,275.0		1,275.0
Recourse debt, net of cash			(25.0)		(25.0)
Total capitalization			**$ 11,468.2**		**$ 11,468.2**
Capitalization at illustrative quarter end[3]					
Market value of our company's units per unit		$ 21.70		$ 21.70	
GP Units and LP Units	260.3				
Exchange LP Units	11.4				
Redemption-Exchange Units held by Brookfield[2]	437.4				
Total units	709.1				
Total market value			$ 15,391.6		$ 15,391.6
Preferred shares of holding entities held by Brookfield			1,265.0		1,265.0
QIA preferred shares			1,800.0		1,800.0
Recourse debt, net of cash			1,621.5		1,621.5
Total capitalization			**$ 20,078.1**		**$ 20,078.1**
Increase in total capitalization			**$ 8,609.9**		**$ 8,609.9**
Days in quarter / year			90		365
Fraction of quarter / year[4]			100.00%		100.00%
Equity enhancement distribution fee rate			0.3125%		1.25%
Gross equity enhancement distribution to Property Special LP			**$ 26.9**		**$ 107.6**
Fee offsets[5]			(22.1)		(88.5)
Net equity			**$ 4.8**		**$ 19.1**

(1) *For purposes of calculating the equity enhancement distribution at each quarter end, the initial total capitalization against which the quarter end total capitalization is measured will always be our company's total capitalization immediately following the Spin-off. For purposes of calculating the initial total capitalization, securities were valued based on their volume weighted average trading price on the principal stock exchange (NYSE) for the 30 trading days commencing on April 15, 2013, the date of the Spin-off.*

(2) *Includes (a) Redemption-Exchange Units of the Property Partnership that are held by Brookfield and that are redeemable for cash or exchangeable for our company's units in accordance with the Redemption-Exchange Mechanism and (b) Special LP Units held by Property Special LP. For purposes of calculating total capitalization, the value of these securities is assumed to be equal to the value of our company's units.*

(3) *Based on the number of units, Exchange LP Units and Redemption-Exchange Units as of December 31, 2016. For purposes of calculating the quarter end total capitalization, securities were valued based on their volume weighted average trading price on the principal stock exchange (NYSE) for the preceding five trading days. For illustrative purposes only, the example above assumes a value of $21.70 per unit.*

(4) *The example above assumes a full illustrative quarter and a full illustrative year. The equity enhancement distribution fee will be pro-rated for any partial payment period.*

(5) *The equity enhancement distribution for any quarter will be reduced by an amount equal to (i) the proportion of each cash payment in relation to such quarter made by an Operating Entity to Brookfield, including any payment made in the form of a dividend, distribution or other profit entitlement, which our company determines to be comparable to the equity enhancement distribution that is attributable to the amount that a Service Recipient has committed and/or contributed at such time (either as debt or equity) to such Operating Entity (and, in the case of a commitment, as set forth in the terms of the subscription agreement or other underlying documentation with respect to such operating entity at or prior to such time), provided that the aggregate amount of any such payments under this clause (i) will not exceed an amount equal to 0.3125% of the amount the Service Recipient has so committed and/or contributed and the deduction of such amount will not result in this equity enhancement adjustment being less than zero; and (ii) the amount, if any, by which 0.125% of the total capitalization value of our company on the last day of such quarter exceeds $12.5 million (plus the amount of any annual escalation by the specified inflation factor), provided that the deduction of such amount under this clause (ii) will not result in this equity enhancement adjustment being less than zero. For any quarter in which our company determines that there is insufficient cash to pay the equity enhancement distribution, our company may elect to pay all or a portion of this distribution in Redemption-Exchange Units.*

		Quarterly		Annualized	
Illustrative Incentive Distribution Calculation	Units (m)	Per Unit ($)	Total ($m)	Per Unit ($)	Total ($m)
Illustrative distribution		$ 0.280		$ 1.120	
First distribution threshold		$ 0.275		$ 1.100	
Total units of Property Partnership[1]	709.1				
Total first distribution			**$ 195.0**		**$ 780.0**
Distribution in excess of first distribution threshold		$ 0.025		$ 0.100	
Total units of Property Partnership[1]	709.1				
Second distribution to all partners			$ 3.6		$ 14.2
15% incentive distribution to Property Special LP			0.6		2.5
Total second distribution			$ 4.2		$ 16.7
Distribution in excess of second distribution threshold		$ —		$ —	
Total units of Property Partnership[1]	709.1				
Third distribution to all partners			$ —		$ —
25% incentive distribution to Property Special LP			—		—
Total third distribution			$ —		$ —
Total distributions to partners of the Property Partnership (including incentive distributions)			**$ 199.2**		**$ 796.7**
Incentive distributions			$ 0.6		$ 2.5
Less: Incentive Distribution Account Credits			(0.6)		(2.5)
Net Incentive Distribution payable to Brookfield Asset Management			$ —		$ —
Total incentive distributions to Property Special LP			$ —		$ —

(1) *Based on the number of units on December 31, 2016. Includes (a) Managing General Partner Units of the Property Partnership held by our company, (b) Redemption-Exchange Units of the Property Partnership that are held by Brookfield and that are redeemable for cash or exchangeable for the company's units in accordance with the Redemption-Exchange Mechanism and (c) Special LP Units of the Property Partnership held by Property Special LP.*

The table below quantifies, on a quarterly and annualized basis, all management fees and equity enhancement and incentive distributions that would be earned based on the equity enhancement and incentive distribution examples set forth above. The table below is for illustrative purposes only and is not indicative of our company's expectations.

	Quarterly	Annualized
Total Illustrative Amounts	$m	$m
Base management fee[1]	$ 25.1	$ 100.4
Equity enhancement distribution	4.8	19.1
Incentive distribution	—	—
Total	**$ 29.9**	**$ 119.5**

(1) *The annual base management fee paid by our partnership to Brookfield Asset Management is 0.5% of the total capitalization of our partnership, subject to an annual minimum of $50 million, plus annual inflation adjustments. 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.*

If, prior to the dissolution of the Property Partnership, except at any time that Preferred Units are outstanding, available cash in any quarter is not sufficient to pay a distribution to the owners of all Property Partnership interests, pro rata to their percentage interest, then our company may elect to pay the distribution at the then current level first to our company, in respect of the Managing General Partner Units of the Property Partnership held by our company, and then to the holders of the Redemption-Exchange Units to the extent practicable, and shall accrue any such deficiency for payment from available cash in future quarters as described above.

If, prior to the dissolution of the Property Partnership, and subject to the terms of any Preferred Units then outstanding, available cash is deemed by our company, in its sole discretion, to be (i) attributable to sales or other dispositions of the Property Partnership's assets, and (ii) representative of unrecovered capital, then such available cash shall be distributed to the partners of the Property Partnership other than Preferred Unitholders in proportion to the unrecovered capital attributable to the Property Partnership interests (other than Preferred Units) held by the partners until such time as the unrecovered capital attributable to each such partnership interest is equal to zero. Thereafter, distributions of available cash made by the Property Partnership (to the extent made prior to dissolution) will be made in accordance with the Regular Distribution Waterfall.

Upon the occurrence of an event resulting in the dissolution of the Property Partnership, all cash and property of the Property Partnership in excess of that required to discharge the Property Partnership's liabilities will be distributed as follows: (i) to the extent such cash and/or property is attributable to a realization event occurring prior to the event of dissolution, such cash and/or property will be distributed in accordance with the Regular Distribution Waterfall and/or the distribution waterfall applicable to unrecovered capital, (ii) only if there are no Preferred Units outstanding, the aggregate amount of distributions previously deferred in respect of the Redemption-Exchange Units and not previously recovered and (iii) all other cash and/or property will be distributed in the manner set forth below:

- first, 100% to our company until our company has received an amount equal to the excess of: (i) the amount of our outlays and expenses incurred during the term of the Property Partnership; over (ii) the aggregate amount of distributions received by our company pursuant to the first tier of the Regular Distribution Waterfall during the term of the Property Partnership;

- second, 100% to Property Special LP until Property Special LP has received an amount equal to the fair market value of the equity enhancement distribution entitlement, as determined by a qualified independent valuator in accordance with the Property Partnership's limited partnership agreement, provided that such amount may not exceed 2.5 times the aggregate equity enhancement distribution payments made to Property Special LP during the immediately prior 24 months;

- third, 100% to holders of the Preferred Units, pro rata to their respective relative percentage of Preferred Units held (determined by reference to the aggregate value of the issue price of the Preferred Units held by each such holder relative to the aggregate value of the issue price of all Preferred Units outstanding), until an amount equal to all preferential distribution to which the holders of the Preferred Units are entitled in the event of dissolution, liquidation, or winding-up of the Property Partnership under the terms of the Preferred Units then outstanding (including any outstanding accrued and unpaid preferential distributions from prior periods) has been distributed in respect of each Preferred Unit outstanding;

- fourth, if there are Preferred Units outstanding, an amount equal to the amount of cash or property held by the Property Partnership at such time, that is attributable to a realization event occurring prior to a dissolution event and that has been deemed by our company, in its sole discretion, to be (i) attributable to sales or other dispositions of the Property Partnership's assets, and (ii) representative of unrecovered capital, shall be distributed to the partners of the Property Partnership other than Preferred Unitholders in proportion to the unrecovered capital attributable to the Property Partnership interests (other than Preferred Units) held by the partners until such time as the unrecovered capital attributable to each such partnership interest is equal to zero, as if such distribution were a distribution occurring prior to dissolution;

- fifth, if there are Preferred Units outstanding, to holders of Redemption-Exchange Units pro rata in proportion to their respective percentage interests (which will be calculated using Redemption-Exchange Units only), the aggregate amount of distributions previously deferred and not previously recovered;

- sixth, 100% to the partners of the Property Partnership other than Preferred Unitholders, in proportion to their respective amounts of unrecovered capital in the Property Partnership;

- seventh, 100% to the owners of the Property Partnership's partnership interests other than Preferred Unitholders, pro rata to their percentage interests (the percentage interest as to the Preferred Unitholders shall be zero), until an amount has been distributed in respect of each partnership interest of the Property Partnership equal to the excess of: (i) the First Distribution Threshold for each quarter during the term of the Property Partnership (subject to adjustment upon the subsequent issuance of additional partnership interests in the Property Partnership); over (ii) the aggregate amount of distributions made in respect of a partnership interest of Property Partnership other than Preferred Units pursuant to the sixth tier of the Regular Distribution Waterfall during the term of the Property Partnership (subject to adjustment upon the subsequent issuance of additional partnership interests in the Property Partnership);

- eighth, 85% to the owners of the Property Partnership's partnership interests other than Preferred Unitholders, pro rata to their percentage interests (the percentage interest as to the Preferred Unitholders shall be zero), and 15% to Property Special LP, until an amount has been distributed in respect of each partnership interest of the Property Partnership equal to the

excess of: (i) the Second Distribution Threshold less the First Distribution Threshold for each quarter during the term of the Property Partnership (subject to adjustment upon the subsequent issuance of additional partnership interests in the Property Partnership); over (ii) the aggregate amount of distributions made in respect of a partnership interest of the Property Partnership pursuant to the seventh tier of the Regular Distribution Waterfall during the term of the Property Partnership (subject to adjustment upon the subsequent issuance of additional partnership interests in the Property Partnership); and

- thereafter, 75% to the owners of the Property Partnership's partnership interests other than Preferred Unitholders, pro rata to their percentage interests, and 25% to Property Special LP.

Each partner's percentage interest is determined by the relative portion of all outstanding partnership interests held by that partner from time to time and is adjusted upon and reflects the issuance of additional partnership interests of the Property Partnership. In addition, the unreturned capital attributable to each of our partnership interests, as well as certain of the distribution thresholds set forth above, may be adjusted pursuant to the terms of the limited partnership agreement of the Property Partnership so as to ensure the uniformity of the economic rights and entitlements of: (i) the previously outstanding Property Partnership's partnership interests; and (ii) the subsequently-issued Property Partnership's partnership interests.

The limited partnership agreement of the Property Partnership provides that, to the extent that any Holding Entity or any operating entity pays to Brookfield any comparable performance or incentive distribution, the amount of any incentive distributions paid to Property Special LP in accordance with the distribution entitlements described above will be reduced in an equitable manner to avoid duplication of distributions.

Property Special LP may elect, at its sole discretion, to reinvest equity enhancement distributions and incentive distributions in Redemption-Exchange Units.

No Management or Control; No Voting

The Property Partnership's limited partners, in their capacities as such, may not take part in the management or control of the activities and affairs of the Property Partnership and do not have any right or authority to act for or to bind the Property Partnership or to take part or interfere in the conduct or management of the Property Partnership. Limited partners are not entitled to vote on matters relating to the Property Partnership, although holders of units are entitled to consent to certain matters as described below under *"- Amendment of the Property Partnership Limited Partnership Agreement"*, "*- Opinion of Counsel and Limited Partner Approval"*, and *"- Withdrawal of the Managing General Partner"* which may be effected only with the consent of the holders of the percentages of outstanding units of the Property Partnership specified below. For purposes of any approval required from holders of the Property Partnership's units, if holders of Redemption-Exchange Units are entitled to vote, they will be entitled to one vote per unit held subject to a maximum number of votes equal to 49% of the total voting power of all units of the Property Partnership then issued and outstanding. Each unit entitles the holder thereof to one vote for the purposes of any approvals of holders of units.

Meetings

Our company may call special meetings of the limited partners of the Property Partnership at a time and place outside of Canada determined by us on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. Special meetings of the limited partners may also be called by limited partners owning 50% or more of the outstanding partnership interests of the class or classes for which a meeting is proposed. For this purpose, our partnership interests outstanding do not include partnership interests owned by our company or Brookfield. Only holders of record on the date set by our company (which may not be less than 10 days nor more than 60 days before the meeting) are entitled to notice of any meeting.

Amendment of the Property Partnership Limited Partnership Agreement

Amendments to the Property Partnership's limited partnership agreement may be proposed only by or with the consent of our company. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, our company must seek approval of a majority of the Property Partnership's outstanding units required to approve the amendment, either by way of a meeting of the limited partners to consider and vote upon the proposed amendment or by written approval. For this purpose, the Redemption-Exchange Units will not constitute a separate class and will vote together with the other outstanding limited partnership units of the Property Partnership.

For purposes of any approval required from holders of the Property Partnership's units, if holders of Redemption-Exchange Units are entitled to vote, they will be entitled to one vote per unit held subject to a maximum number of votes equal to 49% of the total voting power of all units of the Property Partnership then issued and outstanding.

Prohibited Amendments

No amendment may be made that would:

1) enlarge the obligations of any limited partner of the Property Partnership without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or

2) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by the Property Partnership to Property Special LP or any of its affiliates without the consent of Property Special LP which may be given or withheld in its sole discretion.

The provision of the Property Partnership's limited partnership agreement preventing the amendments having the effects described in clauses (1) or (2) above can be amended upon the approval of the holders of at least 90% of the outstanding limited partnership units of the Property Partnership.

No Limited Partner Approval

Subject to applicable law, our company may generally make amendments to the Property Partnership's limited partnership agreement without the approval of any limited partner to reflect:

1) a change in the name of the Property Partnership, the location of the Property Partnership's registered office or the Property Partnership's registered agent;

2) the admission, substitution, withdrawal or removal of partners in accordance with the limited partnership agreement of the Property Partnership;

3) a change that our company determines is reasonable and necessary or appropriate for the Property Partnership to qualify or to continue its qualification as an exempted limited partnership under the laws of Bermuda or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or is necessary or advisable in the opinion of our company to ensure that the Property Partnership will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;

4) an amendment that our company determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;

5) an amendment that is necessary, in the opinion of counsel, to prevent the Property Partnership or our company or its directors or officers, from in any manner being subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;

6) an amendment that our company determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership interests;

7) any amendment expressly permitted in the Property Partnership's limited partnership agreement to be made by our company acting alone;

8) any amendment that our company determines in its sole discretion to be necessary or appropriate to reflect and account for the formation by the Property Partnership of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by the Property Partnership's limited partnership agreement;

9) a change in the Property Partnership's fiscal year and related changes;

10) any amendment concerning the computation or allocation of specific items of income, gain, expense or loss among the partners that, in the sole discretion of our company, is necessary or appropriate to: (i) comply with the requirements of applicable law; (ii) reflect the partners' interests in the Property Partnership; or (iii) consistently reflect the distributions

made by the Property Partnership to the partners pursuant to the terms of the limited partnership agreement of the Property Partnership;

11) any amendment that our company determines in its sole discretion to be necessary or appropriate to address any statute, rule, regulation, notice, or announcement that affects or could affect the U.S. federal income tax treatment of any allocation or distribution related to any interest of our company in the profits of the Property Partnership; or

12) any other amendments substantially similar to any of the matters described in (1) through (11) above.

In addition, our company may make amendments to the Property Partnership's limited partnership agreement without the approval of any limited partner if those amendments, in the discretion of our company:

1) do not adversely affect the Property Partnership's limited partners considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;

2) are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or judicial authority;

3) are necessary or appropriate for any action taken by our company relating to splits or combinations of units under the provisions of the Property Partnership's limited partnership agreement; or

4) are required to effect the intent expressed in the final registration statement and prospectus of our company filed in connection with the Spin-off or the intent of the provisions of the Property Partnership's limited partnership agreement or are otherwise contemplated by the Property Partnership's limited partnership agreement.

Opinion of Counsel and Limited Partner Approval

Our company will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under *"- No Limited Partner Approval"* should occur. Any other amendment to the Property Partnership's limited partnership agreement will only become effective either with the approval of at least 90% of the Property Partnership's units or if an opinion of counsel is obtained to effect that the amendment will not (i) cause the Property Partnership to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes our company has not made the election described below under *"- Election to be Treated as a Corporation"*), or (ii) affect the limited liability under the Bermuda Limited Partnership Act 1883 of any of the Property Partnership's limited partners.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the written consent or affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

Sale or Other Disposition of Assets

The Property Partnership's limited partnership agreement generally prohibits our company, without the prior approval of the holders of a majority of the units of the Property Partnership, from causing the Property Partnership to, among other things, sell, exchange or otherwise dispose of all or substantially all of the Property Partnership's assets in a single transaction or a series of related transactions, including by approving on the Property Partnership's behalf the sale, exchange or other disposition of all or substantially all of the assets of the Property Partnership's subsidiaries. However, our company, in its sole discretion, may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Property Partnership's assets (including for the benefit of persons who are not the Property Partnership or the Property Partnership's subsidiaries) without that approval. Our company may also sell all or substantially all of the Property Partnership's assets under any forced sale of any or all of the Property Partnership's assets pursuant to the foreclosure or other realization upon those encumbrances without that approval.

Election to be Treated as a Corporation

If our company determines that it is no longer in the Property Partnership's best interests to continue as a partnership for U.S. federal income tax purposes, our company may elect to treat the Property Partnership as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

Dissolution

The Property Partnership will dissolve and its affairs will be wound up upon the earlier to occur of: (i) the service of notice by our company, with the approval of a majority of the members of the independent directors of the BPY General Partner, that in the opinion of our company the coming into force of any law, regulation or binding authority renders illegal or impracticable the continuation of the Property Partnership; (ii) the election of our company if the Property Partnership, as determined by our company, is required to register as an "investment company" under the Investment Company Act or similar legislation in other jurisdictions; (iii) the date that our company withdraws from the Property Partnership (unless a successor entity becomes the managing general partner of the Property Partnership as described below under *"- Withdrawal of the Managing General Partner"*); (iv) the date on which any court of competent jurisdiction enters a decree of judicial dissolution of the Property Partnership or an order to wind-up or liquidate our company without the appointment of a successor in compliance with the provisions of the Property Partnership's limited partnership agreement that are described below under *"- Withdrawal of the Managing General Partner"*; and (v) the date on which our company decides to dispose of, or otherwise realize proceeds in respect of, all or substantially all of the Property Partnership's assets in a single transaction or series of transactions.

The Property Partnership will be reconstituted and continue without dissolution if within 30 days of the date of dissolution (and provided that a notice of dissolution with respect to the Property Partnership has not been filed with the Bermuda Monetary Authority), a successor managing general partner executes a transfer deed pursuant to which the new managing general partner assumes the rights and undertakes the obligations of the original managing general partner, but only if the Property Partnership receives an opinion of counsel that the admission of the new managing general partner will not result in the loss of limited liability of any limited partner of the Property Partnership.

Withdrawal of the Managing General Partner

Our company may withdraw as managing general partner of the Property Partnership without first obtaining approval of unitholders of the Property Partnership by giving written notice, and that withdrawal will not constitute a violation of the limited partnership agreement.

Upon the withdrawal of our company, the holders of at least a majority of outstanding units may select a successor to that withdrawing managing general partner. If a successor is not selected, or is selected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, the Property Partnership will be dissolved, wound up and liquidated. See *"- Dissolution"* above.

Our company may not be removed as managing general partner by the partners of the Property Partnership.

In the event of the withdrawal of a managing general partner as a result of certain events relating to the bankruptcy, insolvency or dissolution of that managing general partner, which withdrawal will violate the Property Partnership's limited partnership agreement, a successor managing general partner will have the option to purchase the Managing General Partner Units of the departing managing general partner for a cash payment equal to its fair market value. Under all other circumstances where a managing general partner withdraws, the departing managing general partner will have the option to require the successor managing general partner to purchase the Managing General Partner Units of the departing managing general partner for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between the departing managing general partner and the successor managing general partner. If no agreement is reached within 30 days of the managing general partner's departure, an independent investment banking firm or other independent expert selected by the departing managing general partner and the successor managing general partner will determine the fair market value. If the departing managing general partner and the successor managing general partner cannot agree upon an expert within 45 days of the managing general partner's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing managing general partner or the successor managing general partner, the departing managing general partner's Managing General Partner Units will automatically convert into units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

Transfer of the Managing General Partner Units

Our company may transfer all or any part of its Managing General Partner Units without first obtaining approval of any unitholder of the Property Partnership. As a condition of this transfer, the transferee must: (i) be an affiliate of the BPY General Partner (or the transfer must be made concurrently with a transfer of the GP Units to an affiliate of the transferee); (ii) agree to assume the rights and duties of the managing general partner to whose interest that transferee has succeeded; (iii) agree to assume the provisions of the Property Partnership's limited partnership agreement; and (iv) furnish an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions). Any transfer of the Managing General Partner Units is subject to prior notice to and approval of the relevant Bermuda regulatory authorities. At any time, the BPY General Partner may transfer all or any part of its general partnership interests in our company without the approval of our unitholders as described under Item 10.B. *"Memorandum and Articles of Association - Description of our Units and our Limited Partnership Agreement - Transfer of the General Partnership Interest"*.

Transactions with Interested Parties

Our company, its affiliates and their respective partners, members, directors, officers, employees and shareholders, which we refer to as "interested parties", may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with units of the Property Partnership with the same rights they would have if our company were not a party to the limited partnership agreement of the Property Partnership. An interested party will not be liable to account either to other interested parties or to the Property Partnership, its partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

The limited partnership agreement of the Property Partnership permits an interested party to sell investments to, purchase assets from, vest assets in and enter into any contract, arrangement or transaction with our company, the Property Partnership, any of the Holding Entities, any operating entity or any other holding entity established by the Property Partnership and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to the Property Partnership, any of the Holding Entities, any operating entity or any other holding entity established by the Property Partnership or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to the bye-laws of the BPY General Partner.

Outside Activities of the Managing General Partner

In accordance with our limited partnership agreement, our company is authorized to: (i) acquire and hold interests in the Property Partnership and, subject to the approval of the BPY General Partner, interests in any other entity; (ii) engage in any activity related to the capitalization and financing of our company's interests in the Property Partnership and such other entities; (iii) serve as the managing general partner of the Property Partnership and execute and deliver, and perform the functions of a managing general partner specified in, the limited partnership agreement of the Property Partnership; and (iv) engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by the BPY General Partner and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act 1883, the Bermuda Exempted Partnerships Act 1992 and our limited partnership agreement.

The Property Partnership's limited partnership agreement provides that each person who is entitled to be indemnified by the Property Partnership, as described below under *"- Indemnification; Limitations on Liability"*, will have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether: (i) such businesses and activities are similar to our activities; or (ii) such businesses and activities directly compete with, or disfavor or exclude, the BPY General Partner, our company, the Property Partnership, any Holding Entity, any operating entity, or any other holding entity established by the Property Partnership. Such business interests, activities and engagements will be deemed not to constitute a breach of the Property Partnership's limited partnership agreement or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the BPY General Partner, our company, the Property Partnership, any Holding Entity, any operating entity, and any other holding entity established by the Property Partnership (or any of their respective investors), and shall be deemed not to be a breach of our company's fiduciary duties or any other obligation of any type whatsoever of our company. None of the BPY General Partner, our company, the Property Partnership, any Holding Entity, operating entity, any other holding entity established by the Property Partnership or any other person shall have any rights by virtue of the Property Partnership's limited partnership agreement or our partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by the Property Partnership as described below under *"- Indemnification; Limitations on Liability"*.

Our company and the other indemnified persons described in the preceding paragraph do not have any obligation under the Property Partnership's limited partnership agreement or as a result of any duties stated or implied by law or equity, including

fiduciary duties, to present business or investment opportunities to the Property Partnership, the limited partners of the Property Partnership, any Holding Entity, operating entity, or any other holding entity established by the Property Partnership. These provisions do not affect any obligation of such indemnified person to present business or investment opportunities to our company, the Property Partnership, any Holding Entity, any operating entity or any other holding entity established by the Property Partnership pursuant to the Relationship Agreement or any separate written agreement between such persons.

Accounts, Reports and Other Information

Under the Property Partnership's limited partnership agreement, our company is required to prepare financial statements in accordance with IFRS or such other appropriate accounting principles as determined from time to time by our company, in its sole discretion.

Our company is also required to use commercially reasonable efforts to prepare and send to the limited partners of the Property Partnership on an annual basis a Schedule K-1 (or equivalent). Our company will also, where reasonably possible, prepare and send information required by the non-U.S. limited partners of the Property Partnership for U.S. federal income tax reporting purposes.

Indemnification; Limitations on Liability

Under the Property Partnership's limited partnership agreement, it is required to indemnify to the fullest extent permitted by law the BPY General Partner, our company and any of their respective affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a governing body of the Property Partnership, a Holding Entity, operating entity or any other holding entity established by our company and any other person designated by its general partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with its business, investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the Property Partnership's limited partnership agreement: (i) the liability of such persons has been limited to the fullest extent permitted by law, except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful; and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. The Property Partnership's limited partnership agreement requires it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Governing Law

The Property Partnership's limited partnership agreement is governed by and will be construed in accordance with the laws of Bermuda.

10.C. MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by us in the two years preceding the date of this Form 20-F or prior to that which remain outstanding:

1) Support Agreement, dated March 19, 2014, between Brookfield Property Partners L.P. and Brookfield Office Properties Exchange LP described under Item 10.B *"Additional Information - Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement"*;

2) Amended and Restated Master Services Agreement dated March 3, 2015 by and among Brookfield Asset Management, the Service Recipients and the Service Providers described under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Our Master Services Agreement"*;

3) Relationship Agreement dated April 15, 2013 by and among Brookfield Asset Management, our company and the Service Providers and others described under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions Relationship with Brookfield - Relationship Agreement"*;

4) Registration Rights Agreement dated April 10, 2013 between our company and Brookfield Asset Management described under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Registration Rights Agreement"*;

5) Second Amended and Restated Limited Partnership Agreement of our partnership dated August 8, 2013 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement"*;

6) Second Amended and Restated Limited Partnership Agreement of the Property Partnership dated August 8, 2013 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*;

7) First Amendment to Second Amended and Restated Limited Partnership Agreement of the Property Partnership dated December 4, 2014 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*;

8) Guarantee Agreement between our company and the Class A Preferred Unitholder dated December 4, 2014 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Class A Preferred Units"*;

9) Investor Agreement between our company and the Class A Preferred Unitholder dated December 4, 2014 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Class A Preferred Units"*;

10) Refinancing Agreement by and among our company, the Property Partnership and Brookfield Asset Management dated December 4, 2014 described under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Maturity of Class A Preferred Units*";

11) First Amendment to the Amended and Restated Master Services Agreement dated March 3, 2015 by and among Brookfield Asset Management, the Service Recipients and the Service Providers described under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Our Master Services Agreement"*;

12) First Amendment to the Second Amended and Restated Limited Partnership Agreement of our partnership dated November 5, 2015 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our Units and Our Limited Partnership Agreement"*; and

13) Second Amendment to Second Amended and Restated Limited Partnership Agreement of the Property Partnership dated July 1, 2015 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*.

Copies of the agreements noted above are available, free of charge, from the BPY General Partner and are available electronically on the website of the SEC at www.sec.gov and on our SEDAR profile at www.sedar.com . Written requests for such documents should be directed to our Corporate Secretary at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

10.D. EXCHANGE CONTROLS

There are currently no governmental laws, decrees, regulations or other legislation of Bermuda which restrict the import or export of capital or the remittance of dividends, interest or other payments to non-residents of Bermuda holding our units.

10.E. TAXATION

The following summary discusses certain material U.S. and Canadian tax considerations related to the holding and disposition of our units as of the date hereof. Prospective purchasers of our units are advised to consult their own tax advisers concerning the consequences under the tax laws of the country of which they are resident or in which they are otherwise subject to tax of making an investment in our units.

U.S. Tax Considerations

This summary discusses certain material U.S. federal income tax considerations to unitholders relating to the receipt, holding and disposition of our units as of the date hereof. This summary is based on provisions of the U.S. Internal Revenue Code, on the regulations promulgated thereunder, or the U.S. Treasury Regulations, and on published administrative rulings, judicial decisions, and other applicable authorities, all as in effect on the date hereof and all of which are subject to change at any time, possibly with retroactive effect. This summary is necessarily general and may not apply to all categories of investors, some of whom may be subject to special rules, including, without limitation, persons that own (directly or indirectly, applying certain attribution rules) 5% or more of our units, dealers in securities or currencies, financial institutions or financial services entities, mutual funds, life insurance companies, persons that hold our units as part of a straddle, hedge, constructive sale or conversion transaction with other investments, persons whose units are loaned to a short seller to cover a short sale of units, persons whose functional currency is not the U.S. Dollar, persons who have elected mark-to-market accounting, persons who hold our units through a partnership or other entity treated as a pass-through entity for U.S. federal income tax purposes, persons for whom our units are not a capital asset, persons who are liable for the alternative minimum tax and certain U.S. expatriates or former long-term residents of the United States. Tax-exempt organizations are addressed separately below. The actual tax consequences of the ownership and disposition of our units will vary depending on your individual circumstances.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of one or more of our units that is for U.S. federal tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (a) that is subject to the primary supervision of a court within the United States and all substantial decisions of which one or more U.S. persons have the authority to control or (b) that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

A "Non-U.S. Holder" is a beneficial owner of one or more of our units, other than a U.S. Holder or an entity classified as a partnership or other fiscally transparent entity for U.S. federal tax purposes.

If a partnership holds our units, the tax treatment of a partner of such partnership generally will depend upon the status of the partner and the activities of our company. Partners of partnerships that hold our units should consult their own tax advisers.

This discussion does not constitute tax advice and is not intended to be a substitute for tax planning. You should consult your own tax adviser concerning the U.S. federal, state and local income tax consequences particular to your ownership and disposition of our units, as well as any tax consequences under the laws of any other taxing jurisdiction.

Partnership Status of Our Company and the Property Partnership

Each of our company and the Property Partnership has made a protective election to be classified as a partnership for U.S. federal tax purposes. An entity that is treated as a partnership for U.S. federal tax purposes incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss, deduction, or credit of our company in computing its U.S. federal income tax liability, regardless of whether cash distributions are made. Distributions of cash by a partnership to a partner generally are not taxable unless the amount of cash distributed to a partner is in excess of the partner's adjusted basis in its partnership interest.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a "publicly traded partnership", unless an exception applies. Our company is publicly traded. However, an exception, referred to as the "Qualifying Income Exception", exists with respect to a publicly traded partnership if (i) at least 90% of such partnership's gross income for every taxable year consists of "qualifying income" and (ii) our partnership would not be required to register under the Investment Company Act if it were a U.S. corporation. Qualifying income includes certain interest income, dividends, real property rents, gains from the sale or other disposition of real property, and any gain from the sale or disposition of a capital asset or other property held for the production of income that otherwise constitutes qualifying income.

The BPY General Partner intends to manage the affairs of our company and the Property Partnership so that our company will meet the Qualifying Income Exception in each taxable year. Accordingly, the BPY General Partner believes that our company will be treated as a partnership and not as a corporation for U.S. federal income tax purposes.

If our company fails to meet the Qualifying Income Exception, other than a failure which is determined by the IRS to be inadvertent and which is cured within a reasonable time after discovery, or if our company is required to register under the

Investment Company Act, our company will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which our company fails to meet the Qualifying Income Exception, in return for stock in such corporation, and then distributed the stock to our unitholders in liquidation. This deemed contribution and liquidation could result in the recognition of gain (but not loss) to U.S. Holders, except that U.S. Holders generally would not recognize the portion of such gain attributable to stock or securities of non-U.S. corporations held by us. If, at the time of such contribution, our company were to have liabilities in excess of the tax basis of its assets, U.S. Holders generally would recognize gain in respect of such excess liabilities upon the deemed transfer. Thereafter, our company would be treated as a corporation for U.S. federal income tax purposes.

If our company were treated as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our company's items of income, gain, loss, deduction, or credit would be reflected only on our company's tax return rather than being passed through to our unitholders, and our company would be subject to U.S. corporate income tax and potentially branch profits tax with respect to its income, if any, effectively connected with a U.S. trade or business. Moreover, under certain circumstances, our company might be classified as a PFIC, for U.S. federal income tax purposes, and a U.S. Holder would be subject to the rules applicable to PFICs discussed below. See *"- Consequences to U.S. Holders - Passive Foreign Investment Companies"*. Subject to the PFIC rules, distributions made to U.S. Holders would be treated as taxable dividend income to the extent of our company's current or accumulated earnings and profits. Any distribution in excess of current and accumulated earnings and profits would first be treated as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis in its units. Thereafter, to the extent such distribution were to exceed a U.S. Holder's adjusted tax basis in its units, the distribution would be treated as gain from the sale or exchange of such units. The amount of a distribution treated as a dividend could be eligible for reduced rates of taxation, provided certain conditions are met. In addition, dividends, interest and certain other passive income received by our company with respect to U.S. investments generally would be subject to U.S. withholding tax at a rate of 30% (although certain Non-U.S. Holders nevertheless might be entitled to certain treaty benefits in respect of their allocable share of such income) and U.S. Holders would not be allowed a tax credit with respect to any such tax withheld. In addition, the "portfolio interest" exemption would not apply to certain interest income of our company (although certain Non-U.S. Holders nevertheless might be entitled to certain treaty benefits in respect of their allocable share of such income).

Based on the foregoing consequences, the treatment of our company as a corporation could materially reduce a holder's after-tax return and therefore could result in a substantial reduction of the value of our units. If the Property Partnership were to be treated as a corporation for U.S. federal income tax purposes, consequences similar to those described above would apply, and additional adverse U.S. federal income tax consequences could result if debt issued by a U.S. subsidiary to the Property Partnership were recharacterized as equity under the U.S. Treasury Regulations under Section 385 of the U.S. Internal Revenue Code.

The remainder of this summary assumes that our company and the Property Partnership will be treated as partnerships for U.S. federal tax purposes. We expect that a substantial portion of the items of income, gain, deduction, loss, or credit realized by our company will be realized in the first instance by the Property Partnership and allocated to our company for reallocation to our unitholders. Unless otherwise specified, references in this section to realization of our company's items of income, gain, loss, deduction, or credit include a realization of such items by the Property Partnership (or other lower tier partnership) and the allocation of such items to our company.

Consequences to U.S. Holders

Holding of Our Units

Income and Loss. If you are a U.S. Holder, you will be required to take into account, as described below, your allocable share of our company's items of income, gain, loss, deduction, and credit for each of our company's taxable years ending with or within your taxable year. Each item generally will have the same character and source as though you had realized the item directly. You must report such items without regard to whether any distribution has been or will be received from our company. Our company intends to make cash distributions to all unitholders on a quarterly basis in amounts generally expected to be sufficient to permit U.S. Holders to fund their estimated U.S. tax obligations (including U.S. federal, state, and local income taxes) with respect to their allocable shares of our company's net income or gain. However, based upon your particular tax situation and simplifying assumptions that our company will make in determining the amount of such distributions, and depending upon whether you elect to reinvest such distributions pursuant to the distribution reinvestment plan, if available, your tax liability might exceed cash distributions made to you, in which case any tax liabilities arising from your ownership of our units would need to be satisfied from your own funds.

With respect to U.S. Holders who are individuals, certain dividends paid by a corporation (including certain qualified foreign corporations) to our company and that are allocable to such U.S. Holders may qualify for reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of specified income tax treaties with

the United States. In addition, a foreign corporation is treated as a qualified corporation with respect to its shares that are readily tradable on an established securities market in the United States. Among other exceptions, U.S. Holders who are individuals will not be eligible for reduced rates of taxation on any dividends if the payer is a PFIC for the taxable year in which such dividends are paid or for the preceding taxable year. Nor will such reduced rates of taxation generally apply to dividends paid by a REIT. Dividends received by non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8% (see *"-Medicare Tax"* below). U.S. Holders that are corporations generally will not be entitled to a "dividends received deduction" in respect of dividends paid by non-U.S. corporations or REITs in which our company (through the Property Partnership) owns stock. You should consult your own tax adviser regarding the application of the foregoing rules in light of your particular circumstances.

For U.S. federal income tax purposes, your allocable share of our company's items of income, gain, loss, deduction, or credit will be governed by our limited partnership agreement if such allocations have "substantial economic effect" or are determined to be in accordance with your interest in our company. Similarly, our company's allocable share of items of income, gain, loss, deduction, or credit of the Property Partnership will be governed by the limited partnership agreement of the Property Partnership if such allocations have "substantial economic effect" or are determined to be in accordance with our interest in the Property Partnership. The BPY General Partner believes that, for U.S. federal income tax purposes, such allocations should be given effect, and the BPY General Partner intends to prepare and file tax returns based on such allocations. If the IRS were to successfully challenge the allocations made pursuant to either our company's limited partnership agreement or the limited partnership agreement of the Property Partnership, then the resulting allocations for U.S. federal income tax purposes might be less favorable than the allocations set forth in such agreements.

Basis. You will have an initial tax basis in your units equal to the sum of (i) the amount of cash paid for our units (or, if you received your units pursuant to the Spin-off, their fair market value on the date you received them pursuant to the Spin-off) and (ii) your share of our company's liabilities, if any. That basis will be increased by your share of our company's income and by increases in your share of our company's liabilities, if any. That basis will be decreased, but not below zero, by distributions you receive from our company, by your share of our company's losses, and by any decrease in your share of our company's liabilities. Under applicable U.S. federal income tax rules, a partner in a partnership has a single, or "unitary", tax basis in his or her partnership interest. As a result, any amount you pay to acquire additional units (including through the distribution reinvestment plan) will be averaged with the adjusted tax basis of units owned by you prior to the acquisition of such additional units.

For purposes of the foregoing rules, the rules discussed immediately below, and the rules applicable to a sale or exchange of our units, our company's liabilities generally will include our company's share of any liabilities of the Property Partnership.

Limits on Deductions for Losses and Expenses. Your deduction of your allocable share of our company's losses will be limited to your tax basis in our units and, if you are an individual or a corporate holder that is subject to the "at risk" rules, to the amount for which you are considered to be "at risk" with respect to our company's activities, if that is less than your tax basis. In general, you will be at risk to the extent of your tax basis in our units, reduced by (i) the portion of that basis attributable to your share of our company's liabilities for which you will not be personally liable (excluding certain qualified non-recourse financing) and (ii) any amount of money you borrow to acquire or hold our units, if the lender of those borrowed funds owns an interest in our company, is related to you, or can look only to your units for repayment. Your at-risk amount generally will increase by your allocable share of our company's income and gain and decrease by distributions you receive from our company and your allocable share of losses and deductions. You must recapture losses deducted in previous years to the extent that distributions cause your at-risk amount to be less than zero at the end of any taxable year. Losses disallowed or recaptured as a result of these limitations will carry forward and will be allowable to the extent that your tax basis or at-risk amount, whichever is the limiting factor, subsequently increases. Upon the taxable disposition of our units, any gain recognized by you can be offset by losses that were previously suspended by the at-risk limitation, but may not be offset by losses suspended by the basis limitation. Any excess loss above the gain previously suspended by the at-risk or basis limitations may no longer be used. You should consult your own tax adviser as to the effects of the at-risk rules.

Limitations on Deductibility of Organizational Expenses and Syndication Fees. In general, neither our company nor any U.S. Holder may deduct organizational or syndication expenses. Similar rules apply to organizational or syndication expenses incurred by the Property Partnership. Syndication fees (which would include any sales or placement fees or commissions) must be capitalized and cannot be amortized or otherwise deducted.

Limitations on Interest Deductions. Your share of our company's interest expense, if any, is likely to be treated as "investment interest" expense. For a non-corporate U.S. Holder, the deductibility of "investment interest" expense generally is limited to the amount of such holder's "net investment income". Your share of our company's dividend and interest income will be treated as investment income, although "qualified dividend income" subject to reduced rates of tax in the hands of an individual will only be treated as investment income if such individual elects to treat such dividend as ordinary income not subject to reduced rates of tax. In addition, state and local tax laws may disallow deductions for your share of our company's interest expense.

Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates. Subject to certain exceptions, all miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2% of the taxpayer's adjusted gross income. In addition, the otherwise allowable itemized deductions of individuals whose gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (i) 3% of the excess of the individual's adjusted gross income over the threshold amount and (ii) 80% of the amount of the individual's itemized deductions. The operating expenses of our company, including our company's allocable share of the base management fee or any other management fees, may be treated as miscellaneous itemized deductions subject to the foregoing rule. Accordingly, if you are a non-corporate U.S. Holder, you should consult your own tax adviser regarding the application of these limitations.

Treatment of Distributions

Distributions of cash by our company generally will not be taxable to you to the extent of your adjusted tax basis (described above) in our units. Any cash distributions in excess of your adjusted tax basis generally will be considered to be gain from the sale or exchange of our units (described below). Such gain generally will be treated as capital gain and will be long-term capital gain if your holding period for our units exceeds one year. A reduction in your allocable share of our liabilities, and certain distributions of marketable securities by our company, if any, will be treated similar to cash distributions for U.S. federal income tax purposes.

Sale or Exchange of Our Units

You will recognize gain or loss on the sale or taxable exchange of our units equal to the difference, if any, between the amount realized and your tax basis in our units sold or exchanged. Your amount realized will be measured by the sum of the cash or the fair market value of other property received plus your share of our company's liabilities, if any.

Gain or loss recognized by you upon the sale or exchange of our units generally will be taxable as capital gain or loss and will be long-term capital gain or loss if our units were held for more than one year as of the date of such sale or exchange. Assuming you have not elected to treat your share of our company's investment in any PFIC as a "qualified electing fund", gain attributable to such investment in a PFIC would be taxable in the manner described below in *"-Passive Foreign Investment Companies"*. In addition, certain gain attributable to our investment in a CFC may be characterized as ordinary income, and certain gain attributable to "unrealized receivables" or "inventory items" could be characterized as ordinary income rather than capital gain. For example, if our company were to hold debt acquired at a market discount, accrued market discount on such debt would be treated as "unrealized receivables". The deductibility of capital losses is subject to limitations.

Each U.S. Holder who acquires our units at different times and intends to sell all or a portion of our units within a year of the most recent purchase should consult its own tax adviser regarding the application of certain "split holding period" rules to such sale and the treatment of any gain or loss as long-term or short-term capital gain or loss.

Medicare Tax

U.S. Holders that are individuals, estates, or trusts may be required to pay a 3.8% Medicare tax on the lesser of (i) the excess of such U.S. Holders' "modified adjusted gross income" (or "adjusted gross income" in the case of estates and trusts) over certain thresholds and (ii) such U.S. Holders' "net investment income" (or "undistributed net investment income" in the case of estates and trusts). Net investment income generally includes your allocable share of our company's income, as well as gain realized by you from a sale of our units. Special rules relating to the 3.8% Medicare tax may apply to dividends and gain, if any, derived by U.S. Holders with respect to our company's interest in a PFIC or CFC. See *"- Consequences to U.S. Holders - Passive Foreign Investment Companies"* and *"- Consequences to U.S. Holders - Controlled Foreign Corporations"*. U.S. Holders should consult their own tax advisers regarding the implications of the 3.8% Medicare tax for the ownership and disposition of our units.

Foreign Tax Credit Limitations

If you are a U.S. Holder, you generally will be entitled to a foreign tax credit with respect to your allocable share of creditable foreign taxes paid on our company's income and gain. Complex rules may, depending on your particular circumstances, limit the availability or use of foreign tax credits. Gain from the sale of our company's investments may be treated as U.S.-source

gain. Consequently, you may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gain unless the credit can be applied (subject to applicable limitations) against U.S. tax due on other income treated as derived from foreign sources. Certain losses that our company incurs may be treated as foreign-source losses, which could reduce the amount of foreign tax credits otherwise available.

Section 754 Election

Our company and the Property Partnership have each made the election permitted by Section 754 of the U.S. Internal Revenue Code, or the Section 754 Election. The Section 754 Election cannot be revoked without the consent of the IRS. The Section 754 Election generally requires our company to adjust the tax basis in its assets, or inside basis, attributable to a transferee of our units under Section 743(b) of the U.S. Internal Revenue Code to reflect the purchase price paid by the transferee for our units. This election does not apply to a person who purchases units directly from us. For purposes of this discussion, a transferee's inside basis in our company's assets will be considered to have two components: (i) the transferee's share of our company's tax basis in our company's assets, or common basis, and (ii) the adjustment under Section 743(b) of the U.S. Internal Revenue Code to that basis. The foregoing rules would also apply to the Property Partnership.

Generally, a Section 754 Election would be advantageous to a transferee U.S. Holder if such holder's tax basis in its units were higher than such units' share of the aggregate tax basis of our company's assets immediately prior to the transfer. In that case, as a result of the Section 754 Election, the transferee U.S. Holder would have a higher tax basis in its share of our company's assets for purposes of calculating, among other items, such holder's share of any gain or loss on a sale of our company's assets. Conversely, a Section 754 Election would be disadvantageous to a transferee U.S. Holder if such holder's tax basis in its units were lower than such units' share of the aggregate tax basis of our company's assets immediately prior to the transfer. Thus, the fair market value of our units may be affected either favorably or adversely by the election.

Whether or not the Section 754 Election is made, if our units are transferred at a time when our company has a "substantial built-in loss" in its assets, our company will be obligated to reduce the tax basis in the portion of such assets attributable to such units.

The calculations involved in the Section 754 Election are complex, and the BPY General Partner advises that it will make such calculations on the basis of assumptions as to the value of our company's assets and other matters. Each U.S. Holder should consult its own tax adviser as to the effects of the Section 754 Election.

Uniformity of Our Units

Because we cannot match transferors and transferees of our units, we must maintain the uniformity of the economic and tax characteristics of our units to a purchaser of our units. In the absence of uniformity, we may be unable to comply fully with a number of U.S. federal income tax requirements. A lack of uniformity can result from a literal application of certain U.S. Treasury Regulations to our company's Section 743(b) adjustments, a determination that our company's Section 704(c) allocations are unreasonable, or other reasons. Section 704(c) allocations would be intended to reduce or eliminate the disparity between tax basis and the value of our company's assets in certain circumstances, including on the issuance of additional units. In order to maintain the fungibility of all of our units at all times, we will seek to achieve the uniformity of U.S. tax treatment for all purchasers of our units which are acquired at the same time and price (irrespective of the identity of the particular seller of our units or the time when our units are issued by our company), through the application of certain tax accounting principles that the BPY General Partner believes are reasonable for our company. However, the IRS may disagree with us and may successfully challenge our application of such tax accounting principles. Any non-uniformity could have a negative impact on the value of our units.

Foreign Currency Gain or Loss

Our company's functional currency is the U.S. Dollar, and our company's income or loss is calculated in U.S. Dollars. It is likely that our company will recognize "foreign currency" gain or loss with respect to transactions involving non-U.S. Dollar currencies. In general, foreign currency gain or loss is treated as ordinary income or loss. You should consult your own tax adviser regarding the tax treatment of foreign currency gain or loss.

Passive Foreign Investment Companies

U.S. Holders may be subject to special rules applicable to indirect investments in foreign corporations, including an investment through our company in a PFIC. A PFIC is defined as any foreign corporation with respect to which (after applying certain look-through rules) either (i) 75% or more of its gross income for a taxable year is "passive income" or (ii) 50% or more

of its assets in any taxable year (generally based on the quarterly average of the value of its assets) produce or are held for the production of "passive income". There are no minimum stock ownership requirements for PFICs. If you hold an interest in a foreign corporation for any taxable year during which the corporation is classified as a PFIC with respect to you, then the corporation will continue to be classified as a PFIC with respect to you for any subsequent taxable year during which you continue to hold an interest in the corporation, even if the corporation's income or assets would not cause it to be a PFIC in such subsequent taxable year, unless an exception applies.

Subject to certain elections described below, any gain on the disposition of stock of a PFIC owned by you indirectly through our company, as well as income realized on certain "excess distributions" by such PFIC, would be treated as though realized ratably over the shorter of your holding period of our units or our company's holding period for the PFIC. Such gain or income generally would be taxable as ordinary income, and dividends paid by the PFIC would not be eligible for the preferential tax rates for dividends paid to non-corporate U.S. Holders. In addition, an interest charge would apply, based on the tax deemed deferred from prior years.

If you were to elect to treat your share of our company's interest in a PFIC as a "qualified electing fund", such election a "QEF Election", for the first year you were treated as holding such interest, then in lieu of the tax consequences described in the paragraph immediately above, you would be required to include in income each year a portion of the ordinary earnings and net capital gains of the PFIC, even if not distributed to our company or to you. A QEF Election must be made by you on an entity-by-entity basis. To make a QEF Election, you must, among other things, (i) obtain a PFIC annual information statement (through an intermediary statement supplied by our company) and (ii) prepare and submit IRS Form 8621 with your annual income tax return. To the extent reasonably practicable, we intend to timely provide you with information related to the PFIC status of each entity we are able to identify as a PFIC, including information necessary to make a QEF Election with respect to each such entity. Any such election should be made for the first year our company holds an interest in such entity or for the first year in which you hold our units, if later. Under certain circumstances, we may be permitted to make a QEF Election on behalf of all U.S. Holders with respect to a PFIC held indirectly. However, no assurance can be provided that we will make any such QEF Election, if available.

Once you have made a QEF Election for an entity, such election applies to any additional shares of interest in such entity acquired directly or indirectly, including through additional units acquired after the QEF Election is made (such as units acquired under the distribution reinvestment plan, if available). If you were to make a QEF Election after the first year that you were treated as holding an interest in a PFIC, the adverse tax consequences relating to PFIC stock would continue to apply with respect to the pre-QEF Election period, unless you were to make a "purging election". The purging election would create a deemed sale of your previously held share of our company's interests in a PFIC. The gain recognized by the purging election would be subject to the special tax and interest charge rules, which treat the gain as an excess distribution, as described above. As a result of the purging election, you would have a new basis and holding period in your share of our company's interests in the PFIC. U.S. Holders should consult their own tax advisers as to the manner in which such direct inclusions could affect their allocable share of our company's income and their tax basis in our units and the advisability of making a QEF Election or a purging election.

U.S. Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code contain special rules for applying the 3.8% Medicare tax (as described above under *"- Medicare Tax"*) to U.S. persons owning an interest in a PFIC. Under the special rules, if you are a non-corporate U.S. Holder that has made a QEF Election with respect to our company's interest in a PFIC, then you are permitted to make a special election to treat your share of the ordinary earnings and net capital gains of the PFIC as net investment income for purposes of the 3.8% Medicare tax. If you do not make the special election, you may be required to calculate your basis in our units for purposes of the 3.8% Medicare tax in a manner that differs from the calculation of your basis in our units for U.S. federal income tax purposes generally. You should consult your own tax adviser regarding the implications of the special election, as well as the other implications of the 3.8% Medicare tax and the U.S. Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code for your ownership and disposition of our units.

In the case of a PFIC that is a publicly traded foreign company, and in lieu of making a QEF Election, an election may be made to "mark to market" the stock of such publicly traded foreign company on an annual basis. Pursuant to such an election, you would include in each year as ordinary income the excess, if any, of the fair market value of such stock over its adjusted basis at the end of the taxable year. No assurance can be provided that any of our existing or future Holding Entities or operating entities will qualify as PFICs that are publicly traded or that a mark-to-market election will be available for any such entity. You should consult your own tax adviser regarding the availability of the mark-to-market election with respect to any PFIC in which you are treated as owning an interest through our company.

Based on our organizational structure, as well as our company's expected income and assets, the BPY General Partner currently believes that one or more of our existing Holding Entities and operating entities are likely to be classified as PFICs. Moreover, we may in the future acquire certain investments or operating entities through one or more Holding Entities treated as

corporations for U.S. federal income tax purposes, and such future Holding Entities or other companies in which we acquire an interest may be treated as PFICs. In addition, in order to ensure that we satisfy the Qualifying Income Exception, among other reasons, we may decide to hold an existing or future operating entity through a Holding Entity that would be classified as a PFIC. See *"-Investment Structure"* below.

Subject to certain exceptions, a U.S. person who directly or indirectly owns an interest in a PFIC generally is required to file an annual report with the IRS, and the failure to file such report could result in the imposition of penalties on such U.S. person and in the extension of the statute of limitations with respect to federal income tax returns filed by such U.S. person. You should consult your own tax adviser regarding the PFIC rules, including the foregoing filing requirements, as well as the advisability of making a QEF Election, a special election under the U.S. Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code, or a mark-to-market election, as applicable, with respect to any PFIC in which you are treated as owning an interest through our company.

Controlled Foreign Corporations

A non-U.S. entity will be treated as a CFC if it is treated as a corporation for U.S. federal income tax purposes and more than 50% of (i) the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or (ii) the total value of the stock of the non-U.S. entity is owned by U.S. Shareholders on any day during the taxable year of such non-U.S. entity. For this purpose, a "U.S. Shareholder" with respect to a non-U.S. entity means a U.S. person (including a U.S. partnership) that owns 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote.

If a U.S. partnership in which we own an interest is a U.S. Shareholder of a CFC, then a U.S. Holder may be required to include in income its allocable share of the CFC's "Subpart F" income. Subpart F income generally includes dividends, interest, net gain from the sale or disposition of securities, non-actively managed rents, and certain other generally passive types of income. The aggregate Subpart F income inclusions in any taxable year relating to a particular CFC are limited to such CFC's current earnings and profits. These inclusions are treated as ordinary income (whether or not such inclusions are attributable to net capital gains). Thus, a U.S. Holder may be required to report as ordinary income its allocable share of the CFC's Subpart F income without corresponding receipts of cash and may not benefit from capital gain treatment with respect to the portion of any earnings attributable to net capital gains of the CFC.

Your tax basis in your units will be increased to reflect any required Subpart F income inclusions. Such income will be treated as income from sources within the United States, for certain foreign tax credit purposes, to the extent derived by the CFC from U.S. sources. Such income will not be eligible for the reduced rate of tax applicable to certain dividends paid by qualified foreign corporations to individual U.S. persons. See above under *"- Consequences to U.S. Holders - Holding of Our Units - Income and Loss"*. Amounts included as Subpart F income with respect to direct and indirect investments generally will not be taxable again when actually distributed by the CFC.

Whether or not any CFC has Subpart F income, any gain allocated to you from our disposition of an equity interest in a CFC will be treated as dividend income to the extent of your allocable share of the current and/or accumulated earnings and profits of the CFC. In this regard, earnings would not include any amounts previously taxed pursuant to the CFC rules. However, net losses (if any) of a CFC will not pass through to U.S. Holders.

As described above under *"- Consequences to U.S. Holders - Passive Foreign Investment Companies"*, U.S. Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code contain special rules for applying the 3.8% Medicare tax to U.S. persons owning an interest in a PFIC. Similar rules apply to U.S. Shareholders of a CFC. You should consult your own tax adviser regarding the implications of these special rules.

If a non-U.S. entity held by us through a U.S. partnership (treated as a U.S. Shareholder of such non-U.S. entity) is classified as both a CFC and a PFIC, then you will be required to include amounts in income with respect to such non-U.S. entity under this subheading, and the consequences described under *"- Consequences to U.S. Holders - Passive Foreign Investment Companies"* above will not apply. If such U.S. partnership ceases to be a U.S. Shareholder with respect to such non-U.S. entity, then you may be subject to the PFIC rules. The interaction of these rules is complex, and you should consult your own tax adviser in this regard.

Based on our organizational structure, the BPY General Partner currently believes that one or more of our existing Holding Entities and operating entities are likely to be classified as CFCs. Moreover, we may in the future acquire certain investments or operating entities through one or more Holding Entities treated as corporations for U.S. federal income tax purposes, and such future Holding Entities or other companies in which we acquire an interest may be treated as CFCs. You should consult your own tax adviser regarding the implications of the CFC rules for your ownership and disposition of our units.

Investment Structure

To ensure that our company meets the Qualifying Income Exception for publicly traded partnerships (discussed above) and complies with certain requirements in its limited partnership agreement, among other reasons, we may structure certain investments through an entity classified as a corporation for U.S. federal income tax purposes. Such investments will be structured as determined in the sole discretion of the BPY General Partner generally to be efficient for our unitholders. However, because our unitholders will be located in numerous taxing jurisdictions, no assurance can be given that any such investment structure will benefit all our unitholders to the same extent, and such an investment structure might even result in additional tax burdens on some unitholders. As discussed above, if any such entity were a non-U.S. corporation, it might be considered a PFIC or CFC. If any such entity were a U.S. corporation, it would be subject to U.S. federal net income tax on its income, including any gain recognized on the disposition of its investments. In addition, if the investment were to involve U.S. real property, gain recognized on the disposition of the investment by a corporation generally would be subject to corporate level tax, whether the corporation were a U.S. or a non-U.S. corporation.

U.S. Withholding Taxes

Although each U.S. Holder is required to provide us with an IRS Form W-9, we nevertheless may be unable to accurately or timely determine the tax status of our unitholders for purposes of determining whether U.S. withholding applies to payments made by our company to some or all of our unitholders. In such a case, payments made by our company to U.S. Holders might be subject to U.S. "backup" withholding at the applicable rate or other U.S. withholding taxes. You would be able to treat as a credit your allocable share of any U.S. withholding taxes paid in the taxable year in which such withholding taxes were paid and, as a result, you might be entitled to a refund of such taxes from the IRS. In the event you transfer or otherwise dispose of some or all of your units, special rules might apply for purposes of determining whether you or the transferee of such units were subject to U.S. withholding taxes in respect of income allocable to, or distributions made on account of, such units or entitled to refunds of any such taxes withheld. See below *"Administrative Matters-Certain Effects of a Transfer of Units"*. You should consult your own tax adviser regarding the treatment of U.S. withholding taxes.

Transferor/Transferee Allocations

Our company may allocate items of income, gain, loss, and deduction using a monthly convention, whereby any such items recognized in a given month by our company are allocated to our unitholders as of a specified date of such month. As a result, if you transfer your units, you might be allocated income, gain, loss, and deduction realized by our company after the date of the transfer. Similarly, if you acquire additional units, you might be allocated income, gain, loss, and deduction realized by our company prior to your ownership of such units.

Section 706 of the U.S. Internal Revenue Code generally governs allocations of items of partnership income and deductions between transferors and transferees of partnership interests, and the U.S. Treasury Regulations provide a safe harbor allowing a publicly traded partnership to use a monthly simplifying convention for such purposes. However, it is not clear that our company's allocation method complies with the requirements. If our company's convention were not permitted, the IRS might contend that our company's taxable income or losses must be reallocated among our unitholders. If such a contention were sustained, your tax liabilities might be adjusted to your detriment. The BPY General Partner is authorized to revise our company's method of allocation between transferors and transferees (as well as among investors whose interests otherwise vary during a taxable period).

U.S. Federal Estate Tax Consequences

If our units are included in the gross estate of a U.S. citizen or resident for U.S. federal estate tax purposes, then a U.S. federal estate tax might be payable in connection with the death of such person. Individual U.S. Holders should consult their own tax advisers concerning the potential U.S. federal estate tax consequences with respect to our units.

Certain Reporting Requirements

A U.S. Holder who invests more than $100,000 in our company may be required to file IRS Form 8865 reporting the investment with such U.S. Holder's U.S. federal income tax return for the year that includes the date of the investment. You may be subject to substantial penalties if you fail to comply with this and other information reporting requirements with respect to an investment in our units. You should consult your own tax adviser regarding such reporting requirements.

U.S. Taxation of Tax-Exempt U.S. Holders of Our Units

Income recognized by a U.S. tax-exempt organization is exempt from U.S. federal income tax except to the extent of the organization's UBTI. UBTI is defined generally as any gross income derived by a tax-exempt organization from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. In addition, income arising from a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) that holds operating assets or is otherwise engaged in a trade or business generally will constitute UBTI. Notwithstanding the foregoing, UBTI generally does not include any dividend income, interest income, certain other categories of passive income, or capital gains realized by a tax-exempt organization, so long as such income is not "debt-financed", as discussed below. The BPY General Partner currently believes that our company should not be regarded as engaged in a trade or business, and anticipates that any operating assets held by our company will be held through entities that are treated as corporations for U.S. federal income tax purposes.

The exclusion from UBTI does not apply to income from "debt-financed property", which is treated as UBTI to the extent of the percentage of such income that the average acquisition indebtedness with respect to the property bears to the average tax basis of the property for the taxable year. If an entity treated as a partnership for U.S. federal income tax purposes incurs acquisition indebtedness, a tax-exempt partner in such partnership will be deemed to have acquisition indebtedness equal to its allocable portion of such acquisition indebtedness. If any such indebtedness were used by our company or by the Property Partnership to acquire property, such property generally would constitute debt-financed property, and any income from or gain from the disposition of such debt-financed property allocated to a tax-exempt organization generally would constitute UBTI to such tax-exempt organization. In addition, even if such indebtedness were not used either by our company or by the Property Partnership to acquire property but were instead used to fund distributions to our unitholders, if a tax-exempt organization subject to taxation in the United States were to use such proceeds to make an investment outside our company, the IRS might assert that such investment constitutes debt-financed property to such unitholder with the consequences noted above. The BPY General Partner does not expect our company or the Property Partnership to directly incur debt to acquire property, and the BPY General Partner does not believe that our company or the Property Partnership will generate UBTI attributable to debt-financed property in the future. Moreover, the BPY General Partner intends to use commercially reasonable efforts to structure the activities of our company and the Property Partnership, respectively, to avoid generating UBTI. However, neither our company nor the Property Partnership is prohibited from incurring indebtedness, and no assurance can be provided that neither our company nor the Property Partnership will generate UBTI attributable to debt-financed property in the future.

Tax-exempt organizations will be subject to special rules applicable to an indirect investment by our company in a REIT. Based upon an IRS ruling, distributions paid by a REIT to our company and allocated to a tax-exempt organization generally should not give rise to UBTI, provided that (i) our interest in the REIT is not debt-financed, (ii) the tax-exempt organization's interest in our company is not debt-financed and is not used in an unrelated trade or business, and (iii) the REIT does not hold an asset, such as an interest in a "taxable mortgage pool" or a residual interest in a "real estate mortgage investment conduit", that gives rise to "excess inclusion income". Special rules apply to social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Sections 501 (c)(7), (c)(9), (c)(17), and (c)(20) of the U.S. Internal Revenue Code.

Tax-exempt U.S. Holders should consult their own tax advisers regarding the tax consequences of an investment in our units.

Consequences to Non-U.S. Holders

Based on our organizational structure, as well as our company's expected income and assets, the BPY General Partner currently believes that our company is unlikely to earn income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a "United States real property interest", as defined in the U.S. Internal Revenue Code. Specifically, our company intends not to make an investment, whether directly or through an entity which would be treated as a partnership for U.S. federal income tax purposes, if the BPY General Partner believes at the time of such investment that such investment would generate income treated as effectively connected with a U.S. trade or business. If, as anticipated, our company is not treated as engaged in a U.S. trade or business or as deriving income which is treated as effectively connected with a U.S. trade or business, and provided that a Non-U.S. Holder is not itself engaged in a U.S. trade or business, then such Non-U.S. Holder generally will not be subject to U.S. tax return filing requirements solely as a result of owning our units and generally will not be subject to U.S. federal income tax on its allocable share of our company's interest and dividends from non-U.S.-sources or gain from the sale or other disposition of securities or real property located outside of the United States.

However, there can be no assurance that the law will not change or that the IRS will not deem our company to be engaged in a U.S. trade or business. If, contrary to the BPY General Partner's expectations, our company is treated as engaged in a U.S. trade or business, then a Non-U.S. Holder generally would be required to file a U.S. federal income tax return, even if no effectively

connected income were allocable to it. If our company were to have income treated as effectively connected with a U.S. trade or business, then a Non-U.S. Holder would be required to report that income and would be subject to U.S. federal income tax at the regular graduated rates. In addition, our company might be required to withhold U.S. federal income tax on such Non-U.S. Holder's distributive share of such income. A corporate Non-U.S. Holder might also be subject to branch profits tax at a rate of 30%, or at a lower treaty rate, if applicable. Finally, if our company were treated as engaged in a U.S. trade or business, a portion of any gain realized by a Non-U.S. Holder upon the sale or exchange of its units could be treated as income effectively connected with a U.S. trade or business and therefore subject to U.S. federal income tax at the regular graduated rates.

In general, even if our company is not engaged in a U.S. trade or business, and assuming you are not otherwise engaged in a U.S. trade or business, you will nonetheless be subject to a withholding tax of 30% on the gross amount of certain U.S.-source income which is not effectively connected with a U.S. trade or business. Income subjected to such a flat tax rate is income of a fixed or determinable annual or periodic nature, including dividends and certain interest income. Such withholding tax may be reduced or eliminated with respect to certain types of income under an applicable income tax treaty between the United States and your country of residence or under the "portfolio interest" rules or other provisions of the U.S. Internal Revenue Code, provided that you provide proper certification as to your eligibility for such treatment. Notwithstanding the foregoing, and although each Non-U.S. Holder is required to provide us with an IRS Form W-8, we nevertheless may be unable to accurately or timely determine the tax status of our investors for purposes of establishing whether reduced rates of withholding apply to some or all of our investors. In such a case, your allocable share of distributions of U.S.-source dividends and interest income will be subject to U.S. withholding tax at a rate of 30%. Further, if you would not be subject to U.S. tax based on your tax status or otherwise were eligible for a reduced rate of U.S. withholding, you might need to take additional steps to receive a credit or refund of any excess withholding tax paid on your account, which could include the filing of a non-resident U.S. income tax return with the IRS. Among other limitations applicable to claiming treaty benefits, if you reside in a treaty jurisdiction which does not treat our company as a pass-through entity, you might not be eligible to receive a refund or credit of excess U.S. withholding taxes paid on your account. In the event you transfer or otherwise dispose of some or all of your units, special rules may apply for purposes of determining whether you or the transferee of such units are subject to U.S. withholding taxes in respect of income allocable to, or distributions made on account of, such units or entitled to refunds of any such taxes withheld. See *"-Administrative Matters-Certain Effects of a Transfer of Units"*. You should consult your own tax adviser regarding the treatment of U.S. withholding taxes.

Special rules may apply to any Non-U.S. Holder (i) that has an office or fixed place of business in the United States; (ii) that is present in the United States for 183 days or more in a taxable year; or (iii) that is (a) a former citizen or long-term resident of the United States, (b) a foreign insurance company that is treated as holding a partnership interest in our company in connection with its U.S. business, (c) a PFIC, or (d) a corporation that accumulates earnings to avoid U.S. federal income tax. You should consult your own tax adviser regarding the application of these special rules.

Taxes in Other Jurisdictions

Based on our expected method of operation and the ownership of our operating entities indirectly through corporate Holding Entities, we do not expect any unitholder, solely as a result of owning our units, to be subject to any additional income taxes imposed on a net basis or additional tax return filing requirements in any jurisdiction in which we conduct activities or own property. However, our method of operation and current structure may change, and there can be no assurance that, solely as a result of owning our units, you will not be subject to certain taxes, including non-U.S., state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes imposed by the various jurisdictions in which we do business or own property now or in the future, even if you do not reside in any of these jurisdictions. Consequently, you may also be required to file non-U.S., state and local income tax returns in some or all of these jurisdictions. Further, you may be subject to penalties for failure to comply with these requirements. It is your responsibility to file all U.S. federal, state, local, and non-U.S. tax returns that may be required of you.

Income or gain from investments held by our company may be subject to withholding or other taxes in jurisdictions outside the United States, except to the extent an income tax treaty applies. If you wish to claim the benefit of an applicable income tax treaty, you might be required to submit information to one or more of our company, an intermediary, or a tax authority in such jurisdiction. You should consult your own tax adviser regarding the U.S. federal, state, local, and non-U.S. tax consequences of an investment in our company.

Administrative Matters

Information Returns and Audit Procedures

We have agreed to use commercially reasonable efforts to furnish to you, within 90 days after the close of each calendar year, U.S. tax information (including IRS Schedule K-1), which describes on a U.S. Dollar basis your share of our company's

income, gain, loss, and deduction for our preceding taxable year. However, providing this U.S. tax information to our unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, you will need to apply for an extension of time to file your tax returns. In preparing this U.S. tax information, we will use various accounting and reporting conventions, some of which have been mentioned in the previous discussion, to determine your share of income, gain, loss, and deduction. The IRS may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to your income or loss.

Our company may be audited by the IRS. Adjustments resulting from an IRS audit could require you to adjust a prior year's tax liability and result in an audit of your own tax return. Any audit of your tax return could result in adjustments not related to our company's tax returns, as well as those related to our company's tax returns. Under the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, if the IRS makes an audit adjustment to our income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from our company instead of unitholders (as under prior law). We may be permitted to elect to have the BPY General Partner and our unitholders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit. However, there can be no assurance that we will choose to make such election or that it will be available in all circumstances. If we do not make the election, and we pay taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to our unitholders might be substantially reduced. As a result, our current unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if our current unitholders did not own our units during the taxable year under audit. The foregoing considerations also apply with respect to our company's interest in the Property Partnership. These rules do not apply to our company or the Property Partnership for taxable years beginning on or before December 31, 2017.

For taxable years beginning on or before December 31, 2017, the BPY General Partner will act as our company's "tax matters partner." As the tax matters partner, the BPY General Partner will have the authority, subject to certain restrictions, to act on behalf of our company in connection with any administrative or judicial review of our company's items of income, gain, loss, deduction, or credit. For taxable years beginning after December 31, 2017, a "partnership representative" designated by our company will have the sole authority to act on behalf of our company in connection with such administrative or judicial review. In particular, our partnership representative will have the sole authority to bind both our former and current unitholders and to make certain elections on behalf of our company pursuant to the Bipartisan Budget Act of 2015.

The application of the Bipartisan Budget Act of 2015 to our company and our unitholders is uncertain and remains subject to U.S. Treasury Regulations and IRS guidance yet to be issued. You should consult your own tax adviser regarding the implications of the Bipartisan Budget Act of 2015 for an investment in our units.

Tax Shelter Regulations and Related Reporting Requirements

If we were to engage in a "reportable transaction", we (and possibly our unitholders) would be required to make a detailed disclosure of the transaction to the IRS in accordance with regulations governing tax shelters and other potentially tax-motivated transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a "listed transaction" or "transaction of interest", or that it produces certain kinds of losses in excess of $2 million (or, in the case of certain foreign currency transactions, losses in excess of $50,000). An investment in our company may be considered a "reportable transaction" if, for example, our company were to recognize certain significant losses in the future. In certain circumstances, a unitholder who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Certain of these rules are unclear, and the scope of reportable transactions can change retroactively. Therefore, it is possible that the rules may apply to transactions other than significant loss transactions.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you might be subject to significant accuracy related penalties with a broad scope, for those persons otherwise entitled to deduct interest on federal tax deficiencies, non-deductibility of interest on any resulting tax liability, and in the case of a listed transaction, an extended statute of limitations. We do not intend to participate in any reportable transaction with a significant purpose to avoid or evade tax, nor do we intend to participate in any listed transactions. However, no assurance can be provided that the IRS will not assert that we have participated in such a transaction.

You should consult your own tax adviser concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the disposition of our units.

Taxable Year

Our company uses the calendar year as its taxable year for U.S. federal income tax purposes. Under certain circumstances which we currently believe are unlikely to apply, a taxable year other than the calendar year may be required for such purposes.

Constructive Termination

Our company will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our units within a 12-month period.

A constructive termination of our company would result in the close of its taxable year for all unitholders. If a unitholder reports on a taxable year other than a fiscal year ending on our company's year-end, and the unitholder is otherwise subject to U.S. federal income tax, the closing of our company's taxable year may result in more than 12 months of our company's taxable income or loss being includable in such unitholder's taxable income for the year of the termination. We would be required to make new tax elections after a termination, including a new Section 754 Election. A constructive termination could also result in penalties and other adverse tax consequences if we were unable to determine that the termination had occurred. Moreover, a constructive termination might either accelerate the application of, or subject our company to, any tax legislation enacted before the termination.

Withholding and Backup Withholding

For each calendar year, we will report to you and to the IRS the amount of distributions that we pay, and the amount of tax (if any) that we withhold on these distributions. The proper application to our company of the rules for withholding under Sections 1441 through 1446 of the U.S. Internal Revenue Code (applicable to certain dividends, interest, and amounts treated as effectively connected with a U.S. trade or business, among other items) is unclear. Because the documentation we receive may not properly reflect the identities of unitholders at any particular time (in light of possible sales of our units), we may over-withhold or under-withhold with respect to a particular unitholder. For example, we may impose withholding, remit such amount to the IRS and thus reduce the amount of a distribution paid to a Non-U.S. Holder. It may be the case, however, that the corresponding amount of our income was not properly allocable to such holder, and the appropriate amount of withholding should have been less than the actual amount withheld. Such Non-U.S. Holder would be entitled to a credit against the holder's U.S. federal income tax liability for all withholding, including any such excess withholding. However, if the withheld amount were to exceed the holder's U.S. federal income tax liability, the holder would need to apply for a refund to obtain the benefit of such excess withholding. Similarly, we may fail to withhold on a distribution, and it may be the case that the corresponding income was properly allocable to a Non-U.S. Holder and that withholding should have been imposed. In such case, we intend to pay the under-withheld amount to the IRS, and we may treat such under-withholding as an expense that will be borne indirectly by all unitholders on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the relevant Non-U.S. Holder).

Under the backup withholding rules, you may be subject to backup withholding tax with respect to distributions paid unless: (i) you are an exempt recipient and demonstrate this fact when required; or (ii) provide a taxpayer identification number, certify as to no loss of exemption from backup withholding tax, and otherwise comply with the applicable requirements of the backup withholding tax rules. A U.S. Holder that is exempt should certify such status on a properly completed IRS Form W-9. A Non-U.S. Holder may qualify as an exempt recipient by submitting a properly completed IRS Form W-8. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund from the IRS, provided you supply the required information to the IRS in a timely manner.

If you do not timely provide our company, or the applicable nominee, broker, clearing agent, or other intermediary, with IRS Form W-9 or IRS Form W-8, as applicable, or such form is not properly completed, then our company may become subject to U.S. backup withholding taxes in excess of what would have been imposed had our company or the applicable intermediary received properly completed forms from all unitholders. For administrative reasons, and in order to maintain the fungibility of our units, such excess U.S. backup withholding taxes, and if necessary similar items, may be treated by our company as an expense that will be borne indirectly by all unitholders on a pro rata basis (e.g., since it may be impractical for us to allocate any such excess withholding tax cost to the unitholders that failed to timely provide the proper U.S. tax forms).

Foreign Account Tax Compliance

FATCA imposes a 30% withholding tax on "withholdable payments" made to a "foreign financial institution" or a "non-financial foreign entity", unless such financial institution or entity satisfies certain information reporting or other requirements. Withholdable payments include certain U.S.-source income, such as interest, dividends, and other passive income. Beginning January 1, 2019, withholdable payments also include gross proceeds from the sale or disposition of property that can produce

U.S.-source interest or dividends. We intend to comply with FATCA, so as to ensure that the 30% withholding tax does not apply to any withholdable payments received by our company, the Property Partnership, the Holding Entities, or the operating entities. Nonetheless, the 30% withholding tax may apply to your allocable share of distributions attributable to withholdable payments, unless you properly certify your FATCA status on IRS Form W-8 or IRS Form W-9 (or other applicable form) and satisfy any additional requirements under FATCA.

In compliance with FATCA, information regarding certain unitholders' ownership of our units may be reported to the IRS or to a non-U.S. governmental authority. FATCA remains subject to modification by an applicable intergovernmental agreement between the United States and another country, such as the agreement in effect between the United States and Bermuda for cooperation to facilitate the implementation of FATCA, or by future U.S. Treasury Regulations or guidance. You should consult your own tax adviser regarding the consequences under FATCA of an investment in our units.

Information Reporting with Respect to Foreign Financial Assets

Under U.S. Treasury Regulations, U.S. individuals that own "specified foreign financial assets" with an aggregate fair market value exceeding either $50,000 on the last day of the taxable year or $75,000 at any time during the taxable year generally are required to file an information report with respect to such assets with their tax returns. Significant penalties may apply to persons who fail to comply with these rules. Specified foreign financial assets include not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person, and any interest in a foreign entity. These information reporting requirements also apply to U.S. corporations, partnerships, and trusts formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets. The failure to report information required under the current regulations could result in substantial penalties and in the extension of the statute of limitations with respect to federal income tax returns filed by you. You should consult your own tax adviser regarding the possible implications of these U.S. Treasury Regulations for an investment in our units.

Certain Effects of a Transfer of Units

Our company may allocate items of income, gain, loss, deduction, and credit using a monthly convention, whereby any such items recognized in a given month by our company are allocated to our unitholders as of a specified date of such month. Any U.S. withholding taxes applicable to dividends received by the Property Partnership (and, in turn, our company) generally will be withheld by our company only when such dividends are paid. Because our company generally intends to distribute amounts received in respect of dividends shortly after receipt of such amounts, it is generally expected that any U.S. withholding taxes withheld by our company on such amounts will correspond to our unitholders who were allocated income and who received the distributions in respect of such amounts. The Property Partnership may invest in debt obligations or other securities for which the accrual of interest or income thereon is not matched by a contemporaneous receipt of cash. Any such accrued interest or other income would be allocated pursuant to such monthly convention. Consequently, our unitholders may recognize income in excess of cash distributions received from our company, and any income so included by a unitholder would increase the basis such unitholder has in our units and would offset any gain (or increase the amount of loss) realized by such unitholder on a subsequent disposition of its units. In addition, U.S. withholding taxes generally would be withheld by our company only on the payment of cash in respect of such accrued interest or other income, and, therefore, it is possible that some unitholders would be allocated income which might be distributed to a subsequent unitholder, and such subsequent unitholder would be subject to withholding at the time of distribution. As a result, the subsequent unitholder, and not the unitholder who was allocated income, would be entitled to claim any available credit with respect to such withholding.

The Property Partnership has invested and will continue to invest in certain Holding Entities and operating entities organized in non-U.S. jurisdictions, and income and gain from such investments may be subject to withholding and other taxes in such jurisdictions. If any such non-U.S. taxes were imposed on income allocable to a U.S. Holder, and such holder were thereafter to dispose of its units prior to the date distributions were made in respect of such income, under applicable provisions of the U.S. Internal Revenue Code and U.S. Treasury Regulations, the unitholder to whom such income was allocated (and not the unitholder to whom distributions were ultimately made) would, subject to other applicable limitations, be the party permitted to claim a credit for such non-U.S. taxes for U.S. federal income tax purposes. Thus a unitholder may be affected either favorably or adversely by the foregoing rules. Complex rules may, depending on a unitholder's particular circumstances, limit the availability or use of foreign tax credits, and you are urged to consult your own tax adviser regarding all aspects of foreign tax credits.

Nominee Reporting

Persons who hold an interest in our company as a nominee for another person may be required to furnish to us:

a) the name, address and taxpayer identification number of the beneficial owner and the nominee;
b) whether the beneficial owner is (1) a person that is not a U.S. person, (2) a foreign government, an international organization, or any wholly owned agency or instrumentality of either of the foregoing, or (3) a tax-exempt entity;
c) the amount and description of units held, acquired, or transferred for the beneficial owner; and
d) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions may be required to furnish additional information, including whether they are U.S. persons and specific information on units they acquire, hold, or transfer for their own account. A penalty of $250 per failure (as adjusted for inflation), up to a maximum of $3,000,000 per calendar year (as adjusted for inflation), generally is imposed by the U.S. Internal Revenue Code for the failure to report such information to us. The nominee is required to supply the beneficial owner of our units with the information furnished to us.

New Legislation or Administrative or Judicial Action

The U.S. federal income tax treatment of our unitholders depends, in some instances, on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. You should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review (including currently) by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the U.S. Treasury Department and the courts, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations, any of which could adversely affect the value of our units and be effective on a retroactive basis. For example, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for our company to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of our company's income (including changes that recharacterize certain allocations as potentially non-deductible fees), reduce the net amount of distributions available to our unitholders, or otherwise affect the tax considerations of owning our units. Such changes could also affect or cause our company to change the way it conducts its activities and adversely affect the value of our units.

Our company's organizational documents and agreements permit the BPY General Partner to modify our limited partnership agreement from time to time, without the consent of our unitholders, to elect to treat our company as a corporation for U.S. federal tax purposes, or to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all of our unitholders.

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO OUR COMPANY AND UNITHOLDERS ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE EFFECT OF EXISTING INCOME TAX LAWS, THE MEANING AND IMPACT OF WHICH IS UNCERTAIN, AND OF PROPOSED CHANGES IN INCOME TAX LAWS WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH UNITHOLDER, AND IN REVIEWING THIS ANNUAL REPORT ON FORM 20-F THESE MATTERS SHOULD BE CONSIDERED. EACH UNITHOLDER SHOULD CONSULT ITS OWN TAX ADVISER WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES OF ANY INVESTMENT IN OUR UNITS.

Certain Material Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax consequences under the Tax Act of the holding and disposition of units of our company generally applicable to a unitholder, who for purposes of the Tax Act and at all relevant times, holds our units as capital property, deals at arm's length with and is not affiliated with our company, the Property Partnership, the BPY General Partner and their respective affiliates, or a Holder. Generally, our units will be considered to be capital property to a Holder, provided that the Holder does not use or hold our units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" as defined in the Tax Act for purposes of the "mark-to-market" property rules, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act, (iv) an interest in which would be a "tax shelter investment" as defined in the Tax Act or who acquires our units as a "tax shelter investment" (and this summary assumes

that no such persons hold our units), (v) that has, directly or indirectly, a "significant interest" as defined in subsection 34.2(1) of the Tax Act in our company, (vi) if any affiliate of our company is, or becomes as part of a series of transactions that includes the acquisition of units of our company, a "foreign affiliate" for purposes of the Tax Act to such unitholder or to any corporation that does not deal at arm's length with such unitholder for purposes of the Tax Act, or (vii) that has entered into or will enter into a "derivative forward agreement", as defined in the Tax Act, in respect of our units. Any such Holders should consult their own tax advisors with respect to an investment in our units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, or the Tax Proposals, and the current published administrative and assessing policies and practices of the CRA. This summary assumes that all Tax Proposals will be enacted in the form proposed but no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative decision or action, or changes in the CRA's administrative and assessing policies and practices, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those described herein. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect unitholders. Holders should consult their own tax advisors in respect of the provincial, territorial or foreign income tax consequences to them of holding and disposing of our units.

This summary assumes that neither our company nor the Property Partnership is a "tax shelter" as defined in the Tax Act or a "tax shelter investment". However, no assurance can be given in this regard.

This summary also assumes that neither our company nor the Property Partnership will be a "SIFT partnership" at any relevant time for purposes of the SIFT Rules on the basis that neither our company nor the Property Partnership will be a "Canadian resident partnership" at any relevant time. However, there can be no assurance that the SIFT Rules will not be revised or amended such that the SIFT Rules will apply.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation with respect to the Canadian federal income tax consequences to any particular Holder is made. Consequently, Holders are advised to consult their own tax advisors with respect to their particular circumstances. See also Item 3.D. *"Risk Factors - Risks Relating to Taxation - Canada".*

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of our units must be expressed in Canadian dollars including any distributions, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars using the appropriate exchange rate determined in accordance with the detailed rules in the Tax Act in that regard.

Taxation of Canadian Resident Limited Partners

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, or a Canadian Limited Partner.

Computation of Income or Loss

Each Canadian Limited Partner is required to include (or, subject to the "at-risk rules" discussed below, entitled to deduct) in computing his or her income for a particular taxation year the Canadian Limited Partner's share of the income (or loss) of our company for its fiscal year ending in, or coincidentally with, the Canadian Limited Partner's taxation year end, whether or not any of that income is distributed to the Canadian Limited Partner in the taxation year and regardless of whether or not our units were held throughout such year.

Our company will not itself be a taxable entity and is not expected to be required to file an income tax return in Canada for any taxation year. However, the income (or loss) of our company for a fiscal period for purposes of the Tax Act will be computed as if it were a separate person resident in Canada and the partners will be allocated a share of that income (or loss) in accordance with our limited partnership agreement. The income (or loss) of our company will include our company's share of the income (or loss) of the Property Partnership for a fiscal year determined in accordance with the Property Partnership's limited partnership agreement. For this purpose, our company's fiscal year end and that of the Property Partnership will be December 31.

The income for tax purposes of our company for a given fiscal year will be allocated to each Canadian Limited Partner in an amount calculated by multiplying such income by a fraction, the numerator of which is the sum of the distributions received

by such Canadian Limited Partner with respect to such fiscal year and the denominator of which is the aggregate amount of the distributions made by our company to all partners with respect to such fiscal year.

If, with respect to a given fiscal year, no distribution is made by our company to unitholders or our company has a loss for tax purposes, one quarter of the income, or loss, as the case may be, for tax purposes for such fiscal year that is allocable to unitholders, will be allocated to the unitholders of record at the end of each calendar quarter ending in such fiscal year in the proportion that the number of units of our company held at each such date by a unitholder is of the total number of units of our company that are issued and outstanding at each such date.

The income of our company as determined for purposes of the Tax Act may differ from its income as determined for accounting purposes and may not be matched by cash distributions. In addition, for purposes of the Tax Act, all income (or losses) of our company and the Property Partnership must be calculated in Canadian currency. Where our company (or the Property Partnership) holds investments denominated in U.S. dollars or other foreign currencies, gains and losses may be realized by our company (or the Property Partnership) as a consequence of fluctuations in the relative values of the Canadian and foreign currencies.

In computing the income (or loss) of our company, deductions may be claimed in respect of reasonable administrative costs, interest and other expenses incurred by our company for the purpose of earning income, subject to the relevant provisions of the Tax Act. Our company may also deduct from its income for the year a portion of the reasonable expenses, if any, incurred by our company to issue our units. The portion of such issue expenses deductible by our company in a taxation year is 20% of such issue expenses, pro-rated where our company's taxation year is less than 365 days.

In general, a Canadian Limited Partner's share of any income (or loss) of our company from a particular source will be treated as if it were income (or loss) of the Canadian Limited Partner from that source, and any provisions of the Tax Act applicable to that type of income (or loss) will apply to the Canadian Limited Partner. Our company will invest in limited partnership units of the Property Partnership. In computing our company's income (or loss) under the Tax Act, the Property Partnership will itself be deemed to be a separate person resident in Canada which computes its income (or loss) and allocates to its partners their respective share of such income (or loss). Accordingly, the source and character of amounts included in (or deducted from) the income of Canadian Limited Partners on account of income (or loss) earned by the Property Partnership generally will be determined by reference to the source and character of such amounts when earned by the Property Partnership.

A Canadian Limited Partner's share of taxable dividends received or considered to be received by our company in a fiscal year from a corporation resident in Canada will be treated as a dividend received by the Canadian Limited Partner and will be subject to the normal rules in the Tax Act applicable to such dividends, including the enhanced gross-up and dividend tax credit for "eligible dividends" as defined in the Tax Act when the dividend received by the Property Partnership is designated as an "eligible dividend".

Foreign taxes paid by our company or the Property Partnership and taxes withheld at source on amounts paid or credited to our company or the Property Partnership (other than for the account of a particular partner) will be allocated pursuant to the governing partnership agreement. Each Canadian Limited Partner's share of the "business-income tax" and "non-business-income tax" paid to the government of a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed foreign tax credit rules contained in the Tax Act. Although the foreign tax credit rules are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, the foreign tax credit rules may not provide a full foreign tax credit for the "business-income tax" and "non-business-income tax" paid by our company or the Property Partnership to the government of a foreign country. The Tax Act contains anti-avoidance rules to address certain foreign tax credit generator transactions. Under the Foreign Tax Credit Generator Rules, the foreign "business-income tax" or "non-business-income tax" allocated to a Canadian Limited Partner for the purpose of determining such Canadian Limited Partner's foreign tax credit for any taxation year may be limited in certain circumstances, including where a Canadian Limited Partner's share of our company's income under the income tax laws of any country (other than Canada) under whose laws the income of our company or the Property Partnership is subject to income taxation, or the Relevant Foreign Tax Law, is less than the Canadian Limited Partner's share of such income for purposes of the Tax Act. For this purpose, a Canadian Limited Partner is not considered to have a lesser direct or indirect share of the income of our company or the Property Partnership under the Relevant Foreign Tax Law than for the purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of our company or the Property Partnership or in the manner of allocating the income of our company or the Property Partnership because of the admission or withdrawal of a partner. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to any Canadian Limited Partner. If the Foreign Tax Credit Generator Rules apply, the allocation to a Canadian Limited Partner of foreign "business-income tax" or "non-business-income tax" paid by our company or the Property Partnership, and therefore such Canadian Limited Partner's foreign tax credits, will be limited.

Our company and the Property Partnership will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Property Partnership will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident limited partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Property Partnership, the BPY General Partner expects the Holding Entities to look-through the Property Partnership and our company to the residency of the partners of our company (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Property Partnership. However, there can be no assurance that the CRA will apply its administrative practice in this context. Under the Treaty, a Canadian resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our company and the Property Partnership, to the residency and Treaty entitlements of their partners and to take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty.

If our company incurs losses for tax purposes, each Canadian Limited Partner will be entitled to deduct in the computation of income for tax purposes the Canadian Limited Partner's share of any net losses for tax purposes of our company for its fiscal year to the extent that the Canadian Limited Partner's investment is "at-risk" within the meaning of the Tax Act. The Tax Act contains "at-risk rules" which may, in certain circumstances, restrict the deduction of a limited partner's share of any losses of a limited partnership. The BPY General Partner does not anticipate that our company or the Property Partnership will incur losses but no assurance can be given in this regard. Accordingly, Canadian Limited Partners should consult their own tax advisors for specific advice with respect to the potential application of the "at-risk rules".

Section 94.1 of the Tax Act contains rules relating to interests held by a taxpayer in Non-Resident Entities that could, in certain circumstances, cause income to be imputed to Canadian Limited Partners, either directly or by way of allocation of such income imputed to our company or the Property Partnership. These rules would apply if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the Canadian Limited Partner, our company or the Property Partnership acquiring, holding or having an investment in a non-resident entity is to derive a benefit from "portfolio investments" in certain assets from which the Non-Resident Entity may reasonably be considered to derive its value in such a manner that taxes under the Tax Act on income, profits and gains from such assets for any year are significantly less than they would have been if such income, profits and gains had been earned directly. In determining whether this is the case, section 94.1 of the Tax Act provides that consideration must be given to, among other factors, the extent to which the income, profits and gains for any fiscal period are distributed in that or the immediately following fiscal period. No assurance can be given that section 94.1 of the Tax Act will not apply to a Canadian Limited Partner, our company or the Property Partnership. If these rules apply to a Canadian Limited Partner, our company or the Property Partnership, income, determined by reference to a prescribed rate of interest plus two percent applied to the "designated cost", as defined in section 94.1 of the Tax Act, of the interest in the Non-Resident Entity, will be imputed directly to the Canadian Limited Partners or to our company or the Property Partnership and allocated to the Canadian Limited Partners in accordance with the rules in section 94.1 of the Tax Act. The rules in section 94.1 of the Tax Act are complex and Canadian Limited Partners should consult their own tax advisors regarding the application of these rules to them in their particular circumstances.

Dividends paid to the Property Partnership by a CFA of the Property Partnership will be included in computing the income of the Property Partnership. To the extent that any CFA or Indirect CFA of the Property Partnership earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI allocable to the Property Partnership under the rules in the Tax Act must be included in computing the income of the Property Partnership for Canadian federal income tax purposes for the fiscal period of the Property Partnership in which the taxation year of that CFA or Indirect CFA ends, whether or not the Property Partnership actually receives a distribution of that FAPI. Our company will include its share of such FAPI of the Property Partnership in computing its income for Canadian federal income tax purposes and Canadian Limited Partners will be required to include their proportionate share of such FAPI allocated from our company in computing their income for Canadian federal income tax purposes. As a result, Canadian Limited Partners may be required to include amounts in their income even though they have not and may not receive an actual cash distribution of such amounts. If an amount of FAPI is included in computing the income of the Property Partnership for Canadian federal income tax purposes, an amount may be deductible in respect of the "foreign accrual tax" applicable to the FAPI. Any amount of FAPI included in income net of the amount of any deduction in respect of "foreign accrual tax" will increase the adjusted cost base to the Property Partnership of its shares of the particular CFA in respect of which the FAPI was included. At such time as the Property Partnership receives a dividend of this type of income that was

previously included in the Property Partnership's income as FAPI, such dividend will effectively not be included in computing the income of the Property Partnership and there will be a corresponding reduction in the adjusted cost base to the Property Partnership of the particular CFA shares. Under the Foreign Tax Credit Generator Rules, the "foreign accrual tax" applicable to a particular amount of FAPI included in the Property Partnership's income in respect of a particular "foreign affiliate" of the Property Partnership may be limited in certain specified circumstances, including where the direct or indirect share of the income allocated to any member of the Property Partnership (which is deemed for this purpose to include a Canadian Limited Partner) that is a person resident in Canada or a "foreign affiliate" of such a person is, under a Relevant Foreign Tax Law, less than such member's share of such income for purposes of the Tax Act. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to the Property Partnership. For this purpose, a Canadian Limited Partner is not considered to have a lesser direct or indirect share of the income of the Property Partnership under the Relevant Foreign Tax Law than for the purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of the Property Partnership or in the manner of allocating the income of the Property Partnership because of the admission or withdrawal of a partner. If the Foreign Tax Credit Generator Rules apply, the "foreign accrual tax" applicable to a particular amount of FAPI included in the Property Partnership's income in respect of a particular "foreign affiliate" of the Property Partnership will be limited.

Disposition of Our Units

The disposition (or deemed disposition) by a Canadian Limited Partner of our units will result in the realization of a capital gain (or capital loss) by such Canadian Limited Partner in the amount, if any, by which the proceeds of disposition of our units, less any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of such units. Subject to the general rules on averaging of cost base, the adjusted cost base of a Canadian Limited Partner's units of our company would generally be equal to: (i) the actual cost of our units (excluding any portion thereof financed with limited recourse indebtedness); plus (ii) the share of the income of our company allocated to the Canadian Limited Partner for fiscal years of our company ending before the relevant time in respect of our units; less (iii) the aggregate of the pro rata share of losses of our company allocated to the Canadian Limited Partner (other than losses which cannot be deducted because they exceed the Canadian Limited Partner's "at-risk" amount) for the fiscal years of our company ending before the relevant time in respect of our units; and less (iv) the Canadian Limited Partner's distributions received from our company made before the relevant time in respect of our units.

Where a Canadian Limited Partner disposes of all of its units of our company, it will no longer be a partner of our company. If, however, a Canadian Limited Partner is entitled to receive a distribution from our company after the disposition of all such units, then the Canadian Limited Partner will be deemed to dispose of such units at the later of: (i) the end of the fiscal year of our company during which the disposition occurred; and (ii) the date of the last distribution made by our company to which the Canadian Limited Partner was entitled. The share of the income (or loss) of our company for tax purposes for a particular fiscal year which is allocated to a Canadian Limited Partner who has ceased to be a partner will generally be added (or deducted) in the computation of the adjusted cost base of the Canadian Limited Partner's units of our company immediately prior to the time of the disposition.

A Canadian Limited Partner will generally realize a deemed capital gain if, and to the extent that, the adjusted cost base of the Canadian Limited Partner's units of our company is negative at the end of any fiscal year of our company. In such a case, the adjusted cost base of the Canadian Limited Partner's units of our company will be nil at the beginning of the next fiscal year of our company.

Canadian Limited Partners should consult their own tax advisors for advice with respect to the specific tax consequences to them of disposing of units of our company.

Taxation of Capital Gains and Capital Losses

In general, one-half of a capital gain realized by a Canadian Limited Partner must be included in computing such Canadian Limited Partner's income as a taxable capital gain. One-half of a capital loss is deducted as an allowable capital loss against taxable capital gains realized in the year and any remainder may be deducted against net taxable capital gains in any of the three years preceding the year or any year following the year to the extent and under the circumstances described in the Tax Act.

Special rules in the Tax Act may apply to disallow the one-half treatment on all or a portion of a capital gain realized on a disposition of our units if a partnership interest is acquired by a tax-exempt person or a non-resident person (or by a partnership or trust (other than certain trusts) of which a tax-exempt person or a non-resident person is a member or beneficiary, directly or indirectly through one or more partnerships or trusts (other than certain trusts)). Canadian Limited Partners contemplating such a disposition should consult their own tax advisors in this regard.

A Canadian Limited Partner that is throughout the relevant taxation year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional refundable tax on its "aggregate investment income", as defined in the Tax Act, for the year, which is defined to include taxable capital gains.

Alternative Minimum Tax

Canadian Limited Partners that are individuals or trusts may be subject to the alternative minimum tax rules. Such Canadian Limited Partners should consult their own tax advisors.

Eligibility for Investment

Provided that our units are listed on a "designated stock exchange" (which currently includes the NYSE and the TSX), our units will be "qualified investments" under the Tax Act for a trust governed by an RRSP, deferred profit sharing plan, RRIF, registered education savings plan, registered disability savings plan, and a TFSA.

Notwithstanding the foregoing, an annuitant under an RRSP or RRIF or a holder of a TFSA, as the case may be, may be subject to a penalty tax if our units held in the RRSP, RRIF or TFSA are "prohibited investments" for the RRSP, RRIF or TFSA, as the case may be. Our units will not be a "prohibited investment" for a trust governed by an RRSP, RRIF or TFSA, provided that the annuitant under an RRSP or RRIF or the holder of a TFSA, as the case may be, deals at arm's length with our company for purposes of the Tax Act and does not have a "significant interest", for purposes of the prohibited investment rules, in our company. Canadian Limited Partners who will hold our units in an RRSP, RRIF or TFSA should consult with their own tax advisors regarding the application of the foregoing prohibited investment rules having regard to their particular circumstances.

Taxation of Non-Canadian Limited Partners

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is not, and is not deemed to be, resident in Canada and who does not use or hold and is not deemed to use or hold our units in connection with a business carried on in Canada, or a Non-Canadian Limited Partner.

The following portion of the summary assumes that (i) our units are not and will not at any relevant time constitute "taxable Canadian property" of any Non-Canadian Limited Partner, and (ii) our company and the Property Partnership will not dispose of property that is "taxable Canadian property". "Taxable Canadian property" includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a "designated stock exchange" if more than 50% of the fair market value of the shares is derived from certain Canadian properties in the 60-month period immediately preceding the particular time. In general, our units will not constitute "taxable Canadian property" of any Non-Canadian Limited Partner at the time of disposition or deemed disposition, unless (a) at any time in the 60-month period immediately preceding the disposition or deemed disposition, more than 50% of the fair market value of our units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property"), from one or any combination of: (i) real or immovable property situated in Canada; (ii) "Canadian resource properties"; (iii) "timber resource properties"; and (iv) options in respect of, or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our units are otherwise deemed to be "taxable Canadian property". Since our company's assets will consist principally of units of the Property Partnership, our units would generally be "taxable Canadian property" at a particular time if the units of the Property Partnership held by our company derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property"), more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. The BPY General Partner does not expect our units to be "taxable Canadian property" at any relevant time and does not expect our company or the Property Partnership to dispose of "taxable Canadian property". However, no assurance can be given in these regards.

The following portion of the summary also assumes that neither our company nor the Property Partnership will be considered to carry on business in Canada. The BPY General Partner intends to organize and conduct the affairs of each of these entities, to the extent possible, so that neither of these entities should be considered to carry on business in Canada for purposes of the Tax Act. However, no assurance can be given in this regard. If either of these entities carry on business in Canada, the tax implications to our company or the Holding LP and to Non-Canadian Limited Partners may be materially and adversely different than as set out herein.

Special rules, which are not discussed in this summary, may apply to a Non-Canadian Limited Partner that is an insurer carrying on business in Canada and elsewhere.

Taxation of Income or Loss

A Non-Canadian Limited Partner will not be subject to Canadian federal income tax under Part I of the Tax Act on its share of income from a business carried on by our company (or the Property Partnership) outside Canada or the non-business-income earned by our company (or the Property Partnership) from sources in Canada. However, a Non-Canadian Limited Partner may be subject to Canadian federal withholding tax under Part XIII of the Tax Act, as described below.

Our company and the Property Partnership will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Property Partnership will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Property Partnership, the BPY General Partner expects the Holding Entities to look-through the Property Partnership and our company to the residency of the partners of our company (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that Non-Canadian Limited Partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Property Partnership. However, there can be no assurance that the CRA will apply its administrative practice in this context. Under the Treaty, a Canadian resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our company and the Property Partnership, to the residency and Treaty entitlements of their partners and take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty.

10.F. DIVIDENDS AND PAYING AGENTS

Not applicable.

10.G. STATEMENT BY EXPERTS

Not applicable.

10.H DOCUMENTS ON DISPLAY

Our company is subject to the information filing requirements of the Exchange Act, and accordingly is required to file periodic reports and other information with the SEC. As a foreign private issuer under the SEC's regulations, we file annual reports on Form 20-F and furnish other reports on Form 6-K. The information disclosed in our reports may be less extensive than that required to be disclosed in annual and quarterly reports on Forms 10-K and 10-Q required to be filed with the SEC by U.S. issuers. Moreover, as a foreign private issuer, we are not subject to the proxy requirements under Section 14 of the Exchange Act, and the BPY General Partner's directors and our principal unitholders are not subject to the insider short swing profit reporting and recovery rules under Section 16 of the Exchange Act. Our SEC filings are available at the SEC's website at *www.sec.gov*. You may also read and copy any document we file with the SEC at the public reference facilities maintained by the SEC at SEC Headquarters, Public Reference Section, 100 F Street, N.E., Washington D.C. 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330.

In addition, our company is required by Canadian securities laws to file documents electronically with Canadian securities regulatory authorities and these filings are available on our SEDAR profile at *www.sedar.com*. Written requests for such documents should be directed to our Corporate Secretary at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

10.I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the information contained in this Form 20-F under Item 5.A. *"Operating and Financial Review and Prospects - Risks and Uncertainties - Derivative Financial Instruments"*.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2016, an evaluation of the effectiveness of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) was carried out under the supervision and with the participation of persons performing the functions of principal executive and principal financial officers for us and our Service Providers. Based upon that evaluation, the persons performing the functions of principal executive and principal financial officers for us have concluded that, as of December 31, 2016, our disclosure controls and procedures were effective: (i) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (ii) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the persons performing the functions of principal executive and principal financial officers for us, to allow timely decisions regarding required disclosure.

It should be noted that while our management, including persons performing the functions of principal executive and principal financial officers for us, believe our disclosure controls and procedures provide a reasonable level of assurance that such controls and procedures are effective, they do not expect that our disclosure controls and procedures or internal controls will prevent all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Under the supervision and with the participation of our management, including persons performing the functions of principal executive and principal financial officers for us, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2016.

Our management excluded from its assessment the internal control over financial reporting at Simply Storage for which control was acquired on March 22, 2016, UK Student Housing for which control was acquired on April 29, 2016, Southeastern Storage Portfolio for which control was acquired on May 10, 2016, Rouse for which control was acquired on July 6, 2016, IFC Seoul for which control was acquired on November 17, 2016 and CityPoint for which control was acquired on December 15, 2016, and whose financial statements constitute 9% and 11% of net and total assets, respectively, 6% of total revenue and 5% of net income as of and for the year ended December 31, 2016.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Report of Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who have also audited the financial statements of our company, as stated in their reports which are included herein.

Changes in Internal Control

There was no change in our internal control over financial reporting during the year ended December 31, 2016, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERTS

The BPY General Partner's board of directors has determined that Stephen DeNardo possesses specific accounting and financial management expertise and that he is an audit committee financial expert as defined by the SEC and is independent within the meaning of the rules of the NYSE. The BPY General Partner's board of directors has also determined that other members of the Audit Committee have sufficient experience and ability in finance and compliance matters to enable them to adequately discharge their responsibilities.

ITEM 16B. CODE OF ETHICS

On April 4, 2013, the BPY General Partner adopted a Code of Conduct and Ethics, or the Code, that applies to the members of the board of directors of the BPY General Partner, our company and any officers or employees of the BPY General Partner. The Code is reviewed and updated annually. We have posted a copy of the Code on our website at *http://bpy.brookfield.com*.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The BPY General Partner has retained Deloitte LLP to act as our company's independent registered public accounting firm.

The table below summarizes the fees for professional services rendered by Deloitte LLP for the audit of our annual financial statements for the periods ended December 31, 2016 and 2015.

	December 31, 2016		December 31, 2015	
(US$ Thousands)	**Total**	**%**	Total	%
Audit fees[1]	**$ 5,850**	**28%**	$ 5,876	31%
Audit-related fees[2]	**13,934**	**66%**	11,632	61%
Tax fees[3]	**1,305**	**6%**	1,277	7%
Other[4]	**6**	**—%**	113	1%
Total	**$ 21,095**	**100%**	$ 18,898	100%

(1) *Audit fees include fees for the audit of our annual consolidated financial statements, internal control over financing reporting and interim reviews of the consolidated financial statements included in our quarterly interim reports. This category also includes fees for comfort letters, consents and review of certain documents filed with securities regulatory authorities.*

(2) *Audit-related fees include fees for the audit or review of financial statements for certain of our subsidiaries, including audits of individual properties to comply with lender, joint venture partner or tenant requirements.*

(3) *Tax fees are principally for assistance in tax return preparation and tax advisory services.*

(4) *All other fees include fees for assistance with corporate and social responsibility reporting.*

The audit committee of the BPY General Partner pre-approves all audit and non-audit services provided to our partnership by Deloitte LLP.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Under our normal course issuer bid, our company may, during the twelve-month period commencing August 18, 2016 and ending August 17, 2017, purchase on the TSX, the NYSE and any alternative Canadian trading system, up to 13,097,963 of our units, representing approximately 5% of our issued and outstanding units. During the year ended December 31, 2016, we purchased 2,762,752 of our units at an average price of $21.35 per unit.

	As of Dec. 31, 2016			
Month	(a) Total number of units purchased	(b) Average price paid per unit	(c) Total number of units purchased as part of publicly announced plans or programs	(d) Maximum number of units that may yet be purchased under the plans or programs
Feb. 2016	351,156	$ 19.53	351,156	11,179,937
May 2016	911,948	$ 24.11	—	11,179,937
Jun. 2016	1,710,732	$ 23.63	341,700	10,838,237
Jul. 2016	1,655,275	$ 23.53	—	10,838,237
Aug. 2016	641,105	$ 24.03	—	13,097,963
Sep. 2016	1,080,386	$ 22.85	469,143	12,628,820
Oct. 2016	67,896	$ 21.97	67,896	12,560,924
Nov. 2016	1,101,309	$ 21.32	1,101,309	11,459,615
Dec. 2016	431,548	$ 21.14	431,548	11,028,067
Total	**7,951,355**		**2,762,752**	

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Our corporate practices are not materially different from those required of domestic limited partnerships under the NYSE Listing Standards.

ITEM 16H. MINING SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities under the regulation of the Federal Mine Safety and Health Administration, or the MSHA, under the Federal Mine Safety and Health Act of 1977, as amended, or the Mine Act. During the fiscal year ended December 31, 2016, our company did not have any mines in the United States subject to regulation by MSHA under the Mine Act.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

See the list of financial statements beginning on page F-1 which are filed as part of the annual report on Form 20-F.

ITEM 19. EXHIBITS

Number	Description
1.1	Certificate of registration of our company, registered as of January 3, 2013*
1.2	Second Amended and Restated Limited Partnership Agreement of our company, dated August 8, 2013***
1.3	First Amendment to the Second Amended and Restated Limited Partnership Agreement of our company, dated November 5, 2015******
4.1	Amended and Restated Master Services Agreement by and among Brookfield Asset Management, the Service Recipients and the Service Providers, dated March 3, 2015******
4.2	Second Amended and Restated Limited Partnership Agreement of the Property Partnership, dated August 8, 2013***
4.3	Relationship Agreement among our company, the Property Partnership, the Holding Entities, the Service Providers and Brookfield Asset Management, dated April 15, 2013**
4.4	Registration Rights Agreement between our company and Brookfield Asset Management dated April 10, 2013**
4.5	Support Agreement, dated March 19, 2014, between Brookfield Property Partners L.P. and Brookfield Office Properties Exchange LP****
4.6	First Amendment to Second Amended and Restated Limited Partnership Agreement of the Property Partnership dated December 4, 2014*****
4.7	Guarantee Agreement between our company and the Class A Preferred Unitholder dated December 4, 2014*****
4.8	Investor Agreement between our company and the Class A Preferred Unitholder dated December 4, 2014*****
4.9	Refinancing Agreement among Brookfield Asset Management, our company and the Property Partnership dated December 4, 2014*******
4.10	Second Amendment to Second Amended and Restated Limited Partnership Agreement of the Property Partnership dated July 1, 2015******
4.11	First Amendment to the Amended and Restated Master Services Agreement by and among Brookfield Asset Management, the Service Recipients and the Service Providers, dated July 1, 2015******
12.1	Certification of Brian W. Kingston, Chief Executive Officer, Brookfield Property Group LLC, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002********
12.2	Certification of Bryan K. Davis, Chief Financial Officer, Brookfield Property Group LLC, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002********
13.1	Certification of Brian W. Kingston, Chief Executive Officer, Brookfield Property Group LLC, pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes Oxley Act of 2002********

13.2	Certification of Bryan K. Davis, Chief Financial Officer, Brookfield Property Group LLC, pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes Oxley Act of 2002********
15.1	Consent of Deloitte LLP, Independent Registered Public Accounting Firm, relating to the incorporation of the consolidated financial statements of Brookfield Property Partners L.P. into this Annual Report on Form 20-F********
15.2	Consent of Deloitte & Touche LLP relating to the incorporation of the consolidated financial statements of GGP Inc. into this Annual Report on Form 20-F********
*	Filed as an exhibit to Amendment No. 1 to Registration Statement on Form 20-F on June 12, 2012 and incorporated herein by reference.
**	Filed as an exhibit to Form 6-K on April 16, 2013 and incorporated herein by reference.
***	Filed as an exhibit to Form 6-K on August 8, 2013 and incorporated herein by reference.
****	Filed as an exhibit to Form 6-K on March 19, 2014 and incorporated herein by reference.
*****	Filed as an exhibit to Form F-4 on December 4, 2014 and incorporated herein by reference.
******	Filed as an exhibit to Form 6-K on March 17, 2015 and incorporated herein by reference.
*******	Filed as an exhibit to Brookfield Asset Management's Schedule 13D/A filed on December 4, 2014 and incorporated herein by reference.
********	Filed herewith.

The registrant hereby agrees to furnish to the SEC at its request copies of long-term debt instruments defining the rights of holders of outstanding long-term debt that are not required to be filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BROOKFIELD PROPERTY PARTNERS L.P.,
by its general partner, **BROOKFIELD PROPERTY PARTNERS LIMITED**

By: */s/ Jane Sheere*
Name: Jane Sheere
Title: Secretary

Date: March 9, 2017

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Consolidated financial statements of Brookfield Property Partners L.P. as at December 31, 2016 and 2015 and for each of the years in the three-year period ended December 31, 2016	F-2
Consolidated financial statements of GGP Inc. as of December 31, 2016 and 2015 and for each of the years in the three-year period ended December 31, 2016	F-72

Brookfield Property Partners L.P.

Consolidated financial statements
As at December 31, 2016 and 2015 and
for the years ended December 31, 2016, 2015 and 2014

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Unitholders of Brookfield Property Partners L.P.

We have audited the accompanying consolidated balance sheets of Brookfield Property Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule of investment property information as of December 31, 2016. These financial statements and financial statement schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Brookfield Property Partners L.P. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 9, 2017 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

March 9, 2017
Toronto, Canada

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Unitholders of Brookfield Property Partners L.P.

We have audited the internal control over financial reporting of Brookfield Property Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Annual Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Simply Storage for which control was acquired on March 22, 2016, UK Student Housing for which control was acquired on April 29, 2016, Southeastern Storage Portfolio for which control was acquired on May 10, 2016, Rouse for which control was acquired on July 6, 2016, IFC Seoul for which control was acquired on November 17, 2016 and CityPoint for which control was acquired on December 15, 2016, and whose financial statements constitute 9% and 11% of net and total assets, respectively, 6% of total revenue and 5% of net income as of and for the year ended December 31, 2016. Accordingly, our audit did not include the internal control over financial reporting at Simply Storage, UK Student Housing, Southeastern Storage Portfolio, Rouse, IFC Seoul and CityPoint. The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Canadian generally accepted auditing standards, the consolidated financial statements and the financial statement schedule as of and for the year ended December 31, 2016 of the Partnership and our report dated March 9, 2017 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

March 9, 2017
Toronto, Canada

Brookfield Property Partners L.P.
Consolidated Balance Sheets

(US$ Millions)	Note	Dec. 31, 2016	Dec. 31, 2015
Assets			
Non-current assets			
Investment properties	5	**$ 48,784**	$ 41,599
Equity accounted investments	7	**16,844**	17,638
Participating loan interests	9	**471**	449
Property, plant and equipment	10	**5,357**	5,023
Goodwill	11	**761**	888
Intangible assets	12	**1,141**	1,321
Other non-current assets	13	**500**	1,667
Loans and notes receivable		**71**	217
		73,929	68,802
Current assets			
Loans and notes receivable		**2**	4
Accounts receivable and other	14	**2,593**	1,220
Cash and cash equivalents		**1,456**	1,035
		4,051	2,259
Assets held for sale	15	**147**	805
Total assets		**$ 78,127**	$ 71,866
Liabilities and equity			
Non-current liabilities			
Debt obligations	16	**$ 28,423**	$ 21,946
Capital securities	17	**3,801**	3,528
Other non-current liabilities	19	**1,011**	388
Deferred tax liabilities	18	**2,455**	3,107
		35,690	28,969
Current liabilities			
Debt obligations	16	**5,096**	8,580
Capital securities	17	**370**	503
Accounts payable and other liabilities	20	**2,749**	2,639
		8,215	11,722
Liabilities associated with assets held for sale	15	**61**	242
Total liabilities		**43,966**	40,933
Equity			
Limited partners	21	**7,536**	7,425
General partner	21	**6**	6
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units	21,22	**14,523**	14,218
Limited partnership units of Brookfield Office Properties Exchange LP	21,22	**293**	309
Interests of others in operating subsidiaries and properties	6,22	**11,803**	8,975
Total equity		**34,161**	30,933
Total liabilities and equity		**$ 78,127**	$ 71,866

See accompanying notes to the consolidated financial statements.

Brookfield Property Partners L.P.
Consolidated Statements of Income

(US$ Millions, except per unit information) Years ended Dec. 31,	Note		2016		2015		2014
Commercial property revenue	23	$	**3,624**	$	3,216	$	3,038
Hospitality revenue			**1,561**		1,276		983
Investment and other revenue	24		**167**		361		452
Total revenue			**5,352**		4,853		4,473
Direct commercial property expense	25		**1,394**		1,281		1,298
Direct hospitality expense	26		**1,036**		902		791
Investment and other expense			**1**		135		100
Interest expense			**1,681**		1,528		1,258
Depreciation and amortization	27		**240**		180		148
General and administrative expense	28		**569**		559		404
Total expenses			**4,921**		4,585		3,999
Fair value gains, net	29		**692**		2,007		3,756
Share of net earnings from equity accounted investments	7		**1,019**		1,591		1,366
Income before income taxes			**2,142**		3,866		5,596
Income tax (benefit) expense	18		**(575)**		100		1,176
Net income		$	**2,717**	$	3,766	$	4,420
Net income attributable to:							
Limited partners		$	**660**	$	1,064	$	1,154
General partner			**—**		1		1
Non-controlling interests attributable to:							
Redeemable/exchangeable and special limited partnership units			**1,103**		1,789		2,444
Limited partnership units of Brookfield Office Properties Exchange LP			**30**		61		135
Interests of others in operating subsidiaries and properties			**924**		851		686
		$	**2,717**	$	3,766	$	4,420
Net income per LP Unit:							
Basic	21	$	**2.30**	$	3.72	$	5.59
Diluted	21	$	**2.25**	$	3.60	$	5.31

See accompanying notes to the consolidated financial statements.

Brookfield Property Partners L.P.
Consolidated Statements of Comprehensive Income

(US$ Millions) Years ended Dec. 31,	Note	2016	2015	2014
Net income		**$ 2,717**	$ 3,766	$ 4,420
Other comprehensive (loss) income	31			
Items that may be reclassified to net income:				
Foreign currency translation		**(312)**	(831)	(517)
Cash flow hedges		**(36)**	(35)	(162)
Available-for-sale securities		**5**	1	4
Equity accounted investments		**7**	50	(84)
Items that will not be reclassified to net income:				
Revaluation surplus		**90**	134	312
Total other comprehensive (loss) income		**(246)**	(681)	(447)
Total comprehensive income		**$ 2,471**	$ 3,085	$ 3,973
Comprehensive income attributable to:				
Limited partners				
Net income		**$ 660**	$ 1,064	$ 1,154
Other comprehensive (loss) income		**(112)**	(143)	(135)
		548	921	1,019
General partner				
Net income		**—**	1	1
Other comprehensive (loss) income		**—**	—	—
		—	1	1
Non-controlling interests				
Redeemable/exchangeable and special limited partnership units				
Net income		**1,103**	1,789	2,444
Other comprehensive (loss) income		**(187)**	(240)	(285)
		916	1,549	2,159
Limited partnership units of Brookfield Office Properties Exchange LP				
Net income		**30**	61	135
Other comprehensive (loss) income		**(5)**	(8)	(16)
		25	53	119
Interests of others in operating subsidiaries and properties				
Net income		**924**	851	686
Other comprehensive income (loss)		**58**	(290)	(11)
		982	561	675
Total comprehensive income		**$ 2,471**	$ 3,085	$ 3,973

See accompanying notes to the consolidated financial statements.

Brookfield Property Partners L.P.
Consolidated Statements of Changes in Equity

	Limited partners					General partner				Non-controlling interests			
(US$ Millions)	Capital	Retained earnings	Ownership changes	Accumulated other compre-hensive (loss) income	Limited partners equity	Capital	Retained earnings	Accumulated other compre-hensive (loss) income	General partner equity	Redeemable/ exchangeable and special limited partnership units	Limited partnership units of Brookfield Office Properties Exchange LP	Interests of others in operating subsidiaries and properties	Total equity
Balance as at Dec. 31, 2015	**$ 5,815**	**$ 1,791**	**$ 126**	**$ (307)**	**$ 7,425**	**$ 4**	**$ 2**	**$ —**	**$ 6**	**$ 14,218**	**$ 309**	**$ 8,975**	**$ 30,933**
Net income	**—**	**660**	**—**	**—**	**660**	**—**	**—**	**—**	**—**	**1,103**	**30**	**924**	**2,717**
Other comprehensive income (loss)	**—**	**—**	**—**	**(112)**	**(112)**	**—**	**—**	**—**	**—**	**(187)**	**(5)**	**58**	**(246)**
Total comprehensive income (loss)	**—**	**660**	**—**	**(112)**	**548**	**—**	**—**	**—**	**—**	**916**	**25**	**982**	**2,471**
Distributions	**—**	**(293)**	**—**	**—**	**(293)**	**—**	**—**	**—**	**—**	**(490)**	**(13)**	**(966)**	**(1,762)**
Issuances / repurchases of equity interests in operating subsidiaries	**(95)**	**(73)**	**—**	**—**	**(168)**	**—**	**—**	**—**	**—**	**(122)**	**(3)**	**2,812**	**2,519**
Exchange of exchangeable units	**23**	**—**	**1**	**—**	**24**	**—**	**—**	**—**	**—**	**1**	**(25)**	**—**	**—**
Balance as at Dec. 31, 2016	**$ 5,743**	**$ 2,085**	**$ 127**	**$ (419)**	**$ 7,536**	**$ 4**	**$ 2**	**$ —**	**$ 6**	**$ 14,523**	**$ 293**	**$ 11,803**	**$ 34,161**
Balance as at Dec. 31, 2014	$ 5,612	$ 1,010	$ 125	$ (161)	$ 6,586	$ 4	$ 1	$ —	$ 5	$ 13,147	$ 470	$ 8,091	$ 28,299
Net income	—	1,064	—	—	1,064	—	1	—	1	1,789	61	851	3,766
Other comprehensive income (loss)	—	—	—	(143)	(143)	—	—	—	—	(240)	(8)	(290)	(681)
Total comprehensive income (loss)	—	1,064	—	(143)	921	—	1	—	1	1,549	53	561	3,085
Distributions	—	(276)	—	—	(276)	—	—	—	—	(464)	(15)	(830)	(1,585)
Issuances / repurchases of equity interests in operating subsidiaries	—	(7)	—	—	(7)	—	—	—	—	(12)	—	1,153	1,134
Exchange of exchangeable units	203	—	1	(3)	201	—	—	—	—	(2)	(199)	—	—
Balance as at Dec. 31, 2015	$ 5,815	$ 1,791	$ 126	$ (307)	$ 7,425	$ 4	$ 2	$ —	$ 6	$ 14,218	$ 309	$ 8,975	$ 30,933
Balance as at Dec. 31, 2013	$ 2,470	$ 62	$ —	$ (4)	$ 2,528	$ 4	$ —	$ —	$ 4	$ 11,092	$ —	$ 11,366	$ 24,990
Net income	—	1,154	—	—	1,154	—	1	—	1	2,444	135	686	4,420
Other comprehensive income (loss)	—	—	—	(135)	(135)	—	—	—	—	(285)	(16)	(11)	(447)
Total comprehensive income (loss)	—	1,154	—	(135)	1,019	—	1	—	1	2,159	119	675	3,973
Distributions	—	(203)	—	—	(203)	—	—	—	—	(437)	(23)	(1,193)	(1,856)
Issuances / repurchases of equity interests in operating subsidiaries	2,569	(3)	133	(20)	2,679	—	—	—	—	350	920	(2,757)	1,192
Exchange of exchangeable units	573	—	(8)	(2)	563	—	—	—	—	(17)	(546)	—	—
Balance as at Dec. 31, 2014	$ 5,612	$ 1,010	$ 125	$ (161)	$ 6,586	$ 4	$ 1	$ —	$ 5	$ 13,147	$ 470	$ 8,091	$ 28,299

See accompanying notes to the consolidated financial statements.

Brookfield Property Partners L.P.
Consolidated Statements of Cash Flows

(US$ Millions) Years ended Dec. 31,	Note	2016	2015	2014
Operating activities				
Net income		**$ 2,717**	$ 3,766	$ 4,420
Share of equity accounted earnings, net of distributions		**(495)**	(1,315)	(817)
Fair value (gains), net	29	**(692)**	(2,007)	(3,756)
Deferred income tax expense (benefit)	18	**(711)**	25	1,150
Depreciation and amortization	27	**240**	180	148
Working capital and other		**(314)**	(59)	(662)
		745	590	483
Financing activities				
Debt obligations, issuance		**16,769**	11,767	10,305
Debt obligations, repayments		**(14,733)**	(8,310)	(6,564)
Capital securities issued		**—**	—	1,800
Capital securities redeemed		**(171)**	(29)	—
Non-controlling interests, issued		**2,996**	1,663	2,444
Non-controlling interests, purchased		**(146)**	(313)	(1,733)
Repurchases of limited partnership units		**(59)**	(36)	—
Distributions to non-controlling interests in operating subsidiaries		**(954)**	(809)	(1,134)
Distributions to limited partnership unitholders		**(293)**	(276)	(203)
Distributions to redeemable/exchangeable and special limited partnership unitholders		**(490)**	(464)	(437)
Distributions to holders of Brookfield Office Properties Exchange LP units		**(13)**	(15)	(23)
		2,906	3,178	4,455
Investing activities				
Investment properties and subsidiaries, proceeds of dispositions		**3,312**	2,167	2,037
Property acquisitions and capital expenditures		**(7,711)**	(7,899)	(5,336)
Investment in equity accounted investments		**(465)**	(2,374)	(517)
Proceeds from sale of equity accounted investments and participating loan interests		**1,092**	1,656	280
Financial assets and other		**522**	627	170
Other property, plant and equipment investments, net of dispositions		**(215)**	(52)	115
Intangible assets, dispositions		**147**	—	—
Cash acquired in business combinations		**115**	85	37
Restricted cash and deposits		**(31)**	1,856	(1,786)
		(3,234)	(3,934)	(5,000)
Cash and cash equivalents				
Net change in cash and cash equivalents during the period		**417**	(166)	(62)
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies		**4**	(81)	(24)
Balance, beginning of year		**1,035**	1,282	1,368
Balance, end of year		**$ 1,456**	$ 1,035	$ 1,282
Supplemental cash flow information				
Cash paid for:				
Income taxes		**$ 131**	$ 83	$ 63
Interest (excluding dividends on capital securities)		**$ 1,383**	$ 1,249	$ 1,154

See accompanying notes to the consolidated financial statements.

Brookfield Property Partners L.P.
Notes to the Consolidated Financial Statements

NOTE 1. ORGANIZATION AND NATURE OF THE BUSINESS

Brookfield Property Partners L.P. ("BPY" or the "partnership") was formed as a limited partnership under the laws of Bermuda, pursuant to a limited partnership agreement dated January 3, 2013, as amended and restated on August 8, 2013. BPY is a subsidiary of Brookfield Asset Management Inc. ("Brookfield Asset Management" 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 material asset at December 31, 2016 is a 37% managing general partnership unit interest in Brookfield Property L.P. (the "operating partnership"), which holds the partnership's interest in commercial and other income producing property operations. The partnership's interest in the operating partnership is comprised solely of an interest in managing general partner units ("GP Units"). The GP Units provide the partnership with the power to direct the relevant activities of the operating partnership.

The partnership's limited partnership units ("BPY Units" or "LP Units") are listed and publicly traded on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX") under the symbols "BPY" and "BPY.UN", respectively.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements of the partnership and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the partnership on February 2, 2017.

b) Change in operating segments

In the first quarter of 2016, the partnership realigned the organizational and governance structures of its businesses to align them more closely with the nature of the partnership's investments. Such realignment gave rise to changes in how the partnership presents information for financial reporting and management decision-making purposes and resulted in a change in the partnership's reporting segments. Consequently, as of January 1, 2016, the partnership's operating segments are organized into four reportable segments: i) Core Office, ii) Core Retail, iii) Opportunistic and iv) Corporate. All prior period segment disclosures have been recast to reflect the changes in the partnership's reportable segments. These segments are independently and regularly reviewed and managed by the Chief Executive Officer, who is considered the Chief Operating Decision Maker. See Note 38, *Segment Information*, for further discussion.

c) Basis of presentation

These consolidated financial statements have been prepared on a going concern basis and are presented in United States ("U.S.") Dollars rounded to the nearest million unless otherwise indicated. New accounting standards issued but not yet effective for the current accounting period are described in Note 3, *Future Accounting Policy Changes*.

(i) Subsidiaries

The consolidated financial statements include the accounts of the partnership and its subsidiaries over which the partnership has control. Control exists when the partnership has power over its investee, has exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. The partnership considers all relevant facts and circumstances in assessing whether or not the partnership's voting rights in the investee are sufficient to give it power over the investee.

Consolidation of a subsidiary begins on the date on which the partnership obtains control over the subsidiary and ceases when the partnership loses control over the subsidiary. Income and expenses of a subsidiary acquired or disposed of during a reporting period are consolidated only for the period when the partnership has control over the subsidiary. Changes in the partnership's ownership interests in subsidiaries that do not result in loss of control over the subsidiary are accounted for as equity transactions whereby the difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received, is recognized directly in equity and attributed to owners of the partnership.

All accounts and transactions relating to transactions among the partnership and its subsidiaries are eliminated on consolidation. In cases where a subsidiary reports under a different accounting policy, adjustments are made to the financial statements of the subsidiary to present its financial position and results of operations in accordance with the partnership's accounting policy.

Net income and loss and each component of other comprehensive income are attributed to owners of the partnership and to non-controlling interests. Non-controlling interests in the partnership's operating subsidiaries and properties, the redeemable/exchangeable and special limited partnership units, and Exchange LP Units are presented separately in equity on the consolidated balance sheets.

(ii) Associates and joint ventures

An associate is an entity over which the partnership has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control. The partnership is presumed to have significant influence when it holds 20 percent or more of the voting rights of an investee, unless it can be clearly demonstrated that this is not the case. The partnership does not control its associates.

A joint arrangement is an arrangement in which two or more parties have joint control which is the contractually agreed upon sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement where the parties that have joint control have rights to the net assets of the arrangement. None of the parties involved have unilateral control of a joint venture.

The partnership accounts for its interests in joint ventures and associates using the equity method of accounting. Under the equity method, investment balances in a joint venture or an associate are carried on the consolidated balance sheets at initial cost as adjusted for the partnership's proportionate share of profit or loss and other comprehensive income of the joint venture or associate. The partnership assesses whether its balances of equity method investments are impaired at the end of each reporting period.

The partnership determines at the end of each reporting period whether there exist any indications that an investment may be impaired. If any such indication exists, the partnership estimates the recoverable amount of the asset, which is the higher of (i) fair value less costs to sell and (ii) value in use. Value in use is the present value of the future cash flows expected to be derived from such an investment and may result in a measure which is different from fair value less costs to sell. For equity accounted investments, for which quoted market prices exist, the partnership also considers whether a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

When the partnership transacts with a joint venture or an associate, any gain or loss is eliminated only to the extent of the partnership's proportionate share and the remaining amounts are recognized in the partnership's consolidated financial statements. Outstanding balances between the partnership and jointly controlled entities are not eliminated on the balance sheet.

(iii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to assets and obligations for liabilities relating to the arrangement. This usually results from direct interests in the assets and liabilities of an investee rather than through the establishment of a separate legal entity. None of the parties involved have unilateral control of a joint operation. The partnership recognizes its assets, its liabilities and its share of revenues and expenses of the joint operations in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

When the partnership sells or contributes assets to a joint operation in which it is a joint operator, the partnership is considered to be conducting transactions with the other parties to the joint operation, and any gain or loss resulting from the transactions is recognized in the partnership's consolidated financial statements only to the extent of the other parties' interests in the joint operation. When the partnership purchases an asset from a joint operation in which it is a joint operator, the partnership does not recognize its share of the gain or loss until those assets are resold to a third party.

d) Foreign currency translation and transactions

The U.S. Dollar is the functional currency and presentation currency of the partnership.

Subsidiaries, associates or joint ventures having a functional currency other than the U.S. Dollar translate their carrying amounts of assets and liabilities when reporting to the partnership at the rate of exchange prevailing as of the balance sheet date, and their revenues and expenses at average exchange rates during the reporting period. Any gains or losses on foreign currency translation are recognized by the partnership in other comprehensive income. On disposition or partial disposition resulting in the loss of control of a foreign operation (i.e., any subsidiary, associate, joint arrangement, or branch of the partnership with a functional currency other than the U.S. Dollar), the accumulated foreign currency translation relating to that foreign operation is reclassified

to net income. On partial disposal of a foreign operation in which control is retained, the proportionate share of the accumulated foreign currency translation relating to that foreign operation is reattributed to the non-controlling interests.

The partnership's foreign currency transactions are translated into the functional currency using exchange rates as of the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the exchange rate prevailing as of the balance sheet date and non-monetary assets and liabilities measured at fair value are translated at the exchange rate prevailing as of the date when the fair value was determined. Any gain or loss from the translation of monetary items is recognized in net income, except for those related to monetary liabilities qualified as hedges of the partnership's investment in foreign operations or intercompany loans with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future, which are included in other comprehensive income. Foreign currency denominated non-monetary assets and liabilities, measured at historical cost, are translated at the rate of exchange at the transaction date.

e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and all non-restricted highly liquid investments with original maturities of three months or less.

f) Investment properties

Investment properties consists of commercial properties which are principally held to earn rental income and commercial developments that are being constructed or developed for future use as commercial properties. Investment properties are measured initially at cost, or fair value if acquired in a business combination (see Note 2(p), *Business Combinations*, for further discussion). The cost of commercial development properties includes direct development costs, realty taxes and borrowing costs directly attributable to the development. The partnership elects the fair value model for all investment properties and measures them at fair value subsequent to initial recognition on the consolidated balance sheet. As a result, impairment assessments do not apply.

Fair values of the investment properties are primarily determined based on inputs from available market evidence as of the balance sheet date. Related fair value gains and losses are recognized in fair value gains, net in the period in which they arise. In accordance with its policy, the partnership generally measures and records its commercial properties and developments using valuations prepared by management. The partnership generally does not measure or record its properties based on valuations prepared by external valuation professionals. However, for certain recently acquired subsidiaries, the partnership has used valuations prepared by external valuation professionals. The partnership assesses the external valuation, including the major inputs and assumptions, and makes adjustments as required.

Borrowing costs associated with direct expenditures on properties under development or redevelopment are capitalized. Borrowing costs are also capitalized on those properties acquired specifically for redevelopment in the short-term where activities necessary to prepare them for redevelopment are in progress. The amount of borrowing costs capitalized is determined first by borrowings specific to a property where relevant, and then by a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross borrowing costs incurred less any incidental investment income. Borrowing costs are capitalized from the commencement of the development until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. The partnership considers practical completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Where the partnership has pre-leased space as of or prior to the start of the development and the lease requires the partnership to construct tenant improvements which enhance the value of the property, practical completion is considered to occur on completion of such improvements.

Initial direct leasing costs incurred by the partnership in negotiating and arranging tenant leases are added to the carrying amount of investment properties.

g) Assets 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. For this purpose, a sale is highly probable if management is committed to a plan to achieve the sale; there is an active program to find a buyer; the non-current asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; the sale is anticipated to be completed within one year from the date of classification; and it is unlikely there will be significant changes to the plan or that the plan will be withdrawn. Where an asset or disposal group is acquired with a view to resale, it is classified as a non-current asset held for sale at the acquisition date only if the disposal is expected to take place within one year of the acquisition, and it is highly probable that the other general requirements and specific conditions referred to above will be met within a short period following the acquisition (usually within three months). Non-current assets held for sale and

disposal groups that are not investment properties are recorded at the lesser of carrying amount and fair value less costs to sell on the consolidated balance sheet. Investment properties that are held for sale are recorded at fair value determined in accordance with IFRS 13, *Fair Value Measurement*.

Where a component of an entity has been disposed of, or is classified as held for sale, and it represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, the related results of operations and gain or loss on reclassification or disposition are presented in discontinued operations.

h) Hospitality assets

The partnership accounts for its investments in hospitality properties as property, plant and equipment under the revaluation model. Hospitality properties are recognized initially at cost or fair value if acquired in a business combination (see Note 2(p), *Business Combinations*, for further discussion) and subsequently carried at fair value at the balance sheet date less any accumulated impairment and subsequent accumulated depreciation. The partnership depreciates these assets on a straight-line basis over their relevant estimated useful lives. Fair values are determined internally using discounted cash flow models with inputs from available market evidence for North American hospitality assets. Fair values for the short-break destinations across the United Kingdom are determined using a depreciated replacement cost method based on the age, physical condition and the construction costs of the assets.

Revaluations of hospitality properties are performed annually at December 31, the end of the fiscal year, to ensure that the carrying amounts do not differ significantly from fair values. Where the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity within revaluation surplus, unless the increase reverses a previously recognized revaluation loss recorded through prior period net income, in which case that portion of the increase is recognized in net income. Where the carrying amount of an asset is decreased, the decrease is recognized in other comprehensive income to the extent of any balance existing in revaluation surplus in respect of the asset, with the remainder of the decrease recognized in net income. Revaluation gains are recognized in other comprehensive income, and are not subsequently recycled into profit or loss. The cumulative revaluation surplus is transferred directly to retained earnings when the asset is derecognized.

In performing annual revaluations, the partnership first qualitatively assesses whether there is any indication that the hospitality properties may be impaired. If no indication is identified, no impairment will be recorded. If the partnership has identified indicators for impairment, the asset's carrying amount (i.e., fair value less any accumulated depreciation and impairment) is compared with the recoverable amount of the hospitality property, which is determined as the higher of the estimated fair value less costs on disposal or the present value of expected future cash flows generated from the use and eventual disposal of an asset. An impairment is taken if the recoverable amount is less than the carrying amount of the asset and is accounted for in the same manner as a revaluation decrease as described above.

i) Inventory

Develop-for-sale multifamily projects, residential development lots, homes and residential condominium projects are recorded in inventory. Residential development lots are recorded at the lower of cost, including pre-development expenditures and capitalized borrowing costs, and net realizable value, which the company determines as the estimated selling price of the inventory in the ordinary course of business in its completed state, less estimated expenses, including holding costs, costs to complete and costs to sell.

j) Fair value measurement

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the partnership takes into account the characteristics of the asset or liability and how market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Inputs to fair value measurement techniques are disaggregated into three hierarchical levels, which are directly based on the degree to which inputs to fair value measurement techniques are observable by market participants:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset's or liability's anticipated life.

- Level 3 – Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

Fair value measurements are adopted by the partnership to calculate the carrying amounts of various assets and liabilities.

k) Loans and notes receivable

Loans and notes receivable are carried at amortized cost with interest income recognized using the effective interest method. Loans and notes receivable purchased at a discount or premium are also carried at amortized cost with discounts or premiums amortized over the remaining expected life of the loan following the effective interest method.

Loans are evaluated individually for impairment given the unique nature and size of each loan. A loan is considered impaired when, based upon current information and events, it is probable that the partnership will be unable to collect all amounts due for both principal and interest according to the contractual terms of the loan agreement. For each collateralized loan, the partnership's subsidiaries perform a quarterly review of all collateral properties underlying the loan receivable. Impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

l) Intangible assets

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at fair value at the acquisition date. The partnership's intangible assets are comprised primarily of trademarks and licensing agreements.

Subsequent to initial recognition, intangible assets with a finite life are measured at cost less accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over the estimated useful life of the intangible asset and is recognized in net income for the respective reporting period. Intangible assets with an indefinite life are measured at cost as adjusted for subsequent impairment. Impairment tests for intangible assets are performed annually. Impairment losses previously taken may be subsequently reversed in net income of future reporting periods.

m) Goodwill

Goodwill represents the excess of the acquisition price paid for a business combination over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Upon initial recognition, goodwill is allocated to the cash-generating unit to which it relates. The partnership identifies a cash-generating unit as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The partnership evaluates the carrying amount of goodwill annually as of December 31 or more often when events or circumstances indicate there may be an impairment. The partnership's goodwill impairment test is performed at the cash-generating unit level. If assets within a cash-generating unit or the cash-generating unit are impaired, impairments are taken for those assets or the cash-generating unit before any goodwill impairment test is performed. In assessing whether goodwill is impaired, the partnership assesses if the carrying value of a cash-generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the present value of future cash flows expected from the cash-generating unit. Impairment losses then recognized first reduce the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the cash-generating unit. Any goodwill impairment is charged to net income in the respective reporting period. Impairment losses on goodwill are not subsequently reversed.

On disposal of a subsidiary, any attributable amount of goodwill is included in determination of the gain or loss on disposal.

n) Financial instruments and hedge accounting

(i) Classification and measurement

The partnership and its subsidiaries classify and measure financial instruments as summarized in the following table:

	Classification	Measurement basis
Financial assets		
Participating loan interests	Loans and receivables	Amortized cost[(1)]
Loans and notes receivables	Loans and receivables	Amortized cost
Other non-current assets:		
Securities designated as fair value through profit or loss ("FVTPL")	FVTPL	Fair value
Securities designated as available-for-sale ("AFS")	AFS	Fair value
Derivative assets	FVTPL	Fair value
Accounts receivable and other	Loans and receivables	Amortized cost
Cash and cash equivalents	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable	Other liabilities	Amortized cost
Debt obligations	Other liabilities	Amortized cost[(1)]
Capital securities	Other liabilities	Amortized cost[(1)]

[(1)] *Excluding embedded derivatives that are classified as FVTPL.*

Financial instruments carried at amortized cost incur interest income or expense in each reporting period. The periodic interest income or expense of these financial instruments includes the amortization of any premium or discount from original issuance or purchase. Transaction costs that are directly attributable to the acquisition or issue of the financial instruments are included in the carrying amount of such financial instrument and amortized through interest income or expense in each reporting period using the effective interest method.

Financial instruments carried at fair value incur fair value gains or losses in each reporting period. Fair values of those financial instruments are determined by reference to quoted bid or ask prices or prices within the bid ask spread, as appropriate, and when unavailable, to the closing price of the most recent transaction of that instrument. Fair values of certain financial instruments also incorporate significant use of unobservable inputs which reflect the partnership's market assumptions. Fair value gains and losses on AFS financial assets are recognized in other comprehensive income and reclassified to net income upon sale or impairment. Fair value gains and losses on financial instruments designated as FVTPL are recognized in fair value gains, net.

In addition, the partnership assesses the issuance of debt and equity to determine the appropriate classification of each instrument. Equity instruments issued but meeting the definition of a financial liability are presented within capital securities on the partnership's consolidated balance sheets.

(ii) Impairment of financial instruments

Financial assets carried at amortized cost are assessed for impairment at the end of each reporting period. The partnership first determines whether there are qualitative indications that a financial asset may be impaired. If there is no objective evidence indicative of impairment, no impairment is taken. If there is objective evidence of impairment, the amount of the recorded loss is measured as the difference between the financial asset's carrying amount and the present value of future cash flows from the financial asset, discounted at the original effective interest rate. When impaired, the carrying amount of a financial asset is decreased directly or through an allowance account and the amount of impairment loss is recognized in net income in the reporting period as incurred. In the case of AFS instruments, when objective evidence of impairment exists, the cumulative loss in accumulated other comprehensive income is reclassified as loss in net income in the reporting period.

(iii) Derivatives and hedging

The partnership assesses each financial instrument and other non-financial contracts for embedded derivatives. Derivative instruments are recorded in the consolidated balance sheet at fair value, including those derivatives that are embedded in financial or non-financial contracts and which are not closely related to the host contract. Changes in the fair value of derivative instruments, including embedded derivatives, which are not designated as hedges for accounting purposes, are recognized in profit or loss consistent with the underlying nature and purpose of the derivative instrument.

The partnership's subsidiaries selectively utilize derivative financial instruments to manage financial risks, including interest rate risk, commodity and foreign currency risk. Fair values of derivative instruments are determined on a credit-adjusted basis.

The partnership applies hedge accounting to certain derivative instruments designated as cash flow hedges, and to derivative and non-derivative financial instruments designated as hedges of net investments in subsidiaries. Hedge accounting is discontinued prospectively when the hedge relationship is terminated or no longer qualifies as a hedge, or when the hedging item is sold or terminated.

In a cash flow hedge, the effective portion of the change in the fair value of the hedging derivative is recognized in other comprehensive income while the ineffective portion is recognized in fair value gains, net. Hedging gains and losses recognized in accumulated other comprehensive income are reclassified to net income in the periods when the hedged item affects net income. Gains and losses on derivatives are immediately reclassified to fair value gains, net when the hedged item is sold or terminated or when it is determined that a hedged forecasted transaction is no longer probable.

In a net investment hedging relationship, the effective portion of foreign currency gains and losses on the hedging instruments is recognized in other comprehensive income and the ineffective portion is recognized in net income. The amounts recorded in accumulated other comprehensive income are reclassified to net income, together with the related cumulative translation gain or loss, when there is a disposition or partial disposition that results in the loss of control of the foreign subsidiary.

o) Income taxes

The partnership is a flow-through entity for tax purposes and as such is not subject to Bermudian taxation. However, income tax expenses are recognized for taxes payable by holding entities and their direct or indirect corporate subsidiaries.

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities by the holding entities in respect of the partnership or directly by the partnership's taxable subsidiaries, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax basis used in the computation of taxable income and carrying amounts of assets and liabilities in the consolidated financial statements. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses will be utilized. The carrying amounts of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent it is no longer probable that the income tax asset will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

p) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the partnership has a present obligation (legal or constructive) as a result of a past event, it is probable that the partnership will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each balance sheet date using the current discount rate. The increase in the provision due to passage of time is recognized as interest expense.

q) Business combinations

The partnership accounts for business combinations in which control is acquired under the acquisition method. The partnership considers three criteria that include input, process and output to assess whether acquired assets and assumed liabilities meet the definition of a business. The acquisition price is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. As a result, the partnership recognizes the acquiree's identifiable assets and assumed liabilities at their acquisition-date fair values, except for non-current assets classified as held-for-sale, which are recognized at fair value less costs to sell. The partnership also evaluates whether there are intangible assets acquired that have not previously been recognized by the acquiree and recognizes them as identifiable intangible assets. The interests of non-controlling shareholders in the acquiree are initially measured at their proportion of the net fair value of the identifiable assets and assumed liabilities recognized.

To the extent that the acquisition price exceeds the fair value of the net assets, the excess is recorded as goodwill. To the extent the fair value of consideration paid is less than the fair value of net identifiable assets, the excess is recognized as a bargain purchase gain in the partnership's net income for the respective reporting period.

Where a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in net income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other

comprehensive income are reclassified to net income. Changes in the partnership's ownership interest of an investee that do not result in a change of control are accounted for as equity transactions and are recorded as a component of equity. Acquisition costs are recorded as an expense in the reporting period as incurred.

r) Revenue recognition

(i) Investment properties

Revenue from investment properties is presented within commercial property revenue on the consolidated statements of income. The partnership has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where the partnership is required to make additions to the property in the form of tenant improvements to enhance the value of the property, upon substantial completion of those improvements. The total amount of contractual rents expected from operating leases is recognized on a straight-line basis over the term of the lease, including contractual base rent and subsequent rent increases as a result of rent escalation clauses. A rent receivable, included within the carrying amount of investment properties, is used to record the difference between the rental revenue recorded and the contractual amount received.

Rental receivables and related revenue also includes percentage participating rents and recoveries of operating expenses, including property and capital taxes. Percentage participating rents are recognized when tenants' specified sales targets have been met. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants. Where a tenant is legally responsible for operating expenses and pays them directly in accordance with the terms of the lease, the partnership does not recognize the expenses or any related recovery revenue.

(ii) Hospitality revenue

Revenue from hospitality properties is presented within hospitality revenue on the consolidated statements of income. Room, food and beverage and other revenues are recognized as services are provided. The partnership recognizes room revenue net of taxes and levies. Advance deposits are deferred and included as a liability until services are provided to the customer. The partnership recognizes net wins from casino gaming activities (the difference between gaming wins and losses) as gaming revenue. The partnership recognizes liabilities for funds deposited by patrons before gaming play occurs and for chips in the patrons' possession, both of which are included in accounts payable and other liabilities. Revenue and expenses from tour operations include the sale of travel and leisure packages and are recognized on the first day the travel package is in use. Amounts collected in advance from guests are deferred as a liability until such amounts are earned.

(iii) Performance and management fee revenue

Fee revenue is presented on the consolidated statements of income within investment and other revenue. Certain of the partnership's subsidiaries are subject to profit sharing arrangements between the partnership and the non-controlling equity holders. The attribution of net income amongst equity holders in these subsidiaries reflects the impact of these profit sharing arrangements when the attribution of profits as determined in the agreement is no longer subject to adjustment based on future events.

s) Unit-based compensation

The partnership and its subsidiaries issue unit-based awards to certain employees and non-employee directors of certain subsidiaries. The cost of cash-settled unit-based transactions, comprised of unit options, deferred share units and restricted share units, is measured as the fair value at the grant date and expensed on a proportionate basis over the vesting period. The corresponding accrued liability is measured at each reporting date at fair value with changes in fair value recognized in net income. The cost of equity-settled unit-based transactions, comprised of unit options and restricted units, is determined as the fair value of the award on the grant date. The cost of equity-settled unit-based transactions is recognized as each tranche vests and is recorded within equity.

As of June 9, 2014, the partnership established certain unit-based awards plans in connection with the acquisition of Brookfield Office Properties Inc. ("BPO"). The share options and restricted shares outstanding under the pre-existing BPO share-based compensation plans were either redeemed for cash or replaced under these new option or unit plans. The prior BPO plans were accounted for as equity-settled unit-based transactions. The terms of the new plans entitles holders of unit options to redeem such options for a cash payment equal to the amount by which the fair market value of an LP Unit at the date of exercise exceeds the exercise price. Consequently, the partnership accounted for these new option plans as cash-settled unit-based transactions, effective June 9, 2014, as described above.

On February 3, 2015, the BPY Unit Option Plan (the "BPY Plan") was amended and restated by the board of directors of the general partner of BPY, and approved by unitholders on March 26, 2015. The amended BPY Plan allows for the settlement of the in-the-money amount of an option upon exercise in BPY Units for certain qualifying employees whose location of employment is outside of Australia and Canada. This amendment applies to all options granted under the BPY Plan, including those options

outstanding prior to February 3, 2015. Consequently, as a result of this amendment, options granted to employees whose location of employment is outside of Australia and Canada under the amended and restated BPY Plan are accounted for as an equity-based compensation agreement while the remaining options continue to be accounted for as cash-settled unit-based transactions (see Note 30, *Unit-based Compensation*).

t) Redeemable/Exchangeable Partnership Units

The Redeemable/Exchangeable Partnership Units may, at the request of the holder, be redeemed in whole or in part, for cash in an amount equal to the market value of one of the partnership's LP Units multiplied by the number of units to be redeemed (subject to certain adjustments). This right is subject to the partnership's right, at its sole discretion, to elect to acquire any unit presented for redemption in exchange for one of the partnership's LP Units (subject to certain customary adjustments). If the partnership elects not to exchange the Redeemable/Exchangeable Partnership Units for LP Units, Redeemable/Exchangeable Partnership Units are required to be redeemed for cash. The Redeemable/Exchangeable Partnership Units provide the holder the direct economic benefits and exposures to the underlying performance of the operating partnership and accordingly to the variability of the distributions of the operating partnership, whereas the partnership's unitholders have indirect access to the economic benefits and exposures of the operating partnership through direct ownership interest in the partnership which owned a direct interest in the managing general partnership interest. Accordingly, the Redeemable/Exchangeable Partnership Units have been presented within non-controlling interests on the consolidated balance sheets. The Redeemable/Exchangeable Partnership Units do not entail a contractual obligation on the part of the partnership to deliver cash and can be settled by the partnership, at its sole discretion, by issuing a fixed number of its own equity instruments.

u) Earnings per limited partnership unit

The partnership calculates basic earnings per unit by dividing net income attributable to limited partners by the weighted average number of LP Units outstanding during the period. Net income is allocated to limited partners based on the weighted average proportionate share of LP Units outstanding compared to the total number of units at the end of the period. The impact of the potential conversion of mandatorily convertible preferred shares, such as the exchangeable preferred equity securities ("Preferred Equity Units") issued to the Qatar Investment Authority ("QIA"), is included in the calculation of the weighted average number of LP Units outstanding during the period without an add back to net income attributable to limited partners of the associated carry on such preferred shares. Refer to Note 17, *Capital Securities*, for further discussion of the Preferred Equity Units.

The partnership also calculates diluted earnings per unit by adjusting net income attributable to limited partners and the weighted average number of LP Units outstanding to reflect the impact of dilutive financial instruments. The calculation of diluted earnings per LP Units of the partnership includes the dilutive impact of securities issued by the partnership's subsidiaries that are convertible into LP Units of the partnership, as well as options granted to employees pursuant to the BPY Plan.

v) Critical judgments and estimates in applying accounting policies

The preparation of the partnership's consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Critical judgments and estimates made by management and utilized in the normal course of preparing the partnership's consolidated financial statements are outlined below.

(i) Control

In determining whether the partnership has power over an investee, the partnership makes judgments in identifying relevant activities that would significantly affect the returns of an investee, in assessing the partnership's voting rights or other contractual rights that would give it power to unilaterally make decisions, and in assessing rights held by other stakeholders which might give them decision-making authority. In assessing if the partnership has exposure or rights to variable returns from its involvement with the investee, the partnership makes judgments concerning the variability of the returns from an investee based on the substance of the arrangement, the absolute and relative size of those returns. In determining if the partnership has the ability to use its power to affect its returns in an investee, the partnership makes judgments in assessing whether it is acting as a principal or agent in decision-making and whether another entity with decision-making rights is acting as an agent for the partnership. Where other stakeholders have decision-making authority, the partnership makes judgments as to whether its decision-making rights provide it with control, joint control or significant influence over the investee.

In addition to the above, the partnership makes judgments in respect of joint arrangements that are carried on through a separate vehicle in determining whether the partnership's interest represents an interest in the assets and liabilities of the arrangement (a joint operation) or in its net assets (a joint venture).

(ii) Common control transactions

The purchase and sale of businesses or subsidiaries between entities under common control fall outside the scope of IFRS and accordingly, management uses judgment when determining a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. The partnership's policy is to 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 carrying amount of the consideration given or received and the carrying amount of the assets and liabilities transferred are recorded directly in equity.

(iii) Business combinations

Judgment is applied in determining whether an acquisition is a business combination or an asset acquisition by considering the nature of the assets acquired and the processes applied to those assets, or if the integrated set of assets and activities is capable of being conducted and managed for the purpose of providing a return to investors or other owners. Judgment is also applied in identifying acquired assets and assumed liabilities and determining their fair values.

(iv) Investment properties

In applying relevant accounting policies, judgment is made in determining whether certain costs are additions to the carrying amount of the property, in identifying the point at which practical completion of the development property occurs, and in identifying borrowing costs directly attributable to the carrying amount of the development property.

Assumptions and estimates used when determining the fair value of investment properties are: the timing of rental income from future leases reflecting current market conditions; assumptions of future cash flows in respect of current and future leases; maintenance and other capital expenditures; discount rates; terminal capitalization rates; and terminal valuation dates. Properties under active development are recorded at fair value using a discounted cash flow model which includes estimates in respect of the timing and cost to complete the development.

(v) Investments in Australia

The partnership has an economic interest in a portfolio of properties in Australia owned by Brookfield Asset Management in the form of participating loan agreements that provide the partnership with an interest in the results of operations and changes in fair values of the properties in the Australian portfolio. These participating loan interests are convertible by the partnership at any time into direct ownership interests in either the properties in the Australian portfolio or the entities that have direct ownership of the property (the "property subsidiaries"). The critical judgments made in the accounting for this investment relate to the partnership's determination that the economic interests held by the partnership in certain entities within the Australian portfolio represent controlling interests in those entities, the determination of unit of account where related financial instruments have been entered into in contemplation of each other, the identification of the terms of embedded derivatives within the partnership's participating loan interests, the recognition of certain amounts paid to the partnership's parent as financial assets or equity transactions, and the measurement of assets and liabilities recognized as a result of transactions with entities under common control.

As a result of these judgments, the partnership has accounted for its interests in certain property subsidiaries as a controlling interest in a subsidiary or an equity accounted interest in a jointly controlled entity. Interests in other properties and subsidiaries are accounted for as participating loan notes that give rise to interest income reflecting the results of operations of the underlying property and gain or losses on an embedded derivative that corresponds to the property's change in fair value.

(vi) Assets held for sale

The partnership's accounting policies relating to assets held for sale are described in Note 2(g), *Assets Held for Sale*. In applying this policy, judgment is applied in determining whether sale of certain assets is highly probable, which is a necessary condition for being presented within assets held for sale.

(vii) Revaluation of hospitality assets

When determining the carrying amounts under the revaluation method, the partnership uses the following assumptions and estimates: the timing of forecasted revenues, future sales prices and margins; future sales volumes; future regulatory rates; maintenance and other capital expenditures; discount rates; terminal capitalization rates; terminal valuation dates; useful lives; and residual values.

(viii) Income taxes

In applying relevant accounting policies, judgments are made in determining the probability of whether deductions, tax credits and tax losses can be utilized. In addition, the consolidated financial statements include estimates and assumptions for determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the period when the assets are

realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates. The partnership measures deferred income taxes associated with its investment properties based on its specific intention with respect to each asset at the end of the reporting period. Where the partnership has a specific intention to sell a property in the foreseeable future or where existing contractual arrangements create an intention to sell in the future, deferred taxes on the building portion of the investment property are measured based on the tax consequences following from the disposition of the property. Otherwise, deferred taxes are measured on the basis that the carrying value of the investment property will be recovered substantially through use. Judgment is required in determining the manner in which the carrying amount of each investment property will be recovered.

The partnership also makes judgments with respect to the taxation of gains inherent in its investments in foreign subsidiaries and joint ventures. While the partnership believes that the recovery of its original investment in these foreign subsidiaries and joint ventures will not result in additional taxes, certain unremitted gains inherent in those entities could be subject to foreign taxes depending on the manner of realization.

(ix) Leases

In applying its accounting policy for recognition of lease revenue, the partnership makes judgments with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased property, which in turn is used to determine whether these amounts are treated as additions to operating property and the point in time to recognize revenue under the lease. In addition, where a lease allows a tenant to elect to take all or a portion of any unused tenant improvement allowance as a rent abatement, the partnership must exercise judgment in determining the extent to which the allowance represents an inducement that is amortized as a reduction of lease revenue over the term of the lease.

The partnership also makes judgments in determining whether certain leases, in particular those tenant leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the partnership is lessor, are operating or finance leases. The partnership has determined most of its leases are operating leases, with several finance leases that are not material. Where operating costs are paid directly by tenants, the partnership exercises judgment in determining whether those costs are expenses of the partnership or the tenant which impacts the extent to which operating costs recovery revenue is recognized.

(x) Financial instruments

The critical judgments inherent in the relevant accounting policies relate to the classification of financial assets or financial liabilities, designation of financial instruments as FVTPL, the assessment of the effectiveness of hedging relationships, the determination of whether the partnership has significant influence over investees with which it has contractual relationships, and the identification of embedded derivatives subject to fair value measurement in certain hybrid instruments.

Estimates and assumptions used in determining the fair value of financial instruments are: equity and commodity prices; future interest rates; the credit risk of the partnership and its counterparties; amount and timing of estimated future cash flows; discount rates and volatility utilized in option valuations.

The partnership holds other financial instruments that represent equity interests in investment property entities that are measured at fair value as these financial instruments are designated as FVTPL or AFS. Estimation of the fair value of these instruments is also subject to the estimates and assumptions associated with investment properties. The fair value of interest rate caps is determined based on generally accepted pricing models using quoted market interest rates for the appropriate term. Interest rate swaps are valued at the present value of estimated future cash flows and discounted based on applicable yield curves derived from market interest rates.

(xi) Indicators of impairment

Judgment is applied when determining whether indicators of impairment exist when assessing the carrying values of the partnership's assets for potential impairment. Consideration is given to a combination of factors, including but not limited to forecasts of revenues and expenses, values derived from publicly traded prices, and projections of market trends and economic environments.

(xii) Other critical judgments

Other critical judgments utilized in the preparation of the partnership's consolidated financial statements are: assets' recoverable amounts; assets' net realizable values; depreciation and amortization rates and assets' useful lives; the determination of functional currency; the likelihood and timing of anticipated transactions for hedge accounting; and the selection of accounting policies, among others.

w) Adoption of Accounting Standards

The partnership adopted Amendments to IFRS 11 effective January 1, 2016. The amendments add new guidance to IFRS 11 on accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, *Business Combinations*. Acquirers of such interests are to apply the relevant principles on business combination accounting in IFRS 3 and other standards, as well as disclosing the relevant information specified in these standards for business combinations. The adoption of the amendments to this standard did not have a significant impact on the partnership's consolidated financial statements.

NOTE 3. FUTURE ACCOUNTING POLICY CHANGES

The following are accounting policies issued that the partnership expects to adopt in the future:

IFRS 16, *Leases* ("IFRS 16") will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17, *Leases* ("IAS 17") would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period. IFRS 16 supersedes IAS 17 and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15, *Revenue from Contracts with Customers* has also been applied. The partnership has not yet determined the impact of IFRS 16 to its consolidated financial statements.

IFRS 9, *Financial Instruments* ("IFRS 9") will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. It also introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted and will be applied retrospectively. The partnership has not yet determined the impact of IFRS 9 to its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. This standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early application permitted, and will be applied retrospectively. The partnership is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

The amendments to IAS 7, *Statement of Cash Flows* requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The amendment to IAS 7 is effective for annual periods beginning January 1, 2017. Since the amendments are being issued less than one year before the effective date, the partnership is not required to provide comparative information when it first applies the amendments.

The amendment to IAS 12, *Income Taxes* clarifies the following aspects: (i) unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; (ii) the carrying amount of an asset does not limit the estimation of probable future taxable profits; (iii) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; (iv) an entity assesses a deferred tax asset in combination with other deferred tax assets. The amendment to IAS 12 is effective for annual periods beginning January 1, 2017. The amendment will not have any impact to the consolidated financial statements of the partnership as the partnership currently calculates the deferred tax assets and liabilities in accordance with the clarified guidance.

IFRIC 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") clarifies that the date of foreign currency transactions for purposes of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation is effective for periods beginning on or after January 1, 2018 and

may be applied either retrospectively or prospectively. The partnership has not yet determined the impact of IFRIC 22 to its consolidated financial statements.

NOTE 4. ACQUISITIONS AND BUSINESS COMBINATIONS

a) Completed in 2016

On December 15, 2016, the partnership acquired an additional interest in CityPoint Tower ("CityPoint"), a 710,000 square foot office building in London, and obtained control for total consideration of $754 million. The acquisition was funded with a cash contribution of $147 million from a fund sponsored by Brookfield Asset Management which was drawn on subscription facilities, with the remainder funded through debt financing. The partnership previously held a loan interest in CityPoint and accounted for its interest as a loan receivable. The partnership accounts for the acquisition as a step acquisition and remeasured its existing loan interest to fair value at acquisition date of $93 million. At the date the partnership's consolidated financial statements were approved for issuance, the valuations of investment properties and tax obligations were still under evaluation by the partnership. Accordingly, they have been accounted for on a provisional basis.

On November 17, 2016, the partnership acquired the International Finance Center ("IFC Seoul"), a 5.4 million square foot mixed-use complex in Seoul, South Korea for total consideration of $2,114 million. The acquisition was funded with a cash contribution of $330 million from third-party co-investors, and $545 million from a fund sponsored by Brookfield Asset Management which was drawn on subscription facilities, with the remainder funded through debt financing. At the date the partnership's consolidated financial statements were approved for issuance, the valuations of investment properties, property debt obligations and tax obligations were still under evaluation by the partnership. Accordingly, they have been accounted for on a provisional basis.

On July 6, 2016, the partnership acquired an additional 67% of the voting equity of Rouse Properties, Inc. ("Rouse") for consideration of $1,063 million or $18.25 per share. Rouse is a real estate investment trust focused on a diverse portfolio of malls and retail centers encompassing approximately 24.1 million square feet across the United States at the time of acquisition. On the acquisition date, the partnership previously owned 33% of the voting equity of Rouse and accounted for its interest as an equity accounted investment. As a result of the acquisition, the partnership owns 100% of the voting equity of Rouse. The partnership accounted for the acquisition as a step acquisition and remeasured its existing 33% equity interest in Rouse to fair value at the acquisition date. At the time of the acquisition, holders of 12% of the voting equity of Rouse exercised their appraisal rights, which delayed the partnership's payment for their shares of Rouse until the fair value of their equity as at the acquisition date is determined through legal proceedings. The partnership recorded a provision of $123 million in other non-current liabilities representing the partnership's obligation to the third party former equity-holders of Rouse who exercised their rights. Total consideration for the acquisition consisted of cash contribution of $587 million from a fund sponsored by Brookfield Asset Management, which was drawn on subscription facilities, the fair value of the partnership's existing 33% equity in Rouse as at the acquisition, and the fair value of the delayed settlement to the shareholders who have exercised their appraisal rights. At the date the partnership's consolidated financial statements were approved for issuance, the valuations of investment properties, property debt obligations and tax obligations were still under evaluation by the partnership. Accordingly, they have been accounted for on a provisional basis.

On May 10, 2016, the partnership acquired a portfolio of self-storage properties for total consideration of $151 million. The storage portfolio ("Southeastern Storage Portfolio") consists of self-storage properties across the Southeastern United States. The acquisition was funded with a cash contribution of $83 million from a fund sponsored by Brookfield Asset Management which was drawn on subscription facilities, with the remainder funded through debt financing. During the fourth quarter of 2016, the partnership completed the purchase price allocation for the acquisition of Southeastern Storage Portfolio. No material changes were made to the provisional purchase price allocation.

On April 29, 2016, the partnership acquired a portfolio of student housing properties ("UK Student Housing") across the United Kingdom for total consideration of $397 million. The acquisition was funded with a cash contribution of $209 million from a fund sponsored by Brookfield Asset Management, with the remainder funded through debt financing. During the fourth quarter of 2016, the partnership completed the purchase price allocation for the acquisition of UK Student Housing. No material changes were made to the provisional purchase price allocation.

On March 22, 2016, the partnership acquired a portfolio of self-storage properties for total consideration of $320 million. Simply Self Storage ("Simply Storage") consists of self-storage properties across the United States. The acquisition was funded with cash contribution of $289 million from a fund sponsored by Brookfield Asset Management which was drawn on subscription facilities, with the remainder funded through debt financing. During the fourth quarter of 2016, the partnership completed the purchase price allocation for the acquisition of Simply Storage. No material changes were made to the provisional purchase price allocation.

The following table summarizes the impact of material acquisitions during the year ended December 31, 2016:

(US$ Millions)	Rouse	IFC Seoul	Simply Storage	CityPoint	UK Student Housing	Southeastern Storage Portfolio	Other	**Total**
Investment properties	$ 3,010	$ 1,911	$ 839	$ 742	$ 608	$ 205	$ 1,372	**$ 8,687**
Property, plant and equipment	13	303	—	—	—	—	334	**650**
Accounts receivable and other	94	17	26	17	9	4	9	**176**
Cash and cash equivalents	32	25	15	1	33	1	8	**115**
Total assets	3,149	2,256	880	760	650	210	1,723	**9,628**
Less:								
Non-recourse borrowings	(1,840)	—	(534)	—	(202)	(58)	(76)	**(2,710)**
Accounts payable and other	(231)	(142)	(11)	(6)	(49)	(1)	(2)	**(442)**
Non-controlling interests[(1)]	(15)	—	(15)	—	(2)	—	(2)	**(34)**
Net assets acquired	$ 1,063	$ 2,114	$ 320	$ 754	$ 397	$ 151	$ 1,643	**$ 6,442**
Consideration[(2)]	$ 1,063	$ 2,114	$ 320	$ 754	$ 397	$ 151	$ 1,618	**$ 6,417**
Transaction costs	$ —	$ 26	$ 9	$ 2	$ 4	$ 2	$ 13	**$ 56**

(1) *Includes non-controlling interests recognized on business combinations measured as the proportionate share of the fair value of the assets, liabilities and contingent liabilities on the date of acquisition.*

(2) *Includes consideration paid with funds received from issuance of non-controlling interests to certain institutional investors in funds sponsored by Brookfield Asset Management.*

The difference between consideration and net assets acquired was primarily attributable to the bargain purchase gain from the acquisition of six office properties in suburban Maryland in the second quarter of 2016. The bargain purchase gain reflected a purchase price discount as a result of a distressed sale process and a portfolio discount negotiated with the seller.

In the period from each acquisition date to December 31, 2016, the partnership recorded revenue and net income in connection with these acquisitions of approximately $395 million and $70 million, respectively. If the acquisitions had occurred on January 1, 2016, the partnership's total revenue and net income would have been $5,853 million and $2,700 million, respectively, for the year ended December 31, 2016.

Transaction costs, which primarily relate to legal and consulting fees, are expensed as incurred in accordance with IFRS 3 and included in general and administrative expense on the consolidated statements of income

b) Completed in 2015

The partnership completed the following acquisitions during the year ended December 31, 2015, all of which were accounted for as business combinations in accordance with IFRS 3.

In December 2015, the partnership acquired a portfolio of office properties in Brazil. Funds sponsored by Brookfield Asset Management contributed $396 million of cash which was drawn on subscription facilities. At the date the partnership's December 31, 2015 consolidated financial statements were approved for issuance, the valuations of investment properties and property debt obligations were still under evaluation by the partnership. During the second quarter of 2016, the partnership completed the purchase price allocation for the acquisition of office portfolio in Brazil. No material changes were made to the provisional purchase price allocation disclosed in the December 31, 2015 consolidated financial statements.

On August 7, 2015, the partnership acquired 100% of the voting equity interests in Associated Estates Realty Corp. ("Associated Estates") for consideration of $2,559 million. Associated Estates is a real estate investment trust focused on apartment communities located in major metropolitan areas across the U.S. Funds sponsored by Brookfield Asset Management contributed $1,007 million of cash which was drawn on subscription facilities with the remainder funded through debt financing. Included in the consideration paid was $873 million which was used to repay all of the existing debt obligations that were outstanding immediately prior to the acquisition. At the date the partnership's September 30, 2015 consolidated financial statements were approved for issuance, the valuations of investment properties and property debt obligations were still under evaluation by the partnership. Accordingly, they were accounted for on a provisional basis. During the fourth quarter of 2015, the partnership completed the purchase price allocation for the acquisition of Associated Estates. No material changes were made to the provisional purchase price allocation.

On August 3, 2015, the partnership acquired 100% of the voting equity interests in Center Parcs Group ("Center Parcs UK") for consideration of $1,958 million. Center Parcs UK operates five short-break destinations across the United Kingdom. The acquisition was funded with $249 million in cash from the partnership, $551 million in cash contributed from third party co-investors, $749

million contributed by funds sponsored by Brookfield Asset Management which was drawn on subscription facilities and the remainder financed with debt. At the date the partnership's consolidated financial statements were approved for issuance, the valuations of hospitality properties and intangible assets and goodwill, as well as deferred income taxes were still under evaluation by the partnership. Accordingly, they had been accounted for on a provisional basis. During the third quarter of 2016, the partnership completed the purchase price allocation for Center Parcs UK. No material changes were made to the provisional purchase price allocation disclosed in the December 31, 2015 audited financial statements.

The following table summarizes the impact of significant acquisitions during the year ended December 31, 2015 that resulted in consolidation:

(US$ Millions)	Associated Estates	Center Parcs UK	Brazil Office Portfolio	Other	**Total**
Investment properties	$ 2,468	$ —	$ 626	$ 652	**$ 3,746**
Hospitality assets	—	2,618	—	—	**2,618**
Accounts receivable and other	143	71	36	12	**262**
Cash and cash equivalents	11	72	1	2	**86**
Goodwill	—	941	—	—	**941**
Intangible assets	—	1,099	—	—	**1,099**
Total assets	2,622	4,801	663	666	**8,752**
Less:					
Non-recourse borrowings	—	(2,139)	(177)	(5)	**(2,321)**
Accounts payable and other	(61)	(254)	(21)	(32)	**(368)**
Deferred income tax liabilities	—	(450)	(69)	—	**(519)**
Non-controlling interests[1]	(2)	—	—	(8)	**(10)**
Net assets acquired	$ 2,559	$ 1,958	$ 396	$ 621	**$ 5,534**
Consideration[2]	$ 2,559	$ 1,958	$ 396	$ 620	**$ 5,533**
Transaction costs	$ 42	$ 5	$ 11	$ 4	**$ 62**

(1) *Includes non-controlling interests recognized on business combinations measured as the proportionate share of the fair value of the assets, liabilities and contingent liabilities on the date of acquisition.*

(2) *Includes consideration paid with funds received from issuance of non-controlling interests to certain institutional investors in funds sponsored by Brookfield Asset Management.*

In the period from each acquisition date to December 31, 2015, the partnership recorded revenue and net income in connection with these acquisitions of approximately $379 million and $148 million, respectively. If the acquisitions had occurred on January 1, 2015, the partnership's total revenue and net income would have been $5,754 million and $3,921 million, respectively, for the year ended December 31, 2015.

NOTE 5. INVESTMENT PROPERTIES

The following table presents a roll forward of investment property balances for the years ended December 31, 2016 and 2015:

(US$ Millions)	Year ended Dec. 31, 2016			Year ended Dec. 31, 2015		
	Commercial properties	**Commercial developments**	**Total**	Commercial properties	Commercial developments	Total
Balance, beginning of year	**$ 39,111**	**$ 2,488**	**$ 41,599**	$ 37,789	$ 3,352	$ 41,141
Changes resulting from:						
Property acquisitions	**8,697**	**310**	**9,007**	3,950	210	4,160
Capital expenditures	**770**	**835**	**1,605**	916	1,149	2,065
Property dispositions[(1)]	**(876)**	**(13)**	**(889)**	(2,393)	(1,517)	(3,910)
Fair value gains, net	**290**	**251**	**541**	1,583	430	2,013
Foreign currency translation	**68**	**(213)**	**(145)**	(1,746)	(342)	(2,088)
Transfers between commercial properties and commercial developments	**562**	**(562)**	**—**	911	(911)	—
Reclassifications of assets held for sale and other changes	**(2,923)**	**(11)**	**(2,934)**	(1,899)	117	(1,782)
Balance, end of year	**$ 45,699**	**$ 3,085**	**$ 48,784**	$ 39,111	$ 2,488	$ 41,599

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

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 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. 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 the partnership determines using external information and observable conditions, where possible, in conjunction with internal analysis. 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 this report. Discount rates and capitalization rates are inherently uncertain and may be impacted by, among other things, movements in interest rates in the geographies and markets in which the assets are located. Changes in estimates of discount and capitalization rates across different geographies and markets are often independent of each other and not necessarily in the same direction or of the same magnitude. Further, impacts to the partnership's fair values of commercial properties from changes in discount or capitalization rates and cash flows are usually inversely correlated. Decreases (increases) in the discount rate or capitalization rate result in increases (decreases) of fair value. Such decreases (increases) may be mitigated by decreases (increases) in cash flows included in the valuation analysis, as circumstances that typically give rise to increased interest rates (e.g., strong economic growth, inflation) usually give rise to increased cash flows at the asset level. Refer to the table below for further information on valuation methods used by the partnership uses 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. The partnership generally does not measure or record its properties based on valuations prepared by external valuation professionals. However, for certain recently acquired subsidiaries, the partnership has used valuations prepared by external valuation professionals.

The key valuation metrics for the partnership's consolidated commercial properties are set forth in the following tables below on a weighted-average basis:

Consolidated properties	Primary valuation method	Dec. 31, 2016 Discount rate	Dec. 31, 2016 Terminal capitalization rate	Dec. 31, 2016 Investment horizon (yrs.)	Dec. 31, 2015 Discount rate	Dec. 31, 2015 Terminal capitalization rate	Dec. 31, 2015 Investment horizon (yrs.)
Core Office							
United States	Discounted cash flow	**6.8%**	**5.6%**	**12**	6.9%	5.7%	12
Canada	Discounted cash flow	**6.2%**	**5.5%**	**10**	6.1%	5.5%	10
Australia	Discounted cash flow	**7.3%**	**6.1%**	**10**	7.6%	6.2%	10
Europe	Discounted cash flow	**6.0%**	**5.0%**	**12**	6.0%	5.1%	12
Brazil	Discounted cash flow	**9.3%**	**7.5%**	**10**	9.3%	7.5%	10
Opportunistic Office	Discounted cash flow	**9.9%**	**7.6%**	**7**	11.5%	8.3%	6
Opportunistic Retail	Discounted cash flow	**10.2%**	**8.1%**	**12**	11.3%	8.5%	10
Industrial	Discounted cash flow	**7.4%**	**6.6%**	**10**	7.6%	6.8%	10
Multifamily[(1)]	Direct capitalization	**4.9%**	**n/a**	**n/a**	5.1%	n/a	n/a
Triple Net Lease[(1)]	Direct capitalization	**6.1%**	**n/a**	**n/a**	6.3%	n/a	n/a
Self-storage[(1)]	Direct capitalization	**6.2%**	**n/a**	**n/a**	n/a	n/a	n/a
Student Housing[(1)]	Direct capitalization	**5.9%**	**n/a**	**n/a**	n/a	n/a	n/a

(1) *The valuation method used to value multifamily, triple net lease, self-storage, and student housing properties is the direct capitalization method. The rates presented as the discount rate relate to the overall implied capitalization rate. The terminal capitalization rate and investment horizon are not applicable.*

Operating investment properties with a fair value of approximately $10.2 billion (December 31, 2015 - $8.7 billion) are situated on land held under leases or other agreements largely expiring after the year 2065. Investment properties do not include any buildings held under operating leases.

The following table presents the partnership's investment properties 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 in Note 2(j) above.

(US$ Millions)	Dec. 31, 2016 Level 1	Dec. 31, 2016 Level 2	Dec. 31, 2016 Level 3 Commercial properties	Dec. 31, 2016 Level 3 Commercial developments	Dec. 31, 2015 Level 1	Dec. 31, 2015 Level 2	Dec. 31, 2015 Level 3 Commercial properties	Dec. 31, 2015 Level 3 Commercial developments
Core Office								
United States	**$ —**	**$ —**	**$ 16,142**	**$ 387**	$ —	$ —	$ 17,354	$ 226
Canada	**—**	**—**	**4,015**	**598**	—	—	3,924	416
Australia	**—**	**—**	**2,112**	**—**	—	—	2,504	—
Europe	**—**	**—**	**583**	**1,247**	—	—	1,071	956
Brazil	**—**	**—**	**250**	**65**	—	—	195	29
Opportunistic								
Opportunistic Office	**—**	**—**	**5,645**	**208**	—	—	2,357	208
Opportunistic Retail	**—**	**—**	**4,214**	**3**	—	—	887	29
Industrial	**—**	**—**	**2,173**	**505**	—	—	1,753	624
Multifamily	**—**	**—**	**3,574**	**—**	—	—	4,458	—
Triple Net Lease	**—**	**—**	**4,790**	**—**	—	—	4,608	—
Self-storage	**—**	**—**	**1,592**	**32**	—	—	—	—
Student Housing	**—**	**—**	**609**	**40**	—	—	—	—
Total	**$ —**	**$ —**	**$ 45,699**	**$ 3,085**	$ —	$ —	$ 39,111	$ 2,488

There were no transfers between levels within the fair value hierarchy during the years ended December 31, 2016, 2015, and 2014. Investment properties with a fair value of $44.8 billion (December 31, 2015 - $39.2 billion) are pledged as security for property debt.

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 for December 31, 2016, for properties valued using the discounted cash flow or direct capitalization method, respectively:

(US$ Millions)	Dec. 31, 2016 Impact on fair value of commercial properties
Core Office	
United States	**$ 881**
Canada	**285**
Australia	**122**
Europe	**21**
Brazil	**9**
Opportunistic	
Opportunistic Office	**200**
Opportunistic Retail	**373**
Industrial	**63**
Multifamily	**174**
Triple Net Lease	**188**
Self-storage	**62**
Student Housing	**25**
Total	**$ 2,403**

During the year ended December 31, 2016, the partnership capitalized a total of $835 million (December 31, 2015 - $1,149 million) of costs related to development properties. Included in this amount is $718 million (December 31, 2015 - $1,034 million) of construction and related costs and $117 million (December 31, 2015 - $115 million) of borrowing costs capitalized. The weighted average interest rate used for the capitalization of borrowing costs to development properties for the year ended December 31, 2016 is 4.2% (December 31, 2015 - 4.3%).

NOTE 6. INVESTMENTS IN SUBSIDIARIES

The partnership considers all relevant facts and circumstances in determining that its voting rights in the entities listed below are sufficient to give it power over these subsidiaries. In addition, the partnership has exposure and rights to substantial variable returns from its economic interests in these subsidiaries, even after consideration of material non-controlling interests in certain subsidiaries. The partnership is able to use its power to affect the amount of its returns and consolidates these subsidiaries.

The following table presents the partnership's material subsidiaries as of December 31, 2016 and 2015:

	Jurisdiction of formation	Economic interest		Voting interest	
		Dec. 31, 2016	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015
Subsidiary of the partnership					
Brookfield Property L.P.[(1)]	Bermuda	**37%**	37%	**100%**	100%
Holding entities of the operating partnership					
BPY Bermuda IV Holdings L.P.	Delaware	**100%**	100%	**100%**	100%
Brookfield BPY Retail Holdings II Inc.	Ontario	**100%**	100%	**100%**	100%
BPY Bermuda Holdings Limited	Bermuda	**100%**	100%	**100%**	100%
BPY Bermuda Holdings II Limited	Bermuda	**100%**	100%	**100%**	100%
Brookfield BPY Holdings Inc.	Ontario	**100%**	100%	**100%**	100%
BPY Bermuda Holdings IV Limited	Bermuda	**100%**	100%	**100%**	100%
BPY Bermuda Holdings 1A Limited	Bermuda	**100%**	100%	**100%**	100%
Real estate subsidiaries of the holding entities					
BPO	Canada	**100%**	100%	**100%**	100%
Brookfield BPY Holdings (Australia) ULC[(2)]	Canada	**100%**	100%	**—%**	—%
DS4 Holdings Limited	Barbados	**100%**	100%	**100%**	100%
BSREP CARS Sub-Pooling LLC[(3)]	United States	**26%**	26%	**—%**	—%
Center Parcs UK[(3)]	United Kingdom	**27%**	32%	**—%**	—%
BSREP Industrial Pooling Subsidiary L.P.[(3)]	United States	**30%**	30%	**—%**	—%
BSREP II Aries Pooling LLC[(3)]	United States	**26%**	34%	**—%**	—%
Brookfield Brazil Retail Fundo de Investimento em Participações[(3)]	Brazil	**46%**	40%	**—%**	—%
BREF ONE, LLC[(3)]	United States	**33%**	33%	**—%**	—%
BSREP Europe Holdings L.P.[(3)]	Cayman Islands	**34%**	34%	**—%**	—%
BSREP UA Holdings LLC[(3)]	Cayman Islands	**30%**	30%	**—%**	—%
BSREP II Brazil Pooling LLC	United States	**32%**	34%	**—%**	—%
BSREP India Office Holdings Pte. Ltd.[(3)]	United States	**33%**	33%	**—%**	—%
Rouse Properties, L.P.[(4)]	United States	**50%**	—%	**33%**	—%
Brookfield Strategic Real Estate Partners II Storage REIT LLC	United States	**26%**	—%	**—%**	—%
BSREP II Korea Office Holdings Pte. Ltd.	South Korea	**18%**	—%	**—%**	—%

(1) *BPY holds all managing general partner units of the operating partnership and therefore has the power to direct the relevant activities and affairs of the operating partnership. The managing general partner units represent 37% and 37% of the total number of the operating partnership's units at December 31, 2016 and 2015, respectively.*

(2) *This entity holds economic interest in certain of its Australian properties not held through BPO. This economic interest is held in the form of participating loan agreements with Brookfield Asset Management.*

(3) *The partnership holds its economic interest in these assets primarily through limited partnership interests in Brookfield Asset Management-sponsored private funds. By their nature, limited partnership interests do not have any voting rights. The partnership has entered into voting agreements to provide the partnership with the ability to contractually direct the relevant activities of the investees.*

(4) *The partnership acquired a controlling interest in Rouse during the third quarter of 2016. Prior to this transaction, the partnership's interest was accounted for under the equity method. See Note 4, Acquisitions and Business Combinations, for more information.*

The table below shows details of non-wholly owned subsidiaries of the partnership that have material non-controlling interests:

(US$ Millions)	Jurisdiction of formation	Proportion of economic interests held by non-controlling interests		Non-controlling interests: Interests of others in operating subsidiaries and properties	
		Dec. 31, 2016	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015
BPO[1]	Canada	—%	—%	**$ 2,663**	$ 2,622
BSREP CARS Sub-Pooling LLC	United States	**74%**	74%	**1,208**	1,104
Center Parcs UK	United Kingdom	**73%**	68%	**982**	1,071
BSREP Industrial Pooling Subsidiary L.P.	United States	**70%**	70%	**887**	883
BSREP II Korea Office Holdings Pte. Ltd.	South Korea	**82%**	—%	**638**	—
BSREP II Aries Pooling LLC	United States	**74%**	66%	**635**	645
Rouse Properties, L.P.[2]	United States	**50%**	—%	**545**	—
BREF ONE, LLC	United States	**67%**	67%	**491**	457
Brookfield Strategic Real Estate Partners II Storage REIT LLC	United States	**74%**	—%	**479**	—
BSREP UA Holdings LLC	Cayman Islands	**70%**	70%	**469**	333
BSREP Europe Holdings L.P.	Cayman Islands	**66%**	66%	**447**	386
BSREP II Brazil Pooling LLC	United States	**68%**	66%	**423**	277
Brookfield Brazil Retail Fundo de Investimento em Participações	Brazil	**54%**	60%	**412**	406
BSREP India Office Holdings Pte. Ltd.	United States	**67%**	67%	**316**	284
Other	Various	**18%-88%**	18%-88%	**1,208**	507
Total				**$ 11,803**	$ 8,975

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

(2) *The partnership acquired a controlling interest in Rouse during the third quarter of 2016. Prior to this transaction, the partnership's interest was accounted for under the equity method. See Note 4, Acquisitions and Business Combinations, for more information.*

Summarized financial information in respect of each of the partnership's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intercompany eliminations.

(US$ Millions)	**Dec. 31, 2016**					
					Equity attributable to	
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Non-controlling interests**	**Owners of the entity**
BPO	**$ 902**	**$ 43,185**	**$ 4,188**	**$ 23,708**	**$ 3,531**	**$ 12,660**
BSREP CARS Sub-Pooling LLC	**70**	**4,798**	**421**	**2,811**	**1,208**	**428**
Center Parcs UK	**45**	**3,730**	**187**	**2,235**	**982**	**371**
BSREP Industrial Pooling Subsidiary L.P.	**92**	**1,939**	**342**	**477**	**887**	**325**
BSREP II Korea Office Holdings Pte. Ltd.	**132**	**2,184**	**141**	**1,415**	**638**	**122**
BSREP II Aries Pooling LLC	**211**	**2,205**	**31**	**1,532**	**635**	**218**
Rouse Properties, L.P.	**67**	**3,076**	**304**	**1,755**	**545**	**539**
Brookfield Strategic Real Estate Partners II Storage REIT LLC	**84**	**1,639**	**18**	**1,068**	**479**	**158**
BREF ONE, LLC	**235**	**2,369**	**518**	**1,351**	**491**	**244**
BSREP UA Holdings LLC	**35**	**1,375**	**31**	**709**	**469**	**201**
BSREP Europe Holdings L.P.	**146**	**1,067**	**44**	**490**	**447**	**232**
BSREP II Brazil Pooling LLC	**43**	**959**	**7**	**370**	**423**	**202**
Brookfield Brazil Retail Fundo de Investimento em Participações	**33**	**962**	**50**	**369**	**412**	**164**
BSREP India Office Holdings Pte. Ltd.	**38**	**1,256**	**77**	**747**	**316**	**154**
Total	**$ 2,133**	**$ 70,744**	**$ 6,359**	**$ 39,037**	**$ 11,463**	**$ 16,018**

(US$ Millions)	Dec. 31, 2015					
					Equity attributable to	
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Owners of the entity
BPO	$ 1,465	$ 32,489	$ 5,805	$ 11,475	$ 1,911	$ 14,763
BSREP CARS Sub-Pooling LLC	13	4,612	190	2,950	1,104	380
Center Parcs UK	95	4,421	190	2,753	1,071	502
BSREP Industrial Pooling Subsidiary L.P.	302	1,733	353	481	883	318
BSREP II Aries Pooling LLC	73	2,629	60	1,665	645	332
Brookfield Brazil Retail Fundo de Investimento em Participaçoes	52	862	37	331	406	140
BREF ONE, LLC	287	2,308	185	1,729	457	224
BSREP Europe Holdings L.P.	66	1,113	164	437	386	192
BSREP UA Holdings LLC	42	1,178	27	720	333	140
BSREP India Office Holdings Pte. Ltd.	95	1,037	50	660	284	139
BSREP II Brazil Pooling LLC	40	629	26	222	277	144
Total	$ 2,530	$ 53,011	$ 7,087	$ 23,423	$ 7,757	$ 17,274

(US$ Millions)	**Year ended Dec. 31, 2016**					
		Attributable to non-controlling interests			**Attributable to owners of the partnership**	
	Revenue	**Net income (loss)**	**Total compre-hensive income**	**Distributions**	**Net income (loss)**	**Total compre-hensive income**
BPO	**$ 2,221**	**$ 81**	**$ 101**	**$ 254**	**$ 277**	**$ 250**
BSREP CARS Sub-Pooling LLC	**300**	**140**	**140**	**4**	**49**	**49**
Center Parcs UK	**586**	**74**	**(112)**	**76**	**28**	**(42)**
BSREP Industrial Pooling Subsidiary L.P.	**108**	**158**	**158**	**114**	**55**	**55**
BSREP II Korea Office Holdings Pte. Ltd.	**21**	**(18)**	**(40)**	**—**	**(3)**	**(7)**
BSREP II Aries Pooling LLC	**191**	**(47)**	**(46)**	**46**	**(16)**	**(16)**
Rouse Properties, L.P.	**178**	**3**	**3**	**—**	**3**	**3**
Brookfield Strategic Real Estate Partners II Storage REIT LLC	**106**	**130**	**130**	**84**	**43**	**43**
BREF ONE, LLC	**762**	**(22)**	**37**	**—**	**(11)**	**18**
BSREP UA Holdings LLC	**117**	**138**	**138**	**—**	**59**	**59**
BSREP Europe Holdings L.P.	**79**	**51**	**31**	**13**	**26**	**15**
BSREP II Brazil Pooling LLC	**56**	**59**	**121**	**6**	**28**	**58**
Brookfield Brazil Retail Fundo de Investimento em Participações	**80**	**(42)**	**35**	**—**	**(25)**	**1**
BSREP India Office Holdings Pte. Ltd.	**130**	**76**	**67**	**25**	**37**	**33**
Total	**$ 4,935**	**$ 781**	**$ 763**	**$ 622**	**$ 550**	**$ 519**

	Year ended Dec. 31, 2015					
		Attributable to non-controlling interests			Attributable to owners of the partnership	
(US$ Millions)	Revenue	Net income (loss)	Total compre-hensive income	Distributions	Net income (loss)	Total compre-hensive income
BPO	$ 2,170	$ 172	$ (3)	$ 69	$ 2,153	$ 1,662
BSREP CARS Sub-Pooling LLC	283	146	146	47	50	50
Center Parcs UK	285	69	20	20	36	4
BSREP Industrial Pooling Subsidiary L.P.	128	107	107	36	37	38
BSREP II Aries Pooling LLC	75	24	24	3	5	3
Brookfield Brazil Retail Fundo de Investimento em Participaçoes	91	(71)	(301)	15	(47)	(125)
BREF ONE, LLC	799	(19)	69	63	(9)	34
BSREP Europe Holdings L.P.	128	98	38	15	50	18
BSREP UA Holdings LLC	109	99	99	—	42	42
BSREP India Office Holdings Pte. Ltd.	113	78	52	—	44	36
BSREP II Brazil Pooling LLC	6	(5)	(8)	—	(2)	(4)
Total	$ 4,187	$ 698	$ 243	$ 268	$ 2,359	$ 1,758

	Year ended Dec. 31, 2014					
		Attributable to non-controlling interests			Attributable to owners of the partnership	
(US$ Millions)	Revenue	Net income (loss)	Total compre-hensive income	Distributions	Net income (loss)	Total compre-hensive income
BPO	$ 2,372	$ 204	$ 123	$ 569	$ 2,614	$ 2,161
Brookfield Brazil Retail Fundo de Investimento em Participaçoes	129	(60)	(161)	12	(33)	(66)
BSREP Industrial Pooling Subsidiary L.P.	110	88	88	32	30	30
BSREP Europe Holdings L.P.	88	99	61	—	43	27
BREF ONE, LLC	783	(58)	129	33	(28)	64
BSREP CARS Sub-Pooling LLC	58	14	14	—	5	5
BSREP India Office Holdings Pte. Ltd.	—	(4)	(4)	—	(2)	(2)
BSREP UA Holdings LLC	21	—	—	—	—	—
BSREP CXTD Holdings L.P.	—	97	97	10	44	44
Total	$ 3,561	$ 380	$ 347	$ 656	$ 2,673	$ 2,263

Certain of the partnership's subsidiaries are subject to restrictions over the extent to which they can remit funds to the partnership in the form of cash dividends, or repayment of loans and advances as a result of borrowing arrangements, regulatory restrictions and other contractual requirements.

NOTE 7. 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 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:

			Proportion of ownership interests/voting rights held by the partnership		Carrying value	
(US$ Millions)	Principal activity	Principal place of business	**Dec. 31, 2016**	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015
Joint ventures						
Canary Wharf Joint Venture[1]	Property holding company	United Kingdom	**50%**	50%	**$ 2,866**	$ 3,401
Manhattan West, New York	Property holding company	United States	**56%**	56%	**1,214**	1,073
245 Park Avenue, New York	Property holding company	United States	**51%**	51%	**706**	784
Grace Building, New York	Property holding company	United States	**50%**	50%	**585**	590
Southern Cross East, Melbourne[2]	Property holding company	Australia	**50%**	50%	**346**	334
Brookfield D.C. Office Partners LLC ("D.C. Fund"), Washington, D.C.	Property holding company	United States	**51%**	51%	**327**	316
Brookfield Fairfield U.S. Multifamily Value Add Fund II, L.P. ("VAMF II")	Property holding company	United States	**37%**	37%	**296**	274
EY Centre, Sydney[2]	Property holding company	Australia	**50%**	50%	**263**	203
Potsdamer Platz, Berlin	Holding company	Germany	**25%**	50%	**161**	316
Republic Plaza, Denver	Property holding company	United States	**50%**	50%	**128**	123
One New York Plaza	Property holding company	United States	**15%**	—%	**116**	—
75 State Street, Boston	Property holding company	United States	**26%**	51%	**90**	159
Other	Various	Various	**13% - 83%**	13% - 83%	**1,055**	1,210
					8,153	8,783
Associates						
GGP Inc. ("GGP")	Real estate investment trust	United States	**29%**	29%	**7,453**	7,215
China Xintiandi ("CXTD")[3]	Property holding company	China	**22%**	22%	**446**	589
Rouse Properties, Inc. ("Rouse")[4]	Real estate investment trust	United States	**—%**	34%	**—**	380
Diplomat Resort and Spa ("Diplomat")	Property holding company	United States	**90%**	90%	**355**	322
Brookfield Premier Real Estate Partners Pooling LLC	Property holding company	United States	**19%**	—%	**113**	—
Other	Various	Various	**23% - 49%**	23% - 49%	**324**	349
					8,691	8,855
Total					**$ 16,844**	$ 17,638

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

(2) *The partnership exercises joint control over these jointly controlled assets through a participating loan agreement with Brookfield Asset Management that is convertible at any time into a direct equity interest in the entity.*

(3) *The partnership's interest in CXTD is held through BSREP CXTD Holdings L.P. in which it has an approximate 31% interest. Refer to Note 6, Investments in Subsidiaries for additional information.*

(4) *The partnership obtained control of Rouse during the third quarter of 2016 following the acquisition of the common shares not held by the partnership by a fund sponsored by Brookfield Asset Management in which the partnership is an investor. Subsequent to this transaction, the partnership is consolidating the financial results of Rouse. Please see Note 4 for further information.*

The partnership contributed approximately 50% of its investment in 75 State Street, representing a 25% interest in the property, to a newly launched open-ended fund, in the fourth quarter of 2016. In addition to a partial interest in 75 State Street, the partnership also contributed partial interests in One New York Plaza and 685 Market Street in San Francisco, as well as four development properties, to the fund, Brookfield Premier Real Estate Partners Pooling LLC. The partnership received net proceeds of $337 million, as well as a 19% interest in the fund carried at $113 million at December 31, 2016 which is accounted for as an investment in associate.

In addition, during the fourth quarter of 2016, the partnership sold a further16% net interest in One New York Plaza. Subsequent to these transactions, the partnership owns a 15% net interest in the property, which is accounted for as a joint venture under the equity method and carried at $116 million at December 31, 2016. Prior to these transactions, the partnership consolidated this property.

In the second quarter of 2016, the partnership sold 50% of its investment in Potsdamer Platz, representing a 25% interest in the estate.

During the first quarter of 2015, the partnership formed a joint venture, the Canary Wharf Joint Venture, that acquired all of the outstanding equity of Songbird Estates plc, which prior to the transaction owned approximately 69% of Canary Wharf. Canary Wharf Joint Venture also acquired the remaining equity interests in Canary Wharf held by the partnership and other investors. The partnership contributed cash of approximately $1.5 billion and its 22% equity interest in Canary Wharf to Canary Wharf Joint Venture for a 50% equity interest therein. The partnership has joint control over the Canary Wharf Joint Venture and, the underlying investment in Canary Wharf, as Canary Wharf Joint Venture's governing documents require that directors appointed by each investor jointly direct its relevant activities.

During the second quarter of 2015, the partnership formed the D.C. Fund by contributing 650 Massachusetts Avenue, 77K Street, 799 9th Avenue and interests in five properties formerly held in the US Office Fund (1400K Street, 1200K Street, 1250 Connecticut Avenue, Bethesda Crescent and the Victor Building) from its Washington, D.C. office portfolio. BPO's US Office Fund ("US Office Fund") consists of a portfolio of office properties in New York, Washington, D.C., Houston and Los Angeles and is led and managed by BPO, which has an 84% interest in the fund. An institutional investor in the US Office Fund also contributed its share of the US Office Fund assets mentioned above to the D.C. Fund. The partnership sold an interest in the D.C. Fund for proceeds of approximately $282 million and initially recognized a 51% equity accounted investment at its fair value of $305 million less a $26 million note payable and capital securities of $39 million, both held by the US Office Fund investor, which are both convertible into equity interests in the D.C. Fund. The partnership retained a 40% economic ownership in the D.C. Fund.

On April 30, 2015, the partnership sold a 49% interest in 75 State Street in Boston, which was previously consolidated within commercial properties, for $238 million, net of assumed debt. The partnership retained joint control and initially recognized the equity accounted investment at its fair value of $148 million.

During the third quarter of 2015, the partnership converted its interest in convertible preferred equity of CXTD into common equity in the entity. The investment was recognized at fair value at the date of conversion. As of December 31, 2016, the carrying value for the investment in CXTD was $446 million and is being accounted for under the equity method as an associate. Prior to conversion, the investment was accounted for as a financial asset measured at FVTPL. Also during the third quarter of 2015, the partnership acquired a 50% joint venture interest in a portfolio of hotels in Germany, which was accounted for under the equity method. This interest has been sold as of December 31, 2016 for net proceeds of approximately $270 million and a realized gain of $107 million.

During the fourth quarter of 2015, the partnership entered into the following transactions, which resulted in additions to its equity accounted investment balance:

- On October 6, 2015, the partnership sold an 80% interest in 99 Bishopsgate in London for net proceeds of $158 million. As a result of the transaction, the partnership retained joint control and initially recognized the equity accounted investment at its fair value of $44 million.

- On October 28, 2015, the partnership sold approximately 44% of the Manhattan West development, Five Manhattan West, and 424/434 West 33rd Street for $716 million. As a result of the transaction, the partnership retained joint control and initially recognized the equity accounted investment at its fair value of $1,117 million.

- On December 18, 2015, the partnership sold an interest in Southern Cross East in Melbourne for approximately $325 million. As a result of the transaction, the partnership retained joint control and recognized the equity accounted investment at its fair value of $334 million at December 31, 2015.

- On December 30, 2015, the partnership acquired Potsdamer Platz, a mixed-use estate consisting of 16 properties in Berlin along with an outside partner. The partnership has joint control and initially recognized the equity accounted investment at its fair value of $316 million.

The fair value of the common shares of GGP held by the partnership based on the trading price of GGP common stock as of December 31, 2016 is $6,379 million (December 31, 2015 - $6,948 million).

At December 31, 2016, the partnership performed a review to determine whether there is any objective evidence that the investment in GGP is impaired. As a result of this review, management determined that there is no objective evidence of impairment of GGP at December 31, 2016. There are no quoted market prices for the partnership's other equity accounted investments.

The following table presents the change in the balance of the partnership's equity accounted investments as of December 31, 2016 and 2015:

(US$ Millions) Years ended Dec. 31,		**2016**		2015
Equity accounted investments, beginning of year	**$**	**17,638**	$	10,356
Additions		**715**		7,538
Disposals and return of capital distributions		**(1,180)**		(1,504)
Share of net earnings from equity accounted investments		**1,019**		1,591
Distributions received		**(524)**		(276)
Foreign currency translation		**(646)**		(59)
Reclassification to assets held for sale		**(340)**		—
Other		**162**		(8)
Equity accounted investments, end of year	**$**	**16,844**	$	17,638

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:

		Dec. 31, 2016			Dec. 31, 2015		
Equity accounted investments	Primary valuation method	**Discount rate**	**Terminal capitalization rate**	**Investment horizon (yrs.)**	Discount rate	Terminal capitalization rate	Investment horizon (yrs.)
Core Office							
United States	Discounted cash flow	**6.3%**	**5.3%**	**11**	6.3%	5.3%	11
Australia	Discounted cash flow	**7.1%**	**6.0%**	**10**	7.4%	6.1%	10
Europe[1]	Discounted cash flow	**5.1%**	**4.8%**	**10**	5.1%	5.1%	10
Core Retail							
United States	Discounted cash flow	**7.4%**	**5.9%**	**10**	7.4%	5.8%	10
Opportunistic Office	Discounted cash flow	**9.0%**	**7.8%**	**5**	8.3%	7.4%	5
Opportunistic Retail[2]	Direct capitalization	**11.0%**	**9.0%**	**10**	7.2%	n/a	n/a
Industrial	Discounted cash flow	**6.9%**	**6.1%**	**10**	7.1%	6.5%	10
Multifamily[2]	Direct capitalization	**5.1%**	**n/a**	**n/a**	5.4%	n/a	n/a

(1) *Certain properties in Europe accounted under the equity method are valued using both discounted cash flow and yield models. For comparative purposes, the discount and terminal capitalization rates and investment horizons calculated under the discounted cash flow method are presented in the table above.*

(2) *The valuation method used to value opportunistic retail and multifamily investments is the direct capitalization method. The rates presented as the discount rate relate to the overall implied capitalization rate. The terminal capitalization rate and investment horizon are not applicable.*

The following tables present the gross assets and liabilities of the partnership's equity accounted investments as of December 31, 2016 and 2015:

(US$ Millions)	Dec. 31, 2016 Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Joint ventures					
Canary Wharf Joint Venture	**$ 776**	**$ 11,685**	**$ 461**	**$ 6,268**	**$ 5,732**
Manhattan West	**244**	**3,374**	**733**	**718**	**2,167**
245 Park Avenue	**47**	**2,153**	**816**	**—**	**1,384**
Grace Building	**30**	**2,043**	**9**	**891**	**1,173**
VAMF II	**59**	**1,942**	**87**	**1,125**	**789**
One New York Plaza	**36**	**1,480**	**8**	**734**	**774**
Southern Cross East	**34**	**659**	**—**	**—**	**693**
Potsdamer Platz	**51**	**1,463**	**29**	**841**	**644**
D.C. Fund	**40**	**1,378**	**35**	**743**	**640**
EY Centre	**22**	**521**	**17**	**—**	**526**
75 State Street	**13**	**648**	**5**	**309**	**347**
Republic Plaza	**36**	**510**	**21**	**270**	**255**
Other	**677**	**3,567**	**514**	**1,028**	**2,702**
	2,065	**31,423**	**2,735**	**12,927**	**17,826**
Associates					
GGP	**1,547**	**38,460**	**2,540**	**12,656**	**24,811**
CXTD	**41**	**3,449**	**276**	**1,299**	**1,915**
Diplomat	**26**	**760**	**385**	**5**	**396**
Brookfield Premier Real Estate Partners Pooling LLC	**8**	**602**	**3**	**—**	**607**
Other	**97**	**1,784**	**174**	**841**	**866**
	1,719	**45,055**	**3,378**	**14,801**	**28,595**
Total	**$ 3,784**	**$ 76,478**	**$ 6,113**	**$ 27,728**	**$ 46,421**

(US$ Millions)	Dec. 31, 2015 Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Joint ventures					
Canary Wharf Joint Venture	$ 853	$ 12,643	$ 896	$ 5,799	$ 6,801
Manhattan West	251	2,681	71	945	1,916
245 Park Avenue	44	2,299	9	796	1,538
Grace Building	25	2,056	16	882	1,183
VAMF II	17	1,628	—	908	737
Southern Cross East	4	666	2	—	668
Potsdamer Platz	19	1,464	14	838	631
D.C. Fund	42	1,363	32	754	619
EY Centre	11	423	28	—	406
Republic Plaza	40	502	21	275	246
75 State Street	10	618	7	309	312
Other	361	5,028	887	1,434	3,068
	1,677	31,371	1,983	12,940	18,125
Associates					
GGP	1,717	39,307	853	16,157	24,014
CXTD	358	4,466	1,115	1,018	2,691
Rouse	93	3,012	110	1,707	1,288
Diplomat	19	716	16	362	357
Other	322	1,496	118	756	944
	2,509	48,997	2,212	20,000	29,294
Total	$ 4,186	$ 80,368	$ 4,195	$ 32,940	$ 47,419

Summarized financial information in respect of the partnership's equity accounted investments for the years ended December 31, 2016, 2015 and 2014 is set out below:

	Year ended Dec. 31, 2016								
(US$ Millions)	Revenue	Expenses	Fair value gains (losses)	Income from EAI[1]	Discon-tinued operations	Net income	Other compre-hensive income	Partnership's share of net income	Distributions received
Joint ventures									
Canary Wharf Joint Venture	$ 646	$ 284	$ (351)	$ 8	$ —	$ 19	$ (4)	$ 10	$ —
Manhattan West	78	51	161	—	—	188	—	105	57
245 Park Avenue	163	95	(146)	—	—	(78)	—	(39)	37
Grace Building	117	79	(24)	—	—	14	—	7	11
VAMF II	430	310	123	—	—	243	—	96	—
Southern Cross East	42	11	3	—	—	34	—	17	—
Potsdamer Platz	49	27	32	—	—	54	—	12	—
D.C. Fund	121	71	(9)	—	—	41	—	21	17
EY Centre	34	8	103	—	—	129	5	65	—
Republic Plaza	46	30	(5)	—	—	11	—	6	—
One New York Plaza	11	8	57	—	—	60	—	9	—
75 State Street	47	30	26	—	—	43	—	17	—
Other	384	196	120	—	—	308	(2)	137	124
	2,168	1,200	90	8	—	1,066	(1)	463	246
Associates									
GGP[2]	2,427	1,371	177	502	—	1,735	4	476	266
CXTD	114	122	195	—	—	187	—	41	—
Diplomat	139	140	—	—	—	(1)	35	(2)	—
Brookfield Premier Real Estate Partners Pooling LLC	—	3	56	—	—	53	—	10	12
Other	520	489	104	—	—	135	—	31	—
	3,200	2,125	532	502	—	2,109	39	556	278
Total	$ 5,368	$ 3,325	$ 622	$ 510	$ —	$ 3,175	$ 38	$ 1,019	$ 524

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

(2) *Net income presented before allocation to non-controlling interests and preferred dividends*

(US$ Millions)	Year ended Dec. 31, 2015								
	Revenue	Expenses	Fair value gains (losses)	Income of EAI[1]	Discontinued operations	Net income	Other comprehensive income	Partnership's share of net income	Distributions received
Joint ventures									
Canary Wharf Joint Venture	$ 606	$ 451	$ 726	$ 44	$ —	$ 925	$ (102)	$ 463	$ —
Manhattan West	12	6	15	—	—	21	—	12	—
245 Park Avenue	157	92	127	—	—	192	—	98	21
Grace Building	120	81	102	—	—	141	—	70	18
VAMF II	83	63	154	—	—	174	—	65	—
Southern Cross East	1	—	—	—	—	1	—	1	—
Potsdamer Platz	—	—	(4)	—	—	(4)	—	(2)	—
D.C. Fund	75	43	6	—	—	38	—	19	5
EY Centre	35	8	30	—	—	57	—	29	—
Republic Plaza	45	29	—	—	—	16	—	8	—
75 State Street	28	18	17	—	—	27	—	14	—
Other	365	247	301	—	—	419	4	199	30
	1,527	1,038	1,474	44	—	2,007	(98)	976	74
Associates									
GGP[2]	2,506	1,454	528	359	(40)	1,899	(12)	526	186
CXTD	170	159	957	—	—	968	2	46	—
Rouse	370	108	(196)	—	—	66	—	(12)	14
Diplomat	148	132	(18)	—	—	(2)	121	(9)	—
Other	318	275	122	—	—	165	36	64	2
	3,512	2,128	1,393	359	(40)	3,096	147	615	202
Total	$ 5,039	$ 3,166	$ 2,867	$ 403	$ (40)	$ 5,103	$ 49	$ 1,591	$ 276

[1] *Share of net earnings from equity accounted investments recorded by the partnership's joint ventures and associates*
[2] *Net income presented before allocation to non-controlling interests and preferred dividends*

(US$ Millions)	Year ended December 31, 2014								
	Revenue	Expenses	Fair value gains (losses)	Income from EAI[1]	Discontinued operations	Net income	Other comprehensive income	Partnership's share of net income	Distributions received
Joint ventures									
245 Park Avenue	$ 149	$ 86	$ 101	$ —	$ —	$ 164	$ —	$ 84	$ 17
Grace Building	106	61	146	—	—	191	—	95	252
VAMF II	40	33	15	—	—	22	—	8	—
EY Centre	43	10	—	—	—	33	—	17	15
Republic Plaza	30	20	9	—	—	19	—	9	—
Other	195	95	236	—	—	336	—	146	84
	563	305	507	—	—	765	—	359	368
Associates									
GGP[2]	2,650	1,618	1,131	274	182	2,619	(5)	985	158
Rouse	304	221	4	—	—	87	—	29	14
Diplomat	41	61	(5)	—	—	(25)	21	(22)	—
Other	161	134	21	—	—	48	12	15	9
	3,156	2,034	1,151	274	182	2,729	28	1,007	181
Total	$ 3,719	$ 2,339	$ 1,658	$ 274	$ 182	$ 3,494	$ 28	$ 1,366	$ 549

[1] *Share of net earnings from equity accounted investments recorded by the partnership's joint ventures and associates*
[2] *Net income presented before allocation to non-controlling interests and preferred dividends*

Certain of the partnership's investment in joint ventures and associates are subject to restrictions over the extent to which they can remit funds to the partnership in the form of the cash dividends or repayments of loans and advances as a result of borrowing arrangements, regulatory restrictions and other contractual requirements.

NOTE 8. INVESTMENTS IN JOINT OPERATIONS

The partnership's interests in the following properties are subject to joint control and, accordingly, the partnership has recorded its share of the assets, liabilities, revenues, and expenses of the properties in these consolidated financial statements:

Name of property	Principal activity	Place of incorporation and principal place of business	Ownership[1]	
			Dec. 31, 2016	Dec. 31, 2015
Brookfield Place - Retail & Parking	Property	Toronto	**56%**	56%
Brookfield Place III	Development property	Toronto	**54%**	54%
Exchange Tower	Property	Toronto	**50%**	50%
First Canadian Place[2]	Property	Toronto	**25%**	25%
2 Queen Street East	Property	Toronto	**25%**	25%
Bankers Hall	Property	Calgary	**50%**	50%
Bankers Court	Property	Calgary	**50%**	50%
Bankers West Parkade	Development property	Calgary	**50%**	50%
Suncor Energy Centre	Property	Calgary	**50%**	50%
Fifth Avenue Place	Property	Calgary	**50%**	50%
Place de Ville I	Property	Ottawa	**25%**	25%
Place de Ville II	Property	Ottawa	**25%**	25%
Jean Edmonds Towers	Property	Ottawa	**25%**	25%
300 Queen Street	Development property	Ottawa	**25%**	25%
World Square Retail[3]	Property	Sydney	**50%**	50%
52 Goulburn Street[3]	Property	Sydney	**50%**	50%
235 St Georges Terrace[3]	Property	Perth	**50%**	50%
108 St Georges Terrace[3]	Property	Perth	**50%**	50%
Southern Cross West[3]	Property	Melbourne	**50%**	50%
Shopping Patio Paulista	Property	São Paulo	**60%**	60%
Shopping Patio Paulista - Expansion	Development property	São Paulo	**44%**	44%
Shopping Patio Higienópolis	Property	São Paulo	**25%**	25%
Shopping Patio Higienópolis - Expansion	Development property	São Paulo	**32%**	32%
Shopping Patio Higienópolis - Co-Invest	Property	São Paulo	**5%**	5%
Shopping Patio Higienópolis Expansion - Co-Invest	Development property	São Paulo	**6%**	6%
Brookfield Brazil Higienópolis	Property	São Paulo	**20%**	20%
Brookfield Brazil Higienópolis - Expansion	Development property	São Paulo	**12%**	12%
Shopping Raposo	Property	São Paulo	**60%**	60%
West Shopping	Property	São Paulo	**45%**	45%
G2-Infospace Gurgaon	Property	NCR-Delhi Region	**72%**	72%

(1) *Represents ownership in these properties before non-controlling interests in subsidiaries that hold these ownership interests.*

(2) *First Canadian Place in Toronto is subject to a ground lease with respect to 50% of the land on which the property is situated. At the expiry of the ground lease, the other land owner will have the option to acquire, for a nominal amount, an undivided 50% beneficial interest in the property.*

(3) *The partnership exercises joint control over these jointly controlled assets through a participating loan agreement with Brookfield Asset Management that is convertible by the partnership at any time into a direct equity interest in the entities that have a direct co-ownership interest in the underlying assets.*

NOTE 9. PARTICIPATING LOAN INTERESTS

Participating loan interests represent interests in certain properties in Australia that do not provide the partnership with control over the entity that owns the underlying property and are accounted for as loans and receivables and held at amortized cost on the consolidated balance sheets. The instruments, which are receivable from a wholly-owned subsidiary of Brookfield Asset Management, have contractual maturity dates of September 26, 2020 and February 1, 2023, subject to the partnership's prior right to convert into direct ownership interests in the underlying commercial properties, and have contractual interest rates that vary with the results of operations of those properties.

The outstanding principal of the participating loan interests relates to the following properties:

(US$ Millions)	Participation interest		Carrying value	
Name of property	**Dec. 31, 2016**	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015
Darling Park Complex, Sydney	**30%**	30%	**$ 215**	$ 195
IAG House, Sydney	**50%**	50%	**101**	94
Jessie Street, Sydney	**100%**	100%	**155**	136
Infrastructure House, Canberra	**—%**	100%	**—**	24
Total participating loan interests			**$ 471**	$ 449

Included in the balance of participating loan interests is an embedded derivative representing the partnership's right to participate in the changes in the fair value of the referenced properties. The embedded derivative is measured at fair value with changes in fair value reported through earnings in fair value gains, net on the consolidated statements of income. As of December 31, 2016, the carrying value of the embedded derivative is $100 million (December 31, 2015 - $118 million).

For the year ended December 31, 2016, the partnership recognized interest income on the participating loan interests of $32 million (December 31, 2015 - $41 million; 2014 - $50 million) and fair value gains of $29 million (2015 - $88 million; 2014 - $38 million).

Summarized financial information in respect of the properties underlying the partnership's investment in participating loan interests is set out below:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Non-current assets	**$ 1,589**	$ 1,674
Current assets	**10**	35
Total assets	**1,599**	1,709
Non-current liabilities	**94**	483
Current liabilities	**478**	180
Total liabilities	**572**	663
Net assets	**$ 1,027**	$ 1,046

(US$ Millions) Years ended Dec. 31,	**2016**	2015	2014
Revenue	**$ 129**	$ 159	$ 197
Expenses	**61**	74	95
Earnings before fair value gains	**68**	85	102
Fair value gains, net	**55**	258	51
Net earnings	**$ 123**	$ 343	$ 153

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

Consolidated property, plant, and equipment primarily consists of hospitality assets such as Center Parcs UK, which was acquired during the third quarter of 2015, Paradise Island Holdings Limited ("Atlantis") and BREF HR, LLC ("Hard Rock Hotel and Casino"). Hospitality assets are presented on a cost basis, net of accumulated fair value changes and accumulated depreciation. Accumulated fair value changes include unrealized revaluations of hospitality assets using the revaluation method, which are recorded in revaluation surplus as a component of equity, as well as impairment losses recorded in net income. The partnership depreciates these assets on a straight-basis over their relevant estimated useful lives.

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	**7 to 50+**
Land improvements	**14 to 30**
Furniture, fixtures and equipment	**3 to 20**

The partnership determines the fair value of its North American hospitality assets using internal valuations on an annual basis as of December 31 by discounting the expected future cash flows, generally over a term of 6 years including a terminal value based

on the application of a capitalization rate to estimated year 7 cash flows. The partnership also obtained valuations prepared by external valuation professionals as at December 31, 2016 to assist in determining fair value. Such valuations are used as another data point for management to ultimately conclude on the fair value estimate determined. The hospitality operating assets are pledged as collateral for the property debt at their respective properties.

Significant unobservable inputs (Level 3) are utilized when determining the fair value of the partnership's North American hospitality properties. The significant Level 3 inputs include the discount rate, terminal capitalization rate, and investment horizon. Impacts to the partnership's fair value of North American hospitality 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. Key valuation assumptions for the partnership's North American hospitality assets included a weighted average discount rate of 10.2% (2015 – 10.0%), terminal capitalization rate of 7.4% (2015 – 7.4%), and investment horizon of 6 years (2015 – 7 years).

Fair values of property, plant and equipment within the short-break destinations across the United Kingdom owned by Center Parcs UK are determined using a depreciated replacement cost method based on the age, physical condition and the construction costs of the assets. Center Parcs UK properties with a fair value of approximately $1.7 billion (December 31, 2015 - $2.0 billion) are situated on land held under leases or other agreements largely expiring after the year 2065.

The following table presents the change to the components of the partnership's hospitality assets from the beginning of the year:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Cost:		
Balance, beginning of year	**$ 4,969**	$ 2,437
Acquisitions through business combinations	**650**	2,619
Additions	**248**	74
Disposals	**(28)**	(10)
Foreign currency translation	**(422)**	(151)
	5,417	4,969
Accumulated fair value changes:		
Balance, beginning of year	**585**	426
Increase from revaluation	**74**	163
Provision for impairment	**—**	(4)
	659	585
Accumulated depreciation:		
Balance, beginning of year	**(531)**	(378)
Depreciation	**(231)**	(153)
Disposals	**22**	—
Foreign currency translation	**21**	—
	(719)	(531)
Total property, plant and equipment	**$ 5,357**	$ 5,023

NOTE 11. GOODWILL

Goodwill of $761 million at December 31, 2016 (December 31, 2015 - $888 million) was primarily attributable to Center Parcs UK. The partnership performs a goodwill impairment test annually by assessing if the carrying value of the cash-generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or the value in use.

NOTE 12. INTANGIBLE ASSETS

The partnership's intangible assets are presented on a cost basis, net of accumulated amortization and accumulated impairment losses in the consolidated balance sheets. These intangible assets primarily represent the trademark assets acquired in connection with the acquisition of Center Parcs UK during the third quarter of 2015.

The trademark assets of Center Parcs UK had a carrying amount of $875 million as of December 31, 2016 (December 31, 2015 - $1,038 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 and in perpetuity. The business model of Center Parcs UK is not subject to technological obsolescence or commercial innovations in any material way.

In addition, intangible assets include the trademark and licensing assets acquired as part of the historical acquisitions of Atlantis and Hard Rock Hotel and Casino. At December 31, 2016, intangible assets with carrying values of $210 million (December 31, 2015 - $212 million) and $45 million (December 31, 2015 - $63 million), for Atlantis and Hard Rock Hotel and Casino respectively, were determined to have an indefinite useful life. These assets consisted primarily of trademark rights for these two properties granted under perpetual licenses. The business models of the Atlantis and Hard Rock Hotel and Casino are not subject to technological obsolescence or commercial innovations in any material way.

During the period ended December 31, 2016, the partnership sold a trademark license of the Hard Rock Hotel and Casino for a gross gain of $132 million recorded in fair value gains, net. The partnership retains the right to use the trademark at the Las Vegas location royalty-free in perpetuity.

Intangible assets by class	Useful life (in years)
Trademarks	**Indefinite**
Gaming rights	**Indefinite**
Water/ electricity rights	**Indefinite**
Management contracts	**40**
Customer relationships	**9 to 10**
Other	**6 to 10**

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 following table presents the components of the partnership's intangible assets as of December 31, 2016 and December 31, 2015:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Cost	**$ 1,243**	$ 1,437
Accumulated amortization	**(54)**	(68)
Accumulated impairment losses	**(48)**	(48)
Balance, end of year	**$ 1,141**	$ 1,321

The following table presents a roll forward of the partnership's intangible assets December 31, 2016 and December 31, 2015:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Balance, beginning of year	**$ 1,321**	$ 307
Acquisitions	**12**	1,083
Disposals[(1)]	**(15)**	—
Amortization	**(9)**	(5)
Foreign currency translation	**(168)**	(64)
Balance, end of year	**$ 1,141**	$ 1,321

(1) *Represents the sale of the Hard Rock trademarks to a third party. At the date of the transaction, the carrying value of the trademarks was $15 million and current year amortization of $3 million.*

NOTE 13. OTHER NON-CURRENT ASSETS

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

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Securities designated as FVTPL	**$ 37**	$ 37
Derivative assets[(1)]	**12**	1,379
Securities designated as AFS	**168**	142
Other	**283**	109
Total other non-current assets	**$ 500**	$ 1,667

(1) *As of December 31, 2015, derivative assets primarily included warrants to purchase shares of common stock of GGP measured at FVTPL. As of December 31, 2016, the warrants are reported as current assets. See Note 14, Accounts Receivable and Other, for further discussion.*

a) Securities designated as AFS

Securities designated as AFS represent the partnership's retained equity interests in 1625 Eye Street in Washington, D.C., Heritage Plaza in Houston, and Aldgate Tower in London, all of which are property holding companies and in which it retained a non-controlling interest following disposition of these properties to third parties. The partnership continues to manage these properties on behalf of the acquirer but does not exercise significant influence over the relevant activities of the properties. Included in securities designated as AFS are $106 million (December 31, 2015 - $106 million) of securities pledged as security for a loan payable to the issuer in the amount of $93 million (December 31, 2015 - $92 million) recognized in other non-current liabilities.

NOTE 14. ACCOUNTS RECEIVABLE AND OTHER

The components of accounts receivable and other are as follows:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Derivative assets	**$ 1,338**	$ 91
Accounts receivable[(1)]	**414**	422
Restricted cash and deposits	**313**	338
Prepaid expenses	**130**	108
Other current assets	**398**	261
Total accounts receivable and other	**$ 2,593**	$ 1,220

(1) *See Note 35, Related Parties, for further discussion.*

a) Derivative assets

As of December 31, 2016, derivative assets with a carrying amount of $1,338 million primarily include warrants to purchase shares of common stock of GGP measured at FVTPL. The warrants were classified to current assets at December 31, 2016, as they expire on November 9, 2017. The fair value of the GGP warrants was $1,254 million (December 31, 2015 - $1,364 million) determined using a Black-Scholes option pricing model, assuming a 0.9 year term (December 31, 2015 - 1.9 year term), 69% volatility (December 31, 2015 - 57% volatility), and a risk free interest rate of 0.75% (December 31, 2015 - 0.98%).

NOTE 15. ASSETS 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 December 31, 2016 and December 31, 2015:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Investment properties	**$ 146**	$ 775
Accounts receivables and other assets	**1**	30
Assets held for sale	**147**	805
Debt obligations	**60**	229
Accounts payable and other liabilities	**1**	13
Liabilities associated with assets held for sale	**$ 61**	$ 242

The following table presents the change to the components of the assets held for sale from the beginning of the year:

(US$ Millions)	Dec. 31, 2016
Balance, beginning of year	**$ 805**
Reclassification to/(from) assets held for sale, net	**3,316**
Disposals	**(4,033)**
Fair value adjustments	**79**
Foreign currency translation	**(18)**
Other	**(2)**
Assets held for sale	**$ 147**

At December 31, 2015, assets held for sale included two properties in the partnership's Core Office segment, in Vancouver and Sydney, a portfolio of industrial assets near the U.S. - Mexico border and two multifamily assets in the U.S. In February 2016,

the partnership sold the office properties in Sydney and Vancouver for $208 million and $308 million, respectively. The portfolio of industrial assets near the U.S. - Mexico border was subsequently reclassified back to operating assets.

During the first quarter of 2016, 50% of the partnership's 50% interest in Potsdamer Platz in Berlin, Two Ballston Plaza in Washington, D.C., Jean Edmonds Towers in Ottawa, 14 industrial assets and 18 multifamily assets were reclassified to assets held for sale. In May 2016, the partnership sold 50% of the partnership's 50% interest in the Potsdamer Platz estate in Berlin for €146 million and Two Ballston Plaza in Washington, D.C. for $79 million.

During the second quarter of 2016, One Shelley Street in Sydney, as well as a portfolio of hospitality assets in Germany, a portfolio of industrial assets and a portfolio of multifamily assets in the United States were reclassified to assets held for sale. In July 2016, the partnership sold One Shelley Street for approximately $393 million. In August 2016, the partnership sold its portfolio of hospitality assets in Germany for net proceeds of approximately $270 million.

During the third quarter of 2016, three Core Office properties in New York, Washington, D.C., and London, as well a portfolio of industrial assets and a portfolio of multifamily assets in the United States, were reclassified to assets held for sale. The property in London was disposed of during the fourth quarter of 2016. Interests in the properties in Washington, D.C. and One New York Plaza in New York were sold to BPREP during the fourth quarter of 2016. In addition, the partnership sold additional interests in One New York Plaza during the fourth quarter, resulting in the partnership ceasing consolidation of the property and commencing accounting for the property under the equity method. Refer to Note 7, *Equity Accounted Investments,* for further information.

At December 31, 2016, assets held for sale included two industrial assets in France, a portfolio of multifamily assets in the United States and seven triple net lease assets in the United States, as the partnership intends to sell controlling interests in these properties to third parties in the next 12 months.

NOTE 16. DEBT OBLIGATIONS

The partnership's debt obligations include the following:

	Dec. 31, 2016		Dec. 31, 2015	
(US$ Millions)	**Weighted-average rate**	**Debt balance**	Weighted-average rate	Debt balance
Unsecured facilities:				
Brookfield Property Partners' credit facilities	**2.47%**	**$ 1,152**	3.16%	$ 1,632
Brookfield Office Properties' revolving facility	**1.81%**	**697**	2.15%	884
Brookfield Office Properties' senior unsecured notes	**4.17%**	**260**	4.17%	252
Brookfield Canada Office Properties' revolving facility	**2.36%**	**44**	2.29%	140
Subsidiary borrowings	**4.06%**	**468**	4.60%	86
Secured debt obligations:				
Funds subscription credit facilities[(1)]	**2.17%**	**828**	1.91%	1,594
Fixed rate	**5.06%**	**16,534**	5.36%	13,709
Variable rate	**4.31%**	**13,596**	3.87%	12,458
Total debt obligations		**$ 33,579**		$ 30,755
Current		**$ 5,096**		$ 8,580
Non-current		**28,423**		21,946
Debt associated with assets held for sale		**60**		229
Total debt obligations		**$ 33,579**		$ 30,755

(1) *Funds subscription credit facilities are secured by co-investors' capital commitments.*

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

(US$ Millions)	Dec. 31, 2016 U.S. Dollars	Dec. 31, 2016 Local currency	Dec. 31, 2015 U.S. Dollars	Dec. 31, 2015 Local currency
U.S. Dollars	**$ 23,190**	**$ 23,190**	$ 22,345	$ 22,345
British Pounds	**3,787**	**£ 3,065**	3,340	£ 2,267
Canadian Dollars	**2,413**	**C$ 3,243**	2,376	C$ 3,287
Australian Dollars	**1,330**	**A$ 1,847**	1,504	A$ 2,064
South Korean Won	**1,317**	**₩ 1,589,450**	—	₩ —
Brazilian Reais	**631**	**R$ 2,056**	535	R$ 2,088
Indian Rupees	**516**	**Rs 35,010**	216	Rs 14,314
Euros	**395**	**€ 376**	439	€ 404
Total debt obligations	**$ 33,579**		$ 30,755	

NOTE 17. CAPITAL SECURITIES

The partnership had the following capital securities outstanding as of December 31, 2016 and 2015:

(US$ Millions, except where noted)	Shares outstanding	Cumulative dividend rate	Dec. 31, 2016	Dec. 31, 2015
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25%	**$ 541**	$ 532
Series 2	24,000,000	6.50%	**522**	516
Series 3	24,000,000	6.75%	**511**	506
Brookfield BPY Holdings Inc. Junior Preferred Shares:				
Class B Junior Preferred Shares	30,000,000	5.75%	**750**	750
Class C Junior Preferred Shares	20,000,000	6.75%	**500**	500
BPO Class AAA Preferred Shares:				
Series G[1]	3,236,308	5.25%	**81**	84
Series H[2]	—	5.75%	**—**	128
Series J[1]	6,592,443	5.00%	**123**	125
Series K[1]	4,995,414	5.20%	**93**	90
BPO Class B Preferred Shares:				
Series 1[3]	3,600,000	70% of bank prime	—	—
Series 2[3]	3,000,000	70% of bank prime	—	—
Brookfield Property Split Corp. (“BOP Split”) Senior Preferred Shares:				
Series 1	924,390	5.25%	**24**	23
Series 2	699,165	5.75%	**13**	18
Series 3	913,194	5.00%	**17**	17
Series 4	984,586	5.20%	**19**	18
Rouse Series A Preferred Shares	5,600,000	5.00%	**143**	—
BSREP II Vintage Estate Partners LLC (“Vintage Estates”) Preferred Shares	10,000	5.00%	**40**	—
Capital Securities – Fund Subsidiaries			**794**	724
Total capital securities			**$ 4,171**	$ 4,031
Current			**$ 370**	$ 503
Non-current			**3,801**	3,528
Total capital securities			**$ 4,171**	$ 4,031

(1) *BPY and its subsidiaries own 1,003,549, 1,000,000, and 1,004,586 shares of Series G, Series J, and Series K Class AAA Preferred Shares of BPO as of December 31, 2016, respectively, which has been reflected as a reduction in outstanding shares of the BPO Class AAA Preferred Shares.*

(2) *The BPO Class AAA Series H Preferred Shares were redeemed on May 23, 2016 for cash of C$25.00 per share plus accrued and unpaid dividends thereon.*

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

The capital securities presented above represent interests in the partnership or its subsidiaries that are in legal form equity and are accounted for as liabilities in accordance with IAS 32, *Financial Instruments: Presentation* due to the redemption features of these instruments.

On December 4, 2014, the partnership issued $1,800 million of Preferred Equity Units to QIA. The Preferred Equity Units are exchangeable at the option of QIA into LP Units at a price of $25.70 per unit and were issued in three tranches of $600 million each, with an average dividend yield of 6.5% and maturities of seven, ten and twelve years. After three years for the seven-year tranche and four years for the ten- and twelve-year tranches, the partnership can effectively require the holder to exchange the Preferred Equity Units into LP Units as long as the LP Units are trading at or above 125%, 130% and 135%, respectively, of the exchange price. Upon maturity, the Preferred Equity Units that remain outstanding will be redeemed in exchange for LP Units valued at the 20-day, volume-weighted average trading price at such time. Brookfield Asset Management has contingently agreed to acquire the seven-year and ten-year tranches of Preferred Equity Units from QIA 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. QIA has the right to designate one member to the board of directors of the partnership. The Preferred Equity Units have been accounted for as a compound instrument comprised of (i) a financial liability representing the partnership's obligations to redeem the Preferred Equity Units at maturity for a variable number of BPY Units and (ii) an equity instrument representing QIA's right to convert the Preferred Equity Units to a fixed number of BPY Units. The cash proceeds received from issuing the Preferred Equity Units were allocated between capital securities ($1,535 million) and limited partners' equity ($265 million). The allocation between capital securities and equity was based on first determining the liability component by discounting the cash flows associated with these securities at market interest rates. The equity component was then assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

The $750 million of Class B Junior and $500 million of Class C Junior redeemable preferred shares of one of the holding entities that are held by Brookfield Asset Management were issued as partial consideration for the business acquired by the partnership. The Class B preferred shares are entitled to receive a cumulative preferential dividend equal to 5.75% of their redemption value as and when declared by the Board of Directors of the holding entity until the fifth anniversary of their issuance. After the fifth anniversary of their issuance the Class B preferred shares will be entitled to receive a cumulative preferential dividend equal to 5.0% plus the prevailing yield for 5-year U.S. Treasury Notes. The holding entity may redeem the Class B preferred shares at any time and must redeem all of the outstanding Class B preferred shares on the tenth anniversary of their issuance. Brookfield Asset Management will have a right of retraction following the fifth anniversary of the issuance of the Class B preferred shares. Pursuant to a retraction call right, the partnership may redeem up to an aggregate maximum of $375 million, Class B preferred shares for LP Units. The number of LP Units to be delivered is determined by dividing the amount of Class B preferred shares to be retracted by the greater of $2.00 and 95% of the 20-day volume-weighted average trading price of LP Units.

The Class C preferred shares are entitled to receive a cumulative preferential dividend equal to 6.75% of their redemption value as and when declared by the board of directors of the holding entity. The holding entity may redeem the Class C preferred shares at any time and must redeem all of the outstanding Class C preferred shares on the seventh anniversary of their issuance. Brookfield Asset Management has had a right of retraction since the third anniversary of the issuance of the Class C preferred shares. The Class B and Class C preferred shares will be entitled to vote with the common shares of the holding entity and each class of preferred shares will have an aggregate of 1% of the votes to be cast in respect of the holding entity.

The holders of each series of the BOP Split Senior Preferred Shares are each entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors of BOP Split. Dividends on each series of the BOP Split Senior Preferred Shares are payable quarterly on the last day of March, June, September and December in each year.

Cumulative preferred dividends on the BPO Class AAA Preferred Shares and BOP Split Senior Preferred Shares are payable quarterly, as and when declared by the Boards of Directors of BPO and BOP Split. On December 8, 2016 the Boards of Directors of BPO and BOP Split declared quarterly dividends payable for the BPO Class AAA Preferred Shares and BOP Split Senior Preferred Shares, respectively.

Capital securities also includes $143 million at December 31, 2016 (December 31, 2015 - nil) of preferred equity interests held by a third party investor in Rouse Properties, L.P. which have been classified as a liability, rather than as a non-controlling interest, due to the fact that the interests have no voting rights and 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. The capital securities were assumed on the acquisition of Rouse.

Capital securities also includes $40 million at December 31, 2016 (December 31, 2015 - nil) of preferred equity interests held by the partnership's co-investor in Vintage Estate which have been classified as a liability, rather than as non-controlling interest, due to the fact that the preferred equity interests are mandatorily redeemable on April 26, 2023 for cash at an amount equal to the outstanding principal balance of the preferred equity plus any accrued but unpaid dividend.

The Capital Securities - Fund Subsidiaries includes $753 million (December 31, 2015 - $683 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 redemption amount.

Capital Securities - Fund Subsidiaries also includes $41 million at December 31, 2016 (December 31, 2015 - $41 million) which represents the equity interests held by the partnership's co-investor in the D.C. Fund which have been classified as a liability, rather than as non-controlling interest, due to the fact that on June 18, 2023, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Fund for cash equivalent to the fair value of the interests.

Capital securities includes $264 million (December 31, 2015 - $394 million) repayable in Canadian Dollars of C$355 million (December 31, 2015 - C$545 million).

The redemption terms of the outstanding BOP Split Senior Preferred Shares are as follows:

	BPO's option[1]	Holder's option[2]
BOP Split Senior Preferred Shares:		
Series 1	June 30, 2014	September 30, 2015
Series 2	December 31, 2014	December 31, 2015
Series 3	June 30, 2014	December 31, 2014
Series 4	December 31, 2015	December 31, 2016

(1) *Subject to applicable law and provisions described in the articles of BOP Split, BOP Split, at its option, may at any time redeem all, or from time to time any part, of the then outstanding BOP Split Senior Preferred Shares for cash as follows: the Series 1 at a price of $25.00 plus accrued and unpaid dividends; the Series 2 at a price of C$25.00 plus accrued and unpaid dividends; the Series 3 at a price of C$25.00 plus accrued and unpaid dividends; and the Series 4 at a price of C$25.00 plus accrued and unpaid dividends.*

(2) *Subject to applicable law and provisions described in the articles of BOP Split, BOP Split may acquire for cancellation all or any part of the BOP Split Senior Preferred Shares outstanding from time to time at the lowest price at which in the opinion of the directors of BOP Split such shares are available.*

The redemption terms of the outstanding BPO Class AAA are as follows:

	BPO's option[1]	Holder's option[2]
BPO Class AAA Preferred Shares:		
Series G	June 30, 2011	September 30, 2015
Series J	June 30, 2010	December 31, 2014
Series K	December 31, 2012	December 31, 2016

(1) *Subject to applicable law of BPO's articles of incorporation and, if required, other regulatory approvals, BPO may, on or after the dates specified above, convert the Class AAA, Series G, J and K into units of BPY. The Class AAA Series J and K preferred shares may be converted into that number of BPY units determined by dividing C$25.00 (Series G - $25.00) by the greater of C$2.00 (Series G - $2.00) and 95% of the weighted average trading price of BPY units at such time*

(2) *Subject to applicable law and BPO's articles of incorporation, BPY's call rights and the BPO's right to redeem or find substitute purchasers, the holder may, on the dates specified above and on specified dates thereafter, convert Class AAA, Series G, J and K preferred shares into that number of BPY units determined by dividing C$25.00 (Series G - $25.00) by the greater of C$2.00 (Series G - $2.00) and 95% of the weighted average trading price of BPY units at such time*

NOTE 18. 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.

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Deferred income tax assets:		
Non-capital losses (Canada)	**$ 79**	$ 62
Capital losses (Canada)	**47**	67
Net operating losses (United States)	**63**	85
Non-capital losses (foreign)	**20**	32
Deferred financing costs	**50**	43
Foreign currency	**—**	41
Financial instruments	**16**	17
Other	**31**	32
	306	379
Deferred income tax (liabilities):		
Properties	**(2,511)**	(2,457)
Investments in associates	**(150)**	(977)
Foreign currency	**(5)**	—
Other	**(95)**	(52)
	(2,761)	(3,486)
Net deferred tax (liability)	**$ (2,455)**	$ (3,107)

The changes in deferred tax balances are presented as follows:

		Recognized in				
(US$ Millions)	**Dec. 31, 2015**	**Reclass**	**Income**	**Equity**	**Acquisitions and Dispositions**	**OCI**	**Dec. 31, 2016**
Deferred tax assets	**$ 379**	**$ —**	**$ (76)**	**$ —**	**$ —**	**$ 44**	**$ 306**
Deferred tax (liabilities)	**(3,486)**	**41**	**787**	**(45)**	**(27)**	**(31)**	**(2,761)**
Net deferred tax (liability)	**$ (3,107)**	**$ —**	**$ 711**	**$ (45)**	**$ (27)**	**$ 13**	**$ (2,455)**

		Recognized in				
(US$ Millions)	Dec. 31, 2014	Reclass	Income	Equity	Acquisitions and Dispositions	OCI	Dec. 31, 2015
Deferred tax assets	$ 414	$ —	$ (3)	$ 11	$ 17	$ (60)	$ 379
Deferred tax (liabilities)	(3,053)	—	(22)	(28)	(592)	209	(3,486)
Net deferred tax (liability)	$ (2,639)	$ —	$ (25)	$ (17)	$ (575)	$ 149	$ (3,107)

During 2016 the partnership and its subsidiaries acquired an investment in IFC Seoul, which resulted in the recognition of net deferred tax (liabilities) of $27 million on acquisition. At the date the partnership's consolidated financial statements were approved for issuance, the amount of the net deferred tax (liabilities) was still under evaluation by the partnership. Accordingly, the amount has been accounted for on a provisional basis.

The Holding Entities and their Canadian subsidiaries have deferred tax assets of $79 million (December 31, 2015 - $62 million) related to non-capital losses that expire over the next 20 years, and $47 million (December 31, 2015 - $67 million) related to capital losses that have no expiry. The Holding Entities and their U.S. subsidiaries have deferred tax assets of $63 million (December 31, 2015 - $85 million) related to non-capital losses that expire over the next 20 years. The Holding Entities and their foreign subsidiaries, mainly in the United Kingdom and India, have deferred tax assets of $20 million (December 31, 2015 - $32 million) related to non-capital losses which do not expire.

The gross deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized are as follows:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Unused tax losses - gross		
Net operating losses (United States)	**$ 70**	$ 111
Net operating losses (foreign)	**880**	778
Unrecognized deductible temporary differences, unused tax losses, and unused tax credits	**$ 950**	$ 889

The Holding Entities, their U.S. subsidiaries, and foreign subsidiaries have gross deductible temporary differences, unused tax losses, and unused tax credits which have not been recognized of $950 million (December 31, 2015 - $889 million) related to net operating losses, the majority of which have no expiry.

The aggregate amount of gross temporary differences associated with investments and interests in joint arrangements in subsidiaries for which deferred tax liabilities have not been recognized as of December 31, 2016 is approximately $8 billion (December 31, 2015 - $8 billion).

The major components of income tax expense include the following:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Current income tax expense	**$ 136**	$ 75	$ 26
Deferred income tax expense	**(711)**	25	1,150
Income tax (benefit) expense	**$ (575)**	$ 100	$ 1,176

The decrease in income tax expense for the year ended December 31, 2016 compared to the prior year primarily relates to a reorganization of the partnership's interest in certain subsidiaries holding Core Office and Core Retail assets to consolidate the ownership of those subsidiaries. As a result of the reorganization, there was a change in the tax rate applicable to those subsidiaries, which resulted in a deferred tax recovery in 2016.

The decrease in income tax expense for the year ended December 31, 2015 compared to the prior year primarily relates to a reorganization of the partnership's interest in certain subsidiaries that occurred in 2015 and a decrease in before tax book income.

Years ended Dec. 31,	2016	2015	2014
Statutory income tax rate	**26 %**	26 %	26 %
Increase (decrease) in rate resulting from:			
International operations subject to different tax rates	**1 %**	(8)%	(7)%
Non-controlling interests in income of flow-through entities	**(9)%**	(5)%	(4)%
Change in tax rates applicable to temporary differences in other jurisdictions	**(46)%**	(13)%	4 %
Other	**1 %**	3 %	2 %
Effective income tax rate	**(27)%**	3 %	21 %

As the partnership is not subject to tax, the 2016 and 2015 analyses used the applicable Canadian blended Federal and Provincial tax rate as the statutory income tax rate. In 2014, the analysis used a blended statutory rate for jurisdictions where the holding entities and any direct or indirect corporate subsidiaries of such holding entities operate.

NOTE 19. OTHER NON-CURRENT LIABILITIES

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

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Accounts payable and accrued liabilities	**$ 751**	$ 282
Derivative liability	**22**	45
Provisions	**231**	24
Loans and notes payables	**—**	30
Deferred revenue	**7**	7
Total other non-current liabilities	**$ 1,011**	$ 388

NOTE 20. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Accounts payable and accrued liabilities	**$ 1,810**	$ 2,123
Loans and notes payables	**500**	—
Derivative liabilities	**242**	401
Deferred revenue	**195**	114
Other liabilities	**2**	1
Total accounts payable and other liabilities	**$ 2,749**	$ 2,639

Loans and notes payables of $500 million at December 31, 2016 consist of an on demand deposit from Brookfield Asset Management to the partnership. See Note 35, *Related Parties*, for further information.

NOTE 21. EQUITY

The partnership's capital structure is comprised of five classes of partnership units: GP Units and LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units.

a) General and limited partnership units

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 and are listed and publicly traded on the NYSE and the TSX. Each LP Unit entitles the holder thereof to one vote for the purposes of any approval at a meeting of limited partners, provided that holders of the Redeemable/Exchangeable Partnership Units that are exchanged for LP Units will only be entitled to a maximum number of votes in respect of the Redeemable/Exchangeable Partnership Units equal to 49% of the total voting power of all outstanding units.

The following table presents changes to the GP Units and LP Units from the beginning of the year:

	GP Units			LP Units		
(Thousands of units), Years ended Dec. 31,	**2016**	2015	2014	**2016**	2015	2014
Outstanding, beginning of year	**139**	139	139	**261,486**	254,080	102,522
Issued on March 20, April 1, and June 9 2014 for the acquisition of incremental BPO shares	**—**	—	—	**—**	—	124,637
Exchange LP Units exchanged	**—**	—	—	**1,016**	8,736	27,011
Distribution reinvestment program	**—**	—	—	**205**	201	133
Issued under unit-based compensation plan	**—**	—	—	**278**	80	—
Repurchases of LP Units	—	—	—	**(2,763)**	(1,611)	(223)
Outstanding, end of year	**139**	139	139	**260,222**	261,486	254,080

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

Redeemable/Exchangeable Partnership Units
There were 432,649,105 Redeemable/Exchangeable Partnership Units outstanding at December 31, 2016, 2015 and 2014.

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

There were 4,759,997 Special LP Units outstanding at December 31, 2016, 2015 and 2014.

c) Limited partnership units of Brookfield Office Properties Exchange LP
Exchange LP Units were issued in March, April and June 2014 to certain Canadian holders of common shares of BPO who elected to receive such units for BPO common shares tendered in connection with the acquisition of the remaining common shares of BPO not previously owned by the partnership. The Exchange LP Units are exchangeable at any time on a one-for-one basis, at the option of the holder, subject to their terms and applicable law, for LP Units. An Exchange LP Unit provides a holder thereof with economic terms that are substantially equivalent to those of a LP Unit. Subject to certain conditions and applicable law, Exchange LP will have the right, commencing on the seventh anniversary of the completion of the Arrangement, to redeem all of the then outstanding Exchange LP Units at a price equal to the 20-day volume-weighted average trading price of an LP Unit plus all declared, payable, and unpaid distributions on such units.

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

	Exchange LP Units		
(Thousands of units)	**Dec. 31, 2016**	Dec. 31, 2015	Dec. 31, 2014
Outstanding, beginning of year	**12,379**	21,115	—
Issued on March 20, April 1, and June 9 2014 for the acquisition of incremental BPO shares	**—**	—	48,126
Exchange LP Units exchanged [(1)]	**(1,016)**	(8,736)	(27,011)
Outstanding, end of year	**11,363**	12,379	21,115

[(1)] *Exchange LP Units issued for the acquisition of incremental BPO common shares that have been exchanged are held by an indirect subsidiary of the partnership. Refer to the Consolidated Statements of Changes in Equity for the impact of such exchanges on the carrying value of Exchange LP Units.*

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

(US$ Millions, except per unit information) Years ended Dec. 31,		**2016**		2015		2014
Limited partners	**$**	**293**	$	276	$	203
Holders of:						
Redeemable/exchangeable partnership units		**485**		460		432
Special limited partnership units		**5**		4		5
Limited partnership units of Exchange LP		**13**		15		23
Total distributions	**$**	**796**	$	755	$	663
Per unit[(1)]	**$**	**1.12**	$	1.06	$	1.00

[(1)] *Per unit outstanding on the record date for each.*

e) Earnings per Unit

The partnership's net income per LP Unit and weighted average units outstanding are calculated as follows:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Net income attributable to limited partners	**$ 660**	$ 1,064	$ 1,154
Income reallocation related to mandatorily convertible preferred shares	**101**	166	—
Net income attributable to limited partners - basic	**761**	1,230	1,154
Dilutive effect of conversion of preferred shares and options	**61**	104	159
Net income attributable to limited partners - diluted	**$ 822**	$ 1,334	$ 1,313

(Millions of units/shares)			
Weighted average number of LP Units outstanding	**261.5**	260.1	206.6
Mandatorily convertible preferred shares	**70.0**	70.0	—
Weighted average number of LP Units outstanding - basic	**331.5**	330.1	206.6
Dilutive effect of conversion of preferred shares and options	**34.8**	40.4	40.8
Weighted average number of LP Units outstanding - diluted	**366.3**	370.5	247.4

NOTE 22. NON-CONTROLLING INTERESTS

Non-controlling interests consists of the following:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Redeemable/exchangeable and special limited partnership units	**$ 14,523**	$ 14,218
Limited partnership units of Exchange LP	**293**	309
Interest of others in operating subsidiaries and properties:		
Preferred shares held by Brookfield Asset Management	**15**	25
Preferred equity of subsidiaries	**1,816**	1,650
Non-controlling interests in subsidiaries and properties	**9,972**	7,300
Total interests of others in operating subsidiaries and properties	**11,803**	8,975
Total non-controlling interests	**$ 26,619**	$ 23,502

NOTE 23. COMMERCIAL PROPERTY REVENUE

The components of commercial property revenue are as follows:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Base rent	**$ 3,184**	$ 2,840	$ 2,700
Straight-line rent	**154**	131	106
Lease termination	**15**	19	20
Other	**271**	226	212
Total commercial property revenue	**$ 3,624**	$ 3,216	$ 3,038

The partnership, in its role of landlord or lessor, leases properties under operating leases generally with lease terms of between 1 and 15 years, with options to extend. Minimum rental commitments under non-cancellable tenant operating leases are as follows:

(US$ Millions)	Dec. 31, 2016	Dec. 31, 2015
Less than 1 year	**$ 2,451**	$ 1,926
1-5 years	**7,886**	6,418
More than 5 years	**10,799**	10,916
Total	**$ 21,136**	$ 19,260

NOTE 24. INVESTMENT AND OTHER REVENUE

The components of investment and other revenue are as follows:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Fee revenue	**$ 51**	$ 40	$ 27
Dividend income	**12**	51	51
Interest income	**26**	47	89
Participating loan interests	**32**	41	50
Development revenue	**—**	164	148
Other	**46**	18	87
Total investment and other revenue	**$ 167**	$ 361	$ 452

NOTE 25. DIRECT COMMERCIAL PROPERTY EXPENSE

The components of direct commercial property expense are as follows:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Property maintenance	**$ 694**	$ 685	$ 650
Real estate taxes	**436**	396	411
Employee compensation and benefits	**141**	102	121
Ground rents	**43**	42	40
Other	**80**	56	76
Total direct commercial property expense	**$ 1,394**	$ 1,281	$ 1,298

Ground rents include rent expenses associated with operating leases for land on which certain of the partnership's operating properties are situated. The partnership does not have an option to purchase the leased land at the expiry of the lease periods. Future operating and finance lease obligations are as follows:

(US$ Millions)	Dec. 31, 2015	Dec. 31, 2014
Less than 1 year	**$ 29**	$ 32
1-5 years	**113**	140
More than 5 years	**4,232**	5,008
Total	**$ 4,374**	$ 5,180

NOTE 26. DIRECT HOSPITALITY EXPENSE

The components of direct hospitality expense are as follows:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Employee compensation and benefits	**$ 283**	$ 290	$ 266
Cost of food, beverage, and retail goods sold	**238**	183	113
Maintenance and utilities	**102**	77	79
Marketing and advertising	**57**	42	42
Other	**356**	310	291
Total direct hospitality expense	**$ 1,036**	$ 902	$ 791

NOTE 27. DEPRECIATION AND AMORTIZATION

The components of depreciation and amortization expense are as follows:

(US$ Millions) Years ended Dec. 31,	2016	2015	2014
Depreciation and amortization of real estate assets	**$ 212**	$ 153	$ 112
Depreciation and amortization of non-real estate assets	**28**	27	36
Total depreciation and amortization	**$ 240**	$ 180	$ 148

NOTE 28. GENERAL AND ADMINISTRATIVE EXPENSE

The components of general and administrative expense are as follows:

(US$ Millions) Years ended Dec. 31,		**2016**		2015		2014
Employee compensation and benefits	**$**	**171**	$	157	$	133
Management fees		**175**		182		100
Other		**223**		220		171
Total general and administrative expense	**$**	**569**	$	559	$	404

NOTE 29. FAIR VALUE GAINS, NET

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

(US$ Millions) Years ended Dec. 31,		**2016**		2015		2014
Commercial properties	**$**	**290**	$	1,583	$	2,781
Commercial developments		**251**		430		289
Financial instruments and other		**151**		(6)		686
Total fair value gains, net	**$**	**692**	$	2,007	$	3,756

NOTE 30. UNIT-BASED COMPENSATION

On February 3, 2015, the BPY Plan was amended and restated by the board of directors of the general partner of BPY, and approved by unitholders on March 26, 2015. The BPY Plan originally provided for a cash payment on the exercise of an option equal to the amount by which the fair market value of a BPY Unit on the date of exercise exceeds the exercise price of the option. The amended BPY Plan allows for the settlement of the in-the-money amount of an option upon exercise in BPY Units for certain qualifying employees whose location of employment is outside of Australia and Canada. This amendment applies to all options granted under the BPY Unit Option Plan, including those options outstanding prior to February 3, 2015. Consequently, as a result of this amendment, options granted to employees whose location of employment is outside of Australia and Canada under the amended and restated BPY Plan are accounted for as an equity-based compensation agreement.

During the year ended December 31, 2016, the partnership incurred $19 million (2015 - $23 million; 2014 - $23 million) of expense in connection with its unit-based compensation plans.

a) BPY Unit Option Plan

Awards under the BPY Plan ("BPY Awards") generally vest 20% per year over a period of five years and expire 10 years after the grant date, with the exercise price set at the time such options were granted and generally equal to the market price of an LP Unit on the NYSE on the last trading day preceding the grant date. Upon exercise of a vested BPY Award, the participant is entitled to receive BPY Units or a cash payment equal to the amount by which the fair market value of an LP Unit at the date of exercise exceeds the exercise price of the BPY Award. Subject to a separate adjustment arising from forfeitures, the estimated expense is revalued every reporting period using the Black-Scholes model as a result of the cash settlement provisions of the plan for employees whose location of employment is Australia or Canada. In terms of measuring expected life of the BPY Awards with various term lengths and vesting periods, BPY will segregate each set of similar BPY Awards and, if different, exercise price, into subgroups and apply a weighted average within each group.

The partnership estimated the fair value of the BPY Awards granted during the years ended December 31, 2016 and 2015 using the Black-Scholes valuation model. The following assumptions were utilized:

	Unit of measurement	Years ended Dec. 31, **2016**	2015
Exercise price	US$	**19.51**	25.18
Average term to exercise	In years	**7.50**	7.50
Unit price volatility	%	**30**	30
Liquidity discount	%	**25**	25
Weighted average of expected annual dividend yield	%	**6.50**	6.50
Risk-free rate	%	**1.57**	1.87
Weighted average fair value per option	US$	**1.45**	3.46

i. Equity-settled BPY Awards

The change in the number of options outstanding under the equity-settled BPY Awards for the years ended December 31, 2016 and 2015 is as follows:

	2016		2015		2014	
Years ended Dec. 31,	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	**17,349,629**	**$ 20.53**	—	$ —	—	$ —
Granted	**3,020,931**	**19.51**	2,542,340	25.18	—	—
Exercised	**(1,180,060)**	**17.98**	(745,392)	19.92	—	—
Expired/forfeited	**(2,851,989)**	**19.69**	(174,153)	21.40	—	—
Reclassified[(1)]	**—**	**—**	15,726,834	19.75	—	—
Outstanding, end of year	**16,338,511**	**$ 20.49**	17,349,629	$ 20.53	—	$ —
Exercisable, end of year	**5,501,679**	**$ 19.90**	4,795,099	$ 19.03	—	$ —

(1) *Relates to the reclassification of options for employees outside of Canada and Australia whose options are equity-settled subsequent to the amendment of the BPY Plan.*

The following table sets out details of options issued and outstanding at December 31, 2016 and 2015 under the equity-settled BPY Awards by expiry date:

	Dec. 31, 2016		Dec. 31, 2015		Dec. 31, 2014	
Expiry date	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
2020	**254,600**	**13.07**	368,400	13.07	—	—
2021	**316,100**	**17.44**	421,300	17.44	—	—
2022	**724,700**	**18.03**	1,535,900	18.25	—	—
2023	**948,980**	**16.80**	1,247,680	16.80	—	—
2024	**9,071,225**	**20.59**	11,286,224	20.59	—	—
2025	**2,153,923**	**25.18**	2,490,125	25.18	—	—
2026	**2,868,983**	**19.51**	—	—	—	—
Total	**16,338,511**	**$ 20.49**	17,349,629	$ 20.53	$ —	$ —

ii. Cash-settled BPY Awards

The change in the number of options outstanding under the cash-settled BPY Awards for the years ended December 31, 2016 and 2015 is as follows:

Years ended Dec. 31,	**2016**		2015		2014	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	**6,904,986**	**$ 20.37**	21,946,145	$ 19.75	$ —	$ —
Exchanged into BPY Awards	**—**	**—**	—	—	5,664,980	17.16
Granted	**846,912**	**19.51**	775,215	25.18	16,581,645	20.59
Exercised	**(148,076)**	**18.55**	(89,540)	17.40	(212,800)	16.17
Expired/forfeited	**(226,780)**	**21.32**	—	—	(87,680)	19.67
Reclassified[(1)]	**—**	**—**	(15,726,834)	19.75	—	—
Outstanding, end of year	**7,377,042**	**$ 20.28**	6,904,986	$ 20.37	21,946,145	$ 19.75
Exercisable, end of year	**2,772,207**	**$ 19.75**	1,956,693	$ 19.16	2,370,370	$ 16.72

(1) *Relates to the reclassification of options for employees outside of Canada and Australia whose options are equity-settled subsequent to the amendment of the BPY Plan.*

The following table sets out details of options issued and outstanding at December 31, 2016 and 2015 under the cash-settled BPY Awards by expiry date:

Expiry date	**Dec. 31, 2016**		Dec. 31, 2015		Dec. 31, 2014	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
2015	**—**	**$ —**	—	$ —	251,200	$ 19.08
2020	**78,000**	**13.07**	78,000	13.07	473,600	12.98
2021	**186,800**	**17.44**	226,800	17.44	666,400	17.44
2022	**545,800**	**18.08**	581,200	18.07	2,145,700	18.20
2023	**549,000**	**16.80**	604,200	16.80	1,894,080	16.80
2024	**4,459,230**	**20.59**	4,639,571	20.59	16,515,165	20.59
2025	**711,300**	**25.18**	775,215	25.18	—	—
2026	**846,912**	**19.51**	—	—	—	—
Total	**7,377,042**	**$ 20.28**	6,904,986	$ 20.37	21,946,145	$ 19.75

b) Restricted BPY LP Unit Plan

The Restricted BPY LP Unit Plan provides for awards to participants of LP Units purchased on the NYSE ("Restricted Units"). Under the Restricted BPY LP Unit Plan, units awarded generally vest over a period of five years, except as otherwise determined or for Restricted Units awarded in lieu of a cash bonus as elected by the participant, which may vest immediately. The estimated total compensation cost measured at grant date is evenly recognized over the vesting period of five years.

As of December 31, 2016, the total number of Restricted Units outstanding was 327,636 (December 31, 2015 - 442,332) with a weighted average exercise price of $20.89 (December 31, 2015 - $20.87).

c) Restricted BPY LP Unit Plan (Canada)

The Restricted BPY LP Unit Plan (Canada) is substantially similar to the Restricted BPY LP Unit Plan described above, except that it is for Canadian employees, there is a five year hold period, and purchases of units are made on the TSX instead of the NYSE.

As of December 31, 2016, the total number of Canadian Restricted Units outstanding was 19,410 (December 31, 2015 - 19,410) with a weighted average exercise price of C$22.14 (December 31, 2015 - C$22.14).

d) Deferred Share Unit Plan

In addition, BPO has a deferred share unit plan, the terms of which were amended in connection with the Arrangement to substitute LP Units for BPO common shares subject to such deferred shares. At December 31, 2016, BPO had 1,402,373 deferred share units (December 31, 2015 - 1,456,719) outstanding and vested.

NOTE 31. OTHER COMPREHENSIVE (LOSS) INCOME

Other comprehensive (loss) income consists of the following:

(US$ Millions) Years ended Dec. 31,		**2016**	2015	2014
Items that may be reclassified to net income:				
Foreign currency translation				
Unrealized foreign currency translation (losses) gains in respect of foreign operations	**$**	**(990)**	$ (1,319)	$ (834)
Gains (losses) on hedges of net investments in foreign operations, net of income taxes of $19 million (2015 - $19 million; 2014 - $51 million)[1]		**678**	488	317
		(312)	(831)	(517)
Cash flow hedges				
(Losses) gains on derivatives designated as cash flow hedges, net of income taxes of $(23) million (2015 - $(12) million; 2014 - $(57) million)		**(36)**	(35)	(162)
		(36)	(35)	(162)
Available-for-sale securities				
Net change in unrealized gains (losses) on available-for-sale securities, net of income taxes of nil (2015 - nil; 2014 - nil)		**5**	1	4
		5	1	4
Equity accounted investments				
Share of unrealized foreign currency translations (losses) gains in respect of foreign operations, net of income taxes of nil (2015 - nil; 2014 - nil)		**4**	(111)	(84)
Share of gains (losses) on derivatives designated as cash flow hedges, net of income taxes of $3 million (2015 – nil; 2014 – nil)		**(10)**	—	—
Items that will not be reclassified to net income: Share of revaluation surplus, net of income taxes of $27 million (2015 - $1 million, 2014 - nil)		**13**	161	—
		7	50	(84)
Items that will not be reclassified to net income:				
Revaluation surplus, net of income taxes of nil (2015 – nil; 2014 – $1 million)		**90**	134	312
		90	134	312
Total other comprehensive (loss) income	**$**	**(246)**	$ (681)	$ (447)

[1] *Unrealized gains (losses) on a number of hedges of net investments in foreign operations were with a related party.*

NOTE 32. 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 business dispositions, business 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.

At December 31, 2016, the partnership had commitments totaling approximately $1,442 million for the development of Manhattan West in Midtown New York, Greenpoint Landing in Brooklyn, Studio Plaza in Dallas, Camarillo in California and 655 New York Avenue in Washington, D.C. as well as the redevelopment of One Allen Center, Two Allen Center, and Three Allen Center in Houston, approximately C$106 million for Brookfield Place East Tower in Calgary and the completed development of Bay Adelaide East in Toronto, approximately £601 million for the development of London Wall Place, 100 Bishopsgate, Principal Place

Commercial and Principal Place Residential in London, and approximately AED1.4 billion for the development of ICD Brookfield Place in Dubai.

During 2013, Brookfield Asset Management announced the final close on the $4.4 billion Brookfield Strategic Real Estate Partners ("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 December 31, 2016, there remained approximately $220 million of uncontributed capital commitments.

In April 2016, Brookfield Asset Management announced the final close on the $9.0 billion second BSREP fund to which the partnership had committed $2.3 billion as lead investor. As of December 31, 2016, there remained approximately $1.4 billion 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 33. LIQUIDITY AND CAPITAL MANAGEMENT

The capital of the partnership's business consists of debt obligations, capital securities, preferred stock and equity. The partnership's objective when managing this capital is to maintain an appropriate balance between holding a sufficient amount of equity capital to support its operations and reducing its weighted average cost of capital to improve its return on equity. As at December 31, 2016, capital totaled $72 billion (December 31, 2015 - $65 billion).

The partnership attempts to maintain a level of liquidity to ensure it is able to participate in investment opportunities as they arise and to better withstand sudden adverse changes in economic circumstances. The partnership's primary sources of liquidity include cash, undrawn committed credit facilities, construction facilities, cash flow from operating activities and access to public and private capital markets. In addition, the partnership structures its affairs to facilitate monetization of longer-duration assets through financings and co-investor participations.

The partnership seeks to increase income from its existing properties by maintaining quality standards for its properties that promote high occupancy rates and support increases in rental rates while reducing tenant turnover and related costs, and by controlling operating expenses. Consequently, the partnership believes its revenue, along with proceeds from financing activities and divestitures, will continue to provide the necessary funds to cover its short-term liquidity needs. However, material changes in the factors described above may adversely affect the partnership's net cash flows.

The partnership's principal liquidity needs for the current year and for periods beyond include:

- Recurring expenses;
- Debt service requirements;
- Distributions to unitholders;
- Capital expenditures deemed mandatory, including tenant improvements;
- Development costs not covered under construction loans;
- Investing activities which could include:
    - Discretionary capital expenditures;
    - Property acquisitions;
    - Future development; and
    - Repurchase of the partnership's units.

Most of the partnership's borrowings are in the form of long-term asset-specific financings with recourse only to the specific assets. Limiting recourse to specific assets ensures that poor performance within one area does not compromise the partnership's ability to finance the balance of its operations.

In addition, the partnership may, from time to time, issue equity instruments, including, but not limited to, LP Units and Redeemable/Exchangeable Partnership Units, to the public and preferred equity in private placements in certain circumstances to provide financing for significant transactions, such as the acquisitions of the remaining common shares of BPO and the outstanding ordinary shares of Songbird Estates plc.

The partnership's operating subsidiaries are subject to limited covenants in respect of their corporate debt and are in full compliance with all such covenants at December 31, 2016. The partnership's operating subsidiaries are also in compliance with all covenants and other capital requirements related to regulatory or contractual obligations of material consequence to the partnership.

The partnership's strategy is to satisfy its liquidity needs in respect of the partnership using the partnership's cash on hand, cash flows generated from operating activities and provided by financing activities, as well as proceeds from asset sales. The operating subsidiaries of the partnership also generate liquidity by accessing capital markets on an opportunistic basis.

The partnership's principal liquidity needs for periods beyond the next year are for scheduled debt maturities, distributions, recurring and non-recurring capital expenditures, development costs and potential property acquisitions. The partnership plans to meet these needs with one or more of: cash flows from operations; construction loans; creation of new funds; proceeds from sales of assets; proceeds from sale of non-controlling interests in subsidiaries and properties; and credit facilities and refinancing opportunities.

The table below presents the partnership's contractual obligations as of December 31, 2016:

(US$ Millions)		Payments due by period					
Dec. 31, 2016	**Total**	< 1 Year	1 Year	2 Years	3 Years	4 Years	> 5 Years
Debt obligations	**$ 33,519**	$ 5,096	$ 5,422	$ 6,693	$ 3,952	$ 4,772	$ 7,584
Capital securities	**4,171**	370	143	—	522	511	2,625
Lease obligations	**4,374**	29	27	28	29	29	4,232
Commitments[(1)]	**2,268**	1,201	753	294	20	—	—
Interest expense[(2)]:							
Long term debt	**6,711**	1,488	1,286	1,060	884	652	1,341
Capital securities	**1,270**	198	188	188	164	154	378
Interest rate swaps	**163**	73	56	24	7	2	1

(1) *Primarily consists of construction commitments on commercial developments.*

(2) *Represents aggregate interest expense expected to be paid over the term of the obligations. Variable interest rate payments have been calculated based on current rates.*

NOTE 34. 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; and
- interest rate caps to hedge interest rate risk on certain variable rate debt.

The partnership also designates Canadian Dollar financial liabilities of certain of its operating entities as hedges of its net investments in its Canadian operations.

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 December 31, 2016 and 2015:

(US$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Dec. 31, 2016	**Interest rate caps of US$ LIBOR debt**	**$ 4,933**	**2.5% - 5.8%**	**Jan. 2017 - Jun. 2020**	**$ —**
	Interest rate swaps of US$ LIBOR debt	**502**	**1.5% - 2.2%**	**Jun. 2018 - Nov. 2020**	**(6)**
	Interest rate caps of £ LIBOR debt	**37**	**2.5%**	**Aug. 2017**	**—**
	Interest rate swaps of £ LIBOR debt	**85**	**1.0% - 1.5%**	**Apr. 2020 - Jun. 2021**	**2**
	Interest rate swaps of € EURIBOR debt	**146**	**0.3% - 1.4%**	**Oct. 2017 - Apr. 2021**	**(4)**
	Interest rate swaps of C$ LIBOR debt	**44**	**3.7%**	**Nov. 2021**	**—**
	Interest rate swaps of A$ BBSW/BBSY debt	**65**	**1.9%**	**Jul. 2017**	**(1)**
	Interest rate swaps on forecasted fixed rate debt	**300**	**3.7% - 4.0%**	**Jun. 2027 - Jun. 2029**	**(34)**
Dec. 31, 2015	Interest rate caps of US$ LIBOR debt	$ 3,654	2.5% - 5.8%	Jan. 2016 - Oct. 2018	$ —
	Interest rate swaps of US$ LIBOR debt	285	2.1% - 2.2%	Oct. 2020 - Nov. 2020	(8)
	Interest rate swaps of £ LIBOR debt	77	1.5%	Apr. 2020	1
	Interest rate swaps of € EURIBOR debt	187	0.02% - 1.4%	Oct. 2017 - Feb. 2021	5
	Interest rate swaps of A$ BBSW/BBSY debt	488	3.5% - 5.9%	Jan. 2016 - Jul. 2017	(9)
	Interest rate swaps on forecasted fixed rate debt	1,885	3.1% - 5.5%	Jan. 2026 - Jun. 2029	(332)

For the year ended December 31, 2016, the amount of hedge ineffectiveness recorded in earnings in connection with our partnership's interest rate hedging activities totaled $18 million. For the year ended December 31, 2015, the amount of hedge ineffectiveness recorded in earnings was not significant.

Foreign Currency Hedging

The following table presents the partnership's outstanding derivatives that are designated as net investment hedges in foreign subsidiaries or cash flow hedges as of December 31, 2016 and 2015:

(US$ Millions)	Hedging item		Net Notional	Rates	Maturity dates	Fair value
Dec. 31, 2016	**Net investment hedges**	**€**	**600**	**€0.87/$ - €0.94/$**	**Feb. 2017 - Feb. 2018**	**8**
	Net investment hedges	**£**	**3,664**	**£0.68/$ - £0.82/$**	**Jan. 2017 - Jan. 2018**	**(18)**
	Net investment hedges	**A$**	**1,967**	**A$1.32/$ - A$1.41/$**	**Jan. 2017 - Dec. 2017**	**36**
	Net investment hedges	**C¥**	**1,750**	**C¥6.77/$ - C¥7.20/$**	**Feb. 2017 - Dec. 2017**	**7**
	Net investment hedges	**R$**	**—**	**R$3.27/$ - R$3.83/$**	**Jan. 2017 - Feb. 2017**	**(9)**
	Cash flow hedges	**R$**	**500**	**R$3.35/$**	**Mar. 2017**	**1**
	Net investment hedges	**₩**	**585,600**	**₩1,135.30/$ - ₩1,167.90/$**	**Sep. 2017 - Dec. 2017**	**22**
	Cash flow hedges	**Rs**	**12,500**	**Rs67.84/$ - Rs70.60/$**	**Feb. 2017 - Sep. 2017**	**1**
Dec. 31, 2015	Net investment hedges	£	2,346	£0.64/$ - £0.68/$	Jan. 2016 - Mar. 2017	$ 26
	Net investment hedges	C¥	2,000	C¥6.62/$ - C¥6.78/$	Feb. 2016 - Dec. 2016	3
	Net investment hedges	A$	811	A$1.29/$ - A$1.44/$	Jan. 2016 - Feb. 2017	2
	Net investment hedges	€	446	€0.80/$ - €0.94/$	May 2016 - Dec. 2016	1
	Cash flow hedges	R$	613	R$3.89/$ - R$3.96/$	Jan. 2016 - Mar. 2016	(8)

In addition, as of December 31, 2016, the partnership had designated C$690 million (December 31, 2015 - C$900 million) of Canadian Dollar financial liabilities as hedges against the partnership's net investment in Canadian operations.

For the years ended December 31, 2016 and 2015, 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 tables provide detail of the partnership's other derivatives that have been entered into to manage financial risks as of December 31, 2016 and 2015:

(US$ millions)	Derivative type		Notional	Maturity dates	Rates		Fair value
Dec. 31, 2016	**Interest rate swaps on forecasted fixed rate debt**	**$**	**1,460**	**Jun. 2018 - Nov. 2028**	**1.9% - 6.0%**	**$**	**(172)**
	Interest rate caps		**350**	**Jul. 2017**	**3.25%**		**—**
Dec. 31, 2015	Interest rate caps	$	381	Mar. 2016	3.65%	$	—
	Interest rate caps		350	Jul. 2017	3.25%		—
	Interest rate caps		34	Jan. 2016	3.00%		—
	Interest rate caps		75	Feb. 2016	2.93%		—

(US$ Millions)	Derivative type		Notional	Maturity dates	Strike prices	Fair value
Dec. 31, 2015	Foreign currency call	A$	175	Mar. 2016	A$1.22/$	—
	Foreign currency call	A$	275	Apr. 2016	A$1.25/$	—
	Foreign currency put	£	370	Jan. 2016	£0.71/$	—
	Foreign currency put	£	200	Mar. 2016	£0.71/$	(1)
	Foreign currency call	A$	150	Apr. 2016	A$1.22/$	—
	Foreign currency call	A$	150	Apr. 2016	A$1.22/$	—
	Foreign currency call	A$	250	Apr. 2016	A$1.22/$	—

During 2016, the partnership recognized fair value losses, net of approximately $60 million related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

There were no outstanding foreign currency calls or puts as of December 31, 2016.

During 2016, the partnership entered into swaptions with a notional amount of totaling $1,660 million, with a 1.00% rate and maturity dates from June 2017 to November 2018. The fair value of these derivatives as of December 31, 2016 was $2 million.

These other derivatives have not been designated as hedges for accounting purposes.

b) Measurement and classification of financial instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

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 consolidated financial statements:

(US$ Millions)	Classification	Measurement basis	**Dec. 31, 2016** **Carrying value**	**Dec. 31, 2016** **Fair value**	Dec. 31, 2015 Carrying value	Dec. 31, 2015 Fair value
Financial assets						
Participating loan interests	Loans and receivables	Amortized cost	**$ 471**	**$ 471**	$ 449	$ 449
Loans and notes receivable	Loans and receivables	Amortized cost	**73**	**73**	221	221
Other non-current assets						
Securities designated as FVTPL	FVTPL	Fair value	**37**	**37**	37	37
Derivative assets	FVTPL	Fair value	**12**	**12**	1,379	1,379
Securities designated as AFS	AFS	Fair value	**168**	**168**	142	142
Accounts receivable and other						
Derivative assets	FVTPL	Fair value	**1,338**	**1,338**	91	91
Other receivables[1]	Loans and receivables	Amortized cost	**1,256**	**1,256**	1,159	1,159
Cash and cash equivalents	Loans and receivables	Amortized cost	**1,456**	**1,456**	1,035	1,035
Total financial assets			**$ 4,811**	**$ 4,811**	$ 4,513	$ 4,513
Financial liabilities						
Debt obligations[2]	Other liabilities	Amortized cost	**$ 33,579**	**$ 33,900**	$ 30,755	$ 31,084
Capital securities	Other liabilities	Amortized cost	**3,377**	**3,379**	3,307	3,308
Capital securities - fund subsidiaries	Other liabilities	Amortized cost	**794**	**794**	724	724
Other non-current liabilities						
Loan payable	FVTPL	Fair value	**26**	**26**	26	26
Other non-current financial liabilities	Other liabilities	Amortized cost[3]	**985**	**985**	362	362
Accounts payable and other liabilities[4]	Other liabilities	Amortized cost[5]	**2,750**	**2,750**	2,652	2,652
Total financial liabilities			**$ 41,511**	**$ 41,834**	$ 37,826	$ 38,156

(1) *Includes other receivables associated with assets classified as held for sale on the consolidated balance sheets in the amounts of $1 million and $30 million as of December 31, 2016 and December 31, 2015, respectively.*

(2) *Includes debt obligations associated with assets classified as held for sale on the consolidated balance sheets in the amount of $60 million and $229 million as of December 31, 2016 and December 31, 2015, respectively.*

(3) *Includes derivative liabilities measured at fair value of approximately $22 million and $45 million as of December 31, 2016 and December 31, 2015, respectively.*

(4) *Includes accounts payable and other liabilities associated with assets classified as held for sale on the consolidated balance sheets in the amount of $1 million and $13 million as of December 31, 2016 and December 31, 2015, respectively.*

(5) *Includes derivative liabilities measured at fair value of approximately $242 million and $401 million as of December 31, 2016 and December 31, 2015, respectively.*

The following table outlines financial assets and liabilities measured at fair value in the 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)	**Dec. 31, 2016** **Level 1**	**Level 2**	**Level 3**	**Total**	Dec. 31, 2015 Level 1	Level 2	Level 3	Total
Financial assets								
Participating loan interests – embedded derivative	**$ —**	**$ —**	**$ 100**	**$ 100**	$ —	$ —	$ 118	$ 118
Securities designated as FVTPL	**—**	**—**	**37**	**37**	—	—	37	37
Securities designated as AFS	**—**	**—**	**168**	**168**	4	—	138	142
Derivative assets	**—**	**96**	**1,254**	**1,350**	—	99	1,371	1,470
Total financial assets	**$ —**	**$ 96**	**$ 1,559**	**$ 1,655**	$ 4	$ 99	$ 1,664	$ 1,767
Financial liabilities								
Accounts payable and non-current other liabilities	**$ —**	**$ 264**	**$ —**	**$ 264**	$ —	$ 446	$ —	$ 446
Loan payable	**—**	**—**	**26**	**26**	—	—	26	26
Total financial liabilities	**$ —**	**$ 264**	**$ 26**	**$ 290**	$ —	$ 446	$ 26	$ 472

There were no transfers between levels during the years ended December 31, 2016 and 2015. The following table presents the valuation techniques and inputs of the partnership's Level 2 assets and liabilities:

Type of asset/liability	Valuation technique
Foreign currency forward contracts	Discounted cash flow model - forward exchange rates (from observable forward exchange rates at the end of the reporting period) and discounted at a credit adjusted rate
Interest rate contracts	Discounted cash flow model - forward interest rates (from observable yield curves) and applicable credit spreads discounted at a credit adjusted rate

The table below presents the valuation techniques and inputs of Level 3 assets:

Type of asset/liability	Valuation techniques	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Participating loan interests - embedded derivative	Discounted cash flow model	(a) Discount rate (b) Terminal capitalization rate	(a) Decreases (increases) in the discount rate would increase (decrease) fair value (b) Increases (decreases) in the terminal capitalization rate would (decrease) increase fair value
Securities designated as FVTPL/AFS	Net asset valuation	(a) Forward exchange rates (from observable forward exchange rates at the end of the reporting period) (b) Discount rate	(a) Increases (decreases) in the forward exchange rate would increase (decrease) fair value (b) Decreases (increases) in the discount rate would increase (decrease) fair value
Warrants	Black-Scholes model	(a) Term to maturity (b) Volatility (c) Risk free interest rate	(a) Increases (decreases) in term to maturity would increase (decrease) fair value (b) Increases (decreases) in volatility would increase (decrease) fair value (c) Increases (decreases) in the risk free interest rate would increase (decrease) fair value

The following table presents the change in the balance of financial assets and financial liabilities classified as Level 3 as of December 31, 2016 and 2015:

	Dec. 31, 2016		Dec. 31, 2015	
(US$ Millions)	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
Balance, beginning of year	**$ 1,664**	**$ 26**	$ 3,385	$ —
Acquisitions	**47**	**—**	1	26
Dispositions[(1)]	**(31)**	**—**	(2,052)	—
Fair value gains, net and OCI	**(121)**	**—**	223	—
Other	**—**	**—**	107	—
Balance, end of year	**$ 1,559**	**$ 26**	$ 1,664	$ 26

(1) *Includes the contribution of the partnership's 22% interest in Canary Wharf to a 50/50 joint venture in the first quarter of 2015 and the conversion of the partnership's convertible preferred interest to a 22% common equity interest in CXTD during the third quarter of 2015.*

c) Market Risk

Interest rate risk

The partnership faces interest rate risk on its variable rate financial assets and liabilities. In addition, there is interest rate risk associated with the partnership's fixed rate debt due to the expected requirement to refinance such debt in the year of maturity. The following table outlines the impact on interest expense of a 100 basis point increase or decrease in interest rates on the partnership's variable rate liabilities and fixed rate debt maturing within one year:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Variable rate property debt	**$ 169**	$ 169
Fixed rate property debt due within one year	**24**	10
Total	**$ 193**	$ 179

The partnership manages interest rate risk by primarily entering into fixed rate operating property debt and staggering the maturities of its mortgage portfolio over a 10-year horizon when the market permits. The partnership also makes use of interest rate derivatives to manage interest rate risk on specific variable rate debts and on anticipated refinancing of fixed rate debt.

Foreign currency risk

The partnership is structured such that its foreign operations are primarily conducted by entities with a functional currency which is the same as the economic environment in which the operations take place. As a result, the net income impact of currency risk associated with financial instruments is limited as its financial assets and liabilities are generally denominated in the functional currency of the subsidiary that holds the financial instrument. However, the partnership is exposed to foreign currency risk on the net assets of its foreign currency denominated operations. The partnership's exposures to foreign currencies and the sensitivity of net income and other comprehensive income, on a pre-tax basis, to a 10% change in the exchange rates relative to the U.S. dollar is summarized below:

		Dec. 31, 2016		
(Millions)		**Equity attributable to Unitholders[1]**	**OCI**	**Net income**
Canadian Dollar[2]	**C$**	**(329)**	**$ 25**	**$ —**
Australian Dollar	**A$**	**2,344**	**(169)**	**—**
British Pound	**£**	**3,749**	**(463)**	**—**
Euro	**€**	**326**	**(34)**	**—**
Brazilian Real	**R$**	**1,941**	**(60)**	**—**
Indian Rupee	**Rs**	**10,436**	**(15)**	**—**
Hong Kong Dollar	**HK$**	**(77)**	**1**	**—**
Chinese Yuan	**C¥**	**1,001**	**(16)**	**—**
South Korean Won	**₩**	**147,052**	**(12)**	**—**
Total		**$**	**(743)**	**$ —**

(1) *As of December 31, 2016, Unitholders are defined as holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units.*
(2) *Net of Canadian Dollar denominated loans.*

		Dec. 31, 2015		
(Millions)		Equity attributable to Unitholders[1]	OCI	Net income
Canadian Dollar[2]	C$	(268)	$ 19	$ —
Australian Dollar	A$	2,721	(198)	—
British Pound	£	3,620	(533)	—
Euro	€	588	(64)	—
Brazilian Real	R$	1,725	(44)	—
New Zealand Dollar	NZ$	29	(2)	—
Indian Rupee	Rs	9,166	(14)	—
Chinese Yuan	C¥	1,268	(20)	—
Total		$	(856)	$ —

(1) *As of December 31, 2015, Unitholders are defined as holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units.*
(1) *Net of Canadian Dollar denominated loans.*

		Dec. 31, 2014		
(Millions)		Equity attributable to Unitholders[1]	OCI	Net income
Canadian Dollar[2]	C$	(223)	$ 19	$ —
Australian Dollar	A$	2,668	(218)	—
British Pound	£	1,468	(229)	—
Euro	€	205	(9)	(12)
Brazilian Real	R$	1,325	(50)	—
New Zealand Dollar	NZ$	44	(4)	—
Indian Rupee	Rs	6,104	(10)	—
Total		$	(501)	$ (12)

(1) *As of December 31, 2014, Unitholders are defined as holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, and Exchange LP Units.*
(1) *Net of Canadian Dollar denominated loans.*

Equity price risk
The partnership faces equity price risk related to its common equity interest in GGP warrants. A $1 increase or decrease in GGP's share price would result in a $73 million gain or loss being recognized in fair value gains, net.

d) Credit risk
The partnership's maximum exposure to credit risk associated with financial assets is equivalent to the carrying value of each class of financial asset as separately presented in loans and notes receivable, certain other non-current assets, accounts receivables and other, and cash and cash equivalents.

Credit risk arises on loans and notes receivables in the event that borrowers default on the repayment to the partnership. The partnership mitigates this risk by attempting to ensure that adequate security has been provided in support of such loans and notes.

Credit risk related to accounts receivable arises from the possibility that tenants may be unable to fulfill their lease commitments. The partnership mitigates this risk through diversification, ensuring that borrowers meet minimum credit quality requirements and by ensuring that its tenant mix is diversified and by limiting its exposure to any one tenant. The partnership maintains a portfolio that is diversified by property type so that exposure to a business sector is lessened.

Currently no one tenant represents more than 10% of operating property revenue.

The majority of the partnership's trade receivables are collected within 30 days. The balance of accounts receivable and loans and notes receivable past due is not significant.

NOTE 35. 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 the BPY General Partner. The ultimate parent of the partnership is Brookfield Asset Management. Other related parties of the partnership include the partnership's and Brookfield Asset Management's subsidiaries and operating entities, certain joint ventures and associates accounted for under the equity method, as well as officers of such entities and their spouses.

The partnership has a management agreement with its service providers, wholly-owned subsidiaries of Brookfield Asset Management. Pursuant to a Master Services Agreement, prior to the third quarter of 2015, on a quarterly basis, the partnership paid a base management fee ("base management fee"), to the service providers equal to $12.5 million per quarter ($50.0 million annually).

Through the second quarter of 2015, the partnership also paid a quarterly equity enhancement distribution to Special L.P., a wholly-owned subsidiary of Brookfield Asset Management, of 0.3125% of the amount by which the operating partnership's total capitalization value at the end of each quarter exceeded its total capitalization value that immediately followed the spin-off of Brookfield Asset Management's commercial property operations on April 15, 2013, subject to certain adjustments. For purposes of calculating the equity enhancement distribution at each quarter-end, the capitalization of the partnership was equal to the volume-weighted average of the closing prices of the LP Units on the NYSE for each of the last five trading days of the applicable quarter multiplied by the number of issued and outstanding units of the partnership on the last of those days (assuming full conversion of Brookfield Asset Management's interest in the partnership into LP Units of the partnership), plus the amount of third-party debt, net of cash, with recourse to the partnership and the operating partnership and certain holding entities held directly by the operating partnership.

On August 3, 2015, the board of directors of the partnership approved an amendment to the base management fee and equity enhancement distribution calculations, as of the beginning of the third quarter of 2015. Pursuant to this amendment, the annual base management fee paid by the partnership to Brookfield Asset Management was changed from $50.0 million, subject to annual inflation adjustments, to 0.5% of the total capitalization of the partnership, subject to an annual minimum of $50.0 million, plus annual inflation adjustments. The calculation of the equity enhancement distribution was amended to reduce the distribution by the amount by which the revised base management fee is greater than $50.0 million per annum, plus annual inflation adjustments, to maintain a fee level in aggregate that would be the same as prior to the amendment.

The base management fee for the year ended December 31, 2016 was $104.4 million (2015 - $76.1 million, 2014 - $50.0 million). The equity enhancement distribution for the year ended December 31, 2016 was $25.1 million (2015 - $59.9 million, 2014 - $50.0 million).

In connection with the issuance of Preferred Equity Units to QIA in 2014, Brookfield Asset Management has contingently agreed to acquire the seven-year and ten-year tranches of Preferred Equity Units from QIA 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.

The following table summarizes transactions and balances with related parties:

(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015
Balances outstanding with related parties:		
Participating loan interests	**$ 471**	$ 449
Equity accounted investments	**110**	143
Loans and notes receivable[1]	**46**	63
Receivables and other assets	**71**	29
Property-specific obligations	**(323)**	(362)
Corporate debt obligations	**—**	(1,000)
Deposit from Brookfield Asset Management	**(500)**	—
Other liabilities	**(136)**	(373)
Capital securities held by Brookfield	**(1,250)**	(1,250)
Preferred shares held by Brookfield Asset Management	**(15)**	(25)

(1) *At December 31, 2016, includes $46 million (December 31, 2015 - $63 million) receivable from Brookfield Asset Management upon the earlier of the partnership's exercise of its option to convert its participating loan interests into direct ownership of the Australian portfolio or the maturity of the participating loan interests.*

(US$ Millions) Years ended Dec. 31,	**2016**	2015	2014
Transactions with related parties:			
Commercial property revenue[1]	**$ 20**	$ 22	$ 16
Management fee income	**5**	3	—
Participating loan interests (including fair value gains, net)	**61**	129	88
Interest expense on debt obligations	**28**	55	23
Interest on capital securities held by Brookfield Asset Management	**76**	76	76
General and administrative expense [2]	**212**	207	187
Construction costs[3]	**266**	308	207

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

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

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

During the first quarter of 2016, the partnership's 50/50 joint venture with the Investment Corporation of Dubai ("ICD") acquired land in Dubai on which ICD Brookfield Place Dubai will be erected. BPO serves as the development manager and, as such, earns a management fee during the construction period. In addition, the primary contractor for the construction of the property will be a joint venture of Brookfield Multiplex Pty. Ltd., which is indirectly owned by Brookfield Asset Management through Brookfield Business Partners L.P. ("Brookfield Business Partners").

During the first quarter of 2016, Fairfield Residential Company LLC ("Fairfield"), which is majority-owned by Brookfield Asset Management, sold a multifamily development site in Camarillo, CA to BPO for consideration of $35 million. During the second quarter of 2016, BPO sold a 1% interest in this investment back to Fairfield, which will receive fees for serving as developer, property manager and general contractor.

During the second quarter of 2016, in connection with the creation of Brookfield Business Partners, a subsidiary of the partnership sold its 80% interest in Brookfield Condominium Services Ltd. to a subsidiary of Brookfield Business Partners for $15 million in cash.

In connection with the launch of BPREP, the partnership contributed certain operating buildings and development projects. Following this transaction, BPO will earn property management fees on certain properties in the portfolio and Fairfield will serve as development manager, for a fee, for certain of the development projects contributed to the fund. In addition, the partnership will incur asset management fees from Brookfield Asset Management-affiliated entities for the management of the fund.

During the fourth quarter of 2016, a subsidiary of the partnership sold its interest in Oak Ridges Seaton Inc. to Brookfield Homes Limited for C$48 million and the Allen Center Central Plant within One Allen Center in Houston to Brookfield Infrastructure Group for net proceeds of $18 million.

Also during the fourth quarter of 2016, Brookfield Asset Management made a $500 million on-demand deposit to the partnership, which amount was outstanding at December 31, 2016.

NOTE 36. SUBSIDIARY PUBLIC ISSUERS

BOP Split was incorporated for the purpose of being an issuer of preferred shares and owning a portion of the partnership's investment in BPO common shares. Pursuant to the terms of a Plan of Arrangement, holders of outstanding BPO Class AAA Preferred Shares Series G, H, J and K, which were convertible into BPO common shares, were able to exchange their shares for BOP Split Senior Preferred Shares, subject to certain conditions. The BOP Split Senior Preferred shares are listed on the TSX and began trading on June 11, 2014. All shares issued by BOP Split are retractable by the holders at any time for cash.

In connection with an internal restructuring completed in July 2016, the partnership and certain of its related entities agreed to guarantee all of BPO's Class AAA Preferred Shares and all of BPO's debt securities issued pursuant to BPO's indenture dated December 8, 2009.

The following table provides consolidated summary financial information for the partnership, BOP Split, BPO, and the holding entities:

(US$ Millions) Year ended December 31, 2016	Brookfield Property Partners L.P.	BOP Split Corp.	BPO	Holding Entities[2]	Additional holding entities and eliminations[3]	Consolidating Adjustments[4]	Brookfield Property Partners L.P. consolidated
Revenue	$ —	$ —	**$ 201**	**$ 477**	**$ —**	**$ 4,674**	**$ 5,352**
Net income attributable to unitholders[1]	**671**	**94**	**416**	**1,793**	**—**	**(1,181)**	**1,793**
Year ended December 31, 2015							
Revenue	$ —	$ —	$ 447	$ 311	$ —	$ 4,095	$ 4,853
Net income attributable to unitholders[1]	1,085	986	2,153	2,915	—	(4,224)	2,915
Year ended December 31, 2014							
Revenue	$ —	$ —	$ 147	$ 300	$ —	$ 4,026	$ 4,473
Net income attributable to unitholders[1]	1,266	1,074	2,614	3,734	—	(4,954)	3,734

(1) *Includes net income attributable to LP Units, GP Units, Redeemable/Exchangeable Partnership Units, Special LP Units and Exchange LP 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 and BPY Bermuda Holdings V 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, 2016	Brookfield Property Partners L.P.	BOP Split Corp.	BPO	Holding Entities[2]	Additional holding entities and eliminations[3]	Consolidating Adjustments[4]	Brookfield Property Partners L.P. consolidated
Current assets	**$ —**	**$ 3**	**$ 60**	**$ 93**	**$ 4**	**$ 3,891**	**$ 4,051**
Non-current assets	**8,371**	**5,320**	**22,393**	**31,259**	**(413)**	**6,999**	**73,929**
Assets held for sale	**—**	**—**	**—**	**—**	**—**	**147**	**147**
Current liabilities	**—**	**3**	**401**	**480**	**348**	**6,983**	**8,215**
Non-current liabilities	**—**	**3,090**	**7,725**	**8,514**	**468**	**15,893**	**35,690**
Liabilities associated with assets held for sale	**—**	**—**	**—**	**—**	**—**	**61**	**61**
Equity attributable to interests of others in operating subsidiaries and properties	**—**	**—**	**1,692**	**—**	**—**	**10,111**	**11,803**
Equity attributable to unitholders[1]	**$ 8,371**	**$ 2,230**	**$ 12,635**	**$ 22,358**	**$ (1,225)**	**$ (22,011)**	**$ 22,358**
As of Dec. 31, 2015							
Current assets	$ —	$ —	$ 38	$ 284	$ 15	$ 1,922	$ 2,259
Non-current assets	8,237	6,505	18,604	27,214	(327)	8,569	68,802
Assets held for sale	—	—	—	—	—	805	805
Current liabilities	—	—	1,190	1,069	48	9,415	11,722
Non-current liabilities	—	3,079	2,689	4,466	198	18,537	28,969
Liabilities associated with assets held for sale	—	—	—	—	—	242	242
Equity attributable to interests of others in operating subsidiaries and properties	—	—	1,543	5	—	7,427	8,975
Equity attributable to unitholders[1]	$ 8,237	$ 3,426	$ 13,220	$ 21,958	$ (558)	$ (24,325)	$ 21,958

(1) *Includes net income attributable to LP Units, GP Units, Redeemable/Exchangeable Partnership Units, Special LP Units and Exchange LP 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 and BPY Bermuda Holdings V Limited, which serve as guarantors for BPO but not BOP Split, net of intercompany balances and transactions with other holding entities*

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

NOTE 37. PAYROLL EXPENSE

The partnership has no employees or directors; therefore the partnership does not remunerate key management personnel. Key decision makers of the partnership are all employees of Brookfield Asset Management, the ultimate parent company, who provide management services under the Master Services Agreement.

Throughout the year, the managing general partner in its capacity as the partnership's general partner incurs director fees, a portion of which are charged to the partnership in accordance with the limited partnership agreement.

NOTE 38. 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. In the first quarter, the partnership realigned the organizational and governance structures of its businesses to align them more closely with the nature of the partnership's investments. Such realignment gave rise to changes in how the partnership presents information for financial reporting and management decision making purposes and resulted in a change in the partnership's reporting segments. Consequently, as of January 1, 2016, the partnership's operating segments are organized into four reportable segments: i) Core Office, ii) Core Retail, iii) Opportunistic and iv) Corporate. All prior period segment disclosures have been recast to reflect the changes in the partnership's operating segments. These segments are independently and regularly reviewed and managed by the Chief Executive Officer, who is considered the CODM.

b) Basis of measurement

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

The partnership defines this measure as follows:

i. *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 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, as well as gains (or losses) related to properties developed for sale.

b) Reportable segment measures

The following summaries present certain financial information regarding the partnership's operating segments for the year ended December 31, 2016, 2015, and 2014.

(US$ Millions)	Total revenue			FFO		
Years ended Dec. 31,	**2016**	2015	2014	**2016**	2015	2014
Core Office	**$ 2,203**	$ 2,312	$ 2,543	**$ 620**	$ 574	$ 440
Core Retail	**—**	—	9	**429**	397	415
Opportunistic	**3,149**	2,541	1,950	**320**	223	153
Corporate	**—**	—	(29)	**(474)**	(484)	(294)
Total	**$ 5,352**	$ 4,853	$ 4,473	**$ 895**	$ 710	$ 714

The following summary presents information about certain consolidated balance sheet items of the partnership, on a segmented basis, as of December 31, 2016 and 2015:

	Total assets		Total liabilities	
(US$ Millions)	**Dec. 31, 2016**	Dec. 31, 2015	**Dec. 31, 2016**	Dec. 31, 2015
Core Office	**$ 34,527**	$ 36,540	**$ 17,132**	$ 17,850
Core Retail	**8,707**	8,579	**—**	—
Opportunistic	**34,518**	26,521	**20,435**	15,257
Corporate	**375**	226	**6,399**	7,826
Total	**$ 78,127**	$ 71,866	**$ 43,966**	$ 40,933

The following summary presents a reconciliation of FFO to net income for the years ended December 31, 2016, 2015, and 2014:

(US$ Millions) Years ended Dec. 31,	**2016**	2015	2014
FFO[(1)]	**895**	710	714
Depreciation and amortization of real estate assets	**(212)**	(153)	(112)
Fair value gains, net	**692**	2,007	3,756
Share of equity accounted income - non-FFO	**139**	867	809
Income tax benefit (expense)	**575**	(100)	(1,176)
Non-controlling interests of others in operating subsidiaries and properties - non-FFO	**(296)**	(416)	(257)
Net income attributable to unitholders[(2)]	**1,793**	2,915	3,734
Non-controlling interests of others in operating subsidiaries and properties	**924**	851	686
Net income	**$ 2,717**	$ 3,766	$ 4,420

(1) *FFO represents interests attributable to GP Units, LP Units, Exchange LP Units, Redeemable/Exchangeable Partnership Units and Special LP Units. The interests attributable to Exchange LP Units, Redeemable/Exchangeable Units and Special LP Units are presented as non-controlling interests in the consolidated statements of income.*

(2) *Includes net income attributable to general partner, limited partners, Exchange LP Units, Redeemable/Exchangeable Partnership Units and Special LP Units. The interests attributable to Exchange LP Units, Redeemable/Exchangeable Units and Special LP Units are presented as non-controlling interests in the consolidated statements of income.*

The following summary presents financial information by the partnership's geographic regions in which it operates:

	Total revenue for the years ended Dec. 31,			Total non-current assets as at Dec. 31,	
(US$ Millions)	**2016**	2015	2014	**2016**	2015
United States	**$ 3,589**	$ 3,241	$ 2,952	**$ 48,112**	$ 44,748
Canada	**413**	426	505	**4,622**	4,945
Australia	**231**	315	388	**3,380**	3,668
Europe	**801**	616	447	**11,462**	12,015
Brazil	**165**	122	143	**2,346**	1,800
China	**2**	21	38	**446**	589
India	**130**	112	—	**1,256**	1,037
South Korea	**21**	—	—	**2,184**	—
United Arab Emirates	**—**	—	—	**121**	—
Total	**$ 5,352**	$ 4,853	$ 4,473	**$ 73,929**	$ 68,802

NOTE 39. SUBSEQUENT EVENTS

On January 23, 2017, the partnership announced that it has made a proposal to Brookfield Canada Office Properties to acquire the approximate 17% equity interest in Brookfield Canada Office Properties that it or its affiliates do not own for $30.10 cash per unit.

On February 17, 2017, Brookfield Properties issued 11 million cumulative minimum rate reset Class AAA Preference Shares, Series EE, or Series EE Shares. The Series EE Shares were issued at a price of C$25.00 per share, for aggregate proceeds of C $275 million. The Series EE Shares pay quarterly fixed dividends yielding 5.10% annually for the initial period ending March 31, 2022.

On February 28, 2017, BPO announced that it intends to redeem 4,760,750 of its outstanding Class AAA Preference Shares, Series J and all 5,909,250 of its outstanding Class AAA Preference Shares, Series K for cash on March 31, 2017. The redemption price for each such share will be C$25.00 plus accrued and unpaid dividends thereon (which as of March 31, 2017 will be C$0.00), representing a total redemption price of C$25.00. As of December 31, 2016, the partnership owned 1,000,000 shares of Class AAA Preference Shares, Series J and 1,004,586 shares of Class AAA Preference Shares, Series K.

On March 8, 2017, Brookfield Asset Management made a $500 million on-demand deposit to the partnership.

On March 9, 2017, the partnership, through a fund sponsored by Brookfield Asset Management, acquired a portfolio of over 130 manufactured housing communities across the U.S. This acquisition is accounted for as a business combination in accordance with IFRS 3. The partnership is currently in the process of completing the initial accounting for this acquisition. Considering its size and complexity, information that is readily available for disclosure is limited.

SCHEDULE III – SUPPLEMENTAL SCHEDULE OF INVESTMENT PROPERTY INFORMATION

The table below presents the partnership's number of commercial properties, the related fair value, debt obligations, weighted average year of acquisition and weighted average year of construction by segment as of December 31, 2016.

	Dec. 31, 2016				
(US$ millions, except where noted)	Number of properties	Fair value[1]	Debt[2]	Weighted average year of acquisition	Weighted average year of construction[3]
Core Office					
United States	34	$ 16,142	$ 7,704	2002	1984
Canada	26	4,014	1,816	2001	1989
Australia	10	2,112	1,331	2010	2007
Europe	3	584	388	2005	1999
Brazil	1	250	88	2014	2013
	74	23,102	11,327	2003	1988
Opportunistic Office	107	5,645	3,159	2015	1999
Opportunistic Retail	43	4,214	2,037	2012	1982
Industrial	153	2,173	1,106	2013	2002
Multifamily	58	3,574	2,302	2013	1990
Triple Net Lease[4]	316	4,690	3,198	2014	1990
Self-storage	175	1,592	1,069	2016	1998
Student Housing	16	609	413	2016	2009
Total	**942**	**$ 45,599**	**$ 24,611**	**2008**	**1990**

(1) *Excludes development properties and land/parking lots with a fair value of $3,185 million*

(2) *Excludes debt related to development properties and land in the amount of $895 million, unsecured and corporate facilities of $3,449 million and debt on hospitality assets of $4,564 million.*

(3) *Weighted against the fair value of the properties at December 31, 2016.*

(4) *Excludes land and parking lots.*

GGP INC.

Consolidated financial statements of GGP Inc. as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
GGP Inc.
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of GGP Inc. (formerly General Growth Properties, Inc.) and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the accompanying consolidated financial statement schedule of the Company. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of GGP Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 4 to the consolidated financial statements, during 2015 the Company changed its method of accounting for and disclosure of discontinued operations due to the adoption of Accounting Standards Update 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity."

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report (not presented herein) dated February 22, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 22, 2017

GGP INC.

(Dollars in thousands, except per share amounts)

CONSOLIDATED BALANCE SHEETS

	December 31, 2016	December 31, 2015
Assets:		
Investment in real estate:		
Land	$ 3,066,019	$ 3,596,354
Buildings and equipment	16,091,582	16,379,789
Less accumulated depreciation	(2,737,286)	(2,452,127)
Construction in progress	251,616	308,903
Net property and equipment	16,671,931	17,832,919
Investment in Unconsolidated Real Estate Affiliates	3,868,993	3,506,040
Net investment in real estate	20,540,924	21,338,959
Cash and cash equivalents	474,757	356,895
Accounts receivable, net	322,196	336,572
Notes receivable, net	678,496	641,445
Deferred expenses, net	209,852	214,578
Prepaid expenses and other assets	506,521	968,873
Assets held for disposition	—	216,233
Total assets	$ 22,732,746	$ 24,073,555
Liabilities:		
Mortgages, notes and loans payable	$ 12,430,418	$ 14,216,160
Investment in Unconsolidated Real Estate Affiliates	39,506	38,488
Accounts payable and accrued expenses	655,362	784,493
Dividend payable	433,961	172,070
Deferred tax liabilities	3,843	1,289
Junior subordinated notes	206,200	206,200
Liabilities held for dispositions	—	58,934
Total liabilities	13,769,290	15,477,634
Redeemable noncontrolling interests:		
Preferred	144,060	157,903
Common	118,667	129,724
Total redeemable noncontrolling interests	262,727	287,627
Commitments and Contingencies	—	—
Equity:		
Common stock: 11,000,000,000 shares authorized, $0.01 par value, 968,153,526 issued, 884,097,680 outstanding as of December 31, 2016, 966,096,656 issued and 882,397,202 outstanding as of December 31, 2015	9,407	9,386
Preferred Stock:		
500,000,000 shares authorized, $.01 par value, 10,000,000 shares issued and outstanding as of December 31, 2016 and December 31, 2015	242,042	242,042
Additional paid-in capital	11,417,597	11,362,369
Retained earnings (accumulated deficit)	(1,824,866)	(2,141,549)
Accumulated other comprehensive loss	(70,456)	(72,804)
Common stock in treasury, at cost, 56,596,651 shares as of December 31, 2016 and 56,240,259 shares as of December 31, 2015	(1,137,960)	(1,129,401)
Total stockholders' equity	8,635,764	8,270,043
Noncontrolling interests in consolidated real estate affiliates	33,583	24,712
Noncontrolling interests related to long-term incentive plan common units	31,382	13,539
Total equity	8,700,729	8,308,294
Total liabilities and equity	$ 22,732,746	$ 24,073,555

The accompanying notes are an integral part of these consolidated financial statements.

GGP INC.

(Dollars in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended December 31,		
	2016	**2015**	**2014**
Revenues:			
Minimum rents	$ 1,449,704	$ 1,481,614	$ 1,583,695
Tenant recoveries	668,081	689,536	739,411
Overage rents	42,534	44,024	51,611
Management fees and other corporate revenues	95,814	86,595	70,887
Other	90,313	102,137	89,955
Total revenues	2,346,446	2,403,906	2,535,559
Expenses:			
Real estate taxes	229,635	222,883	227,992
Property maintenance costs	55,027	60,040	66,897
Marketing	13,155	21,958	24,654
Other property operating costs	282,591	302,797	333,620
Provision for doubtful accounts	8,038	8,081	8,055
Provision for loan loss	29,615	—	—
Property management and other costs	138,602	161,556	155,093
General and administrative	55,745	50,405	64,051
Provision for impairment	73,039	8,604	5,278
Depreciation and amortization	660,746	643,689	708,406
Total expenses	1,546,193	1,480,013	1,594,046
Operating income	800,253	923,893	941,513
Interest and dividend income	59,960	49,254	28,613
Interest expense	(571,200)	(607,675)	(699,285)
Gain (loss) on foreign currency	14,087	(44,984)	(18,048)
Gains from changes in control of investment properties and other, net	722,904	634,367	91,193
Income before income taxes, equity in income of Unconsolidated Real Estate Affiliates, discontinued operations and allocation to noncontrolling interests	1,026,004	954,855	343,986
(Provision for) benefit from income taxes	(901)	38,334	(7,253)
Equity in income of Unconsolidated Real Estate Affiliates	231,615	73,390	51,568
Unconsolidated Real Estate Affiliates - gain on investment	51,555	327,017	9,710
Income from continuing operations	1,308,273	1,393,596	398,011
Discontinued operations:			
Income from discontinued operations, including gains on dispositions	—	—	137,989
Gain on extinguishment of tax indemnification liability	—	—	77,215
Gain on extinguishment of debt	—	—	66,679
Discontinued operations, net	—	—	281,883
Net income	1,308,273	1,393,596	679,894
Allocation to noncontrolling interests	(19,906)	(19,035)	(14,044)
Net income attributable to GGP Inc.	1,288,367	1,374,561	665,850
Preferred Stock dividends	(15,935)	(15,937)	(15,936)
Net income attributable to common stockholders	$ 1,272,432	$ 1,358,624	$ 649,914

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Continued)

Basic Earnings (Loss) Per Share:			
Continuing operations	$ 1.44	$ 1.54	$ 0.42
Discontinued operations	—	—	0.32
Total basic earnings per share	$ 1.44	$ 1.54	$ 0.74
Diluted Earnings (Loss) Per Share:			
Continuing operations	$ 1.34	$ 1.43	$ 0.39
Discontinued operations	—	—	0.30
Total diluted earnings per share	$ 1.34	$ 1.43	$ 0.69
Comprehensive Income (Loss), Net:			
Net income	$ 1,308,273	$ 1,393,596	$ 679,894
Other comprehensive income (loss):			
Foreign currency translation	14,319	(33,292)	(13,604)
Reclassification adjustment for realized gains on available-for-sale securities included in net income	(11,978)	11,978	—
Net unrealized gains (losses) on other financial instruments	5	30	(54)
Other comprehensive (loss) income	2,346	(21,284)	(13,658)
Comprehensive income	1,310,619	1,372,312	666,236
Comprehensive income allocated to noncontrolling interests	(19,904)	(18,802)	(13,966)
Comprehensive income attributable to GGP Inc.	1,290,715	1,353,510	652,270
Preferred stock dividends	(15,935)	(15,937)	(15,936)
Comprehensive income, net, attributable to common stockholders	$ 1,274,780	$ 1,337,573	$ 636,334

The accompanying notes are an integral part of these consolidated financial statements.

GGP INC.

(Dollars in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Noncontrolling Interests in Consolidated Real Estate Affiliates and Long Term Incentive Plan Common Units	Total Equity
	(Dollars in thousands, except for share amounts)							
Balance at January 1, 2014	$ 9,395	$ 242,042	$11,372,443	(2,915,723)	$ (38,173)	(566,863)	82,142	8,185,263
Net income				665,850			1,851	667,701
Distributions to noncontrolling interests in consolidated Real Estate Affiliates							(4,392)	(4,392)
Restricted stock grants, net of forfeitures (16,112 common shares)	—		2,496					2,496
Employee stock purchase program (138,446 common shares)	1		2,951					2,952
Stock option exercise, net of forfeitures (1,164,945 common shares)	12		40,714					40,726
Treasury stock purchases (27,624,282 common shares)						(555,801)		(555,801)
Cash dividends reinvested (DRIP) in stock (22,186 common shares)	1		505					506
Other comprehensive loss					(13,580)			(13,580)
Cash distributions declared ($0.63 per share)				(556,931)				(556,931)
Cash distributions on Preferred Stock				(15,936)				(15,936)
Fair value adjustment for noncontrolling interest in certain properties			3,169					3,169
Fair value adjustment for noncontrolling interest in GGPOP and other			(70,653)					(70,653)
Balance at December 31, 2014	$ 9,409	$ 242,042	$11,351,625	$ (2,822,740)	$ (51,753)	$ (1,122,664)	$ 79,601	$ 7,685,520

GGP INC.

(Dollars in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF EQUITY (Continued)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Noncontrolling Interests in Consolidated Real Estate Affiliates and Long Term Incentive Plan Common Units	Total Equity
	(Dollars in thousands, except for share amounts)							
Balance at January 1, 2015	$ 9,409	$ 242,042	$11,351,625	$ (2,822,740)	$ (51,753)	$ (1,122,664)	$ 79,601	$ 7,685,520
Net income				1,374,561			2,685	$ 1,377,246
Distributions to noncontrolling interests in consolidated Real Estate Affiliates							(55,050)	(55,050)
Long Term Incentive Plan Common Unit grants, net (1,645,901 LTIP Units)							11,015	11,015
Restricted stock grants, net of forfeitures (216,640 common shares)	2		3,438					3,440
Employee stock purchase program (137,247 common shares)	1		3,249					3,250
Stock option exercise, net of forfeitures (1,432,250 common shares)	14		42,602					42,616
Cancellation of repurchased common shares (4,053,620 common shares)	(40)		(52,871)	(49,922)		102,833		—
Treasury stock purchases (4,324,489 common shares)						(109,570)		(109,570)
Cash dividends reinvested (DRIP) in stock (23,542 common shares)			487					487
Other comprehensive loss					(21,051)			(21,051)
Cash distributions declared ($0.71 per share)				(627,511)				(627,511)
Cash distributions on Preferred Stock				(15,937)				(15,937)
Fair value adjustment for noncontrolling interest in Operating Partnership			13,839					13,839
Balance at December 31, 2015	$ 9,386	$ 242,042	$11,362,369	$ (2,141,549)	$ (72,804)	$ (1,129,401)	$ 38,251	$ 8,308,294

GGP INC.

(Dollars in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF EQUITY (Continued)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Noncontrolling Interests in Consolidated Real Estate Affiliates and Long Term Incentive Plan Common Units	Total Equity
	(Dollars in thousands, except for share amounts)							
Balance at January 1, 2016	$ 9,386	$ 242,042	$11,362,369	$ (2,141,549)	$ (72,804)	$ (1,129,401)	$ 38,251	$ 8,308,294
Net income				1,288,367			4,175	$ 1,292,542
Distributions to noncontrolling interests in consolidated Real Estate Affiliates							(3,358)	(3,358)
Acquisition/disposition of partner's noncontrolling interests in consolidated Real Estate Affiliates			(18,416)				(2,970)	(21,386)
Contributions to noncontrolling interest in consolidated Real Estate Affiliates							13,943	13,943
Long Term Incentive Plan Common Unit grants, net (61,358 LTIP Units)			104	(950)			14,924	14,078
Restricted stock grants, net (342,037 common shares)	3		3,317					3,320
Employee stock purchase program (126,825 common shares)	—		4,206					4,206
Stock option exercise, net of forfeitures (2,886,986 common shares)	31		58,374					58,405
Cancellation of repurchased common shares (1,260,490 common shares)	(15)		(19,846)	(17,805)		37,666		—
OP Unit Conversion to Common Stock (200,000 common shares)	2		5,425					5,427
Treasury stock purchases (1,887,751 common shares)						(46,225)		(46,225)
Cash dividends reinvested (DRIP) in stock (32,381 common shares)			889	(215)				674
Other comprehensive income					14,242			14,242
Amounts reclassified from Accumulated Other Comprehensive Income					(11,894)			(11,894)
Cash distributions declared ($1.06 per share)				(936,779)				(936,779)
Cash distributions on Preferred Stock				(15,935)				(15,935)
Fair value adjustment for noncontrolling interest in Operating Partnership			21,175					21,175
Balance at December 31, 2016	$ 9,407	$ 242,042	$11,417,597	$ (1,824,866)	$ (70,456)	$ (1,137,960)	$ 64,965	$ 8,700,729

GGP INC.

(Dollars in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2016	2015	2014
Cash Flows provided by Operating Activities:			
Net income	$ 1,308,273	$ 1,393,596	$ 679,894
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in income of Unconsolidated Real Estate Affiliates	(231,615)	(73,390)	(51,568)
Distributions received from Unconsolidated Real Estate Affiliates	120,674	87,138	46,463
Provision for doubtful accounts	8,038	8,081	8,151
Depreciation and amortization	660,746	643,689	718,064
Amortization/write-off of deferred finance costs	11,876	11,607	13,621
Accretion/write-off of debt market rate adjustments	(5,184)	13,171	13,442
Amortization of intangibles other than in-place leases	41,154	62,106	76,615
Straight-line rent amortization	(11,867)	(27,809)	(48,935)
Deferred income taxes	15,353	(42,136)	(5,615)
Litigation loss	—	—	17,854
Gain on dispositions, net	(37,526)	(30,669)	(131,849)
Unconsolidated Real Estate Affiliates-gain on investment, net	(51,555)	(327,017)	(9,710)
Gains from changes in control of investment properties and other	(722,904)	(634,367)	(91,193)
Loss (gain) on extinguishment of debt	5,403	—	(66,679)
Provisions for impairment	73,039	8,604	5,278
Provisions for loan loss	29,615	—	—
(Gain) loss on foreign currency	(14,087)	44,984	18,048
Cash paid for extinguishment of tax indemnification liability	—	—	(138,000)
Gain on extinguishment of tax indemnification liability	—	—	(77,215)
Net changes:			
Accounts and notes receivable, net	(37,489)	(30,116)	(19,613)
Prepaid expenses and other assets	(4,092)	(24,381)	(28,966)
Deferred expenses, net	(27,888)	(42,708)	(24,234)
Restricted cash	(3,306)	(3,698)	(1,070)
Accounts payable and accrued expenses	(27,924)	(4,858)	21,703
Other, net	34,111	33,061	25,238
Net cash provided by operating activities	1,132,845	1,064,888	949,724
Cash Flows provided by (used in) Investing Activities:			
Acquisition of real estate and property additions	(577,845)	(384,270)	(537,357)
Development of real estate and property improvements	(547,447)	(694,621)	(624,829)
Distributions received from Unconsolidated Real Estate Affiliates in excess of income	82,800	145,461	387,234
Loans to joint venture partners	(59,769)	(328,819)	(137,070)
Proceeds from repayment of loans to joint ventures	13,042	—	—
Proceeds from sales of investment properties and Unconsolidated Real Estate Affiliates	1,699,466	1,155,765	361,183
Contributions to Unconsolidated Real Estate Affiliates	(135,906)	(173,704)	(130,500)
Sale (acquisition) of marketable securities	46,408	(33,300)	—
Decrease in restricted cash	28,580	733	3,414
Other, net	662	—	—
Net cash provided by (used in) investing activities	549,991	(312,755)	(677,925)

GGP INC.

(Dollars in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Year Ended December 31,		
	2016	**2015**	**2014**
Cash Flows used in Financing Activities:			
Proceeds from refinancing/issuance of mortgages, notes and loans payable	908,479	1,837,440	2,401,407
Principal payments on mortgages, notes and loans payable	(1,743,216)	(1,831,624)	(1,760,032)
Deferred finance costs	(13,771)	(7,095)	(21,264)
Treasury stock purchases	(34,021)	(109,570)	(555,801)
Cash distributions paid to common stockholders	(680,712)	(610,554)	(534,151)
Cash distributions to noncontrolling interests in consolidated real estate affiliates	(24,445)	(55,050)	(4,392)
Cash distributions reinvested (DRIP) in common stock	889	658	506
Cash distributions paid to preferred stockholders	(15,935)	(15,937)	(15,936)
Cash distributions and redemptions paid to holders of common units	(5,545)	(950)	(718)
Other, net	43,303	24,973	13,782
Net cash used in financing activities	(1,564,974)	(767,709)	(476,599)
Net change in cash and cash equivalents	117,862	(15,576)	(204,800)
Cash and cash equivalents at beginning of year	356,895	372,471	577,271
Cash and cash equivalents at end of year	$ 474,757	$ 356,895	$ 372,471
Supplemental Disclosure of Cash Flow Information:			
Interest paid	$ 567,137	$ 602,495	$ 688,297
Interest capitalized	5,257	12,752	16,665
Income taxes paid	4,150	14,286	10,202
Accrued capital expenditures included in accounts payable and accrued expenses	115,077	158,027	198,471
Settlement of Tax indemnification liability:			
Assets	—	—	106,743
Liability extinguished	—	—	(321,958)
Non-Cash Sale of Retail Property			
Assets	—	—	21,426
Liabilities and equity	—	—	(21,426)
Sale of Bayside Marketplace, Ala Moana Center and Fashion Show (Refer to Note 3)			
Acquisition of Riverchase Galleria (Refer to Note 3)			

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 ORGANIZATION

GGP Inc. ("GGP" or the "Company"), a Delaware corporation, was organized in July 2010 and is a self-administered and self-managed real estate investment trust, referred to as a "REIT". On January 17, 2017, General Growth Properties, Inc. announced that effective January 27, 2017, the Company changed its name from General Growth Properties, Inc. to GGP Inc. In these notes, the terms "we," "us" and "our" refer to GGP and its subsidiaries.

GGP, through its subsidiaries and affiliates, is an owner and operator of retail properties. As of December 31, 2016, we are the owner, either entirely or with joint venture partners of 127 retail properties.

Substantially all of our business is conducted through GGP Operating Partnership, LP ("GGPOP"), GGP Nimbus, LP ("GGPN") and GGP Limited Partnership ("GGPLP", and together with GGPN and GGPOP, the "Operating Partnerships"), subsidiaries of GGP. The Operating Partnerships own an interest in the properties that are part of the consolidated financial statements of GGP. As of December 31, 2016, GGP held approximately a 99% common equity ownership (without giving effect to the potential conversion of the Preferred Units and LTIP Units as defined below) of the Operating Partnerships, while the remaining 1% was held by limited partners and certain previous contributors of properties to the Operating Partnerships or their predecessors.

GGPOP is the general partner of, and owns a 1.5% equity interest in GGPN and GGPLP. GGPOP has common units of limited partnership ("Common Units"), which are redeemable for cash or, at our option, shares of GGP common stock. It also has preferred units of limited partnership interest ("Preferred Units"), of which, certain Preferred Units can be converted into Common Units and then redeemed for cash or, at our option, shares of GGP common stock (Note 11). GGPOP has full value long term incentive plan units and appreciation only long term incentive plan units (collectively "LTIP Units"), which are redeemable for cash or, at our option, shares of GGP common stock (Note 13).

In addition to holding ownership interests in various joint ventures, the Operating Partnerships generally conduct their operations through General Growth Management, Inc. ("GGMI"), General Growth Services, Inc. ("GGSI") and GGPLP REIT Services, LLC ("GGPRS"). GGMI and GGSI are taxable REIT subsidiaries ("TRS"s), which provide management, leasing, tenant coordination, business development, marketing, strategic partnership and other services for a majority of our Unconsolidated Real Estate Affiliates (defined below) and for substantially all of our Consolidated Properties, as defined below. GGSI also serves as a contractor to GGMI for these services. GGPRS generally provides financial, accounting, tax, legal, development, and other services to our Consolidated Properties.

We refer to our ownership interests in properties in which we own a majority or controlling interest and are consolidated under accounting principles generally accepted in the United States of America ("GAAP") as the "Consolidated Properties." We also own interests in certain properties through joint venture entities in which we own a noncontrolling interest ("Unconsolidated Real Estate Affiliates") and we refer to those properties as the "Unconsolidated Properties".

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of GGP, our subsidiaries and joint ventures in which we have a controlling interest. For consolidated joint ventures, the noncontrolling partner's share of the assets, liabilities and operations of the joint ventures (generally computed as the joint venture partner's ownership percentage) is included in noncontrolling interests in consolidated real estate affiliates as permanent equity of the Company. Intercompany balances and transactions have been eliminated. Noncontrolling interests are included on our Consolidated Balance Sheets related to the Common, Preferred, and LTIP Units of GGPOP and are presented either as redeemable noncontrolling interests or as noncontrolling interests in our permanent equity. Each of the Operating Partnerships are variable interest entities as the limited partners do not have substantive kick-out rights or substantive participating rights. However, as the Company holds a majority voting interest in the Operating Partnerships, it qualifies for the exemption from providing certain of the disclosure requirements associated with variable interest entities.

We operate in a single reportable segment which includes the operation, development and management of retail and other rental

properties, primarily regional malls. Our portfolio is targeted to a range of market sizes and consumer tastes. Each of our operating properties is considered a separate operating segment, as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. The Company's chief operating decision maker is comprised of a team of several members of executive management who use Company NOI in assessing segment operating performance. We do not distinguish or group our consolidated operations based on geography, size or type for purposes of making property operating decisions. Our operating properties have similar economic characteristics and provide similar products and services to our tenants. There are no individual operating segments that are greater than 10% of combined revenue, Company NOI, or combined assets. Company NOI excludes certain non-cash and non-comparable items such as straight-line rent and intangible asset and liability amortization, which are a result of our emergence, acquisition accounting and other capital contribution or restructuring events. Further, all material operations are within the United States and no customer or tenant comprises more than 10% of consolidated revenues. As a result, the Company's operating properties are aggregated into a single reportable segment.

Reclassifications

For the year ended December 31, 2015, loans to our joint venture partners of $613.0 million were reclassified from accounts and notes receivable, net to notes receivable, net. In addition, accrued interest related to the loans to our joint ventures of $28.4 million were reclassified from prepaid expenses and other assets to notes receivable, net. The reclassification is to conform the prior period to the current year presentation and is intended to disaggregate the components of our receivables by type. It is a change from one acceptable presentation to another acceptable presentation.

Properties

Real estate assets are stated at cost less any provisions for impairments. Expenditures for significant betterments and improvements are capitalized. Maintenance and repairs are charged to expense when incurred. Construction and improvement costs incurred in connection with the development of new properties or the redevelopment of existing properties are capitalized. Real estate taxes, interest costs, and internal costs associated with leasing and development overhead incurred during construction periods are capitalized. Capitalization is based on qualified expenditures and interest rates. Capitalized real estate taxes, interest costs, and internal costs associated with leasing and development overhead are amortized over lives which are consistent with the related assets.

Pre-development costs, which generally include legal and professional fees and other third-party costs directly related to the construction assets, are capitalized as part of the property being developed. In the event a development is no longer deemed to be probable of occurring, the capitalized costs are expensed (see also our impairment policies in this note below).

We periodically review the estimated useful lives of our properties, and may adjust them as necessary. The estimated useful lives of our properties range from 10-45 years.

Depreciation or amortization expense is computed using the straight-line method based upon the following estimated useful lives:

	Years
Buildings and improvements	10 - 45
Equipment and fixtures	3 - 20
Tenant improvements	Shorter of useful life or applicable lease term

Acquisitions of Operating Properties (Note 3)

Acquisitions of properties are accounted for utilizing the acquisition method of accounting and, accordingly, the results of operations of acquired properties have been included in the results of operations from the respective dates of acquisition. Estimates of future cash flows and other valuation techniques are used to allocate the purchase price of acquired property between land, buildings and improvements, equipment, assumed debt liabilities and identifiable intangible assets and liabilities such as amounts related to in-place tenant leases, acquired above and below-market tenant and ground leases, and tenant relationships.

The fair values of tangible assets are determined on an "if vacant" basis. The "if vacant" fair value is allocated to land, where applicable, buildings, equipment and tenant improvements based on comparable sales and other relevant information with respect to the property. Specifically, the "if vacant" value of the buildings and equipment was calculated using a cost approach utilizing

published guidelines for current replacement cost or actual construction costs for similar, recently developed properties; and an income approach. Assumptions used in the income approach to the value of buildings include: capitalization and discount rates, lease-up time, market rents, make ready costs, land value, and site improvement value.

The estimated fair value of in-place tenant leases includes lease origination costs (the costs we would have incurred to lease the property to the current occupancy level of the property) and the lost revenues during the period necessary to lease-up from vacant to the current occupancy level. Such estimates include the fair value of leasing commissions, legal costs and tenant coordination costs that would be incurred to lease the property to this occupancy level. Additionally, we evaluate the time period over which such occupancy level would be achieved and include an estimate of the net operating costs (primarily real estate taxes, insurance and utilities) incurred during the lease-up period, which generally ranges up to one year. The fair value of acquired in-place tenant leases is included in the balance of buildings and equipment and amortized over the remaining lease term for each tenant.

Identifiable intangible assets and liabilities are calculated for above-market and below-market tenant and ground leases where we are either the lessor or the lessee. The difference between the contractual rental rates and our estimate of market rental rates is measured over a period equal to the remaining non-cancelable term of the leases, including significantly below-market renewal options for which exercise of the renewal option appears to be reasonably assured. The remaining term of leases with renewal options at terms significantly below market reflect the assumed exercise of such below-market renewal options and assume the amortization period would coincide with the extended lease term.

The gross asset balances of the in-place value of tenant leases are included in buildings and equipment in our Consolidated Balance Sheets.

	Gross Asset	Accumulated Amortization	Net Carrying Amount
As of December 31, 2016			
Tenant leases:			
In-place value	$ 306,094	$ (214,111)	$ 91,983
As of December 31, 2015			
Tenant leases:			
In-place value	$ 409,637	$ (264,616)	$ 145,021

The above-market tenant leases and below-market ground leases are included in prepaid expenses and other assets (Note 16); the below-market tenant leases, above-market ground leases and above-market headquarters office lease are included in accounts payable and accrued expenses (Note 17) in our Consolidated Balance Sheets.

Amortization/accretion of all intangibles, including the intangibles in Note 16 and Note 17, had the following effects on our income from continuing operations:

	Year Ended December 31,		
	2016	2015	2014
Amortization/accretion effect on continuing operations	$ (86,979)	$ (137,462)	$ (196,792)

Future amortization/accretion of these intangibles is estimated to decrease results from continuing operations as follows:

Year	Amount
2017	$ 63,350
2018	41,509
2019	25,996
2020	18,858
2021	13,445

Marketable Securities

Marketable securities are comprised of equity securities that are classified as available-for-sale. Available-for-sale securities are presented in prepaid expenses and other assets on our Consolidated Balance Sheets at fair value. Unrealized gains and losses resulting from the mark-to-market of these securities are included in other comprehensive income. Realized gains and losses are recognized in earnings only upon the sale of the securities and are recorded based on the weighted average cost of such securities. During the year ended December 31, 2016, we recognized gains of $13.1 million in management fees and other corporate revenues on the Consolidated Statements of Operations and Comprehensive Income from the sale of Seritage Growth Properties stock.

Investments in Unconsolidated Real Estate Affiliates (Note 6)

We account for investments in joint ventures where we own a non-controlling joint interest using either the equity method or the cost method. If we have significant influence but not control over the investment, we utilize the equity method. If we have neither control nor significant influence, we utilize the cost method. Under the equity method, the cost of our investment is adjusted for our share of the earnings of such Unconsolidated Real Estate Affiliates from the date of acquisition, increased by our contributions and reduced by distributions received. Under the cost method, the cost of our investment is not adjusted for our share of the earnings of such Unconsolidated Real Estate Affiliates from the date of acquisition and distributions are treated as earnings when received.

To determine the method of accounting for partially owned joint ventures, we evaluate the characteristics of associated entities and determine whether an entity is a variable interest entity ("VIE"). A limited partnership or other similar entity is considered a VIE unless a simple majority of limited partners (excluding limited partners that are under common control with the general partner) have substantive kick-out rights or participating rights. Recent accounting guidance amended the following: (i) modified the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities, (ii) eliminated the presumption that a general partner should consolidate a limited partnership, (iii) affected the consolidation analysis of reporting entities that are involved with VIEs, and (iv) provided a scope exception for certain entities. If an entity is determined to be a VIE, we determine which party is the primary beneficiary by analyzing whether we have both the power to direct the entity's significant economic activities and the obligation to absorb potentially significant losses or receive potentially significant benefits. Significant judgments and assumptions inherent in this analysis include the nature of the entity's operations, future cash flow projections, the entity's financing and capital structure, and contractual relationship and terms. The adoption of the recent consolidation guidance did not materially impact our consolidated financial statements.

Primary risks associated with our VIEs include the potential of funding the entities' debt obligations or making additional contributions to fund the entities' operations.

Generally, the operating agreements with respect to our Unconsolidated Real Estate Affiliates provide that assets, liabilities and funding obligations are shared in accordance with our ownership percentages. Therefore, we generally also share in the profit and losses, cash flows and other matters relating to our Unconsolidated Real Estate Affiliates in accordance with our respective ownership percentages. Except for Retained Debt (as described in Note 6), differences between the carrying amount of our investment in the Unconsolidated Real Estate Affiliates and our share of the underlying equity of our Unconsolidated Real Estate Affiliates are typically amortized over lives ranging from 5 to 45 years. When cumulative distributions exceed our investment in the joint venture, the investment is reported as a liability in our consolidated financial statements. The liability is limited to our maximum potential obligation to fund contractual obligations, including recourse related to certain debt obligations.

Partially owned, non-variable interest joint ventures over which we have controlling financial interest are consolidated in our consolidated financial statements. In determining if we have a controlling financial interest, we consider factors such as ownership interest, authority to make decisions, kick-out rights and substantive participating rights. Partially owned joint ventures where we do not have a controlling financial interest, but have the ability to exercise significant influence, are accounted for using the equity method.

To the extent that we contribute assets to a joint venture accounted for using the equity method, our investment in the joint venture is recorded at our cost basis in the assets that were contributed to the joint venture. We will recognize gains and losses on the contribution of our real estate to joint ventures, relating solely to the outside partner's interest, to the extent the buyer is independent of the Company, the collection of the sales price is reasonably assured, and we will not be required to support the operations of the property or its related obligations to an extent greater than our proportionate interest.

The combined summarized financial information of unconsolidated joint ventures is disclosed in Note 6 to the Consolidated Financial Statements.

We continually analyze and assess reconsideration events, including changes in the factors mentioned above, to determine if the consolidation treatment remains appropriate. Decisions regarding consolidation of partially owned entities frequently require significant judgment by our management.

Cash and Cash Equivalents

Highly-liquid investments with initial maturities of three months or less are classified as cash equivalents, excluding amounts restricted by certain lender and other agreements.

Leases

Our leases, in which we are the lessor or lessee, are substantially all accounted for as operating leases. Leases in which we are the lessor that transfer substantially all the risks and benefits of ownership to tenants are considered finance leases and the present values of the minimum lease payments and the estimated residual values of the leased properties, if any, are accounted for as receivables. Leases in which we are the lessee that transfer substantially all the risks and benefits of ownership to us are considered capital leases and the present values of the minimum lease payments are accounted for as assets and liabilities.

Tenant improvements, either paid directly or in the form of construction allowances paid to tenants, are capitalized as buildings and equipment and depreciated over the shorter of the useful life or the applicable lease term.

In leasing tenant space, we may provide funding to the lessee through a tenant allowance. In accounting for a tenant allowance, we determine whether the allowance represents funding for the construction of leasehold improvements and evaluate the ownership of such improvements. If we are considered the owner of the leasehold improvements, we capitalize the amount of the tenant allowance and depreciate it over the shorter of the useful life of the leasehold improvements or the related lease term. If the tenant allowance represents a payment for a purpose other than funding leasehold improvements, or in the event we are not considered the owner of the leasehold improvements, the allowance is capitalized to deferred expenses and considered to be a lease incentive and is recognized over the lease term as a reduction of rental revenue on a straight-line basis.

Deferred Expenses

Deferred expenses primarily consist of leasing commissions and related costs and are amortized using the straight-line method over the life of the leases.

Revenue Recognition and Related Matters

Minimum rents are recognized on a straight-line basis over the terms of the related operating leases, including the effect of any free rent periods. Minimum rents also include lease termination income collected from tenants to allow for the tenant to vacate their space prior to their scheduled termination dates, as well as accretion related to above-market and below-market tenant leases on acquired properties and properties that were recorded at fair value at the emergence from bankruptcy. The following is a summary of amortization of straight-line rent, net amortization/accretion related to above-market and below-market tenant leases and termination income, which is included in minimum rents:

	Year Ended December 31,		
	2016	2015	2014
Amortization of straight-line rent	$ 11,867	$ 27,809	$ 48,254
Net amortization/accretion of above and below-market tenant leases	(33,639)	(55,062)	(66,258)
Lease termination income	16,021	13,786	10,590

The following is a summary of straight-line rent receivables, which are included in accounts and notes receivable, net in our Consolidated Balance Sheets and are reduced for allowances and amounts doubtful of collection:

	December 31, 2016	December 31, 2015
Straight-line rent receivables, net	$ 226,226	$ 234,862

Overage rent is paid by a tenant when the tenant's sales exceed an agreed upon minimum amount and is recognized on an accrual basis once tenant sales exceed contractual tenant lease thresholds and is calculated by multiplying the sales in excess of the minimum amount by a percentage defined in the lease.

Tenant recoveries are established in the leases or computed based upon a formula related to real estate taxes, insurance and other property operating expenses and are generally recognized as revenues in the period the related costs are incurred.

Real estate sales are recognized whenever (1) a sale is consummated, (2) the buyer has demonstrated an adequate commitment to pay for the property, (3) our receivable is not subject to future subordination, and (4) we have transferred to the buyer the risks and rewards of ownership and do not have continuing involvement. Unless all conditions are met, recognition of all or a portion of the profit shall be postponed.

We provide an allowance for doubtful accounts against the portion of accounts receivable, net including straight-line rents, which is estimated to be uncollectible. Such allowances are reviewed periodically based upon our recovery experience. The following table summarizes the changes in allowance for doubtful accounts:

	2016	2015	2014
Balance as of January 1,	$ 14,654	$ 15,621	$ 17,892
Provision for doubtful accounts (1)	10,534	11,833	10,934
Provisions for doubtful accounts in discontinued operations	—	—	602
Write-offs	(7,305)	(12,800)	(13,807)
Balance as of December 31,	$ 17,883	$ 14,654	$ 15,621

(1) Excludes recoveries of $2.4 million, $2.1 million and $2.7 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Management Fees and Other Corporate Revenues

Management fees and other corporate revenues primarily represent management and leasing fees, development fees, financing fees, and fees for other ancillary services performed for the benefit of certain of the Unconsolidated Real Estate Affiliates. Management fees are reported at 100% of the revenue earned from the joint venture in management fees and other corporate revenues on our Consolidated Statements of Operations and Comprehensive Income. Our share of the management fee expense incurred by the Unconsolidated Real Estate Affiliates is reported within equity in income of Unconsolidated Real Estate Affiliates on our Consolidated Statements of Operations and Comprehensive Income and in property management and other costs in the Condensed Combined Statements of Income in Note 6.

The following table summarizes the management fees from affiliates and our share of the management fee expense:

	Year Ended December 31,		
	2016	2015	2014
Management fees from affiliates[(1)]	$ 82,742	$ 86,595	$ 70,887
Management fee expense	(33,049)	(30,723)	(26,972)
Net management fees from affiliates	$ 49,693	$ 55,872	$ 43,915

(1) Excludes a $13.1 million gain recognized in management fees and other corporate revenues on the divestiture of our investment in Seritage Growth Properties during the year ended December 31, 2016.

Income Taxes (Note 8)

We expect to distribute 100% of our taxable capital gains and taxable ordinary income to shareholders annually. If, with respect to any taxable year, we fail to maintain our qualification as a REIT and cannot correct such failure, we would not be allowed to deduct distributions to shareholders in computing our taxable income and federal income tax. If any of our REIT subsidiaries fail to qualify as a REIT, such failure could result in our loss of REIT status. If we lose our REIT status, corporate level income tax would apply to our taxable income at regular corporate rates, or we may be subject to applicable alternative minimum tax. As a result, the amount available for distribution to holders of equity securities that would otherwise receive dividends would be reduced for the year or years involved, and we would no longer be required to make distributions. In addition, unless we were entitled to relief under the relevant statutory provisions, we would be disqualified from treatment as a REIT for four subsequent taxable years.

Deferred income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns and are recorded primarily by certain of our taxable REIT subsidiaries. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred income taxes also reflect the impact of operating loss and tax credit carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. An increase or decrease in the valuation allowance that results from a change in circumstances, and which causes a change in our judgment about the realizability of the related deferred tax asset, is included in the current tax provision. In 2010, GGP experienced a change in control, pursuant to Section 382 of the Internal Revenue Code that could limit the benefit of deferred tax assets. In addition, we recognize and report interest and penalties, if necessary, related to uncertain tax positions within our provision for income tax expense.

We earn investment tax credits related to solar projects at certain properties. We use the flow through method of accounting for investment tax credits. Under this method, investment tax credits are recognized as a reduction to income tax expense in the year they are earned.

Impairment

Operating properties

We regularly review our consolidated properties for potential impairment indicators whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment indicators are assessed separately for each property and include, but are not limited to, significant decreases in real estate property net operating income, significant decreases in occupancy percentage, debt maturities, management's intent with respect to the properties and prevailing market conditions.

If an indicator of potential impairment exists, the property is tested for recoverability by comparing its carrying amount to the estimated future undiscounted cash flows. Although the carrying amount may exceed the estimated fair value of certain properties, a real estate asset is only considered to be impaired when its carrying amount cannot be recovered through estimated future undiscounted cash flows. To the extent an impairment provision is determined to be necessary, the excess of the carrying amount of the property over its estimated fair value is expensed to operations. In addition, the impairment provision is allocated proportionately to adjust the carrying amount of the asset group. The adjusted carrying amount, which represents the new cost basis of the property, is depreciated over the remaining useful life of the property.

Although we may market a property for sale, there can be no assurance that the transaction will be complete until the sale is finalized. However, GAAP requires us to utilize the Company's expected holding period of our properties when assessing recoverability. If we cannot recover the carrying value of these properties within the planned holding period, we will estimate the fair values of the assets and record impairment charges for properties when the estimated fair value is less than their carrying value.

Impairment indicators for pre-development costs, which are typically costs incurred during the beginning stages of a potential development and construction in progress, are assessed by project and include, but are not limited to, significant changes in the Company's plans with respect to the project, significant changes in projected completion dates, tenant demand, anticipated revenues or cash flows, development costs, market factors and sustainability of development projects.

Impairment charges are recorded in the Consolidated Statements of Operations and Comprehensive Income when the carrying value of a property is not recoverable and it exceeds the estimated fair value of the property, which can occur in accounting periods

preceding disposition and / or in the period of disposition.

Changes in economic and operating conditions that occur subsequent to our review of recoverability of our properties could impact the assumptions used in that assessment and could result in future impairment if assumptions regarding those properties differ from actual results.

During the year ended December 31, 2016, we recorded a $73.0 million impairment charge on our Consolidated Statements of Operations and Comprehensive Income. The impairment charge related to three operating properties. We received bona fide purchase offers for two properties which were less than their respective carrying values. The other property had non-recourse debt maturing during 2016 that exceeded the fair value of the operating property. This property was transferred to a special servicer in 2016.

During the year ended December 31, 2015, we recorded an $8.6 million impairment charge on our Consolidated Statements of Operations and Comprehensive Income. This impairment charge related to one operating property and was recorded because the estimated fair value of the property, based on a bona-fide purchase offer, was less than the carrying value of the property.

During the year ended December 31, 2014, we recorded a $5.3 million impairment charge on our Consolidated Statements of Operations and Comprehensive Income. This impairment charge related to one operating property and was recorded because the estimated fair value of the property, based on a bona-fide purchase offer was less than the carrying value of the property.

Investment in Unconsolidated Real Estate Affiliates

A series of operating losses of an investee or other factors may indicate that an other-than-temporary decline in value of our investment in an Unconsolidated Real Estate Affiliate has occurred. The investment in each of the Unconsolidated Real Estate Affiliates is evaluated for valuation declines below the carrying amount. Accordingly, in addition to the property-specific impairment analysis that we performed for such joint ventures (as part of our operating property impairment process described above), we also considered whether there were other-than-temporary declines with respect to the carrying values of our Unconsolidated Real Estate Affiliates.

An impairment of $3.2 million related to our investments in Unconsolidated Real Estate Affiliates was recognized for the year ended December 31, 2015. This impairment charge related to one operating property and was recorded because the estimated fair value of the property, based on a bona-fide purchase offer, was less than the carrying value of the property. No impairments related to our investments in Unconsolidated Real Estate Affiliates were recognized for the years ended December 31, 2016 and 2014.

Changes in economic and operating conditions that occur subsequent to our review of recoverability of our investments in Unconsolidated Real Estate Affiliates could impact the assumptions used in that assessment and could result in future impairment if assumptions regarding those investments differ from actual results.

Property Management and Other and General and Administrative Costs

Property management and other costs represent regional and home office costs and include items such as corporate payroll, rent for office space, supplies and professional fees, which represent corporate overhead costs not generated at the properties. General and administrative costs represent the costs to run the public company and include payroll and other costs for executives, audit fees, professional fees and administrative fees related to the public company.

Fair Value Measurements (Note 5)

The accounting principles for fair value measurements establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1-defined as observable inputs such as quoted prices for identical assets or liabilities in active markets;
- Level 2-defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3-defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The impairment section above includes a discussion of all impairments recognized during the years ended December 31, 2016,

2015 and 2014, which were based on Level 2 and Level 3 inputs. Note 5 includes a discussion of properties measured at fair value on a non-recurring basis using Level 2 and Level 3 inputs and the fair value of debt, which is estimated on a recurring basis using Level 2 and Level 3 inputs. Note 5 also includes a discussion of available-for-sale securities measured at fair value on a recurring basis using Level 1 inputs. Note 11 includes a discussion of certain redeemable noncontrolling interests that are measured at fair value using Level 1 inputs.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents. We are exposed to credit risk with respect to cash held at various financial institutions and access to our credit facility. Our credit risk exposure with regard to our cash and the $1.5 billion, including the uncommitted accordion feature, available under our credit facility is spread among a diversified group of investment grade financial institutions. We had no amount and $315.0 million outstanding under our credit facility as of December 31, 2016 and 2015, respectively.

Recently Issued Accounting Pronouncements

Effective January 1, 2018, companies will be required to apply a five-step model in accounting for revenue. The core principle of the revenue model is that a company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Lease contracts will be excluded from this revenue recognition criteria; however, the sale of real estate will be required to follow the new model. Expanded quantitative and qualitative disclosures regarding revenue recognition will be required for contracts that are subject to this pronouncement. The Company has completed a preliminary review of the potential impact of this pronouncement to determine specific areas that will be affected by the adoption of this standard. Once the new guidance setting forth principles for the recognition, measurement, presentation and disclosure of leases (discussed below) goes into effect, the new revenue standard may apply to executory costs and other components of revenue due under leases that are deemed to be non-lease components (such as common area maintenance and provision of utilities), even when the revenue for such activities is not separately stipulated in the lease. In that case, then revenue from these items previously recognized on a straight-line basis under current lease guidance would be recognized under the new revenue guidance as the related services are delivered. As a result, while the total revenue recognized over time would not differ under the new guidance, the recognition pattern would be different. The new standard can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. The company is currently evaluating the adoption method that will be used for the implementation.

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02 which will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Under ASU 2016-02, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Lessor accounting remains substantially similar to current GAAP. In addition, disclosures of leasing activities are to be expanded to include qualitative along with specific quantitative information. For public entities, ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. ASU 2016-02 mandates a modified retrospective transition method. The Company is evaluating the potential impact of this pronouncement on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07 which eliminates the requirement for retrospective application of equity method accounting when an investment previously accounted for by another method initially qualifies for the equity method. This standard is effective for all entities for fiscal years beginning after December 15, 2016 with earlier application permitted. The Company does not expect the adoption of this standard to materially impact its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 which changes the model for the measurement of credit losses on financial instruments. Specifically, the amendments in the ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this ASU will be effective January 1, 2020 with early adoption permitted on January 1, 2019. The Company is evaluating the potential impact of this pronouncement on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15 which provides guidance on the statement of cash flows presentation of certain transactions where diversity in practice exists. The effective date will be the first quarter of fiscal year 2019, with early adoption permitted. The ASU will be adopted using a retrospective transition approach. The Company is evaluating the potential impact of this pronouncement on its Consolidated Statements of Cash Flows.

In November 2016, the FASB issued ASU No. 2016-18 which requires that a statement of cash flows explain the change during the reporting period in the total of cash and cash equivalents and restricted cash or restricted cash equivalents. This standard is effective for public entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is evaluating the potential impact of this pronouncement on its Consolidated Statements of Cash Flows.

In January 2017, the FASB issued ASU No. 2017-01 which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill and consolidation. Public entities should apply the amendments in this standard to annual periods beginning after December 15, 2017, including interim periods within those periods. The Company is adopting this pronouncement early in the first fiscal quarter of 2017. The adoption of this standard will result in less real estate acquisitions qualifying as businesses and, accordingly, acquisition costs for those acquisitions that are not businesses will be capitalized rather than expensed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, estimates and assumptions have been made with respect to fair values of assets and liabilities for purposes of applying the acquisition method of accounting, the useful lives of assets, capitalization of development and leasing costs, provision for income taxes, recoverable amounts of receivables and deferred taxes, provision for loan loss, initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to acquisitions, impairment of long-lived assets, litigation related accruals and disclosures and fair value of debt. Actual results could differ from these and other estimates

NOTE 3 ACQUISITIONS, SALES AND JOINT VENTURE ACTIVITY

On December 1, 2016, we entered into an agreement with a qualified intermediary to acquire 605 N. Michigan Avenue located in Chicago, Illinois. The Company loaned the qualified intermediary $140.0 million to acquire the property as replacement property in a reverse 1031 exchange pursuant to the applicable Internal Revenue Service policy. 605 N. Michigan Avenue was deemed to be a variable interest entity for which the Company was deemed to be the primary beneficiary as it has the ability to direct the activities of the entity that most significantly impact its economic performance and has all of the risks and rewards of ownership. Accordingly, the Company has consolidated 605 N. Michigan Avenue. The purchase price allocation was completed using a preliminary estimate of the net assets acquired.

On November 1, 2016, Riverchase Galleria (located in Hoover, Alabama) redeemed the 50% interest of our joint venture partner for a gross purchase price of $143.5 million including the assumption of our joint venture partner's $110.3 million share of property level debt. Concurrently, the 50% interest was acquired by our joint venture through certain capital contributions. Our overall ownership in Riverchase Galleria is 75.5%.

The table below summarizes the loss calculation ($ in millions):

Loss from a Change of Control in Riverchase Galleria		
Cash paid to acquire our joint venture partners's interest	$	33.8
Less: proportionate share of previous investment in Riverchase Galleria		(78.0)
Losses from changes in control of investment properties		(44.2)

The following table summarizes the allocation of the purchase price to the net assets acquired at the date of acquisition. These allocations were based on the relative fair values of the assets acquired and liabilities assumed. The purchase price allocation was completed using a preliminary estimate of the net assets and liabilities acquired and is show below ($ in millions):

Allocation of the Riverchase Purchase Price		
Investment in real estate; including intangible assets and liabilities	$	274.3
Fair value of debt (1)		(220.7)
Net working capital (2)		12.7
Net assets acquired		66.3

(1) Debt represents an intercompany loan between Riverchase Galleria and GGP and eliminates in consolidation.
(2) Includes tax increment financing (TIF) associated with the city of Hoover, Alabama.

On October 28, 2016, we acquired four Macy's boxes, including the box at Tysons Galleria, at various properties for $45.7 million for the purpose of re-tenanting and repositioning space. Subsequently on December 8, 2016, we acquired an additional Macy's box at Stonestown Galleria for $40.7 million.

On September 15, 2016, joint ventures we formed with Simon Property Group and Authentic Brands Group LLC acquired Aeropostale for $80.0 million in total cash which included cash for working capital requirements of the retail business. In connection with the transaction, our total investment was $20.4 million of cash contributed to the ventures for an effective ownership of approximately 26% in the two joint ventures. Aeropostale is a tenant at certain of our properties for which we receive rental income included in minimum rents on the Consolidated Statements of Operations and Comprehensive Income.

On August 1, 2016, we closed on the sale of Rogue Valley Mall located in Medford, Oregon for a sales price of $61.5 million. The transaction netted proceeds of approximately $6.4 million and resulted in a loss of $1.0 million recognized in gain from changes in control of investment properties and other for the year ended December 31, 2016.

On July 29, 2016, we reached an agreement on the sale of a 50% interest in Fashion Show located in Las Vegas, Nevada to TIAA-CREF Global Investments, LLC ("TIAACREF") for a sales price of $1.25 billion. We closed on the sale of the initial 49% and received proceeds of approximately $813.9 million on July 29, 2016, and we received the remaining $16.6 million for the closing of the final 1% interest on October 4, 2016. This transaction resulted in a gain on sale of $634.9 million recognized in gain from changes in control of investment properties and other for the year ended December 31, 2016.

The table below summarizes the gain calculation ($ in millions):

Cash received from our joint venture partner	$	830.5
Less: Proportionate share of previous investment in Fashion Show		(195.6)
Gain from change in control of investment property		634.9

On July 21, 2016, we closed on the sale of Newgate Mall located in Ogden, Utah for a sales price of $69.5 million. The transaction netted proceeds of approximately $8.4 million and resulted in a loss of $1.4 million recognized in gain from changes in control of investment properties and other for the year ended December 31, 2016.

On June 30, 2016, we closed on the acquisition of a property through a joint venture located at 218 West 57th Street in New York City for $81.5 million. In connection with the acquisition, we provided a $53.0 million mortgage loan to the joint venture that bears interest at LIBOR plus 3.4%, subject to terms and conditions in the loan agreement, and matures on June 30, 2019, with two one year extension options. We own a 50% interest in the joint venture and our share of equity at closing was $15.1 million including prorated working capital. We also provided our joint venture partner with a $7.3 million loan upon closing.

On June 30, 2016, we closed on the sale of our 49.8% interest in One Stockton Partners, LLC in San Francisco, California to our joint venture partner for $49.8 million. In connection with the sale, $16.3 million in mortgage debt was assumed. This transaction netted proceeds of approximately $33.5 million and resulted in a gain of $22.7 million recognized in Unconsolidated Real Estate Affiliates - gain on investment on our Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2016. In addition to the sale, the joint venture partner made an $8.0 million repayment of a note receivable.

On June 28, 2016, we closed on the sale of the office building and parking garage at Pioneer Place in Portland, Oregon for $121.8 million. This transaction netted proceeds of approximately $116.0 million and resulted in a gain on sale of $35.2 million recognized in gain from changes in control of investment properties and other for the year ended December 31, 2016.

On February 2, 2016, we closed on the acquisition of our joint venture partner's 25% interest in Spokane Valley Mall in Spokane, Washington for $37.5 million. This transaction resulted in a reduction of additional paid-in capital of $18.4 million due to the acquisition of our partner's noncontrolling interest.

On January 29, 2016 we closed on the sale of our 75% interest in Provo Towne Center in Provo, Utah to our joint venture partner for $37.5 million. Mortgage debt of $31.1 million was repaid upon closing. This transaction netted proceeds of approximately $2.8 million and resulted in a loss of $6.7 million recognized in gain from changes in control of investment properties and other for the year ended December 31, 2016.

On January 29, 2016, we closed on the sale of our 10% interest in 522 Fifth Avenue in New York City to our joint venture partner for $25.0 million, inclusive of the repayment of previously existing notes receivable from our joint venture partner. We received proceeds of $10.0 million upon closing and proceeds of $5.4 million on December 15, 2016. The remaining $9.0 million will be collected on April 3, 2017. This transaction resulted in a gain on sale of $11.0 million recognized in Unconsolidated Real Estate Affiliates - gain on investment for the year ended December 31, 2016.

On January 15, 2016, we closed on the sale of Eastridge Mall in San Jose, California for $225.0 million. This transaction netted proceeds of approximately $216.3 million and resulted in a gain on sale of $71.7 million recognized in gain from changes in control of investment properties and other for the year ended December 31, 2016.

On January 8, 2016, we closed on the sale of our 50% interest in Owings Mills Mall in Owings Mills, Maryland to our joint venture partner for $11.6 million. This transaction netted proceeds of approximately $11.6 million and resulted in a gain on sale of $0.6 million recognized in Unconsolidated Real Estate Affiliates - gain on investment for the year ended December 31, 2016.

On November 6, 2015, we acquired an additional 2.5% direct interest in Miami Design District Associates, LLC ("MDDA") located in Miami, Florida for a gross purchase price of $40.0 million. We also own a 2.5% interest in MDDA through a joint venture and a 10% interest in MDDA through a consolidated subsidiary. The total investment of 15% is considered a cost method investment and is included in investment in Unconsolidated Real Estate Affiliates on the Consolidated Balance Sheets.

On September 24, 2015, we sold our interest in a joint venture that owns Lake Mead & Buffalo, which resulted in our recognition of a gain of $3.1 million. The $3.1 million is recognized within Unconsolidated Real Estate Affiliates - gain on investment on our Consolidated Statements of Operations and Comprehensive Income.

On April 27, 2015, we sold the office portion of 200 Lafayette in New York City for $124.5 million. In connection with the transaction, debt of $67.0 million was repaid. The transaction netted proceeds of approximately $49.4 million and resulted in a gain on sale of $11.9 million recognized in gain from changes in control of investment properties and other on our Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2015.

On April 17, 2015, we closed on the acquisition of the Crown Building located at 730 Fifth Avenue in New York City through a joint venture partner. The Crown Building was acquired for $1.78 billion, which was funded with $1.25 billion of secured debt. We own an effective 50% interest in the retail portion of the property. GGP and Jeff Sutton own, redevelop, lease and manage the retail portion of the property which is $1.30 billion of the purchase price. We own no effective interest in the office portion of the property. Vladislav Doronin's Capital Group and Michael Shvo own, redevelop, lease and manage the office tower which was $475.0 million of the purchase price. The office tower will be redeveloped into luxury residential condominiums. At acquisition, our share of the retail property purchase price was $650.0 million and our share of the equity was $208.5 million. In connection with the acquisition, we provided $204.3 million in loans to our joint venture partners (Note 15).

On April 1, 2015, we closed on the acquisition of property through a joint venture located at 85 Fifth Avenue in New York City for $86.0 million. The acquisition was funded with $60.0 million of secured debt. We own a 50% interest in the joint venture and our share of the equity was $14.0 million. In connection with the acquisition, we provided a $7.0 million loan to our joint venture partner (Note 15).

On March 31, 2015, we acquired a 50% interest in a joint venture with Sears Holdings Corporation that owns anchor pads and in-place leases at 12 stores located at our properties for approximately $165.0 million. Subsequently, Sears Holdings Corporation sold its investment in the joint venture to Seritage Growth Properties, which was an affiliated company. On December 14, 2015, GGP entered into agreements with two of its joint ventures to assign interest in 4 of the 12 anchor pads to the joint ventures. For

the assignment and transfer of the assigned interests, GGP received net consideration of $74.0 million.

On January 29, 2015, we sold our 50% interest in a joint venture that owns Trails Village in Las Vegas, Nevada for $27.6 million. In connection with the sale, mortgage debt of $5.75 million was repaid. The transaction netted proceeds of approximately $22.0 million and resulted in a gain of $12.0 million recognized in Unconsolidated Real Estate Affiliates - gain on investment on our Consolidated Statements of Operations and Comprehensive Income.

On February 27, 2015, we sold a 25% interest in Ala Moana Center in Honolulu, Hawaii for net proceeds of $907.0 million. We received $670.0 million at closing and received the remaining proceeds of $237.0 million upon completion of the redevelopment and expansion in the fourth quarter of 2016. Subsequently on April 10, 2015, we sold an additional 12.5% interest in Ala Moana Center for net proceeds of $453.5 million to another joint venture partner. We received $335.0 million at closing and received the remaining proceeds of $118.5 million upon completion of the redevelopment and expansion in the fourth quarter of 2016. As a result, our joint venture partners own a combined 37.5% economic interest in the joint venture.

Upon sale of the 25% interest in Ala Moana Center and in accordance with applicable accounting standards for real estate sales with future development required, we recognized a $584.4 million gain on change in control of investment properties and other as of the closing date calculated on the percentage of the basis (real estate asset carrying value of Ala Moana Center and development costs incurred to date) as compared to the total estimated costs expected to be incurred through completion of the development. During the year ended December 31, 2016, we recognized an additional $34.4 million gain on change of control of investment properties and other using the percentage of completion method for the construction completed from the closing date on February 27, 2015 through December 31, 2016.

Upon sale of the 12.5% interest in Ala Moana Center and in accordance with applicable accounting standards for real estate sales with future development required, we recognized a $295.9 million gain in Unconsolidated Real Estate Affiliates - gain on investment as of the closing date calculated on the percentage of the basis (real estate asset carrying value of Ala Moana Center and development costs incurred to date) as compared to the total estimated costs expected to be incurred through completion of the development. During the year ended December 31, 2016, we recognized an additional $17.2 million gain in Unconsolidated Real Estate Affiliates - gain on investment using the percentage of completion method for the construction completed from the closing date on April 10, 2015 through December 31, 2016. The construction is complete and the full gain was recognized as of December 31, 2016.

We account for the 62.5% interest in the joint venture that owns Ala Moana Center under the equity method of accounting (Note 6) because we share control over major decisions with the joint venture partners which resulted in the partners obtaining substantive participating rights. Ala Moana Center was previously wholly owned by GGP and accounted for on a consolidated basis.

The table below summarizes the gain calculation ($ in millions) for the 25% and 12.5% interests sold:

Gain on Sale of Interests in Ala Moana Center	**25.0%**	**12.5%**
Total proceeds (net of transaction costs of $6.8 million and $2.5 million, respectively)	$ 900.2	$ 451.0
Joint venture partner share of debt	462.5	231.3
Total consideration	1,362.7	682.3
Less: JV partner proportionate share of investment in Ala Moana Center and estimated development costs	(705.9)	(353.8)
Total gain from changes in control of investment properties and other	656.8	—
Total Unconsolidated Real Estate Affiliates - gain on investment	—	328.5
Gain attributable to JV partner proportionate share of investment in Ala Moana Center at closing	584.4	295.9
Gain attributable to post-sale development activities through December 31, 2015	38.0	15.4
Gain attributable to post-sale development activities for the year ended December 31, 2016	34.4	17.2

NOTE 4 DISCONTINUED OPERATIONS AND HELD FOR DISPOSITION

In the first quarter of 2015, the Company adopted ASU No. 2014-08, “Reporting Discontinued operations and Disclosures of Disposals of Components of an Entity” issued by the Financial Accounting Standards Board. ASU No. 2014-08 changes the

definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results (e.g., a disposal of a major geographical area, a major line of business, a major equity method investment or other major parts of an entity). The Company's adoption of ASU No. 2014-08 resulted in a change in how the Company would record operating results and gains on sales of real estate. Any future sale that does not meet the updated definition of discontinued operations would not be reflected within discontinued operations in the Company's Consolidated Statements of Operations and Comprehensive Income.

During 2014, one property, which was previously transferred to a special servicer, was sold in a lender-directed sale in full satisfaction of the debt. This resulted in a gain on extinguishment of debt of $66.7 million and a reduction of property-level debt of $79.0 million. We transferred six office properties and cash aggregating total consideration of $268.0 million in full settlement of our $322.0 million tax indemnification liability (Note 19). Additionally, we sold three operating properties for $278.6 million, which resulted in a gain of $125.2 million. We used the net proceeds from these transactions to repay debt of $127.0 million.

The Company did not have any dispositions during the years ended December 31, 2016 and 2015 that qualified for discontinued operations presentation subsequent to its adoption of ASU No. 2014-08. The following table summarizes the operations of the properties included in discontinued operations for the year ended 2014.

	2014
Retail and other revenue	$ 27,276
Total revenues	27,276
Retail and other operating expenses	17,515
Total expenses	17,515
Operating income	9,761
Interest expense, net	(2,188)
Gains on dispositions	130,416
Net income from operations	137,989
Gain on extinguishment of debt	66,679
Gain on extinguishment of tax indemnification liability	77,215
Net income from discontinued operations	$ 281,883

As of December 31, 2015, non-refundable deposits were received from the buyers on two properties. Therefore, the two properties were considered held for disposition as of December 31, 2015. Total assets held for disposition were $216.2 million, which included $204.4 million of net investment in real estate, and total liabilities held for disposition were $58.9 million, which included $42.6 million of mortgages, notes and loans payable.

NOTE 5 FAIR VALUE

Nonrecurring Fair Value Measurements

We estimate fair value relating to impairment assessments based upon discounted cash flow and direct capitalization models that include all projected cash inflows and outflows over a specific holding period, or the negotiated sales price, if applicable. Such projected cash flows are comprised of contractual rental revenues and forecasted rental revenues and expenses based upon market conditions and expectations for growth. Capitalization rates and discount rates utilized in these models are based on a reasonable range of current market rates for each property analyzed. Based upon these inputs, we determined that our valuations of properties using a discounted cash flow or a direct capitalization model were classified within Level 3 of the fair value hierarchy. For our properties for which the estimated fair value was based on negotiated sales prices, we determined that our valuation was classified within Level 2 of the fair value hierarchy.

The following table summarizes certain of our assets that are measured at fair value on a nonrecurring basis as a result of impairment charges recorded as of December 31, 2016 and 2015.

	Total Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Provisions for Impairment
Year ended December 31, 2016					
Investments in real estate (1)	$ 219,165	$ —	$ 131,000	$ 88,165	$ (73,039)
Year ended December 31, 2015					
Investments in real estate (1)	$ 61,500	$ —	$ 61,500	$ —	$ (8,604)

(1) Refer to Note 2 for more information regarding impairment. Investments in real estate includes consolidated properties and Unconsolidated Real Estate Affiliates.

Unobservable Quantitative Input	Range
Discount rates	9.0% to 11.0%
Terminal capitalization rates	16.0% to 17.0%

Disclosure of Fair Value of Financial Instruments

The fair values of our financial instruments approximate their carrying amount in our consolidated financial statements except for debt. Management's estimates of fair value are presented below for our debt as of December 31, 2016 and 2015.

	December 31, 2016		December 31, 2015	
	Carrying Amount (1)	Estimated Fair Value	Carrying Amount (2)	Estimated Fair Value
Fixed-rate debt	$ 10,441,166	$ 10,832,272	$ 11,921,302	$ 12,247,451
Variable-rate debt	1,989,252	1,990,458	2,294,858	2,304,551
	$ 12,430,418	$ 12,822,730	$ 14,216,160	$ 14,552,002

(1) Includes net $27.8 million of market rate adjustments and $40.1 million of deferred financing costs.
(2) Includes net $33.0 million of market rate adjustments and $40.2 million of deferred financing costs.

The fair value of our Junior Subordinated Notes approximates their carrying amount as of December 31, 2016 and 2015. We estimated the fair value of mortgages, notes and other loans payable using Level 2 and Level 3 inputs based on recent financing transactions, estimates of the fair value of the property that serves as collateral for such debt, historical risk premiums for loans of comparable quality, current London Interbank Offered Rate ("LIBOR"), U.S. treasury obligation interest rates and on the discounted estimated future cash payments to be made on such debt. The discount rates estimated reflect our judgment as to what the approximate current lending rates for loans or groups of loans with similar maturities and assume that the debt is outstanding through maturity. We have utilized market information as available or present value techniques to estimate the amounts required to be disclosed. Since such amounts are estimates that are based on limited available market information for similar transactions and do not acknowledge transfer or other repayment restrictions that may exist in specific loans, it is unlikely that the estimated fair value of any such debt could be realized by immediate settlement of the obligation.

Recurring Fair Value of Marketable Securities

Marketable securities are measured at fair value on our Consolidated Balance Sheets using Level 1 inputs and included in prepaid expenses and other assets. The fair values are shown below.

	December 31, 2015		
	Fair Value	Cost Basis	Unrealized Gain
Marketable securities:			
Seritage Growth Properties	$ 45,278	$ 33,300	$ 11,978

During the year ended December 31, 2016 we divested the entire investment in Seritage Growth Properties, recognized a gain of $13.1 million in management fees and other corporate revenues, and reclassified $12.0 million out of other comprehensive income (loss).

NOTE 6 UNCONSOLIDATED REAL ESTATE AFFILIATES

Following is summarized financial information for all of our real estate related Unconsolidated Real Estate Affiliates accounted for using the equity method and a reconciliation to our total investment in Unconsolidated Real Estate Affiliates, inclusive of investments accounted for using the cost method (Note 2).

	December 31, 2016	December 31, 2015
Condensed Combined Balance Sheets—Unconsolidated Real Estate Affiliates (1)		
Assets:		
Land	$ 2,664,736	$ 1,949,577
Buildings and equipment	13,555,059	12,344,045
Less accumulated depreciation	(3,538,776)	(3,131,659)
Construction in progress	284,198	828,521
Net property and equipment	12,965,217	11,990,484
Investments in unconsolidated joint ventures	503,305	421,778
Net investment in real estate	13,468,522	12,412,262
Cash and cash equivalents	455,862	426,470
Accounts receivable, net	655,655	258,589
Notes receivable, net	8,912	9,093
Deferred expenses, net	321,095	239,262
Prepaid expenses and other assets	327,645	463,030
Total assets	$ 15,237,691	$ 13,808,706
Liabilities and Owners' Equity:		
Mortgages, notes and loans payable	$ 10,476,935	$ 9,812,378
Accounts payable, accrued expenses and other liabilities	595,570	740,388
Cumulative effect of foreign currency translation ("CFCT")	(50,851)	(67,224)
Owners' equity, excluding CFCT	4,216,037	3,323,164
Total liabilities and owners' equity	$ 15,237,691	$ 13,808,706
Investment In Unconsolidated Real Estate Affiliates, Net:		
Owners' equity	$ 4,165,186	$ 3,255,940
Less: joint venture partners' equity	(2,095,166)	(1,518,581)
Plus: excess investment/basis differences	1,590,821	1,550,193
Investment in Unconsolidated Real Estate Affiliates, net (equity method)	$ 3,660,841	$ 3,287,552
Investment in Unconsolidated Real Estate Affiliates, net (cost method)	180,000	180,000
Elimination of consolidated real estate investment interest through joint venture	(27,500)	—
Retail investment, net	16,146	—
Investment in Unconsolidated Real Estate Affiliates, net	3,829,487	3,467,552
Reconciliation—Investment In Unconsolidated Real Estate Affiliates:		
Asset—Investment in Unconsolidated Real Estate Affiliates	$ 3,868,993	$ 3,506,040
Liability—Investment in Unconsolidated Real Estate Affiliates	(39,506)	(38,488)
Investment in Unconsolidated Real Estate Affiliates, net	$ 3,829,487	$ 3,467,552

(1) The Condensed Combined Balance Sheets - Unconsolidated Real Estate Affiliates include Fashion Show as of December 31, 2016 as the property was contributed into a joint venture during the third quarter of 2016.

	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Condensed Combined Statements of Income—Unconsolidated Real Estate Affiliates (1)			
Revenues:			
Minimum rents	$ 1,106,691	$ 1,011,393	$ 827,436
Tenant recoveries	473,357	443,905	355,188
Overage rents	39,298	38,282	30,915
Condominium sales	520,360	—	—
Other	52,511	52,027	39,804
Total revenues	2,192,217	1,545,607	1,253,343
Expenses:			
Real estate taxes	124,355	129,593	110,665
Property maintenance costs	41,132	41,619	39,105
Marketing	22,368	19,348	14,626
Other property operating costs	214,071	214,417	172,547
Condominium cost of sales	379,401	—	—
Provision for doubtful accounts	13,665	5,427	3,052
Property management and other costs (2)	71,499	64,084	57,980
General and administrative	3,198	10,245	9,250
Depreciation and amortization	466,715	408,537	325,787
Total expenses	1,336,404	893,270	733,012
Operating income	855,813	652,337	520,331
Interest income	9,505	7,070	5,909
Interest expense	(318,628)	(395,114)	(315,339)
Provision for income taxes	(1,278)	(996)	(1,497)
Equity in loss of unconsolidated joint ventures	(45,057)	(28,513)	(194)
Income from continuing operations	500,355	234,784	209,210
Net income from disposed investment	—	—	1,415
Allocation to noncontrolling interests	(128)	(64)	(58)
Net income attributable to the ventures	$ 500,227	$ 234,720	$ 210,567
Equity In Income of Unconsolidated Real Estate Affiliates:			
Net income attributable to the ventures	$ 500,227	$ 234,720	$ 210,567
Joint venture partners' share of income	(235,544)	(112,582)	(114,263)
Elimination of loss from consolidated real estate investment with interest owned through joint venture	1,266	—	—
Loss on retail investment	4,264	—	—
Amortization of capital or basis differences (3)	(38,598)	(48,748)	(44,736)
Equity in income of Unconsolidated Real Estate Affiliates	$ 231,615	$ 73,390	$ 51,568

(1) The Condensed Combined Statements of Income - Unconsolidated Real Estate Affiliates include income from Ala Moana Center subsequent to the formation of the joint venture on February 27, 2015 and income from Fashion Show subsequent to the formation of the joint venture on July 29, 2016.
(2) Includes management fees charged to the unconsolidated joint ventures by GGMI and GGSI.
(3) Includes a $3.2 million impairment charge related to our investment in a single property venture during the year ended December 31, 2015 (Note 2).

The Unconsolidated Real Estate Affiliates represent our investments in real estate joint ventures that are not consolidated. We hold interests in 25 domestic joint ventures, comprising 41 U.S. retail properties and one joint venture in Brazil. Generally, we share in the profits and losses, cash flows and other matters relating to our investments in Unconsolidated Real Estate Affiliates in

accordance with our respective ownership percentages. We manage most of the properties owned by these joint ventures. We account for investments in joint ventures where we own a non-controlling joint interest using either the equity method or the cost method. If we have significant influence but not control over the investment, we utilize the equity method. If we have neither control nor significant influence, we utilize the cost method. If we control the joint venture, we account for the venture as a consolidated investment.

On March 7, 2014, we formed a joint venture, AMX Partners, LLC ("AMX"), with Kahikolu Partners, LLC ("MKB") for the purpose of constructing a luxury residential condominium tower on a site located within the Ala Moana Shopping Center. In conjunction with the closing of AMX, GGP agreed to sell the air rights above the parking podium to AMX for $50.0 million. GGP received a $50.0 million payment during the year ended December 31, 2015. AMX commenced recognizing revenues and cost of sales from the sale of condominiums using the percentage of completion method during the twelve months ended December 31, 2016.

In accordance with GAAP, sales of condominiums have been recognized using the percentage of completion method. Under this method, revenue is recognized when (1) construction is beyond a preliminary stage, (2) buyers are unable to receive refunds of down-payments except in the event of non-delivery, (3) a substantial percentage of the condominiums are under firm contracts, (4) collection of the sales price is reasonably assured and (5) sales proceeds and costs can be reasonably estimated. The revenue from condominium sales is calculated based on the percentage of completion, as determined by the construction contract costs incurred to date in relation to the total estimated construction costs.

On March 24, 2016, Kenwood Towne Centre in Cincinnati, Ohio (property included in a joint venture of which we are 50% owner) acquired fee title to a portion of the property previously held under ground lease for a gross purchase price of $43.0 million.

On September 15, 2016, joint ventures we formed with Simon Property Group and Authentic Brands Group LLC acquired Aeropostale (Note 3), which is presented as a retail investment above.

On November 1, 2016, we acquired the other 50% interest in Riverchase Galleria through affiliates in a joint venture for a sales price of $143.5 million including the assumption of our venture partner's $110.3 million share of property level debt for the 50% interest. We now account for Riverchase Galleria as a consolidated property.

To the extent that the Company contributes assets to a joint venture accounted for using the equity method, the Company's investment in the joint venture is recorded at the Company's cost basis in the assets that were contributed to the joint venture. The Company will recognize gains and losses on the contribution of its real estate to joint ventures, relating solely to the outside partner's interest, to the extent the buyer is independent of the Company, the collection of the sales price is reasonably assured, and the Company will not be required to support the operations of the property or its related obligations to an extent greater than its proportionate interest.

Unconsolidated Mortgages, Notes and Loans Payable and Retained Debt

Our proportionate share of the mortgages, notes and loans payable of the unconsolidated joint ventures was $5.4 billion as of December 31, 2016 and $5.1 billion as of December 31, 2015, including Retained Debt (as defined below). There can be no assurance that the Unconsolidated Properties will be able to refinance or restructure such debt on acceptable terms or otherwise, or that joint venture operations or contributions by us and/or our partners will be sufficient to repay such loans.

We have debt obligations in excess of our pro rata share of the debt for one of our Unconsolidated Real Estate Affiliates ("Retained Debt"). This Retained Debt represents distributed debt proceeds of the Unconsolidated Real Estate Affiliates in excess of our pro rata share of the non-recourse mortgage indebtedness. The proceeds of the Retained Debt which were distributed to us are included as a reduction in our investment in Unconsolidated Real Estate Affiliates. We had retained debt of $86.5 million at one property as of December 31, 2016, and $87.9 million as of December 31, 2015. We are obligated to contribute funds on an ongoing basis, as needed, to our Unconsolidated Real Estate Affiliates in amounts sufficient to pay debt service on such Retained Debt. If we do not contribute such funds, our distributions from such Unconsolidated Real Estate Affiliates, or our interest in, could be reduced to the extent of such deficiencies. As of December 31, 2016, we do not anticipate an inability to perform on our obligations with respect to Retained Debt.

NOTE 7 MORTGAGES, NOTES AND LOANS PAYABLE

Mortgages, notes and loans payable and the weighted-average interest rates are summarized as follows:

	December 31, 2016 (1)	Weighted-Average Interest Rate(2)	December 31, 2015 (3)	Weighted-Average Interest Rate(2)
Fixed-rate debt:				
Collateralized mortgages, notes and loans payable (4)	$ 10,441,166	4.44%	$ 11,921,302	4.43%
Total fixed-rate debt	10,441,166	4.44%	11,921,302	4.43%
Variable-rate debt:				
Collateralized mortgages, notes and loans payable (4)	1,997,978	2.45%	1,991,022	2.08%
Revolving credit facility	(8,726)	—	303,836	1.89%
Total variable-rate debt	1,989,252	2.45%	2,294,858	2.05%
Total Mortgages, notes and loans payable	$ 12,430,418	4.12%	$ 14,216,160	4.05%
Junior Subordinated Notes	$ 206,200	2.34%	$ 206,200	1.77%

(1) Includes net $27.8 million of market rate adjustments and $40.1 million of deferred financing costs.
(2) Represents the weighted-average interest rates on our principal balances, excluding the effects of deferred finance costs.
(3) Includes net $33.0 million of market rate adjustments and $40.2 million of deferred financing costs.
(4) $1.4 billion of the variable-rate balance is cross-collateralized.

Collateralized Mortgages, Notes and Loans Payable

As of December 31, 2016, $16.6 billion of land, buildings and equipment (before accumulated depreciation) and construction in progress have been pledged as collateral for our mortgages, notes and loans payable. Certain of these consolidated secured loans, representing $1.4 billion of debt, are cross-collateralized with other properties. Although a majority of the $12.4 billion of fixed and variable rate collateralized mortgages, notes and loans payable are non-recourse, $819.0 million of such mortgages, notes and loans payable are recourse to the Company as guarantees on secured financings. In addition, certain mortgage loans contain other credit enhancement provisions which have been provided by GGP. Certain mortgages, notes and loans payable may be prepaid but are generally subject to a prepayment penalty equal to a yield-maintenance premium, defeasance or a percentage of the loan balance.

During the year ended December 31, 2016, we paid down $294.4 million of consolidated mortgage notes at two properties. The prior loans had a weighted-average term-to-maturity of 1.2 years and a weighted-average interest rate of 5.3%. In conjunction with the pay down of the loans, we paid $5.4 million in transaction costs that are included in interest expense.

On April 25, 2016, we amended our $1.4 billion loan secured by cross-collateralized mortgages on 15 properties. The interest rate remained consistent at LIBOR plus 1.75%, however, we were able to decrease the recourse from 100% to 50% and extend the term for three years. The loan now matures April 25, 2019, with two one year extension options.

During the year ended December 31, 2015, we refinanced consolidated mortgage notes totaling $710.0 million at four properties and generated net proceeds of $240.9 million. The prior loans totaling $469.1 million had a weighted-average term-to-maturity of 1.3 years, and a weighted-average interest rate of 5.6%. The new loans have a weighted-average term-to-maturity of 11.0 years, and a weighted-average interest rate of 3.8%. In addition, we paid down $594.3 million of consolidated mortgage notes at five properties. The prior loans had a weighted-average term-to-maturity of 1.5 years and a weighted-average interest rate of 5.3%. We also obtained new mortgage notes totaling $250.0 million on two properties with a weighted-average term-to-maturity of 10.0 years and a weighted-average interest rate of 4.3%.

Corporate and Other Unsecured Loans

We have certain unsecured debt obligations, the terms of which are described below:

	December 31, 2016 (1)	Weighted-Average Interest Rate	December 31, 2015 (2)	Weighted-Average Interest Rate
Unsecured debt:				
Revolving credit facility	—	—	315,000	1.89%
Total unsecured debt	—	—	315,000	1.89%

(1) Excludes deferred financing costs of $8.7 million that decrease the total amount that appears outstanding in our Consolidated Balance Sheets.

(2) Excludes deferred financing costs of $11.2 million that decrease the total amount that appears outstanding in our Consolidated Balance Sheets.

Our revolving credit facility (the "Facility") as amended on October 30, 2015, provides for revolving loans of up to $1.1 billion. The Facility has an uncommitted accordion feature for a total facility of up to $1.5 billion. The Facility is scheduled to mature in October 2020 and is unsecured. Borrowings under the Facility bear interest at a rate equal to LIBOR plus 130 to 190 basis points or at a base rate plus 30 to 90 basis points, which is determined by the Company's leverage level. The Facility contains certain restrictive covenants which limit material changes in the nature of our business conducted, including, but not limited to, mergers, dissolutions or liquidations, dispositions of assets, liens, incurrence of additional indebtedness, dividends, transactions with affiliates, prepayment of subordinated debt, negative pledges and changes in fiscal periods. In addition, we are required not to exceed a maximum net debt-to-value ratio, a maximum leverage ratio and a minimum net cash interest coverage ratio; we are not aware of any instances of non-compliance with such covenants as of December 31, 2016. No amount was outstanding on the Facility, as of December 31, 2016.

Junior Subordinated Notes

GGP Capital Trust I, a Delaware statutory trust (the "Trust") and a wholly-owned subsidiary of GGPN, completed a private placement of $200.0 million of trust preferred securities ("TRUPS") in 2006. The Trust also issued $6.2 million of Common Securities to GGPN. The Trust used the proceeds from the sale of the TRUPS and Common Securities to purchase $206.2 million of floating rate Junior Subordinated Notes of GGPN due 2036. Distributions on the TRUPS are equal to LIBOR plus 1.45%. Distributions are cumulative and accrue from the date of original issuance. The TRUPS mature on April 30, 2036, but may be redeemed beginning on April 30, 2011 if the Trust exercises its right to redeem a like amount of Junior Subordinated Notes. The Junior Subordinated Notes bear interest at LIBOR plus 1.45% and are fully recourse to the Company. We have recorded the Junior Subordinated Notes as a liability and our common equity interest in the Trust as prepaid expenses and other assets in our Consolidated Balance Sheets as of December 31, 2016 and December 31, 2015.

Letters of Credit and Surety Bonds

We had outstanding letters of credit and surety bonds of $57.8 million as of December 31, 2016 and $76.1 million as of December 31, 2015. These letters of credit and bonds were issued primarily in connection with insurance requirements, special real estate assessments and construction obligations.

We are not aware of any instances of non-compliance with our financial covenants related to our mortgages, notes and loans payable as of December 31, 2016, with the exception of one mortgage loan where a special servicer is currently managing the operations of the property securing the mortgage loan.

NOTE 8 INCOME TAXES

We have elected to be taxed as a REIT under the Internal Revenue Code. We intend to maintain REIT status. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of our taxable ordinary income. In addition, the Company is required to meet certain asset and income tests.

As a REIT, we will generally not be subject to corporate level Federal income tax on taxable income we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income or property, and to Federal income and excise taxes on our undistributed taxable income and capital gains. We are currently statutorily open to audit by the Internal Revenue Service for the years ended December 31, 2013 through 2016 and are statutorily open to audit by state taxing authorities for the years ended December 31, 2012 through 2016.

The provision for (benefit from) income taxes for the years ended December 31, 2016, 2015, and 2014 are as follows:

	December 31, 2016	December 31, 2015	December 31, 2014
Current	$ 804	$ 3,134	$ 13,994
Deferred	97	(41,468)	(6,741)
Total	901	(38,334)	7,253

Realization of a deferred tax benefit is dependent upon generating sufficient taxable income in future periods. Our TRS net operating loss carryforwards of $42.5 million are currently scheduled to expire in subsequent years through 2036.

Each TRS and certain REIT entities subject to state income taxes are tax paying components for purposes of classifying deferred tax assets and liabilities. Net deferred tax assets (liabilities) are summarized as follows:

	December 31, 2016	December 31, 2015	December 31, 2014
Total deferred tax assets	$ 22,090	$ 34,870	$ 19,347
Valuation allowance	(15,147)	(15,127)	(15,127)
Net deferred tax assets	6,943	19,743	4,220
Total deferred tax liabilities	(3,843)	(1,289)	(21,240)
Net deferred tax assets (liabilities)	$ 3,100	$ 18,454	$ (17,020)

Due to the uncertainty of the realization of certain tax carryforwards, we have established valuation allowances on those deferred tax assets that we do not reasonably expect to realize. Deferred tax assets that we believe have only a remote possibility of realization have not been recorded.

The tax effects of temporary differences and carryforwards included in the net deferred tax assets (liabilities) as of December 31, 2016, December 31, 2015 and December 31, 2014 are summarized as follows:

	December 31, 2016	December 31, 2015	December 31, 2014
Operating loss and tax credit carryforwards	$ 42,496	$ 18,541	$ 15,699
Other TRS property, primarily differences in basis of assets and liabilities	(24,249)	15,040	(17,592)
Valuation allowance	(15,147)	(15,127)	(15,127)
Net deferred tax assets (liabilities)	$ 3,100	$ 18,454	$ (17,020)

We have no unrecognized tax benefits recorded pursuant to uncertain tax positions as of December 31, 2016 and December 31, 2015. The $6.1 million as of December 31, 2014, excluding interest, was recognized in 2015 upon the expiration of the statute of limitations.

NOTE 9 WARRANTS

Brookfield owns 73,930,000 warrants (the "Warrants") to purchase common stock of GGP with an initial weighted average exercise price of $10.70. Each Warrant was fully vested upon issuance, has a term of seven years and expires on November 9, 2017. Below is a summary of Warrants that were originally issued and are still outstanding.

Warrant Holder	Number of Warrants	Initial Exercise Price
Brookfield - A	57,500,000	$ 10.75
Brookfield - B	16,430,000	10.50
	73,930,000	

The exercise prices of the Warrants are subject to adjustment for future dividends, stock dividends, distribution of assets, stock splits or reverse splits of our common stock or certain other events. In accordance with the agreement, these calculations adjust both the exercise price and the number of shares issuable for the 73,930,000 Warrants. During 2015 and 2016, the number of shares issuable upon exercise of the outstanding Warrants changed as follows:

		Exercise Price	
Record Date	Issuable Shares	Brookfield - A	Brookfield - B
April 15, 2015	87,856,714	$ 9.05	$ 8.84
July 15, 2015	88,433,357	8.99	8.78
October 15, 2015	89,039,571	8.93	8.72
December 15, 2015	89,697,535	8.86	8.66
April 15, 2016	90,288,964	8.80	8.60
July 15, 2016	90,865,607	8.75	8.54
October 14, 2016	91,553,142	8.68	8.48
December 15, 2016	92,344,178	8.61	8.41
December 27, 2016	93,268,285	8.52	8.32

Brookfield has the option for 57,500,000 Warrants to either full share settle (i.e. deliver cash for the exercise price of the Warrants in the amount of approximately $618 million in exchange for approximately 72.5 million shares of common stock) or net share settle. The remaining 16,430,000 Warrants owned or managed by Brookfield must be net share settled. As of December 31, 2016, the Warrants are exercisable into approximately 62 million common shares of the Company, at a weighted-average exercise price of approximately $8.48 per share. Due to their ownership of Warrants, Brookfield's potential ownership of the Company may change as a result of payments of dividends and changes in our stock price.

NOTE 10 RENTALS UNDER OPERATING LEASES

We receive rental income from the leasing of retail and other space under operating leases. The minimum future rentals based on operating leases of our Consolidated Properties as of December 31, 2016 are as follows:

Year	Amount
2017	$ 1,380,855
2018	1,245,426
2019	1,087,327
2020	959,824
2021	832,388
Subsequent	2,525,038
	$ 8,030,858

Minimum future rentals exclude amounts which are payable by certain tenants based upon a percentage of their gross sales or as reimbursement of operating expenses and amortization of above and below-market tenant leases. Such operating leases are with a variety of tenants, the majority of which are national and regional retail chains and local retailers, and consequently, our credit risk is concentrated in the retail industry.

NOTE 11 EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

Allocation to Noncontrolling Interests

Noncontrolling interests consists of the redeemable interests related to our common and preferred Operating Partnership units and the noncontrolling interest in our consolidated joint ventures. The following table reflects the activity included in the allocation to noncontrolling interests.

	Year Ended December 31,		
	2016	2015	2014
Distributions to preferred Operating Partnership units	$ (8,680)	$ (8,884)	$ (8,965)
Net income allocation to noncontrolling interests in operating partnership from continuing operations (common units)	(7,051)	(7,466)	(3,228)
Net income allocation to noncontrolling interests in operating partnership from continuing operations (LTIP units)	(2,920)	(2,524)	—
Net income allocated to noncontrolling interest in consolidated real estate affiliates	(1,255)	(161)	(1,851)
Allocation to noncontrolling interests	(19,906)	(19,035)	(14,044)
Other comprehensive loss (income) allocated to noncontrolling interests	2	233	78
Comprehensive income allocated to noncontrolling interests	$ (19,904)	$ (18,802)	$ (13,966)

Redeemable Noncontrolling Interests

The minority interest related to the Common and Preferred Units of the Operating Partnership are presented as redeemable noncontrolling interests in our Consolidated Balance Sheets since it is possible we could be required, under certain events outside of our control, to redeem the securities for cash by the holders of the securities.

The Common and Preferred Units of the Operating Partnership are recorded at the greater of the carrying amount adjusted for the noncontrolling interest's share of the allocation of income or loss (and its share of other comprehensive income or loss) and dividends or their fair value as of each measurement date. The excess of the fair value over the carrying amount from period to period is recorded within additional paid-in capital in our Consolidated Balance Sheets. Allocation to noncontrolling interests is presented as an adjustment to net income to arrive at net income attributable to GGP.

The common redeemable noncontrolling interests have been recorded at fair value for all periods presented. One tranche of preferred redeemable noncontrolling interests has been recorded at fair value, while the other tranches of preferred redeemable noncontrolling interests have been recorded at carrying value.

Generally, the holders of the Common Units share in any distributions by the Operating Partnership with our common stockholders. However, the Operating Partnership agreement permits distributions solely to GGP if such distributions were required to allow GGP to comply with the REIT distribution requirements or to avoid the imposition of excise tax. Under certain circumstances, the conversion rate for each Common Unit is required to be adjusted to give effect to stock distributions. If the holders had requested redemption of the Common Units as of December 31, 2016, the aggregate amount of cash we would have paid would have been $118.7 million.

The Operating Partnership issued Convertible Preferred Units that are convertible into Common Units of the Operating Partnership at the rates below (subject to adjustment). The holder may convert the Convertible Preferred Units into Common Units of the

Operating Partnership at any time, subject to certain restrictions. The Common Units are convertible into common stock at a one-to-one ratio at the current stock price.

	Number of Common Units for each Preferred Unit	Number of Contractual Convertible Preferred Units Outstanding as of December 31, 2016	Converted Basis to Common Units Outstanding as of December 31, 2016	Conversion Price	Redemption Value
Series B (1)	3.00000	1,184,417	3,694,536	$ 16.66670	92,290
Series D	1.50821	532,750	835,447	33.15188	26,637
Series E	1.29836	502,658	678,583	38.51000	25,133
					$ 144,060

(1) The conversion price of Series B preferred units is lower than the GGP December 31, 2016 closing common stock price of $24.98. Therefore, a common stock price of $24.98 is used to calculate the Series B redemption value.

The following table reflects the activity of the redeemable noncontrolling interests for the years ended December 31, 2016, 2015, and 2014.

Balance at January 1, 2014	$ 228,902
Net income	3,228
Distributions	(3,059)
Redemption of operating partnership units	(350)
Other comprehensive income	(78)
Fair value adjustment for noncontrolling interests in Operating Partnership	70,653
Balance at December 31, 2014	$ 299,296
Balance at January 1, 2015	299,296
Net income	7,466
Distributions	(4,258)
Redemption of operating partnership units	(805)
Other comprehensive income	(233)
Fair value adjustment for noncontrolling interests in Operating Partnership	(13,839)
Balance at December 31, 2015	$ 287,627
Balance at January 1, 2016	$ 287,627
Net income	7,051
Distributions	(5,449)
Redemption of operating partnership units	(2,120)
Preferred Unit Redemption to Common Stock	(3,205)
Other comprehensive income	(2)
Fair value adjustment for noncontrolling interests in Operating Partnership	(21,175)
Balance at December 31, 2016	$ 262,727

Common Stock Dividend and Purchase of Common Stock

Our Board of Directors declared common stock dividends during 2016 and 2015 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2016			
December 13	December 27	January 27, 2017	$ 0.26
October 31	December 15	January 6, 2017	0.22
August 1	October 14	October 31, 2016	0.20
May 2	July 15	July 29, 2016	0.19
February 1	April 15	April 29, 2016	0.19
2015			
November 2	December 15	January 4, 2016	$ 0.19
September 1	October 15	October 30, 2015	0.18
May 21	July 15	July 31, 2015	0.17
February 19	April 15	April 30, 2015	0.17

Distributions paid on our common stock and their tax status, as sent to our shareholders, is presented in the following table. The tax status of GGP distributions in 2016, 2015, and 2014 may not be indicative of future periods.

	Year Ended December 31,		
	2016	2015	2014
Ordinary income	$ 0.685	$ 0.752	$ 0.499
Capital gain distributions	0.300	—	0.034
Distributions per share	$ 0.985	$ 0.752	$ 0.533

Our Dividend Reinvestment Plan ("DRIP") provides eligible holders of GGP's common stock with a convenient method of increasing their investment in the Company by reinvesting all or a portion of cash dividends in additional shares of common stock. Eligible stockholders who enroll in the DRIP on or before the fourth business day preceding the record date for a dividend payment will be able to have that dividend reinvested. As a result of the DRIP elections, 32,381 shares were issued during the year ended December 31, 2016 and 23,542 shares were issued during the year ended December 31, 2015.

Preferred Stock

On February 13, 2013, we issued, in a public offering, 10,000,000 shares of 6.375% Series A Cumulative Perpetual Preferred Stock (the "Preferred Stock") at a price of $25.00 per share, resulting in net proceeds of $242.0 million after issuance costs. The Preferred Stock is recorded net of issuance costs within equity on our Consolidated Balance Sheets, and accrues a quarterly dividend at an annual rate of 6.375%. The dividend is paid in arrears in preference to dividends on our common stock, and reduces net income available to common stockholders, and therefore, earnings per share.

The Preferred Stock does not have a stated maturity date but we may redeem the Preferred Stock after February 12, 2018, for $25.00 per share plus all accrued and unpaid dividends. We may redeem the Preferred Stock prior to February 12, 2018, in limited circumstances that preserve ownership limits and/or our status as a REIT, as well as during certain circumstances surrounding a change of control. Upon certain circumstances surrounding a change of control, holders of Preferred Stock may elect to convert each share of their Preferred Stock into a number of shares of GGP common stock equivalent to $25.00 plus accrued and unpaid

dividends, but not to exceed a cap of 2.4679 common shares (subject to certain adjustments related to GGP common share splits, subdivisions, or combinations).

Our Board of Directors declared preferred stock dividends during 2015 and 2014 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2016			
October 31	December 15	January 3, 2017	$ 0.3984
August 1	September 15	October 3, 2016	0.3984
May 2	June 15	July 1, 2016	0.3984
February 1	March 15	April 1, 2016	0.3984
2015			
November 2	December 15	January 4, 2016	$ 0.3984
September 1	September 15	October 1, 2015	0.3984
May 21	June 15	July 1, 2015	0.3984
February 19	March 16	April 1, 2015	0.3984

NOTE 12 EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted EPS is computed after adjusting the numerator and denominator of the basic EPS computation for the effects of all potentially dilutive common shares. The dilutive effect of the Warrants and the dilutive effect of options and their equivalents (including fixed awards and nonvested stock issued under stock-based compensation plans), are computed using the "treasury" method.

Information related to our EPS calculations is summarized as follows:

	Year Ended December 31,		
	2016	2015	2014
Numerators—Basic:			
Income from continuing operations	$ 1,308,273	$ 1,393,596	$ 398,011
Preferred Stock dividend	(15,935)	(15,937)	(15,936)
Allocation to noncontrolling interests	(19,906)	(19,035)	(12,935)
Income from continuing operations—net of noncontrolling interests	1,272,432	1,358,624	369,140
Discontinued operations	—	—	281,883
Allocation to noncontrolling interests	—	—	(1,109)
Discontinued operations—net of noncontrolling interests	—	—	280,774
Net income	1,308,273	1,393,596	679,894
Preferred Stock dividend	(15,935)	(15,937)	(15,936)
Allocation to noncontrolling interests	(19,906)	(19,035)	(14,044)
Net income attributable to common stockholders	$ 1,272,432	$ 1,358,624	$ 649,914
Numerators—Diluted:			
Income from continuing operations—net of noncontrolling interests	$ 1,272,432	$ 1,358,624	$ 369,140
Diluted income from continuing operations	$ 1,272,432	$ 1,358,624	$ 369,140
Net income attributable to common stockholders	$ 1,272,432	$ 1,358,624	$ 649,914
Diluted net income attributable to common stockholders	$ 1,272,432	$ 1,358,624	$ 649,914
Denominators:			
Weighted-average number of common shares outstanding—basic	884,029	884,676	887,031
Effect of dilutive securities	68,304	66,386	57,690
Weighted-average number of common shares outstanding—diluted	952,333	951,062	944,721
Anti-dilutive Securities:			
Effect of Preferred Units	5,209	5,415	5,505
Effect of Common Units	4,782	4,783	4,833
Effect of LTIP Units	1,767	1,609	—
	11,758	11,807	10,338

Options were dilutive for the years ended December 31, 2016, 2015 and 2014 and are included in the denominator of EPS. Warrants were dilutive for the years ended December 31, 2016, 2015 and 2014 and are included in the denominator of EPS.

Outstanding Common Units and LTIP Units have also been excluded from the diluted earnings per share calculation because including such units would also require that the share of GGPOP income attributable to such Common Units be added back to net income therefore resulting in no effect on EPS. Outstanding Preferred Units have been excluded from the diluted EPS calculation for all periods presented because including the Preferred Units would also require that the Preferred Units dividend be added back to the net income, resulting in anti-dilution.

On February 10, 2014, GGPOP repurchased 27,624,282 shares of GGP's common stock for $555.8 million. These shares are presented as common stock in treasury, at cost, on our Consolidated Balance Sheets. Accordingly, these shares have been excluded from the calculation of EPS.

On May 1, 2014, the shares of GGP common stock owned by GGPOP were contributed to GGPN, and as a result of these transactions, GGPN owns an aggregate of 83,428,585 shares of GGP common stock as of December 31, 2014, of which 55,969,390, with an aggregate cost of $1.1 billion, are shown as treasury stock and 27,459,195 are shown as issued, but not outstanding on our Consolidated Balance Sheets.

During the year ended December 31, 2015 GGP repurchased 4,324,489 shares of its common stock for $109.5 million. Of the

shares repurchased, 270,869 had not been canceled as of December 31, 2015. As a result, these shares are presented as common stock in treasury, at cost on our Consolidated Balance Sheets. Accordingly, these shares have been excluded from the calculation of EPS.

During the year ended December 31, 2016 GGP repurchased 1,887,751 shares of its common stock for $46.2 million. Of the shares repurchased, 627,261 had not been canceled as of December 31, 2016. As a result, these shares are presented as common stock in treasury, at cost on our Consolidated Balance Sheets. Accordingly, these shares have been excluded from the calculation of EPS.

NOTE 13 STOCK-BASED COMPENSATION PLANS

Incentive Stock Plans

The GGP Inc. 2010 Equity Plan (the "Equity Plan") reserved for issuance of 4% of outstanding shares on a fully diluted basis. The Equity Plan provides for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, other stock-based awards and performance-based compensation (collectively, "the Awards"). Directors, officers and other employees of GGP's and its subsidiaries and affiliates are eligible for Awards. The Equity Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended. No participant may be granted more than 4,000,000 shares, or the equivalent dollar value of such shares, in any year. Options granted under the Equity Plan will be designated as either nonqualified stock options or incentive stock options. An option granted as an incentive stock option will, to the extent it fails to qualify as an incentive stock option, be treated as a nonqualified option. The exercise price of an option may not be less than the fair value of a share of GGP's common stock on the date of grant. The term of each option will be determined prior to the date of grant, but may not exceed 10 years.

Stock Options

Stock options under the Equity Plan generally vest in 25% increments annually from one year from the grant date (subject to certain exceptions in the case of retirement). Options under certain previous equity plans were replaced under the Equity Plan with options, fully vested, in GGP common stock.

The following tables summarize stock option activity for the Equity Plan for GGP for the years ended December 31, 2016, 2015 and 2014:

	2016		2015		2014	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price (2)	Shares	Weighted Average Exercise Price (2)
Stock options Outstanding at January 1,	18,162,700	$ 17.34	19,744,224	$ 17.18	21,565,281	$ 17.11
Granted (1)	247,592	20.81	267,253	28.86	50,000	22.41
Exercised	(2,886,986)	14.45	(1,374,512)	16.54	(1,164,945)	15.33
Forfeited	(230,509)	19.94	(460,588)	19.78	(662,820)	18.71
Expired	(15,608)	17.73	(13,677)	17.17	(43,292)	14.43
Stock options Outstanding at December 31,	15,277,189	$ 17.90	18,162,700	$ 17.34	19,744,224	$ 17.18

1) Included in 2016 grants are 156,331 units related to additional grants required as a result of antidilution provisions triggered by our 2016 distribution of a special dividend declared on December 13, 2016 (Note 11).
2) Changes to prior year weighted average exercise price is due to adjustment of the strike price for the special dividend issued in 2016.

	Stock Options Outstanding			Stock Options Exercisable		
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price
$8.00 - $12.00	1,010,350	3.82	$ 9.60	1,010,350	3.82	$ 9.60
$13.00 - $17.00	4,076,567	4.48	14.53	4,076,567	4.48	14.53
$18.00 - $23.00	9,878,353	6.50	19.83	6,352,711	6.57	19.93
$24.00 - $30.00	311,919	8.22	$ 27.96	57,756	7.31	$ 28.86
Total	15,277,189	5.82	$ 17.90	11,497,384	5.59	$ 17.15
Intrinsic value ($24.98 stock price as of December 31, 2016)	$ 108,163			$ 90,025		

The weighted-average fair value of stock options as of the grant date, excluding 156,331 of special dividend shares granted during 2016 as a result of antidilution provisions that were triggered by a special dividend distribution, was $4.52 for stock options granted during the year ended December 31, 2016 and $5.84 for stock options granted during the year ended December 31, 2015. The intrinsic value of stock options exercised during the year was $42.1 million, $22.9 million, and $18.2 million for the year ended December 31, 2016, December 31, 2015, and December 31, 2014, respectively.

Restricted Stock

Pursuant to the Equity Plan, GGP made restricted stock grants to certain employees and non-employee directors. The vesting terms of these grants are specific to the individual grant. The vesting terms varied in that a portion of the shares vested either immediately or on the first anniversary and the remainder vested in the equal annual amounts over the next two to five years. Participating employees were required to remain employed for vesting to occur (subject to certain exceptions in the case of retirement). Shares that did not vest were forfeited. Dividends are paid on restricted stock and are not returnable, even if the underlying stock does not ultimately vest.

The following table summarizes restricted stock activity for the respective grant year ended December 31, 2016, December 31, 2015 and December 31, 2014:

	2016		2015		2014	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested restricted stock grants outstanding as of beginning of period	206,219	$ 29.16	104,142	$ 14.79	1,242,924	$ 13.99
Granted	329,326	26.20	253,886	29.12	34,100	20.04
Vested	(71,570)	28.48	(114,563)	16.75	(1,154,894)	14.08
Canceled	(10,379)	27.28	(37,246)	26.86	(17,988)	14.73
Nonvested restricted stock grants outstanding as of end of period	453,596	$ 27.16	206,219	$ 29.16	104,142	$ 14.79

The weighted average remaining contractual term of nonvested awards as of December 31, 2016 was 2.7 years. The fair value of shares vested during the year was $2.0 million, $3.0 million, and $29.5 million for the year ended December 31, 2016, December 31, 2015, and December 31, 2014, respectively.

LTIP Units

Pursuant to the Equity Plan, GGP made LTIP Unit grants to certain employees and non-employee directors. The vesting terms of these grants are specific to the individual grant. A portion of the shares vest either immediately or on the first anniversary and the remainder vest in equal annual amounts over the next two to four years. Participating employees are required to remain employed for vesting to occur (subject to certain exceptions in the case of retirement).

The following table summarizes LTIP Unit activity for the Equity Plan for GGP for the years ended December 31, 2016 and December 31, 2015:

	2016		2015	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value (2)
LTIP Units Outstanding at January 1,	1,724,747	$ 29.32	—	$ —
Granted (1)	2,089,917	25.84	1,758,396	29.32
Exercised	—	—	—	—
Forfeited	(38,862)	28.95	(33,649)	29.04
Expired	—	—	—	—
LTIP Units Outstanding at December 31,	3,775,802	$ 27.40	1,724,747	$ 29.32

(1) Included in 2016 grants are 19,064 units related to additional grants required as a result of antidilution provisions triggered by our 2016 distribution of a special dividend declared on December 13, 2016 (Note 11).

(2) Changes to prior year weighted average grant date fair value is due to adjustment of the strike price for the special dividend issued in 2016.

Performance Equity Compensation

Pursuant to the Equity Plan, GGP and GGP Inc. made performance restricted stock and LTIP Unit ("equity performance instruments") grants to certain employees. These grants are subject to certain performance vesting conditions based on Relative TSR of the Equity REIT Index, Relative TSR of the Retail REIT Index, TSR growth of the company, and FFO Growth of the company. The equity performance instruments are considered earned based on meeting these performance vesting conditions, which are each weighted 25% and vest at the end of the three-year performance period. The LTIP Units receive dividends at a ratio of 10% cash and 90% as a dividend reinvestment which is subject to the performance vesting conditions and three-year performance period.

The following table summarizes performance restricted stock and LTIP Unit activity for the respective grant year ended December 31, 2016:

	2016	
	Shares	Weighted Average Grant Date Fair Value
Nonvested performance grants outstanding as of beginning of period	—	$ —
Granted	593,200	26.07
Vested	—	—
Canceled	—	—
Nonvested performance grants outstanding as of end of period	593,200	$ 26.07

Other Required Disclosures

Historical data, such as the past performance of our common stock and the length of service by employees, is used to estimate expected life of the stock options, restricted stock, and LTIP Units and represents the period of time the options or grants are expected to be outstanding. The weighted average estimated values of options granted were based on the following assumptions:

	Year Ended December 31,		
	2016	2015	2014
Risk-free interest rate(*)	1.52%	1.75%	2.20%
Dividend yield(*)	3.07%	2.33%	2.70%
Expected volatility	25.00%	25.00%	30.00%
Expected life (in years)	6.25	6.25	6.25

(*) Weighted average

Compensation expense related to stock-based compensation plans is summarized in the following table:

	Year Ended December 31,		
	2016	2015	2014
Stock options—Property management and other costs	$ 5,833	$ 7,103	$ 7,468
Stock options—General and administrative	10,448	11,006	15,074
Restricted stock—Property management and other costs	2,860	2,853	1,683
Restricted stock—General and administrative	635	603	1,013
LTIP Units—Property management and other costs	1,346	1,046	—
LTIP Units—General and administrative	14,804	10,002	—
Total	$ 35,926	$ 32,613	$ 25,238

Unrecognized compensation expense as of December 31, 2016 is as follows:

Year	Amount
2017	$ 32,196
2018	20,867
2019	10,604
2020	714
	64,381

These amounts may be impacted by future grants, changes in forfeiture estimates or vesting terms, and actual forfeiture rates which differ from estimated forfeitures.

NOTE 14 ACCOUNTS RECEIVABLE

The following table summarizes the significant components of accounts receivable, net.

	December 31, 2016	December 31, 2015
Trade receivables	$ 107,107	$ 109,401
Short-term tenant receivables	1,414	1,321
Straight-line rent receivable	227,859	236,589
Other accounts receivable	3,699	3,916
Total accounts receivable	340,079	351,227
Provision for doubtful accounts	(17,883)	(14,655)
Total accounts receivable, net	$ 322,196	$ 336,572

NOTE 15 NOTES RECEIVABLE

The following table summarizes the significant components of notes receivable, net.

	December 31, 2016	December 31, 2015
Notes receivable	$ 665,289	$ 636,737
Accrued interest	13,207	16,046
Total notes receivable	678,496	652,783
Discount allowance	—	(11,338)
Total notes receivable, net	678,496	641,445

On November 11, 2015, we entered into a promissory note with our joint venture partner, Ashkenazy Holding Co., LLC ("AHC"), in which we lent $57.6 million that bears interest at 8% per annum. The note is collateralized by AHC's equity in Miami Design District Associates, which is part of the AACMDD Group, LLC joint venture ("AACMDD"). On November 18, 2016, the maturity date of the note was amended to November 15, 2019. Additionally, AHC may convey the collateral of the note five business days prior to any payment due date within the contract.

On September 17, 2015, we entered into a promissory note with our joint venture partner, AHC, in which we lent $40.4 million that bears interest at 6% per annum. The note is collateralized by AHC's equity in Miami Design District Associates, which is part of AACMDD. On November 18, 2016, the maturity date of the note was amended to September 17, 2019. Additionally, AHC may convey the collateral of the note five business days prior to any payment due date within the contract.

On June 30, 2015, we entered into a promissory note with our joint venture partner MKB (defined in Note 6), in which we would lend MKB up to $80 million for capital calls after an initial contribution of $80 million by MKB and until the joint venture secured construction financing. This loan bears interest at LIBOR plus 6% and is secured by MKB's partnership interest in AMX, which is constructing a luxury residential condominium tower on a site located within the Ala Moana Shopping Center. As of December 31, 2016, there was $16.3 million outstanding on this loan. Construction financing closed during the third quarter of 2015.

Notes receivable includes $204.3 million of notes receivables from our joint venture partners related to the acquisition of 730 Fifth Avenue in New York, New York (Note 3). The first note was issued for $104.3 million, bears interest at 8.0% compounded annually and matures on February 12, 2025. The second note was issued for $100.0 million to the joint venture partner acquiring the office portion of the property and bears interest at 9.0% subject to terms and conditions in the loan agreement and matures on April 17, 2025. As of December 31, 2016, there was $232.9 million outstanding on these loans.

Also included in notes receivable is $125.7 million and $51.7 million due from our joint venture partner related to the acquisition of the properties at 685 Fifth Avenue and 530 Fifth Avenue in New York, New York. The notes receivable bear interest at 7.5% and 9%, respectively. Interest is compounded quarterly with accrued but unpaid interest increasing the loan balance. The notes are collateralized by our partner's ownership interest in the joint ventures. The loans mature on June 27, 2024 and June 18, 2024, respectively.

On July 29, 2016, we settled a note receivable in the net amount of $78.9 million issued to Rique Empreendimentos e Participacoes Ltda. ("Rique") in exchange for approximately 18.3 million shares in Aliansce Shopping Centers, S.A. ("Aliansce"), resulting in an 11.3% ownership in Aliansce. On September 29, 2016, we sold the 18.3 million shares in Aliansce to the Canada Pension Plan Investment Board for a sales price of $84.9 million. The note receivable was issued in conjunction with our sale of Aliansce to Rique and Canada Pension Plan Investment Board on September 30, 2013. The note receivable was denominated in Brazilian Reais, bore interest at an effective interest rate of approximately 14%, was collateralized by shares of common stock in Aliansce, and required annual principal and interest payments over the term. As the note receivable was a collateral dependent loan, we originally estimated the provision for loss based on the fair value of the market price of the Aliansce shares which served as the collateral for the loan. Upon the settlement of the note during 2016, we decreased the provision for loan loss based on the final sales price. During 2016, we recognized a $29.6 million loss on the note recorded in the provision for loan loss on the Consolidated Statements of Operations and Comprehensive Income based on the value of the collateral and included accrued interest of $7.5

million in the provision for loan loss. We recognized the impact of changes in the exchange rate on the note receivable as gain or loss on foreign currency in our Consolidated Statements of Operations and Comprehensive Income.

NOTE 16 PREPAID EXPENSES AND OTHER ASSETS

The following table summarizes the significant components of prepaid expenses and other assets.

	December 31, 2016			December 31, 2015		
	Gross Asset	Accumulated Amortization	Balance	Gross Asset	Accumulated Amortization	Balance
Intangible assets:						
Above-market tenant leases, net	$ 512,802	$ (368,900)	$ 143,902	$ 644,728	$ (416,181)	$ 228,547
Below-market ground leases, net	118,994	(12,788)	106,206	119,545	(10,761)	108,784
Real estate tax stabilization agreement, net	111,506	(38,769)	72,737	111,506	(32,458)	79,048
Total intangible assets	$ 743,302	$ (420,457)	$ 322,845	$ 875,779	$ (459,400)	$ 416,379
Remaining Prepaid expenses and other assets:						
Security and escrow deposits			59,054			87,818
Prepaid expenses			46,709			43,809
Other non-tenant receivables (1)			34,677			326,391
Deferred tax, net of valuation allowances			6,943			19,743
Marketable securities			—			45,278
Other			36,293			29,455
Total remaining Prepaid expenses and other assets			183,676			552,494
Total Prepaid expenses and other assets			$ 506,521			$ 968,873

(1) December 31, 2015 balance includes receivable from our joint venture partners received upon completion of the redevelopment at Ala Moana in the fourth quarter of 2016.

NOTE 17 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table summarizes the significant components of accounts payable and accrued expenses.

	December 31, 2016			December 31, 2015		
	Gross Liability	Accumulated Accretion	Balance	Gross Liability	Accumulated Accretion	Balance
Intangible liabilities:						
Below-market tenant leases, net	$ 267,048	$ (172,210)	$ 94,838	$ 356,115	$ (203,474)	$ 152,641
Above-market headquarters office leases, net	15,268	(10,346)	4,922	15,268	(8,604)	6,664
Above-market ground leases, net	9,127	(2,258)	6,869	9,127	(1,890)	7,237
Total intangible liabilities	$ 291,443	$ (184,814)	$ 106,629	$ 380,510	$ (213,968)	$ 166,542
Remaining Accounts payable and accrued expenses:						
Accrued interest			47,821			46,129
Accounts payable and accrued expenses			87,485			64,954
Accrued real estate taxes			87,313			80,599
Deferred gains/income			91,720			125,701
Accrued payroll and other employee liabilities			57,721			66,970
Construction payable			115,077			158,027
Tenant and other deposits			15,061			25,296
Insurance reserve liability			14,184			15,780
Capital lease obligations			5,386			11,385
Conditional asset retirement obligation liability			5,327			5,927
Other			21,638			17,183
Total remaining Accounts payable and accrued expenses			548,733			617,951
Total Accounts payable and accrued expenses			$ 655,362			$ 784,493

NOTE 18 ACCUMULATED OTHER COMPREHENSIVE LOSS

Components of accumulated other comprehensive loss as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Net unrealized gains on financial instruments	$ 104	$ 100
Foreign currency translation	(70,560)	(84,798)
Unrealized gains on available-for-sale securities	—	11,894
Accumulated other comprehensive loss	$ (70,456)	$ (72,804)

NOTE 19 LITIGATION

In the normal course of business, from time to time, we are involved in legal proceedings relating to the ownership and operations of our properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material effect on our consolidated financial position, results of operations or liquidity. Neither the Company nor any of the Unconsolidated Real Estate Affiliates is currently involved in any material pending legal proceedings nor, to our knowledge, is any material legal proceeding currently threatened against the Company or any of the Unconsolidated Real Estate Affiliates.

Urban Litigation

In October 2004, certain limited partners (the "Urban Plaintiffs") of Urban Shopping Centers, L.P. ("Urban") filed a lawsuit against Urban's general partner, Head Acquisition, L.P. ("Head"), as well as The Rouse Company, LP, Simon Property Group, Inc., Westfield America, Inc., and various of their affiliates, including Head's general partners (collectively, the "Urban Defendants"), in Circuit Court in Cook County, Illinois. GGP, GGP Operating Partnership, LP ("GGPOP") and other affiliates were later included as Urban Defendants. The lawsuit alleged, among other things, that the Urban Defendants breached the Urban partnership agreement, unjustly enriched themselves through misappropriation of partnership opportunities, failed to grow the partnership, breached their fiduciary duties, and tortiously interfered with several contractual relationships. The Urban Plaintiffs sought relief in the form of unspecified monetary damages and equitable relief requiring, among other things, the Urban Defendants, including the predecessor entity to GGP ("GGP, Inc.") and its affiliates, to engage in certain future transactions through Urban. On May 19, 2014 the Company settled the litigation and recorded a loss of $17.9 million, which is included in General and administrative expense in our Consolidated Statements of Operations and Comprehensive Income. The Company invested $60.0 million in Urban and contributed, at fair value, a 5.6% interest in three assets in exchange for preferred equity interests. The Company has no obligation to engage in future activity through Urban other than transactions associated with currently existing partnership assets.

Tax Indemnification Liability

Pursuant to various agreements made during GGP's emergence from bankruptcy in 2010, GGP previously indemnified Howard Hughes Corporation ("HHC") from and against 93.75% of any and all losses, claims, damages, liabilities and reasonable expenses to which HHC and its subsidiaries become subject, in each case solely to the extent directly attributable to Master Planned Communities ("MPC") taxes in an amount up to $303.8 million. Under certain circumstances, we agreed to be responsible for interest or penalties attributable to such MPC taxes in excess of the $303.8 million. The IRS disagreed with the method used to report gains for income tax purposes that are the subject of the MPC taxes. As a result of this disagreement, The Howard Hughes Company, LLC and Howard Hughes Properties, Inc. filed petitions in the United States Tax Court on May 6, 2011, contesting this liability for the 2007 and 2008 years and a trial was held in early November 2012. The United States Tax Court rendered its opinion on June 2, 2014, in favor of the IRS. On September 15, 2014, the United States Tax Court formally entered its decision awarding the IRS $144.1 million in taxes for 2007 and 2008. On December 12, 2014, we reached an agreement with HHC for settlement, which included the transfer of six office properties with a historical cost of $106.8 million and an agreed-upon value of $130.0 million and cash of $138.0 million in full settlement of the $322.0 million tax indemnification liability ($303.8 million plus applicable interest). As a result of the settlement, GGP recognized a gain on extinguishment of tax indemnification liability of approximately $77.2 million included in discontinued operations on the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2014.

NOTE 20 COMMITMENTS AND CONTINGENCIES

We lease land or buildings at certain properties from third parties. The leases generally provide us with a right of first refusal in the event of a proposed sale of the property by the landlord. Rental payments are expensed as incurred and have, to the extent applicable, been straight-lined over the term of the lease. The following is a summary of our contractual rental expense as presented in our Consolidated Statements of Operations and Comprehensive Income:

	Year Ended December 31,		
	2016	2015	2014
Contractual rent expense, including participation rent	$ 8,589	$ 8,546	$ 13,605
Contractual rent expense, including participation rent and excluding amortization of above and below-market ground leases and straight-line rent	6,278	6,183	9,036

See Note 8 and Note 19 for our obligations related to uncertain tax positions and for disclosure of additional contingencies.

The following table summarizes the contractual maturities of our long-term commitments. Long-term debt and ground leases include the related acquisition accounting fair value adjustments:

	2017	2018	2019	2020	2021	Subsequent/ Other	Total
Mortgages, notes and loans payable	$ 365,549	$ 500,624	$ 1,059,628	$ 1,647,570	$ 2,841,413	$ 6,015,634	$12,430,418
Retained debt-principal	1,711	1,808	1,909	81,042	—	—	86,470
Purchase obligations	144,498	—	—	—	—	—	144,498
Ground lease payments	6,726	6,698	6,790	6,972	7,025	241,348	275,559
Junior Subordinated Notes(1)	—	—	—	—	—	206,200	206,200
Total	$ 518,484	$ 509,130	$ 1,068,327	$ 1,735,584	$ 2,848,438	$ 6,463,182	$13,143,145

(1) The $206.2 million of Junior Subordinated Notes are due in 2036, but may be redeemed any time after April 30, 2011. As we do not expect to redeem the notes prior to maturity, they are included in the consolidated debt maturing subsequent to 2021.

NOTE 21 SUBSEQUENT EVENTS

Subsequent to December 31, 2016, no events occurred that require recognition or disclosure in the consolidated financial statements, except as recognized or disclosed previously.

NOTE 22 QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly data for the year ended December 31, 2016 and 2015 is summarized in the table below. In Q4 2015, Q1 2016, Q2 2016 and Q3 2016 they include the impact of provisions for impairment (Note 2). In each quarter of 2015 and 2016 the adjustments include gains from changes in control of investment properties in continuing operations and gains on investment in Unconsolidated Real Estate Affiliates (Note 3).

	2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	$ 607,032	$ 574,586	$ 554,493	$ 610,335
Operating income	173,980	216,035	153,417	256,818
Income from continuing operations	195,337	189,901	681,748	241,284
Net income attributable to common shareholders	187,796	181,962	670,194	232,476
Basic Earnings Per Share	0.21	0.21	0.76	0.26
Diluted Earnings Per Share	0.20	0.19	0.70	0.24
Dividends declared per share	0.19	0.19	0.20	0.48
Weighted-average shares outstanding:				
Basic	882,673	883,381	885,092	884,948
Diluted	950,154	952,290	955,856	950,301

	2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	$ 594,143	$ 579,805	$ 585,324	$ 644,634
Operating income	202,813	227,378	224,975	268,727
Income from continuing operations	641,750	427,853	127,366	196,627
Net income attributable to common shareholders	630,747	417,956	119,868	190,053
Basic Earnings Per Share	0.71	0.47	0.14	0.22
Diluted Earnings Per Share	0.66	0.44	0.13	0.20
Dividends declared per share	0.17	0.17	0.18	0.19
Weighted-average shares outstanding:				
Basic	885,462	886,218	884,640	882,419
Diluted	954,432	952,597	949,061	948,418

GGP INC.
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2016
(Dollars in thousands)

Name of Center	Location	Encumbrances(a)	Acquisition Cost(b)		Costs Capitalized Subsequent to Acquisition		Gross Amounts at Which Carried at Close of Period(c)			Accumulated Depreciation (d)	Date Acquired	Life Upon Which Latest Statement of Operation is Computed
			Land	Buildings and Improvements	Land	Buildings and Improvements	Land	Buildings and Improvements	Total			
Apache Mall	Rochester, MN	—	17,738	116,663	8,043	15,111	25,781	131,774	157,555	25,609	November, 2010	(d)
Augusta Mall	Augusta, GA	169,759	25,450	137,376	—	8,620	25,450	145,996	171,446	32,068	November, 2010	(d)
Baybrook Mall	Friendswood, TX	254,814	76,527	288,241	(1,091)	6,842	75,436	295,083	370,519	50,698	November, 2010	(d)
Beachwood Place	Beachwood, OH	219,500	59,156	196,205	1,355	21,769	60,511	217,974	278,485	32,952	November, 2010	(d)
Bellis Fair	Bellingham, WA	86,550	14,122	102,033	—	24,788	14,122	126,821	140,943	22,864	November, 2010	(d)
Boise Towne Square	Boise, ID	146,854	44,182	163,118	—	9,270	44,182	172,388	216,570	31,068	November, 2010	(d)
Brass Mill Center	Waterbury, CT	66,274	31,496	99,107	—	8,165	31,496	107,272	138,768	23,874	November, 2010	(d)
Coastland Center	Naples, FL	119,332	24,470	166,038	—	1,875	24,470	167,913	192,383	29,476	November, 2010	(d)
Columbia Mall	Columbia, MO	—	7,943	107,969	(154)	596	7,789	108,565	116,354	17,808	November, 2010	(d)
Columbiana Centre	Columbia, SC	123,927	22,178	125,061	—	3,236	22,178	128,297	150,475	23,157	November, 2010	(d)
Coral Ridge Mall	Coralville, IA	110,870	20,178	134,515	2,219	3,053	22,397	137,568	159,965	25,853	November, 2010	(d)
Coronado Center	Albuquerque, NM	189,520	28,312	153,526	4,545	47,280	32,857	200,806	233,663	38,219	November, 2010	(d)
Crossroads Center	St. Cloud, MN	99,102	15,499	103,077	—	6,685	15,499	109,762	125,261	18,479	November, 2010	(d)
Cumberland Mall	Atlanta, GA	159,769	36,913	138,795	(309)	13,352	36,604	152,147	188,751	28,945	November, 2010	(d)
Deerbrook Mall	Humble, TX	140,539	36,761	133,448	—	16,123	36,761	149,571	186,332	23,552	November, 2010	(d)
Eastridge Mall	Casper, WY	43,105	5,484	36,756	—	8,370	5,484	45,126	50,610	13,058	November, 2010	(d)
Fashion Place	Murray, UT	226,325	24,068	232,456	2,079	38,930	26,147	271,386	297,533	44,419	November, 2010	(d)
Four Seasons Town Centre	Greensboro, NC	74,325	17,259	126,570	—	6,246	17,259	132,816	150,075	33,997	November, 2010	(d)
Fox River Mall	Appleton, WI	171,923	42,259	217,932	—	2,239	42,259	220,171	262,430	36,309	November, 2010	(d)
Glenbrook Square	Fort Wayne, IN	161,731	30,965	147,002	2,444	15,555	33,409	162,557	195,966	28,381	November, 2010	(d)
Governor's Square	Tallahassee, FL	69,307	18,289	123,088	—	10,781	18,289	133,869	152,158	36,206	November, 2010	(d)
Grand Teton Mall	Idaho Falls, ID	45,259	13,066	59,658	(1,026)	(4,462)	12,040	55,196	67,236	10,603	November, 2010	(d)
Greenwood Mall	Bowling Green, KY	62,864	12,459	85,370	(330)	639	12,129	86,009	98,138	20,079	November, 2010	(d)
Hulen Mall	Fort Worth, TX	122,821	8,665	112,252	—	23,546	8,665	135,798	144,463	21,897	November, 2010	(d)
Jordan Creek Town Center	West Des Moines, IA	209,087	54,663	262,608	(226)	1,244	54,437	263,852	318,289	43,863	November, 2010	(d)
Lakeside Mall	Sterling Heights, MI	144,451	36,993	130,460	(15,366)	(66,866)	21,627	63,594	85,221	780	November, 2010	(d)
Lynnhaven Mall	Virginia Beach, VA	234,482	54,628	219,013	(90)	53,302	54,538	272,315	326,853	45,128	November, 2010	(d)
Mall of Louisiana	Baton Rouge, LA	—	88,742	319,097	—	6,599	88,742	325,696	414,438	53,430	November, 2010	(d)
Mall St. Matthews	Louisville, KY	184,482	42,014	155,809	(6,522)	13,178	35,492	168,987	204,479	29,656	November, 2010	(d)
Market Place Shopping Center	Champaign, IL	112,905	21,611	111,515	—	27,193	21,611	138,708	160,319	24,584	November, 2010	(d)
Mayfair Mall	Wauwatosa, WI	346,452	84,473	352,140	(1,950)	41,682	82,523	393,822	476,345	60,926	November, 2010	(d)
Meadows Mall	Las Vegas, NV	150,557	30,275	136,846	—	1,596	30,275	138,442	168,717	23,151	November, 2010	(d)
Mondawmin Mall	Baltimore, MD	84,880	19,707	63,348	—	22,789	19,707	86,137	105,844	17,953	November, 2010	(d)
North Point Mall	San Antonio, TX	249,631	57,900	228,517	—	10,081	57,900	238,598	296,498	46,055	November, 2010	(d)
North Star Mall	Northridge, CA	312,333	91,135	392,422	—	10,800	91,135	403,222	494,357	63,780	November, 2010	(d)
Northridge Fashion Center	Alpharetta, GA	228,724	66,774	238,023	—	32,482	66,774	270,505	337,279	44,731	November, 2010	(d)
NorthTown Mall	Spokane, WA	86,210	12,310	108,857	—	26,233	12,310	135,090	147,400	20,990	November, 2010	(d)

GGP INC.
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)
DECEMBER 31, 2016
(Dollars in thousands)

Name of Center	Location	Encumbrances(a)	Acquisition Cost(b)		Costs Capitalized Subsequent to Acquisition		Gross Amounts at Which Carried at Close of Period(c)			Accumulated Depreciation (d)	Date Acquired	Life Upon Which Latest Statement of Operation is Computed
			Land	Buildings and Improvements	Land	Buildings and Improvements	Land	Buildings and Improvements	Total			
Oak View Mall	Omaha, NE	77,644	20,390	107,216	—	(916)	20,390	106,300	126,690	16,540	November, 2010	(d)
Oakwood Center	Gretna, LA	86,475	21,105	74,228	—	24,481	21,105	98,709	119,814	19,434	November, 2010	(d)
Oakwood Mall	Eau Claire, WI	70,692	13,786	92,114	204	5,098	13,990	97,212	111,202	17,531	November, 2010	(d)
Oglethorpe Mall	Savannah, GA	149,773	27,075	157,100	—	1,223	27,075	158,323	185,398	25,638	November, 2010	(d)
Oxmoor Center	Louisville, KY	87,186	—	117,814	—	11,585	—	129,399	129,399	22,861	November, 2010	(d)
Paramus Park	Paramus, NJ	119,515	31,320	102,054	—	6,783	31,320	108,837	140,157	20,466	November, 2010	(d)
Park City Center	Lancaster, PA	180,831	42,451	195,409	—	2,251	42,451	197,660	240,111	31,052	November, 2010	(d)
Park Place	Tucson, AZ	182,865	61,907	236,019	—	6,726	61,907	242,745	304,652	38,396	November, 2010	(d)
Peachtree Mall	Columbus, GA	78,974	13,855	92,143	942	4,772	14,797	96,915	111,712	16,030	November, 2010	(d)
Pecanland Mall	Monroe, LA	86,997	12,943	73,231	—	10,179	12,943	83,410	96,353	16,976	November, 2010	(d)
Pembroke Lakes Mall	Pembroke Pines, FL	259,115	64,883	254,910	—	(9,318)	64,883	245,592	310,475	40,637	November, 2010	(d)
Pioneer Place	Portland, OR	126,621	—	97,096	—	17,471	—	114,567	114,567	17,180	November, 2010	(d)
Prince Kuhio Plaza	Hilo, HI	42,098	—	52,373	—	11,323	—	63,696	63,696	16,929	November, 2010	(d)
Providence Place	Providence, RI	385,969	—	400,893	—	56,166	—	457,059	457,059	66,855	November, 2010	(d)
Quail Springs Mall	Oklahoma City, OK	67,120	40,523	149,571	—	7,939	40,523	157,510	198,033	21,657	June, 2013	(d)
Red Cliffs Mall	St. George, UT	31,073	6,811	33,930	—	529	6,811	34,459	41,270	10,373	November, 2010	(d)
Ridgedale Center	Minnetonka, MN	—	39,495	151,090	(4,089)	87,946	35,406	239,036	274,442	29,425	November, 2010	(d)
Riverchase Galleria	Birmingham, AL	220,665	53,423	271,508	—	—	53,423	271,508	324,931	57,952	November, 2016	(d)
River Hills Mall	Mankato, MN	70,733	16,207	85,608	—	6,325	16,207	91,933	108,140	15,414	November, 2010	(d)
Rivertown Crossings	Grandville, MI	155,287	47,790	181,770	(504)	5,114	47,286	186,884	234,170	31,736	November, 2010	(d)
Sooner Mall	Norman, OK	71,604	9,902	69,570	—	2,757	9,902	72,327	82,229	13,245	November, 2010	(d)
Spokane Valley Mall	Spokane, WA	58,127	16,817	100,209	—	(8,216)	16,817	91,992	108,809	19,237	November, 2010	(d)
Staten Island Mall	Staten Island, NY	252,664	102,227	375,612	—	(3,908)	102,227	371,704	473,931	60,428	November, 2010	(d)
Stonestown Galleria	San Francisco, CA	179,793	65,962	203,043	(1,686)	31,875	64,276	234,918	299,194	32,732	November, 2010	(d)
The Crossroads	Portage, MI	94,846	20,261	95,463	1,110	4,523	21,371	99,986	121,357	15,410	November, 2010	(d)
The Gallery at Harborplace	Baltimore, MD	79,455	15,930	112,117	—	9,170	15,930	121,287	137,217	25,192	November, 2010	(d)
The Maine Mall	South Portland, ME	234,649	36,205	238,067	(1,909)	8,394	34,296	246,461	280,757	40,536	November, 2010	(d)
The Mall in Columbia	Columbia, MD	341,086	124,540	479,171	—	25,155	124,540	504,326	628,866	80,027	November, 2010	(d)
The Oaks Mall	Gainesville, FL	129,191	21,954	173,353	—	(1,792)	21,954	171,561	193,515	25,586	April, 2012	(d)
The Parks at Arlington	Arlington, TX	252,317	19,807	299,708	49	19,691	19,856	319,399	339,255	56,615	November, 2010	(d)
The Shoppes at Buckland	Manchester, CT	120,415	35,180	146,474	(280)	7,470	34,900	153,944	188,844	24,659	November, 2010	(d)
The Shops at Fallen Timbers	Maumee, OH	21,014	3,785	31,771	(535)	(1,721)	3,250	30,050	33,300	11,117	November, 2010	(d)
The Shops at La Cantera	San Antonio, TX	349,275	80,016	350,737	—	25,296	80,016	376,032	456,048	68,816	November, 2010	(d)
The Streets at SouthPoint	Durham, NC	248,150	66,045	242,189	—	125	66,045	242,314	308,359	42,503	November, 2010	(d)
The Woodlands Mall	The Woodlands, TX	245,245	84,889	349,315	2,315	39,644	87,204	388,959	476,163	61,971	November, 2010	(d)
Town East Mall	Mesquite, TX	159,898	9,928	168,555	—	6,135	9,928	174,690	184,618	29,547	November, 2010	(d)
Tucson Mall	Tucson, AZ	245,539	2,071	193,815	—	77,525	2,071	271,340	273,411	44,048	November, 2010	(d)

GGP INC.
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)
DECEMBER 31, 2016
(Dollars in thousands)

Name of Center	Location	Encumbrances(a)	Acquisition Cost(b)		Costs Capitalized Subsequent to Acquisition		Gross Amounts at Which Carried at Close of Period(c)			Accumulated Depreciation (d)	Date Acquired	Life Upon Which Latest Statement of Operation is Computed
			Land	Buildings and Improvements	Land	Buildings and Improvements	Land	Buildings and Improvements	Total			
Tysons Galleria	McLean, VA	305,972	90,317	351,005	(105)	9,920	90,212	360,925	451,137	54,207	November, 2010	(d)
Valley Plaza Mall	Bakersfield, CA	239,793	38,964	211,930	—	1,134	38,964	213,064	252,028	35,868	November, 2010	(d)
Visalia Mall	Visalia, CA	73,936	11,912	80,185	—	2,375	11,912	82,560	94,472	13,449	November, 2010	(d)
Westlake Center	Seattle, WA	46,152	19,055	129,295	(14,819)	(78,954)	4,236	50,341	54,577	10,749	November, 2010	(d)
Westroads Mall	Omaha, NE	145,978	32,776	184,253	—	34,002	32,776	218,255	251,031	34,383	April, 2012	(d)
White Marsh Mall	Baltimore, MD	189,754	43,880	177,194	4,125	6,113	48,005	183,307	231,312	29,051	November, 2010	(d)
Willowbrook	Wayne, NJ	359,410	110,660	419,822	—	24,665	110,660	444,487	555,147	73,655	November, 2010	(d)
Woodbridge Center	Woodbridge, NJ	249,408	67,825	242,744	—	28,357	67,825	271,101	338,926	73,463	November, 2010	(d)
Office, other and construction in progress (e)		254,648	100,106	361,250	47,936	611,032	148,044	972,281	1,120,325	83,112	Various	(d)
	Total	$ 12,636,616	$ 3,039,642	$ 14,737,835	$ 26,375	$ 1,605,366	$ 3,066,019	$ 16,343,198	$ 19,409,217	$ 2,737,286		

(a) See description of mortgages, notes and other loans payable in Note 7 of Notes to Consolidated Financial Statements. Includes $1.4 billion cross-collateralized loan.

(b) Acquisition for individual properties represents historical cost at the end of the month acquired.

(c) The aggregate cost of land, buildings and improvements of consolidated properties for federal income tax purposes is approximately $15.4 billion.

(d) Depreciation is computed based upon the following estimated useful lives:

	Years
Buildings and improvements	10 - 45
Equipment and fixtures	3 - 20
Tenant improvements	Shorter of useful life or applicable lease term

(e) Office and other retail properties.

GGP INC.

NOTES TO SCHEDULE III

(Dollars in thousands)

Reconciliation of Real Estate

(In thousands)	2016	2015	2014
Balance at beginning of period	$ 20,285,046	$ 22,977,310	$ 22,998,275
Additions	958,651	765,960	703,227
Impairments	(130,619)	—	(5,278)
Dispositions, transfers and write-offs	(1,703,861)	(3,458,224)	(718,914)
Balance at end of period	$ 19,409,217	$ 20,285,046	$ 22,977,310

Reconciliation of Accumulated Depreciation

(In thousands)	2016	2015	2014
Balance at beginning of period	$ 2,452,127	$ 2,280,845	$ 1,884,861
Depreciation expense	620,540	607,192	685,006
Dispositions, transfers and write-offs	(335,381)	(435,910)	(289,022)
Balance at end of period	$ 2,737,286	$ 2,452,127	$ 2,280,845

Exhibit 12.1

CERTIFICATION

I, Brian W. Kingston, certify that:

1. I have reviewed this Annual Report on Form 20-F of Brookfield Property Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 9, 2017

/s/ Brian W. Kingston

Name: Brian W. Kingston

Title: Chief Executive Officer, Brookfield Property Group LLC
(Principal Executive Officer)

Exhibit 12.2

CERTIFICATION

I, Bryan K. Davis, certify that:

1. I have reviewed this Annual Report on Form 20-F of Brookfield Property Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 9, 2017

/s/ Bryan K. Davis

Name: Bryan K. Davis

Title: Chief Financial Officer, Brookfield Property Group LLC
(Principal Financial Officer)

Exhibit 13.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, who is carrying out the functions of chief executive officer for Brookfield Property Partners L.P. (the "Partnership") pursuant to an Amended and Restated Master Services Agreement, dated March 3, 2015, among Brookfield Asset Management Inc., the Partnership, Brookfield Property L.P., and certain other parties thereto, hereby certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, as filed with the Securities and Exchange Commission on the date hereof, (i) the annual report of the Partnership on Form 20-F for the fiscal year ended December 31, 2016 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Annual Report fairly presents in all material respects the financial condition and results of operations of the Partnership.

Dated: March 9, 2017

/s/ Brian W. Kingston

Brian W. Kingston
Chief Executive Officer, Brookfield Property Group LLC

Exhibit 13.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, who is carrying out the functions of chief financial officer for Brookfield Property Partners L.P. (the "Partnership") pursuant to an Amended and Restated Master Services Agreement, dated March 3, 2015, among Brookfield Asset Management Inc., the Partnership, Brookfield Property L.P., and certain other parties thereto, hereby certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, as filed with the Securities and Exchange Commission on the date hereof, (i) the annual report of the Partnership on Form 20-F for the fiscal year ended December 31, 2016 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) the information contained in the Annual Report fairly presents in all material respects the financial condition and results of operations of the Partnership.

Dated: March 9, 2017

/s/ Bryan K. Davis

Bryan K. Davis
Chief Financial Officer, Brookfield Property Group LLC

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-196478 on Form F-3 and Registration Statement Nos. 333-196622 and 333-203042 on Form S-8 of our reports dated March 9, 2017, relating to the consolidated financial statements and the financial statement schedule of Brookfield Property Partners L.P. and subsidiaries (the "Partnership") and the effectiveness of the Partnership's internal control over financial reporting appearing in this Annual Report on Form 20-F of the Partnership for the year ended December 31, 2016.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 9, 2017

Exhibit 15.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Brookfield Property Partners L.P.'s Registration Statement No. 333-196478 on Form F-3 and Registration Statement Nos. 333-196622 and 333-203042 on Form S-8 of our report dated February 22, 2017, relating to the consolidated financial statements and financial statement schedule of GGP Inc. (formerly General Growth Properties, Inc.) and subsidiaries (the "Company") (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's adoption of a new accounting standard), appearing in this Annual Report on Form 20-F of Brookfield Property Partners L.P. for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Chicago, Illinois
March 9, 2017

Board of Directors

JEFFREY BLIDNER
Senior Managing Partner,
Brookfield Asset Management

SOON YOUNG CHANG
Director of Dubai World, Senior Advisor of
Investment Corporation of Dubai

RIC CLARK
Chairman; Senior Managing Partner,
Brookfield Asset Management

OMAR CARNEIRO DA CUNHA
Independent Director, Senior Partner of
Dealmaker Ltd. and BOND Consultoria
Empresarial e Participacoes

STEPHEN DENARDO
Independent Director, Managing Director
and President and Chief Executive Officer of
RiverOak Investment Corp., LLC

LOUIS JOSEPH MAROUN
Independent Director, Chairman of Sigma
Real Estate Advisors/Sigma Capital Corporation

LARS RODERT
Independent Director, Founder and Chief
Executive Officer of ÖstVäst Capital Management

LISA M. SHALETT
Independent Director

JOSÉ RAMÓN VALENTE VÍAS
Independent Director, Partner and Executive
Director of ECONSULT

Officers

BRIAN KINGSTON
Chief Executive Officer,
Brookfield Property Group

BRYAN DAVIS
Chief Financial Officer,
Brookfield Property Group

Brookfield Property Partners Corporate Information

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Fax: +1888-488-1416
Website: www.canstockta.com
Email: inquiries@canstockta.com

Stock Exchange Listing

SYMBOL	EXCHANGE
BPY	NYSE
BPY.UN	TSX

UNITHOLDER INFORMATION

Brookfield Property Partners welcomes inquiries from unitholders, analysts and other interested parties. Questions relating to investor relations and financial results can be directed to Matthew Cherry, Senior Vice President, Investor Relations and Communications at 212-417-7488 or via email at matthew.cherry@brookfield.com.

Unitholder questions relating to distributions, address changes and unit certificates should be directed to our company's transfer agent, CST Trust, as listed above.

BROOKFIELD PROPERTY PARTNERS L.P.
bpy.brookfield.com

NYSE: BPY
TSX: BPY.UN