2020 ANNUAL REPORT

Brookfield

Overview

Brookfield Property Partners L.P. (BPY) owns and operates a globally diversified portfolio of high-quality assets that generate sustainable and growing distributions over the long term. BPY offers an attractive risk-adjusted total return to its unitholders based on stable cash flows, asset appreciation and annual distribution growth in-line with earnings growth.

Brookfield Property REIT Inc. (BPYU) is a subsidiary of BPY that is structured to offer economic equivalence to an investment in BPY in the form of a U.S. REIT security.

Investment Highlights

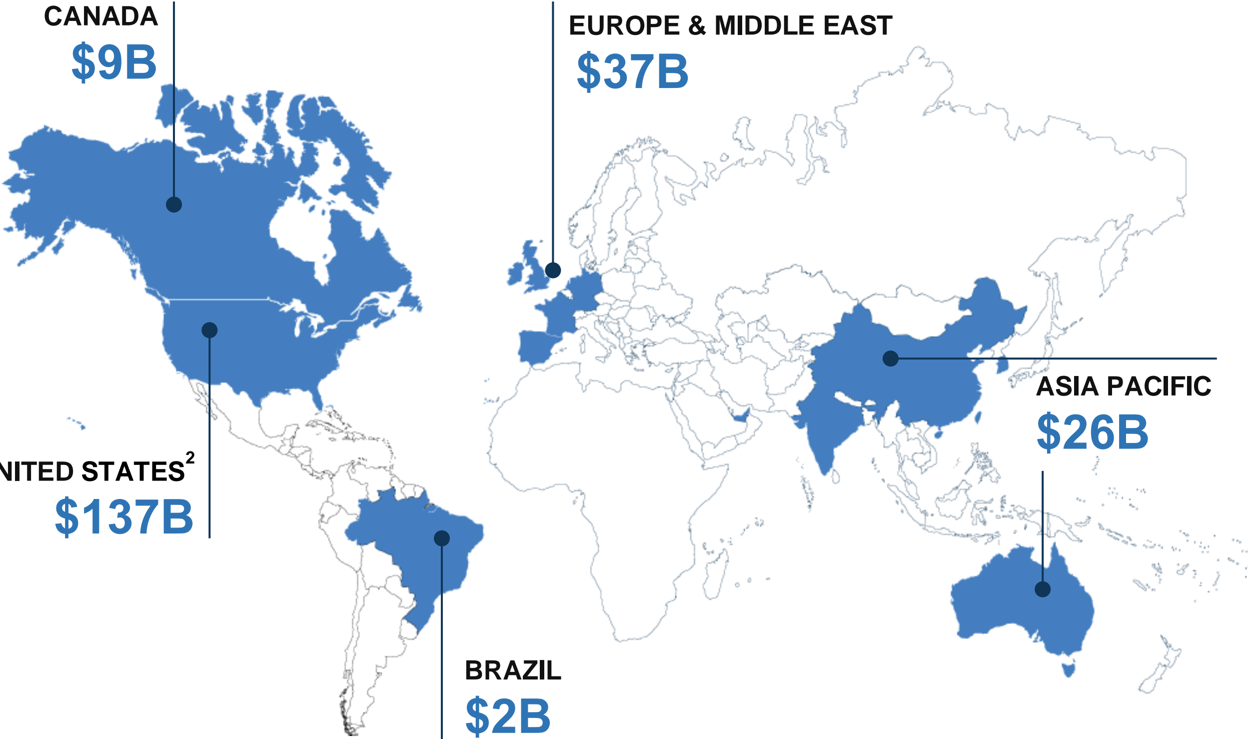
Globally diversified – one of the few publicly traded, global real estate vehicles

Premier quality assets – best-in-class office and retail properties in dynamic markets

Access to a leading asset management group – origination of opportunities through Brookfield's capital markets network and participation in Brookfield-sponsored private real estate funds

Experienced management team with proven track record – demonstrated success of recycling capital and value creation

Global Investor with Local Expertise



$211	30	~24K
TOTAL RE AUM[1]	OFFICES	OPERATING EMPLOYEES[2]

1. At the Brookfield Property Group level which includes assets of BPY and Brookfield-managed private funds
2. AUM in the Bahamas are included within U.S. AUM figure

Operating Segments

CORE OFFICE PORTFOLIO

Class A office assets in gateway markets around the globe

- 135 premier properties
- 96 million square feet
- 90% occupancy
- >8-year average remaining lease term

CORE RETAIL PORTFOLIO

Represents 19% of the high-quality retail space in the U.S.

- 121 best-in-class malls and urban retail properties
- 120 million square feet
- 93% occupancy
- 6.3 million square feet lease commencements in 2020

LP INVESTMENTS

Invested in mispriced portfolios and/or properties with significant value-add potential

- 12,590 multifamily units
- 16 full-service hospitality properties
- 216 triple-net-lease assets
- 136 manufactured housing communities
- 53 student housing properties
- 111 office properties
- 38 retail properties
- 7 mixed-use properties

ESG at Brookfield Property Partners

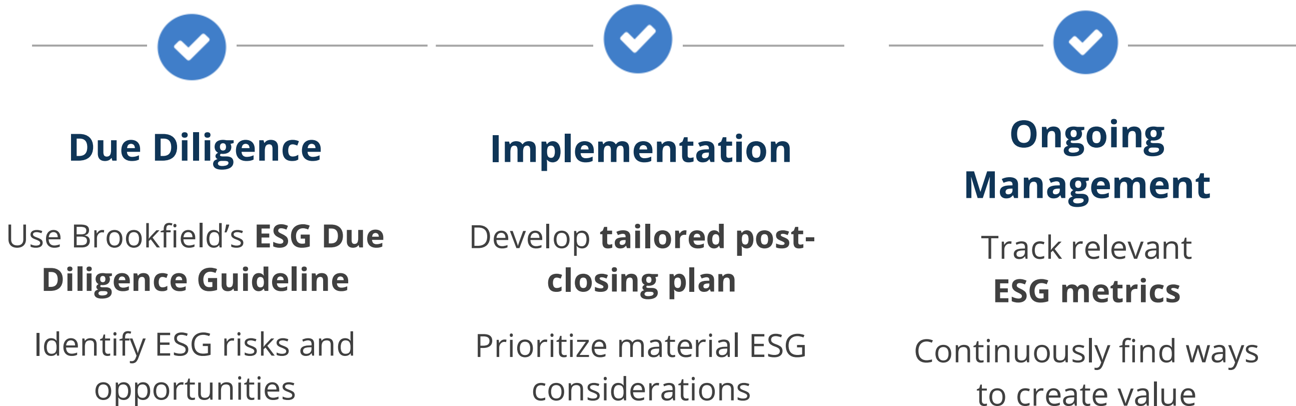
Our ESG principles are a foundational component of our business and are fully integrated throughout our operations

GUIDING PRINCIPLES

- Mitigate the impact of our operations on the environment
- Ensure the well-being and safety of employees
- Be good stewards in the communities in which we operate
- Conduct business according to the highest ethical and legal standards

INTEGRATING ESG INTO OUR INVESTMENT PROCESS

Our Principles for Responsible Investment (PRI) commitments include incorporating ESG factors into our investment decisions, starting with the due diligence of potential investments through to the exit process:



ESG in Action

REAL ESTATE SUSTAINABILITY

Global Real Estate Sustainability Benchmark (GRESB):

83%
Average Score Globally

Green Star
Status Across Business Groups

PORTFOLIO HIGHLIGHTS

Office

Since 2015, our Global Core Office portfolio has achieved:

- **22%** reduction in carbon emissions
- **14%** reduction in its water consumption
- **9%** energy savings

Retail

- **>46 million** square feet certified to the Institute of Real Estate Management's "Certified Sustainable Property" (CSP) program
- **>73 million** kilowatt hours (kWh) of renewable electricity generated by on-site solar arrays[1]
- **78** properties on our smart analytics program. Monitoring over 120,000 HVAC data points

MARKET HIGHLIGHTS

ICD Brookfield Place in Dubai

The largest eco-conscious office building to achieve Leadership in Energy and Environmental Design ("LEED") Platinum certification in EMEA. Resulting in:

- **30%** energy savings[2]
- **87%** waste recycling[2]
- **100%** water recycling for landscape irrigation
- **30%** fresh air increase above the American Society of Heating and Air-Conditioning Engineers ("ASHAE") standard

Potsdamer Platz in Berlin

- **23 million** liters of rainwater per year is collected and reused throughout the complex
- **70%** reduction in CO2 emissions[2]
- **1st** city district certified by German Sustainable Building Council ("DGNB")

Canary Wharf in London

- Canary Wharf has sent **zero waste** to landfill from its managed areas since 2009
- Launching **Science Based Targets** to drive carbon reductions across all its activities and those of its tenants in the wider Canary Wharf Group community

The Mall at Columbia in Maryland

- **>7,500** solar panels installed from 2016 to 2018, generating over 2.5 million kilowatt hours of renewable electricity in 2019
- **27%** reduction in total grid-purchased electricity consumption for the property when compared to 2014

1. Data as of 2019
2. Compared to conventional building materials

COVID-19 RELIEF

Throughout the COVID-19 crisis, we have been committed to helping our communities, tenants, residents, and partners get back on their feet;

Supporting COVID Relief Efforts Around the Globe:

- $10 million donated in 2020 to on-the-ground charitable support to assist with combating COVID-19 in communities within our portfolio.
- Our retail center parking lots were used for civic purposes such as blood drives, food banks, mobile COVID-19 testing locations, and other community needs, including drive-through farmers' markets.
- We offered the use of our office spaces to healthcare workers and community groups. This included providing free parking, refrigeration, and pick-up points. We also partnered with local organizations providing meals and other basic necessities to these workers after their shifts.
- We donated the use of our hotels for first responders, accommodated military, and national guard groups at no cost or low cost, provided food inventories and used our hotel kitchens to feed furloughed employees and their families.
- We hosted webinars on how government aid packages could support small and mid-sized businesses, and housed resources on our website to assist them in understanding criteria and apply for the loans they were eligible for.

Q4 2020 Letter to Unitholders

We hope that you have remained safe and healthy, and have begun the new year with a renewed sense of optimism. While 2020 was uniquely challenging, as we reflect on the past year, the positives far outweigh the negatives. The professionalism, dedication and resolve of our employees around the globe in adjusting to the unprecedented challenges they faced, no matter what their role in the company, made Brookfield's real estate business stronger heading into 2021.

In looking at our fourth quarter 2020 financial results, Company FFO and realized gains was $0.30 per unit, up from $0.16 per unit in the prior quarter, largely due to an increase in realized gains from asset sales, which we discuss in more detail below.

CAPITAL RECYCLING

We were encouraged by the return of private market real estate investment activity which picked up significantly in the fourth quarter. Institutional investors continue to rotate capital from fixed income investments into real assets that generate long-term, de-risked yield. Following the sales of One London Wall Place and our self-storage business as discussed last quarter, we recently went into contract to sell our Northeast U.S. life sciences office portfolio. The agreement followed a very competitive bidding process that resulted in extremely strong execution and pricing. At a gross headline sales price of $3.5 billion, this disposition generated a 55% IRR and 2.7x multiple of capital in just 24 months.

In Brazil, we sold two Sao Paulo office towers totaling one million square feet at a blended cap rate of 5.5%, very low in historical terms for the Brazilian market. These sales were prime examples of how Brookfield's operations-oriented approach leads to outperformance. BSREP II – in which BPY holds a 25% interest – acquired these two buildings approximately four years ago when they were 68% and 0% leased, respectively. As a result of our strong operating capabilities and execution, those rates now stand at 92% and 100%, with long-term leases in place with high-quality tenants at both properties. The sales of these assets will return approximately $50 million in net proceeds to BPY.

OPERATIONS

Rent collections from our office tenants remained at normal levels during the quarter, even as physical occupancy continues to lag in many of our operating markets. We are encouraged by markets such as China, Korea and the Middle East which have seen physical occupancy

revert to normal. In Dubai, for example, rapid testing has been rolled out broadly, and hotels, restaurants, stores and offices are all open without restriction. In-person business meetings and business travel are once again the norm there. At our newly developed asset in Dubai – ICD Brookfield Place – we recently signed office leases totaling 80,000 square feet with tenants including UBS and Dubai Aerospace Enterprise.

In London, we signed a 15-year, 250,000-square-foot lease with Latham & Watkins to anchor One Leadenhall, our newest office development, securing a strong tenant for about 60% of the space. We believe this noticeable uptick in leasing activity is a strong indicator of economic confidence and a desire for companies to return to innovative workspaces. Over the coming quarters, as COVID-19 vaccines become more widely available, we expect office utilization will begin to return to normal.

Collections in our retail portfolio continue to improve, as retailers have adjusted to a new normal. In the fourth quarter we collected more than 80% of our billings and importantly we continued to reach settlement agreements with our tenants in regard to outstanding arrears. As a result of those negotiations, we ended the year with 85% of outstanding arrears from the second and third quarter in some form of agreement.

While shopper footfall in our malls has not yet fully recovered to historical levels, all of our centers remain open and our key tenants showed resilience during the holiday season, with many reporting 2020 sales figures that compare favorably to 2019 holiday sales. A silver lining to the restrictions put in place during the pandemic is that there is significant pent-up demand for consumer spending given the savings people have accumulated due to lack of travel, events, cultural experiences and sporting events. In addition, the $900 billion stimulus bill approved by Congress in December will help both consumers and retailers alike.

The proliferation of One Channel commerce centered around using the store as not only a point-of-sale, but also a distribution and returns center, continues to benefit our mall fleet. Consumer use of Buy Online Pickup In Store (BOPIS) has grown approximately 500% since the beginning of the pandemic. Dick's Sporting Goods recently reported that stores fulfilled 70% of their online sales and contributed 90% of their quarterly sales growth. While the showroom area of the store may shrink, retailers are using more space for inventory, returns and fulfillment, making the distribution channel itself less relevant but the location of its physical real estate more important than ever. Retailers have quickly realized that overall sales volume can benefit from wider profit margins when optimizing a One Channel strategy.

BALANCE SHEET

We completed several large asset refinancings at attractive borrowing terms in the fourth quarter, including two in our New York office portfolio: One New York Plaza and the Grace

Building. In aggregate, these new mortgages total more than $2 billion at a blended average interest rate of less than 3%. Importantly we generated over $400 million in net equity by refinancing these assets.

In addition, we refinanced or extended mortgage maturities for an average of three years on five Core Retail assets totaling approximately $900 million at a blended interest rate of approximately 4%.

ESG INITIATIVES

We continue to focus and invest in creating healthy and safe environments for our employees and tenants. This includes enhancements to air quality, filtration and circulation, in addition to sanitation and security protocols. In our North American portfolio, we are pursuing a third party-verified WELL health safety rating for our buildings to ensure we are at the forefront of the industry in a post-pandemic environment.

Since the onset of the COVID-19 pandemic nearly a year ago, we have encouraged our management teams to find creative ways to support their local communities during this unprecedented time of need. At the beginning of the pandemic we offered many of our shopping center parking lots as mobile testing facilities and our hotel kitchens as food banks and distribution centers. This month, with the roll-out of the vaccines underway, we are now pleased to be providing space for vaccine clinics at several of our malls including, Sooner Mall (OK), Lansing Mall (MI), Chula Vista Center (CA), Barnes Crossing (MS), Market Place Shopping Center (IL) and Washington Park Mall (OK). We'll soon be opening an additional clinic at Stonebriar Center (TX) and are in negotiations to open clinics at 20 additional centers.

BROOKFIELD'S OFFER TO PRIVATIZE BPY

As announced on January 4, 2021, the Board of Directors of BPY has received a non-binding offer from Brookfield Asset Management to purchase the units of BPY it doesn't already own for approximately $5.9 billion. A Special Committee comprised of BPY's independent directors have convened, hired legal and financial advisors, and collectively begun their process to consider the merits of the proposal. While we have nothing to report in this regard at this time, we anticipate being able to provide further information to the market later in the first quarter.

IN CLOSING

Ric Clark has been instrumental in building our property business over the past several decades. He led the company's response to the tragic events of September 11, 2001, and became a trusted leader and visionary in the lower Manhattan business community. After

serving as BPY's chief executive officer upon creation of the company in 2013 and later becoming Chairman in 2015, Ric has stepped down from his role at Brookfield as of the end of January. With the utmost gratitude, we wish him the best of luck in his future endeavors.

As we turn the page on a year we collectively will never forget, we wish you continued health and safety, and are appreciative of your continued interest and investment in Brookfield Property Partners.

Sincerely,

Brian Kingston
Chief Executive Officer
February 2, 2021

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, 2020

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	Trading Symbol(s)	Name of each exchange on which registered
Limited Partnership Units	BPY	Nasdaq Stock Market
Limited Partnership Units	BPY.UN	Toronto Stock Exchange
Preferred Units, Series 1	BPYPP	Nasdaq Stock Market
Preferred Units, Series 2	BPYPO	Nasdaq Stock Market
Preferred Units, Series 3	BPYPN	Nasdaq Stock Market

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: 435,979,195 Limited Partnership Units as of December 31, 2020.

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 every Interactive Data File required to be submitted 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 such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 ("IFRS") as issued by the International Accounting Standards Board ("IASB"), other than certain non-IFRS financial measures which are defined under "Use of Non-IFRS Measures" below.

In this Form 20-F, unless the context suggests otherwise, references to "we", "us" and "our" are to Brookfield Property Partners L.P., the BPYU Group, 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:

- "AO LTIP Units" are to the BPY AO LTIP Units of the Property Partnership;
- "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;
- "BPYU" are to Brookfield Property REIT Inc.;
- "BPYU Group" are to BPYU, BPR OP, L.P. and any of their direct or indirect subsidiaries;
- "BPYU Master Services Agreement" means the master services agreement among BPYU, the service providers named therein, and certain other subsidiaries of BPYU and Brookfield Asset Management who are parties thereto;
- "BPYU Units" are to the shares of Class A Stock of BPYU, par value $0.01 per share, which are intended to be economic equivalent to the LP Units of our partnership;
- "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 Asset Management" are to Brookfield Asset Management Inc.;
- "Brookfield" are to Brookfield Asset Management and any subsidiary of Brookfield Asset Management, other than us;
- "Class A Preferred Unitholder" are to the third-party holder of the Class A Preferred Units;
- "Class A Preferred Units" are to the Class A preferred limited partnership units of the Property Partnership, Series 1, 2 and 3, that are exchangeable for LP Units of our company pursuant to the Preferred Unit Exchange Mechanism;
- "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, logistics, hospitality, triple net lease, manufactured housing, mixed-use and student housing, but does not include, among other things, residential land development, home building, construction, real estate advisory and other similar operations or services;
- "fully-exchanged basis" assume the exchange of certain issued and outstanding securities that are exchangeable into LP 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;
- "FV LTIP Units" are to the FV LTIP Units of the Property Partnership;
- "GGP" are to GGP Inc.;

- "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;

- "LP Units" are to the non-voting limited partnership units of our company, other than Preferred Units;

- "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 or that perform real estate management services for 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 business" are to our business of owning, operating and investing in commercial property, both directly and through our operating entities;

- "our company", "BPY" or "our partnership" are to Brookfield Property Partners L.P., a Bermuda exempted limited partnership;

- "our limited partnership agreement" are to the second amended and restated limited partnership agreement of our company;

- "our portfolio" are to the commercial property assets in our Core Office, Core Retail and LP Investments segments, as applicable;

- "our units" and "units of our company" are to the non-voting limited partnership units in our company, including LP Units and Preferred Units, and references to "our unitholders" are to the holders of our units. References to "Unitholders" are to holders of general partnership units of our partnership ("GP Units"), LP Units, Redemption-Exchange Units, special limited partnership units of the Property Partnership ("Special LP Units"), AO LTIP Units, FV LTIP Units, exchangeable limited partnership units of Brookfield Office Properties Exchange L.P. ("Exchange LP Units") and BPYU Units;

- "Preferred Units" or "Preferred Equity Units" are to the preferred limited partnership units in the capital of BPY, currently consisting of the Class A Cumulative Redeemable Perpetual Units, Series 1 ("Preferred Units, Series 1"), the Class A Cumulative Redeemable Perpetual Units, Series 2 ("Preferred Units, Series 2"), and the Class A Cumulative Redeemable Perpetual Units, Series 3 ("Preferred Units, Series 3");

- "Preferred Unit Exchange Mechanism" are to the mechanism by which the Class A Preferred Unitholder may exchange the Class A Preferred Units for LP 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"*;

- "Property Partnership" or the "Operating Partnership" are to Brookfield Property L.P., a Bermuda exempted limited partnership;

- "Property Partnership Preferred Units" are to the preferred limited partnership units of the Property Partnership, currently consisting of the Class A Preferred Units and the Class A Cumulative Redeemable Perpetual Units, Series 5, 6 and 7;

- "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;

- "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 LP 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"*;

- "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 LP Units of our company, pursuant to the Redemption-Exchange Mechanism;

- "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;

- "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; and

- "Spin-off" are to the special dividend of LP 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"*.

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 ("₨"), Chinese Yuan ("C¥"), South Korean Won ("₩") and United Arab Emirates Dirham ("AED") are identified where applicable.

Use of Non-IFRS Measures

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

- *NOI:* revenues from our commercial properties operations less direct commercial property expenses ("Commercial property NOI") and revenues from our hospitality operations less direct hospitality expenses ("Hospitality NOI").

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

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

- *Company FFO:* FFO before the impact of depreciation and amortization of non-real estate assets, transaction costs, gains (losses) associated with non-investment properties, imputed interest on equity accounted investments and the partnership's share of Brookfield Strategic Real Estate Partners III ("BSREP III") FFO. The partnership accounts for its investment in BSREP III as a financial asset and the income (loss) of the fund is not presented in our partnership's results. Distributions from BSREP III, recorded as dividend income under IFRS, are removed from investment and other income for Company FFO presentation.

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

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

NOI is a key indicator of our ability to impact the operating performance of our properties. We seek to grow NOI through pro-active management and leasing of our properties. Same-property NOI in our Core Office and Core Retail segments

allows us to segregate the impact of leasing and operating initiatives on the portfolio from the impact of investing activities and "one-time items", which for the historical periods presented consist primarily of lease termination income.

We also consider FFO an important measure of our operating performance. FFO is a widely recognized measure that is frequently used by securities analysts, investors and other interested parties in the evaluation of real estate entities, particularly those that own and operate income producing properties. Our definition of FFO includes all of the adjustments that are outlined in the National Association of Real Estate Investment Trusts ("NAREIT"), definition of FFO, including the exclusion of gains (or losses) from the sale of investment properties, the add back of any depreciation and amortization related to real estate assets and the adjustment for unconsolidated partnerships and joint ventures. In addition to the adjustments prescribed by NAREIT, we also make adjustments to exclude any unrealized fair value gains (or losses) that arise as a result of reporting under IFRS, and income taxes that arise as certain of our subsidiaries are structured as corporations as opposed to real estate investment trusts ("REITs"). These additional adjustments result in an FFO measure that is similar to that which would result if our partnership was organized as a REIT that determined net income in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") which is the type of organization on which the NAREIT definition is premised. Our FFO measure will differ from other organizations applying the NAREIT definition to the extent of certain differences between the IFRS and U.S. GAAP reporting frameworks, principally related to the timing of revenue recognition from lease terminations and sale of properties. Because FFO excludes fair value gains (losses), including equity accounted fair value gains (losses), realized gains (losses) on the sale of investment properties, depreciation and amortization of real estate assets and income taxes, it provides a performance measure that, when compared year-over-year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and interest costs, providing perspective not immediately apparent from net income.

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 and Equity attributable to Unitholders are used by the partnership to evaluate the performance of the partnership as a whole as each of the Unitholders participates in the economics of the partnership equally.

Under Item 5.A. "*Operating and Financial Review and Prospects - Operating Results - Financial Statements Analysis - Review of Consolidated Results - Reconciliation of Non-IFRS Measures*", 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 applicable securities laws and regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding our operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “seeks”, “intends”, “targets”, “projects”, “forecasts”, “likely”, or negative versions thereof and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: risks incidental to the ownership and operation of real estate properties including local real estate conditions; the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business, including as a result of the recent global economic shutdown (“global economic shutdown” or “the shutdown”) caused by the coronavirus pandemic (“COVID-19”); 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, hurricanes or pandemics/epidemics; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States, as applicable. In addition, our future results may be impacted by risks associated with the global economic shutdown and the related global reduction in commerce and travel and substantial volatility in stock markets worldwide, which may result in a decrease of cash flows and a potential increase in impairment losses and/or revaluations on our investments and real estate properties, and we may be unable to achieve our expected returns.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements or information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

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)	**2020**	2019	2018	2017	2016
Total revenue	**$ 6,593**	$ 8,203	$ 7,239	$ 6,135	$ 5,352
Net (loss) income	**(2,058)**	3,157	3,654	2,468	2,717
Net (loss) income attributable to LP Units	**(1,098)**	884	764	136	660
Net (loss) income per LP Unit	**(2.39)**	1.89	2.28	0.48	2.30
Distributions per LP Unit	**1.33**	1.32	1.26	1.18	1.12
FFO[1]	**707**	1,147	866	873	895

(1) *FFO is a non-IFRS measure. See "Introduction and Use of Certain Terms - Use of Non-IFRS Measures" and Item 5.A, "Operating and Financial Review and Prospects - Operating Results- Financial Statements Analysis - Review of Consolidated Financial Results".*

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Investment properties	**$ 72,610**	$ 75,511	$ 80,196	$ 51,357	$ 48,784
Equity accounted investments	**19,719**	20,764	22,698	19,761	16,844
Total assets	**107,951**	111,643	122,520	84,347	78,127
Debt obligations	**54,337**	55,390	63,811	36,884	33,519
Capital securities	**3,033**	3,075	3,385	4,165	4,171
Total equity	**41,523**	44,935	46,740	35,124	34,161
Equity attributable to Unitholders[1]	**25,137**	28,530	28,284	22,186	22,358

(1) *As at December 31, 2020, 2019, 2018, 2017 and 2016, refers to holders of LP Units, GP Units, Redemption-Exchange Units, Special LP Units, Exchange LP Units, FV LTIP Units and BPYU Units, as applicable.*

3.B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

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

Not applicable.

3.D. RISK FACTORS

The following summarizes some, but not all, of the risks provided below. 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 our units would likely suffer.

Risks Relating to Our Business

- Risks relating to the risks incidental to the ownership and operation of real estate assets.
- Risks relating to developments associated with the COVID-19 pandemic and the potential for future outbreaks of other highly infectious or contagious diseases.
- Risks relating to our changes in our credit rating, current and future indebtedness, refinancing risks and compliance with restrictive covenants.
- Risks relating to reliance on significant tenants and tenant defaults, bankruptcies or insolvencies.
- Risks relating to our ability to renew or enter into new leases with tenants for space that is subject to expiring leases.
- Risks relating to force majeure events, uninsurable losses and higher insurance premiums.
- Risks relating to development and redevelopment projects.
- Risks relating to the factors that affect the retail environment, including unemployment, weak income growth, lack of available consumer credit, industry slowdowns, increased consumer debt, poor housing market conditions and the need to pay down existing obligations.
- Risks relating to the multifamily residential industry, including the level of mortgage interest rates and governmental regulation of consumer protections.
- Risks relating to trends in the office real estate industry, including employee working from home, flexible work schedules, open workspaces, video conferences and teleconferences.
- Risks relating to the factors that affect the hospitality industry, including the seasonality of the hotel industry and trends in business and leisure travel.
- Risks relating to business disruptions and the performance of our information technology systems.
- Risks relating to businesses and properties that we are invested in, either solely or in connection with co-venturers, partners, fund investors or co-tenants.
- Risks relating to our tenants and contractual counterparties being designated "Prohibited Persons" by the Office of Foreign Assets Control.
- Risks relating to disputes, governmental and regulatory policies and investigations and possible litigation.
- Risks relating to climate change and its impact on our operations and markets.
- Risks relating to the potential discontinuation of LIBOR.

Risks Relating to Us and Our Structure

- Risks relating to our reliance on the Property Partnership and, indirectly, the Holding Entities and our operating entities to provide us with funds.
- Risks relating to our ability to continue paying comparable or growing cash distributions to our unitholders in the future.

Risks Relating to Our Relationship with Brookfield

- Risks relating to our dependence on Brookfield and the Service Providers, and conflicts of interests therewith.
- Risks relating to our inability to have access to all acquisitions of commercial properties that Brookfield identifies.
- Risks relating to the departure of some or all of Brookfield's professionals.
- Risks relating to Brookfield's ownership position in BPY.
- Risks relating to the lack of any fiduciary obligations imposed on Brookfield to act in the best interests of the Service Recipients, us or our Unitholders.
- Risks relating to Brookfield's relationship with Oaktree.
- Risks relating to our inability to terminate the Master Services Agreement.
- Risks relating to our indemnification of the Service Providers.

Risks Relating to Our Units

- Risks relating to issuance of additional units, BPYU Units or exchange of BPYU Units for newly issued LP Units.
- Risks relating to ability to enforce service of process and enforcement of judgments against us and directors and officers of the BPY General Partner and the Service Providers.

Risks Relating to Taxation

- Risks related to United States, Canadian and Bermudan taxation, and the effects thereof on our business and operations.

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, pandemics 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.

Our business has been and is expected to continue to be adversely affected by the COVID-19 pandemic and the preventive measures taken to curb the spread of the virus, as well as the potential for future outbreaks of other highly infectious or contagious diseases.

As a result of the rapid spread of COVID-19, many companies and various governments have imposed restrictions on business activity and travel which may continue and could expand. Business has slowed significantly around the globe specifically in our hospitality and retail office businesses, and there can be no assurance that strategies to address potential disruptions in operations will mitigate the adverse impacts related to the pandemic. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of this pandemic, including any responses to it, will be on the global economy, our company and our businesses or for how long disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and cannot be predicted, including new information which may emerge concerning the severity and transmissibility of this coronavirus and actions taken, including the pace, availability, distribution and acceptance of effective vaccines, among others. Such developments, depending on their nature, duration, and intensity, could have a material adverse effect on our business, financial position, results of operations or cash flows.

We operate in industries or geographies impacted by COVID-19. Many of these are facing financial and operational hardships due to COVID-19 and responses to it. Adverse impacts on our business may include:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or tenant action;
- a slowdown in business activity may severely impact our tenants' businesses, financial condition and liquidity and may cause one or more of our tenants to be unable to fund their business operations, meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations;
- an increase in re-leasing timelines, potential delays in lease-up of vacant space and the market rates at which such lease will be executed;
- reduced economic activity could result in a prolonged recession, which could negatively impact consumer discretionary spending and demand; and
- expected completion dates for our development and redevelopment projects may be subject to delay as a result of local economic conditions that may continue to be disrupted as a result of the COVID-19 pandemic.

If these and potential other disruptions caused by COVID-19 continue, our business could be materially adversely affected.

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, Brazil and Australia but also include a growing presence in 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.

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 $1.2 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, 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.

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.

Certain of our tenants have incurred and may continue to incur significant costs or losses as a result of the COVID-19 pandemic and/or incur other liabilities related to shelter-in-place orders, quarantines, infection or other related factors that may adversely impact their ability or willingness to pay us rent on a timely basis, or at all.

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.

The hospitality sector has experienced the most immediate and acute impact from the global economic shutdown as the majority of our hospitality properties were closed, and either currently remain closed or are operating at very low occupancy, either as a result of mandatory closure orders from various government authorities or due to prohibitive travel restrictions. These closures 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, pandemics, 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.

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 result in reputational damage.

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

Due to uncertainty surrounding COVID-19, the volatility of current markets and the pace and size of government policy responses, 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 businesses 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 businesses 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 invest in Brookfield-sponsored real estate funds, there is often a finite term to the fund's investments which could lead to certain investments 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 manager's 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 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 LP Investments 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.

Our operations in China subject us to increased risks, including risks related to evolving economic, political and social conditions.

Our business is subject to risks inherent in doing business internationally. In particular, we face risks relating to our business in China. For the year ended December 31, 2020, less than 1% of our assets were in China. In recent years, the Chinese government has been reforming its economic and political systems, and we expect this to continue. Although we believe that these reforms have had a positive effect on our ability to do business in China, we cannot assure you that these reforms will continue or that the Chinese government will not take actions that impair our business in China. In addition, recent international unrest involving mounting trade tension between China and the United States presents additional risks and uncertainties. If our ability to do business in China is adversely impacted, our business, results of operation and financial condition could be materially adversely affected.

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

As an owner 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 the 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, particularly as we continue to comply with restrictions and operating regulations related to COVID-19. 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. Also, 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 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 ("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 transition risk. We are working to understand these risks and mitigate them throughout the investment management process to preserve and enhance value.

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. Although we work to mitigate these risks by securing adequate insurance to cover damage that may be incurred through adverse weather incidents or business interruption, through our annual capital planning processes that assess factors related to climate change such as physical risks, energy efficiency, equipment end of life, and asset competitiveness and by taking up technologies that seek to lower our overall energy demands, we can provide no assurance that such efforts will be effective.

Transition risk refers to economic, societal and technological challenges resulting from the shift to a low carbon economy that may be seen in changes to climate and energy policies, shifts to low-carbon technologies and liability issues which can vary substantially depending on scenarios for policy and technology changes. Although we work to mitigate these risks by undertaking internal climate change risk reviews within parts of our business and developing awareness and competency in other parts, we can provide no assurance that such efforts will be effective.

We believe, to address climate change, the world will have to transition to a net zero-carbon economy. We are proactively evolving our portfolio of investments consistent with this imperative. As demand and needs shift, our investment strategy will continue to adapt in line with broader trends and opportunities to ensure we continue to perform for our investors. Although we are incorporating climate change implications as part of underwriting; focussing on assets that are essential for the

economies in which we invest, meet societal needs and that we believe will appreciate in value over time; and driving efficiencies across our businesses, contributing to lower environmental impact and improved operations, we can provide no assurance that such efforts will be effective.

We have launched various initiatives to better understand our climate change risks and incorporate these considerations into risk management activities. Such activities include creating an inventory of greenhouse gas (GHG) emissions; conducting a more in-depth climate change risk assessment; and aligning to the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) to better measure and communicate risks.

We may be adversely affected by the potential discontinuation of LIBOR.

The Financial Conduct Authority in the U.K. has announced that it will cease to compel banks to participate in LIBOR after 2021. LIBOR is widely used as a benchmark rate around the world for derivative financial instruments, bonds and other floating-rate instruments. This change to the administration of LIBOR, and any other reforms to benchmark interest rates, could create significant risks and challenges for us and our operating businesses. The gradual elimination of LIBOR rates may have an impact on over-the-counter derivative transactions, including potential contract repricing. The discontinuance of, or changes to, benchmark interest rates may require adjustments to agreements to which we and other market participants are parties, as well as to related systems and processes. This may result in market uncertainty until a new benchmark rate is established and potentially increased costs under such agreements.

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 investments are its managing general partnership interest in the Property Partnership, which owns almost all of the common shares or equity interests, as applicable, of the Holding Entities, through which we hold our interests in the operating entities and an interest in BP US REIT LLC, which holds the partnership's interest in certain commercial and other income producing property operations. 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 its 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 $1.33 per LP 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.

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 (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".*

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. In addition, Brookfield has an effective economic interest in our business of approximately 57% as of the date of this Form 20-F and over time may reduce this economic interest while still maintaining its controlling interest. 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, exercises substantial influence over our company and over Property Partnership for which our company is the managing general partner. In addition, the Service Providers, wholly-owned subsidiaries of Brookfield, provide management and administration services to us pursuant to our Master Services Agreement. Our company and the Property Partnership depend on the management and administration services provided by or under the direction of the Service Providers. Brookfield personnel that provide services to us under our Master Services Agreement are not required to have as their primary responsibility the management and administration of our company or the Property Partnership or to act exclusively for either of us. Any failure to

effectively manage our business operations 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's ability to identify and present us with acquisition opportunities. Brookfield established our company to be its flagship public commercial property entity and the primary entity through which it invests in real estate 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. There are a number of factors that could materially and adversely impact the extent to which suitable acquisition opportunities are made available to us by Brookfield.

For example:

- it is an integral part of Brookfield's (and our) strategy to pursue acquisitions through consortium arrangements with institutional investors, strategic partners and/or financial sponsors and to form partnerships (including private funds, joint ventures and similar arrangements) to pursue such acquisitions on a specialized or global basis. Although Brookfield has agreed with us that it will not enter any such arrangements that are suitable for us without giving us opportunity to participate in them, there is no minimum level of participation to which we will be entitled;

- the same professionals within Brookfield's organization that are involved in sourcing and executing acquisitions that are suitable for us are responsible for sourcing and executing opportunities for the vehicles, 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;

- Brookfield will only recommend acquisition opportunities that it believes to be suitable and appropriate. Our focus is on investing in, owning, operating, developing and recycling a portfolio of high quality assets, not investments such as infrastructure-related, renewable power-related, or other operations-oriented enterprises that are not deemed suitable and/or appropriate for us. Legal, regulatory, tax and other commercial considerations will likewise be an important consideration in determining whether an opportunity is suitable and/or appropriate for us and will limit our ability to participate in certain acquisitions; and

- in addition to structural limitations, the question of whether a particular acquisition is suitable and/or appropriate for us is highly subjective and is dependent on a number of portfolio construction and management factors including our liquidity position at the relevant time, the expected risk-return profile of the opportunity, its fit with the balance of our investments and related operations, other opportunities that we may be pursuing or otherwise considering at the relevant time, our interest in preserving capital in order to secure other opportunities and/or to meet other obligations, and other factors. If Brookfield determines that an opportunity is not suitable or appropriate for us, it may still pursue such opportunity on its own behalf or on behalf of a Brookfield-sponsored vehicle, partnership or consortium such as Brookfield Infrastructure Partners L.P., Brookfield Renewable Partners L.P., Brookfield Business Partners L.P., and one or more Brookfield-sponsored private funds or other investment vehicles or programs.

In making determinations about acquisition opportunities and investments, consortium arrangements or partnerships, Brookfield may be influenced by factors that result in a misalignment or conflict of interest. See Item 7.B., *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Conflicts of Interest."*

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 future 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 to a third party, including in a merger or consolidation or in a transfer of all or substantially all of its assets. Furthermore, at any time, the shareholder of the BPY General Partner may sell or transfer all or part of its shares in the BPY General Partner. Unitholder consent will not be sought in either case. 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 capital being used to make acquisitions in which Brookfield has no involvement or in making acquisitions that are substantially different from our targeted acquisitions. Additionally, we cannot predict with any certainty the effect that any transfer in the control of our company 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. As a result, our future would be uncertain and our business, financial condition and results of operations may suffer.

Brookfield may increase its ownership of our company and the Property Partnership relative to other unitholders.

Brookfield currently holds a significant portion of the issued and outstanding interests in the Property Partnership through Special LP Units and Redemption-Exchange Units. The Redemption-Exchange Units are redeemable for cash or exchangeable for LP Units in accordance with the Redemption-Exchange Mechanism, which could result in Brookfield eventually owning a larger portion of our issued and outstanding LP Units (including other issued and outstanding LP Units that Brookfield currently owns).

Brookfield may also reinvest incentive distributions in exchange for Redemption-Exchange Units or LP Units. Additional units of the Property Partnership acquired, directly or indirectly, by Brookfield are redeemable for cash or exchangeable for LP Units in accordance with the Redemption-Exchange Mechanism. See Item 10.B., *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Redemption-Exchange Mechanism"*. Brookfield may also purchase additional LP Units of our company in the market. Any of these events may result in Brookfield increasing its ownership of our company.

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 our best interests 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 partnership and our unitholders, including with respect to the types of acquisitions made, the timing and amount of distributions, the reinvestment of returns generated by our operations, the use of leverage when making acquisitions and the appointment of outside advisers and service providers. These actual and potential conflicts of interest are described in detail under Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Conflicts of Interest"*.

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) and taking into account any management fees payable under the BPYU Master Services Agreement. 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 our interests and those of 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 base management fee and the equity enhancement distribution are calculated based on our market value, 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 us or our unitholders. Similarly, Brookfield may take actions to increase our distributions in order to ensure it is paid incentive distributions in the near-term when other investments or actions may be more favorable to us or our unitholders. Likewise, Brookfield may take actions to decrease distributions on LP Units or defer acquisitions in order to increase our market value in the near-term when making such distributions or acquisitions may be more favorable to us or our unitholders.

Our arrangements with Brookfield were set in the context of an affiliated relationship 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. While the BPY General Partner's independent directors are aware of the terms of these arrangements and approved the arrangements on our behalf at the time of the Spin-off, they did not negotiate the terms. These terms, including terms relating to compensation, contractual 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 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.

Brookfield and Oaktree operate their respective investment businesses largely independently, and do not expect to coordinate or consult on investment decisions, which may give rise to conflicts of interest and make it more difficult to mitigate certain conflicts of interest.

Brookfield and Oaktree Capital Group, LLC together with its affiliates ("Oaktree") operate their respective investment businesses largely independently pursuant to an information barrier, and Brookfield does not expect to coordinate or consult with Oaktree with respect to investment activities and/or decisions. In addition, neither Brookfield nor Oaktree is expected to be subject to any internal approvals over its investment activities and decisions by any person who would have knowledge and/or decision-making control of the investment decisions of the other. As a result, it is expected that our company and our portfolio companies, as well as Brookfield, Brookfield-sponsored vehicles, consortiums and/or partnerships (including private funds, joint ventures and similar arrangements) (collectively, "Brookfield Accounts") that we are invested in and their portfolio companies, will engage in activities and have business relationships that give rise to conflicts (and potential conflicts) of interests between them, on the one hand, and Oaktree, Oaktree-managed funds and accounts (collectively, "Oaktree Accounts") and their portfolio companies, on the other hand. These conflicts (and potential conflicts) of interests may include: (i) competing from time to time for the same investment opportunities, (ii) the pursuit by Oaktree Accounts of investment opportunities suitable for our company and Brookfield Accounts that we are invested in, without making such opportunities available to us or those Brookfield Accounts, and (iii) the formation or establishment of new Oaktree Accounts that could compete or otherwise conduct their affairs without regard as to whether or not they adversely impact our company and/or Brookfield Accounts that we are invested in. Investment teams managing the activities of our company and/or Brookfield Accounts that we are invested in are not expected to be aware of, and will not have the ability to manage, such conflicts.

Our company and/or Brookfield Accounts that we are invested in could be adversely impacted by Oaktree's activities. Competition from Oaktree Accounts for investment opportunities could also, under certain circumstances, adversely impact the purchase price of our (direct and/or indirect) investments. As a result of different investment objectives, views and/or interests in investments, Oaktree will manage certain Oaktree Accounts in a way that is different than from the interests of our company and/or Brookfield Accounts that we are invested in, which could adversely impact our (direct and/or direct) investments. For more information, see Item 7.B., "*Related Party Transactions - Conflicts of Interest and Fiduciary Duties - Oaktree*".

Brookfield and Oaktree are likely to be deemed to be affiliates for purposes of certain laws and regulations, which may result in, among other things, earlier public disclosure of investments by our company and/or Brookfield Accounts that we are invested in.

Brookfield and Oaktree are likely to be deemed to be affiliates for purposes of certain laws and regulations, notwithstanding their operational independence and/or information barrier, and it is anticipated that, from time to time, our company and/or Brookfield Accounts that we are invested in and Oaktree Accounts may each have significant positions in one

or more of the same issuers. As such, Brookfield and Oaktree will likely need to aggregate certain investment holdings, including holdings of our company, Brookfield Accounts that we are invested in and Oaktree Accounts for certain securities law purposes and other regulatory purposes. Consequently, Oaktree's activities could result in earlier public disclosure of investments by our company and/or Brookfield Accounts that we are invested in, restrictions on transactions by our company and/or Brookfield Accounts that we are invested in (including the ability to make or dispose of certain investments at certain times), adverse effects on the prices of investments made by our company and/or Brookfield Accounts that we are invested in, potential short-swing profit disgorgement, penalties and/or regulatory remedies, among others. For more information, see Item 7.B., "*Related Party Transactions - Conflicts of Interest and Fiduciary Duties - Oaktree*".

Breaches of the information barrier and related internal controls by Brookfield and/or Oaktree could result in significant adverse consequences to Brookfield and Oaktree and/or Brookfield Accounts that we are invested in, amongst others.

Although information barriers were implemented to address the potential conflicts of interests and regulatory, legal and contractual requirements of our company, Brookfield and Oaktree may decide, at any time and without notice to our company or our unitholders, to remove or modify the information barrier between Brookfield and Oaktree. In addition, there may be breaches (including inadvertent breaches) of the information barriers and related internal controls by Brookfield and/or Oaktree.

To the extent that the information barrier is removed or is otherwise ineffective and Brookfield has the ability to access analysis, model and/or information developed by Oaktree and its personnel, Brookfield will not be under any obligation or other duty to access such information or effect transactions for our company and/or Brookfield Accounts that we are invested in in accordance with such analysis and models, and in fact may be restricted by securities laws from doing so. In such circumstances, Brookfield may make investment decisions for our company and/or Brookfield Accounts that we are invested in that differ from those it would have made if Brookfield had pursued such information, which may be disadvantageous to our company and/or Brookfield Accounts that we are invested in.

The breach or failure of our information barriers could result in our company obtaining material non-public information, which may restrict our company from acquiring or disposing investments and ultimately impact the returns generated for our business. In addition, any such breach or failure could also result in potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. Any inadvertent trading on material non-public information, or perception of trading on material non-public information, could have a significant adverse effect on Brookfield's reputation, result in the imposition of regulatory or financial sanctions, and negatively impact Brookfield's ability to provide investment management services to its clients, all of which could result in negative financial impact to the investment activities of our company and/or Brookfield Accounts that we are invested in. For more information, see Item 7.B., "*Related Party Transactions - Conflicts of Interest and Fiduciary Duties - Oaktree*".

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) the Service Providers default 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 the Service Providers; (ii) the Service Providers engage in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to the Service Recipients; (iii) the Service Providers are grossly negligent in the performance of their duties under the agreement and such negligence results in material harm to the Service Recipients; or (iv) upon the happening of certain events relating to the bankruptcy or insolvency of the Service Providers. In addition, because the BPY General Partner is an affiliate of Brookfield, it likely will 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 Item 7.B. *"Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Relationship Agreement"*.

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 its 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 them or threatened in connection with our business, 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 such 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 and the extent of leverage in connection with acquisitions. The indemnification arrangements to which the Service Providers are a party may also give rise to legal claims for indemnification that are adverse to us and our unitholders.

Risks Relating to Our Units

The exchange of BPYU Units for newly issued LP Units could negatively affect the market price of our LP Units, and additional issuances of BPYU Units would be dilutive.

Each BPYU Unit is redeemable by the holder thereof into the cash equivalent of one (1) LP Unit; however, we may elect, in our sole discretion, to satisfy such redemption request by acquiring such BPYU Units in exchange for the issuance of a new LP Unit. If we elect to issue LP Units in satisfaction of any such redemption request, a significant amount of additional LP Units may be issued from time to time which could have a negative impact on the market price for LP Units. In addition, BPYU may in the future sell additional BPYU Units in connection with raising capital as well as for acquisitions. Such additional BPYU Units issued in the future will also be exchangeable into LP Units as described above, and, accordingly, if so exchanged, would dilute the percentage interest of existing unitholders and may reduce the market price of our LP Units.

In addition, pursuant to a Rights Agreement, Brookfield Asset Management has agreed that in the event that neither BPYU nor BPY satisfies its obligations to deliver cash and/or LP Units in connection with BPYU Units tendered for redemption, then Brookfield Asset Management will satisfy, or cause to be satisfied, such obligations by delivering cash and/or LP Units to the tendering holders. The delivery by Brookfield Asset Management of LP Units it owns could negatively affect the market price of our LP 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 LP 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 (including BPYU Units) 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 (including BPYU Units), 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 of the Service Providers 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 management of the Service Providers, 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 LP Units, Preferred 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 our 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. *"Additional Information - Taxation - U.S. Tax Considerations - Partnership Status of Our Company and the Property Partnership".* 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 (the "IRS") or Canada Revenue Agency (the "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. *"Additional Information - 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 (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. "*Additional Information - 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 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. "*Additional Information - 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" ("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. "*Additional Information - 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. "*Additional Information - 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. If, contrary to expectation, our company were engaged in a U.S. trade or business, then gain or loss from the sale of our units by a Non-U.S. Holder would be treated as effectively connected with such trade or business to the extent that such Non-U.S. Holder would have had effectively connected gain or loss had our company sold all of its assets at their fair market value as of the date of such sale. In such case, any such effectively connected gain generally would be taxable at the regular graduated U.S. federal income tax rates, and the amount realized from such sale generally would be subject to a 10% U.S. federal withholding tax. Under U.S. Treasury Regulations, the 10% U.S. federal withholding tax generally does not apply to transfers of interests in publicly traded partnerships before January 1, 2022. See Item 10.E. "*Additional Information - 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 United States 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" ("PFIC")_or in a "controlled foreign corporation" ("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.

"*Additional Information - 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.

Upon the sale of our units, a U.S. Holder will generally recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and such holder's adjusted tax basis in such units. Prior distributions to a U.S. Holder in excess of the total net taxable income allocated to such holder will have decreased such unitholder's tax basis in our units. Therefore, such excess distributions will increase a U.S. Holder's taxable gain or decrease such holder'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 U.S. Holder.

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. Our 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. "*Additional Information - 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. "*Additional Information - Taxation - U.S. Tax Considerations - Administrative Matters - Information Returns and Audit Procedures".*

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 us, in which case cash available for distribution to our unitholders might be substantially reduced.

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.

Under the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("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 "*Additional Information - Taxation - U.S. Tax Considerations - Administrative Matters - Foreign Account Tax Compliance"*. 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. Our 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" ("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" ("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.

Any 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 (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 (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. "*Additional Information - 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 (and certain exempt foreign trusts as defined in subsection 94(1) of the Tax Act), other than a CFA of the taxpayer ("Non-Resident Entities"), that could in certain circumstances cause income to be imputed to our 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. "*Additional Information - 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. "*Additional Information - Taxation - Certain Material Canadian Federal Income Tax Considerations"*.

Our 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 ("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 during 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 this regard.

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 each 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) (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. "*Additional Information - Taxation - Certain Material Canadian Federal Income Tax Considerations"* for further detail. Our 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 currently includes the Nasdaq and the Toronto Stock Exchange (the "TSX"), our units will be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), deferred profit sharing plan, registered retirement income fund ("RRIF"), registered education savings plan ("RESP"), registered disability savings plan ("RDSP") and a tax-free savings account ("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, TFSA, RDSP or RESP.

Generally, our units will not be a "prohibited investment" for a trust governed by an RRSP, RRIF, TFSA, RDSP or RESP provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or the subscriber of the RESP, 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. Our unitholders who will hold our units in an RRSP, RRIF, TFSA, RDSP or RESP 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" (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 generally 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. "*Additional Information - 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.

General Risks

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.

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 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.

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;
- 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.

Political instability and unfamiliar cultural factors could adversely impact the value of our investments.

We are subject to geopolitical uncertainties in all jurisdictions in which we operate. We make investments in businesses that are based outside of North America and we may pursue investments in unfamiliar markets, which may expose us to additional risks not typically associated with investing in North America. We may not properly adjust to the local culture and business practices in such markets, and there is the prospect that we may hire personnel or partner with local persons who might not comply with our culture and ethical business practices; either scenario could result in the failure of our initiatives in new markets and lead to financial losses for us and our operating entities. There are risks of political instability in several of our major markets and in other parts of the world in which we conduct business, including, for example, the Korean Peninsula, from factors such as political conflict, income inequality, refugee migration, terrorism, the potential break-up of political or economic unions (or the departure of a union member) and political corruption; the materialization of one or more of these risks could negatively affect our financial performance.

Unforeseen political events in markets where we own and operate assets and may look to for further growth of our businesses, such as the United States, Brazil, European and Asian markets, may create economic uncertainty that has a negative impact on our financial performance. Such uncertainty could cause disruptions to our businesses, including affecting the business of and/or our relationships with our customers and suppliers, as well as altering the relationship among tariffs and currencies, including the value of the British pound and the Euro relative to the U.S. dollar. Disruptions and uncertainties could adversely affect our financial condition, operating results and cash flows. In addition, political outcomes in the markets in which we operate may also result in legal uncertainty and potentially divergent national laws and regulations, which can contribute to general economic uncertainty. Economic uncertainty impacting us and our managed entities could be exacerbated by near-term political events, including those in the United States, Brazil, Europe, Asia and elsewhere.

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 with respect to 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 corruption 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.

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 Nasdaq Stock Market (the "Nasdaq").

Although our company is subject to the periodic reporting requirement of the U.S. Securities Exchange Act of 1934, as amended (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 Nasdaq 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 (the "SEC"), are filed in Canada and sent to our 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.

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 actual or threatened acts of 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;
- a loss of any major funding source; and
- volatility in the market price of the BPYU Units, which may be impacted by: (i) public announcements made by BPYU; (ii) changes in stock market analyst recommendations or earnings estimates regarding BPYU; (iii) actual or anticipated fluctuations in BPYU's operating results or future prospects; and (iv) future issuances or sales of BPYU Units by BPYU and/or its significant stockholders.

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 LP Units trade at a discount to equity per unit and may continue to trade at a discount in the future.

As a result of the COVID-19 pandemic, our LP Units traded at historic lows, and compared to equity per unit, which is largely based on the fair value of our investment properties less outstanding debt obligations, traded at a significant discount as a result of concerns over liquidity, leverage restrictions and distribution requirements. In part, as a result of adverse economic conditions and increasing pressure within the real estate sector of which we are a part, our LP Units have regularly traded at a discount since our inception. We cannot predict whether our LP Units will trade above, at or below our equity per unit in the future.

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 primary vehicle to make investments across all strategies in real estate. Our goal is to be the leading global owner and operator of high-quality real estate, that generates sustainable and growing distributions to our unitholders and capital appreciation of our asset base over the long term. Our LP Units are listed on the Nasdaq and the TSX under the symbols "BPY" and "BPY.UN", respectively, and our Preferred Units are listed on the Nasdaq under the symbols "BPYPP", "BPYPO" and "BPYPN", 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.

On August 28, 2018, we acquired all of the outstanding shares of common stock of GGP other than those shares previously held by our partnership and our affiliates (which represented a 34% interest in GGP prior to the acquisition). In connection with the acquisition, we formed Brookfield Property REIT Inc., which is an issuer of public securities that are intended to offer economic equivalence to an investment in our partnership in the form of a U.S. REIT stock. The BPYU Units and Series A preferred stock of BPYU trade on the Nasdaq under the symbols "BPYU" and "BPYUP", respectively. In the acquisition, former GGP shareholders elected to receive, for each GGP common share, subject to proration, either $23.50 in cash or either one LP Unit or one BPYU Unit. As a result of the acquisition of GGP, approximately 161 million BPYU Units and 88 million LP Units were issued to former GGP shareholders.

On January 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own for a price of $16.50 per LP Unit, or $5.9 billion in total value. The proposal provides that each holder of LP Units can elect to receive consideration per LP Unit of a combination of (i) 0.4 class A limited voting shares of Brookfield Asset Management ("Brookfield Shares"), (ii) $16.50 in cash, and/or (iii) 0.66 preferred units of our partnership with a liquidation preference of $25.00 per unit ("New Preferred Units"), subject in each case to pro-ration based on a maximum of 59.5 million Brookfield Shares (42% of the total value of the LP Units), maximum cash consideration of $2.95 billion (50% of the total value of the LP Units), and a maximum value of $500 million in New Preferred Units (8% of the total value of the LP Units). If holders of LP Units collectively elect to receive in excess of $500 million in New Preferred Units, the amount of New Preferred Units can increase to a maximum of $1 billion, offset against the maximum amount of Brookfield Shares. The maximum amount of cash consideration would not be affected. The board of directors of the BPY General Partner has established a committee of independent directors to review and consider the proposal.

For a description of our principal capital expenditures in the last three fiscal years and a discussion of our acquisitions and dispositions during the year ended December 31, 2020, please see Item 5.A. *"Operating and Financial Review and Prospects - Operating Results"*.

We are subject to the informational requirements of the Exchange Act. In accordance with these requirements, we file reports and other information as a foreign private issuer with the SEC. You may also inspect reports and other information regarding registrants, such as us, that file electronically with the SEC without charge at a website maintained by the SEC at www.sec.gov. See Item 10.H "*Documents on Display*".

4.B. BUSINESS OVERVIEW

Overview of our Business

Our partnership is Brookfield Asset Management's primary vehicle to make investments across all strategies in real estate. Our goal is to be a leading global owner and operator of high-quality real estate, that generates sustainable and growing distributions to our unitholders and capital appreciation of our asset base over the long term. With approximately 24,400 employees involved in Brookfield's real estate businesses around the globe, we have built operating platforms in various real estate sectors, including:

CORE OFFICE PORTFOLIO

Class A office assets in gateway markets around the globe

- 139 premier properties
- 97 million square feet
- 90% occupancy
- 8.1 year average lease term

CORE RETAIL PORTFOLIO

100 of the top 500 malls in the United States

- 121 best-in-class malls and urban retail properties
- 119 million square feet
- 92% occupancy

LP INVESTMENTS PORTFOLIO

Invested in mispriced portfolios and/or properties with significant value-add opportunities

Our diversified Core portfolios consist of high-quality office and retail assets in some of the world's most dynamic markets which have stable cash flow as a result of their long-term leases. We target to earn core-plus total returns on our Core portfolios. The drivers of these targets include the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy that should generate strong same-property NOI growth without significant capital investment. Furthermore, we enhance the returns on our stable properties through an active development and redevelopment pipeline that earns higher unlevered returns on construction costs. We currently have approximately 7 million square feet of active development projects underway with another 4 million square feet in planning stages. Our development track record reflects successful completions on time and on budget. We expect that this portion of our balance sheet to contribute meaningfully to earnings growth in our Core businesses as projects reach completion and begin to contribute rental revenue to our earnings.

Our LP Investments portfolio includes our equity invested in Brookfield-sponsored real estate opportunity funds, which target high-quality assets with operational upside across various real estate sectors, including office, retail, multifamily, logistics, hospitality, triple net lease, manufactured housing, mixed-use and student housing. We target to earn opportunistic returns on our LP Investments portfolio. These investments, unlike our Core portfolios, have a defined hold period and typically generate the majority of profits from a gain recognized from realization events including the sale of an asset or portfolio of assets, or exit of the entire investment. The combination of these realized gains and FFO earned represent our earnings on capital invested in these funds and provide liquidity to support our target distributions.

Overall, our goal is to be the leading global owner and operator of high-quality real estate, generating an attractive total return for our Unitholders comprised of: a current yield supported by stable cash flow from a diversified portfolio; distribution growth in-line with earnings growth; and capital appreciation of our asset base. We operate our business to achieve these objectives with a long term view and will continue to make decisions with that in mind, however, we will caution you that in light of the global economic shutdown and its impact on the global economy, we may be unable to achieve these objectives in the near term. We have not changed our investment strategy as a result of COVID-19. 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, reflect changes in market conditions, or portfolio premiums realized upon sale of these assets. 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 opportunities to earn attractive returns. We actively recycle assets on our balance sheet as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns. Despite the recent economic disruption caused by the global economic shutdown, we expect that the high quality nature of our stabilized properties and associated cash flows will continue to be in demand from investors, although our ability to execute on these recycling of capital initiatives could be impacted in the short term. In addition, due to the scale of our stabilized portfolio and flexibility of our balance sheet, we believe 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 portfolios. 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.

Leverage Brookfield's operating experience, execution abilities and global relations

- 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 LP Investments 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 24,400 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 believe 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, logistics, hospitality, triple net lease, manufactured housing, mixed-use 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, whereby it utilizes 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 portfolios, we have a strong foundation for organic cash flow growth. We expect to have flexibility to utilize this incremental cash flow to increase our distribution to our unitholders or fund other growth initiatives.

- ***Attractive Portfolio of Development/Redevelopment Opportunities.*** Within our Core Office, Core Retail and LP Investments 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: Core Office, Core Retail and LP Investments. The capital invested in these operating entities is through a combination of: direct investment; investments in asset level partnerships or joint venture arrangements; and participation in private equity funds and consortiums. 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

Our Core Office portfolio consists of interests in 139 high-quality office properties totaling approximately 97 million square feet, which are located primarily in the world's leading commercial markets such as New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin, as well as approximately 7 million square feet of active office and multifamily developments and office redevelopments. We believe that these assets have a stable cash flow profile due to long-term leases in place. The drivers of earnings growth in this business include the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy, that are expected to generate strong same-property NOI growth without significant capital investment. Furthermore, we expect to earn higher unlevered, pre-tax returns on construction costs from our development pipeline. However, we caution you that as a result of the global economic shutdown, we may be unable to achieve these returns in the near term. While we expect rent growth to be minimal for the next 12-18 months, we have a strong average lease-life and occupancy that we think will benefit us from more adverse impacts resulting from the shutdown.

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 90% leased at December 31, 2020 and reflects average in-place net rent of $38.68 per square foot compared to average market net rent of $39.86 per square foot, allowing for 3% potential to capture on higher rents on the upcoming expiration of leases.

Another important characteristic of our Core Office portfolio is the 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, 2020.

Tenant	Primary Location	Credit Rating[(1)]	Exposure (%)[(2)]
Government and Government Agencies	Various	AA+/AAA	8.2 %
Morgan Stanley	NY/London	A	2.7 %
Barclays	London/Toronto/Calgary	BBB	2.1 %
CIBC World Markets[(3)]	Calgary/Toronto/NY	AA	1.8 %
Suncor Energy Inc.	Calgary	BBB+	1.8 %
Bank of Montreal	Calgary/Toronto	AA	1.5 %
EY	Various	Not Rated	1.4 %
Cenovus	Calgary	BB	1.3 %
Royal Bank of Canada	Various	AA-	1.3 %
Deloitte	Various	Not Rated	1.3 %
Total			**23.4 %**

(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 940,000 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, 2020, the average lease term of our Core Office business was 8.1 years, compared to 8.5 years at December 31, 2019. 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.

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, 2020, we held interests in centrally located development sites with total development potential of approximately 36 million square feet primarily in the United States, Canada, Europe and Australia.

We classify our Core Office development sites into three categories: (i) active development, (ii) active planning and (iii) held for development. Of the approximately 36 million square feet in our office development pipeline, 7 million square feet are in the active development stage, 4 million square feet are in the active planning stage and 25 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 pre-leasing targets have been met.

Core Retail

Our Core Retail segment consists of 121 best-in-class retail properties containing over 119 million square feet in the United States. These assets have a stable cash flow profile due to long-term leases in place. The drivers of these targets in the business include the mark-to-market of rents upon lease expiry, escalation provisions in leases and operating expense monitoring that are expected to generate same-property NOI growth. Furthermore, we expect to earn higher unlevered, pre-tax returns on construction costs from our redevelopment pipeline, which will also drive NOI growth. NOI growth has been partially offset by the impact of tenant bankruptcies in the last 18 months, and while significant progress has been made on re-letting the majority of that space, we are now facing potential new tenant-viability challenges as a result of the shutdown. We are in negotiations with the vast majority of our tenants on lease modifications given most of our malls were closed for a portion of the second quarter as mandated by the government. These modifications have resulted in rent deferrals of 4% and abatements of 5% of total 2020 rent. Additionally, it is possible that more bankruptcies result from the shutdown which could lead to further down-time in the near and mid-term. In the current period, we have applied a credit reserve to most of our portfolio which varies based on tenant viability risk; normally reserves would only be applied to those tenants which have filed bankruptcy, were expected to file bankruptcy or were deemed high-risk. Incremental reserves recognized in the current period decreased our NOI.

Our primary objective for this segment is to be an owner and operator of best-in-class retail properties that provide an outstanding environment and experience for our communities, retailers, 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 assets and investing in whole or partial interests in high-quality regional malls, anchor pads and repaying debt; and

- continuing to execute on our existing redevelopment projects and seeking additional opportunities within our portfolio for redevelopment.

As of December 31, 2020, the portfolio was 92.5% leased, compared to 96.4% leased at December 31, 2019. On a suite-to-suite basis, the leases commencing occupancy in the trailing 12 months exhibited initial rents that were 1.1% higher than the final rents paid on expiring leases.

For the year ended December 31, 2020, the largest tenant in our Core Retail portfolio, L Brands, Inc. (based on common parent ownership), accounted for approximately 4.3% of rents. Our three largest tenants in the Core Retail portfolio, L Brands, Inc, Foot Locker, Inc, and LVMH, in aggregate, comprised approximately 10.3% of rents.

Competition within the retail property sector is strong. We compete for tenants and visitors to our malls with other malls in close proximity as well as online retailers. We believe the high quality of our properties enables us to compete effectively for retailers and consumers. In order to maintain and increase our competitive position within the marketplace we:

- strategically locate tenants within each property to achieve a merchandising strategy that promotes traffic, cross-shopping and maximizes sales;

- introduce new concepts to the property which may include restaurants, theaters, grocery stores, first-to-market retailers, and e-commerce retailers;

- utilize our properties with the opportunities to add other potential uses such as residential, hospitality and office space to complement our retail experience;

- invest capital to provide the right environment for our tenants and consumers, including aesthetic, technological, and infrastructure improvements; and

- ensure our properties are clean, secure and comfortable.

A portion of our Core Retail business is owned through joint venture, partnership 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.

Our redevelopment pipeline is a significant component of value of our Core Retail business. We have redevelopment activities with an estimated cost to the company totaling approximately $776 million in the pipeline. We continue to evaluate a number of other redevelopment projects to further enhance the quality of our assets.

LP Investments

Our LP Investments portfolio includes our equity invested in Brookfield-sponsored real estate opportunity funds, which target high quality assets with operational upside across various real estate sectors, including office, retail, multifamily, logistics, hospitality, triple net lease, student housing, manufactured housing and mixed-use. We target to earn opportunistic returns on our LP Investments portfolio. We caution you that in light of the global economic shutdown and its impact stock markets worldwide, we may be unable to achieve these returns in the near term.

LP Investments - Office

Our LP Investments - Office business consists of 111 opportunistic office properties comprising of approximately 42 million square feet of office space in the United States, United Kingdom, Brazil and Asia. Our LP Investments - 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.

LP Investments - Retail

Our LP Investments - Retail business is comprised of approximately 24 million square feet of opportunistic retail space across 38 properties across the United States and in select Brazilian markets. Similar to our LP Investments - 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.

Multifamily

Our multifamily business consists of 40 properties with approximately 12,590 multifamily units across the United States. Our strategy is to selectively develop properties in high growth, supply-constrained markets. We leverage our 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 and earn an attractive return on this capital by raising rents, which are still a significant discount to new products.

Logistics

Our logistics business consists of 3 modern logistics development assets in China. Our logistics 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.

Hospitality

Our hospitality business consists of interests in 124 hospitality assets with over 25,700 rooms across North America, Europe and Australia. 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 216 properties that are leased to automotive dealerships across the United States and Canada on a triple net lease basis. Our strategy is to grow the business by acquiring new locations, upgrading existing facilities and constructing new stores.

Manufactured Housing

Our manufactured housing business consists of 136 manufactured housing communities with over 32,400 sites across the United States. Our strategy is to grow this business through add-on acquisitions of properties, upgrading existing properties, and internalized facilities management and marketing.

Student Housing

Our student housing business consists of 53 student housing properties with approximately 19,880 beds in the United Kingdom. Our student housing business operates in strong markets with highly ranked universities throughout the United Kingdom. Our strategy is to grow this business through add-on acquisitions of properties, upgrading existing properties, and internalized facilities management and marketing.

Mixed-use

Our mixed-use business consists of 7 mixed-use properties with approximately 6 million square feet in Germany and South Korea. Our mixed-use strategy is to acquire high-quality assets 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.

Geographic Distribution

As of December 31, 2020, approximately 67.4% of our assets and 71.9% of our revenues originated from the United States with the remaining 32.6% of our assets and 28.1% 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 recycle capital or raise external capital. We believe that a payout ratio of 80% of our FFO should accomplish this objective.

We established our 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 reflect 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 cash flow 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 LP 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.

The current quarterly distribution on our LP Units is $0.3325 per LP Unit (or $1.33 per LP 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 $1.33 per LP 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, payment of distributions on our Preferred Units, 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, logistics, hospitality, triple net lease, manufactured housing, mixed-use 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 in 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, Social and Governance

As a leading global owner and operator of high-quality real estate on a global basis, a strong environmental, social and governance ("ESG") culture has always been an integral part of how we operate our business. We believe that having a robust ESG strategy is crucial for us to create long-term value for our unitholders.

Brookfield has an effective economic interest in our business of approximately 57% and affiliates of Brookfield Asset Management provide services to us under the Master Services Agreement. Brookfield encourages a common set of ESG

principles across its business, while at the same time recognizing that the geographic and sector diversity of our portfolio requires tailored, local management and responsibility. The following are Brookfield's and our partnership's ESG principles:

- ***Ensuring the well-being and safety of employees***
  - *Employee Well-Being*: Strive to meet or exceed all applicable labor laws and standards, which includes respecting human rights, offering competitive wages and implementing nondiscriminatory, fully inclusive hiring practices.
  - *Health & Safety*: Aim to have zero serious safety incidents by encouraging consistent health and safety principles across the organization.

- ***Be good stewards in the communities in which we operate***
  - *Community Engagement*: Engage with community groups potentially affected by our actions to ensure that their interests, safety and well-being are appropriately integrated into our decision-making.
  - *Philanthropy*: Empower employees to participate in, and use resources to give back to, local communities.

- ***Mitigate the impact of operations on the environment***
  - *Environmental Stewardship*: Strive to minimize environmental impact and improve efficient use of resources over time.

- ***Conduct business according to the highest ethical and legal/regulatory standards***
  - *Governance, Ethics and Fairness*: Operate with high ethical standards by conducting business activities in compliance with applicable legal and regulatory requirements, and consistent with our Code of Business Conduct and Ethics.
  - *Transparency*: Be accessible to our investors and stakeholders by being responsive to requests for information and timely in our communication.

ESG and the Investment Process

ESG culture is embedded throughout the investment process, starting with the due diligence of a potential investment through to the exit process. During the initial due diligence phase, Brookfield uses its operating expertise to identify material ESG risks and opportunities relevant to a potential investment. In completing these initial assessments, internal experts and, as needed, third-party consultants are used. Brookfield also draws on the guidance of the Sustainability Accounting Standards Board's Engagement Guide, which seeks to identify material ESG considerations and integrate these into the underwriting of potential investments.

To ensure ESG considerations are fully integrated in the due diligence phase, the investment team prepares a detailed memorandum outlining the merits of the transaction and disclosing potential risks, mitigants and value creation opportunities. Senior management of our Service Providers discuss material ESG issues and potential mitigation strategies, including bribery and corruption risks, health and safety risks, and legal risks, as well as environmental and social risks.

Post-acquisition, local management teams are accountable for the implementation of ESG initiatives within their operations, in accordance with Brookfield and our partnership's ESG principles. This ensures full alignment between responsibility, authority, experience and execution. This approach is particularly important given the wide range of industries and locations in which we invest that require tailored ESG risk identification and management systems to mitigate unique risks and capitalize on distinct opportunities.

Environmental Initiatives

We pride ourselves on contributing positively to the local communities in which we operate. This means we continually strive to minimize our impact on the environment, while balancing the need for economic growth. We demonstrate respect for the natural environment and take steps to protect it by investing in green technologies, encouraging environmentally sound construction methods, and promoting strategies to minimize our carbon footprint. Sustainability initiatives in our portfolio vary by investment but include energy reduction strategies, use of alternative energy sources such as solar, water conservation, recycling, enhanced indoor air quality, alternative transportation parking, environmentally friendly cleaning materials and erosion control.

We seek to measure the success of our environmental initiatives and report on our progress, including by participating in the Global Real Estate Sustainability Benchmark ("GRESB") and seeking certifications within our business:

- ***GRESB Reporting***
  - In 2020, we embarked on expanded reporting to GRESB, with a new commitment from BSREP III to report to GRESB in 2021 for base year 2020.
  - BSREP III will be the sixth Brookfield business segment to respond to GRESB, joining businesses in our Core Office and Core Retail segments. The aforementioned business segments achieved an average GRESB score of 83% and our performance score is 12 points higher on average in all business segments compared to the GRESB participant average.

- ***Certifications***
  - Our commitment to sustainability and intelligent design has earned us global recognition. 99% of our eligible global office area has achieved a sustainability designation; specifically, across our portfolio we hold 52 LEED certifications, 41 Energy Star certifications in the United States, 50 BOMA 360 office certifications in the United States and Canada, 29 NABERS certifications in Australia, 7 Green Star certifications and 4 BREEAM certifications.

Social Initiatives

Consistent with our ESG Principles, we aim to create sustainable value by acting responsibly while aligning the interest of our investors, stakeholders and employees. Our focus on stakeholder alignment, long-term horizon and fostering a collaborative culture are foundational to our achieving superior results. We remain actively involved in discussions aimed at advancing our awareness across various social considerations, including the following key focus areas:

- ***Human Capital Development***
  - We hire people who we believe have the capability and the drive to grow and develop, providing stretch opportunities with fast track development where appropriate.
  - We invest heavily in the development of our people. Our "grow-from-within" development approach focuses on internal mobility across business groups, functions and regions.
  - We view our philanthropic activities as an opportunity to engage our people and support their development, and be of benefit to the local communities in which we operate. In 2019, Brookfield replaced its regional approach to philanthropy with a two-pronged global approach, which includes a global matching program and a capital pool for each office to support philanthropic activities that are important to our people and facilitate relationship building in support of collaboration.

- ***Diversity & Inclusion***
  - Brookfield is committed to a positive, open and inclusive work environment. Our approach to ethnic and gender diversity in our human resources starts with a strong tone at the top and our Code of Conduct and Positive Work Environment Policy set a consistently high standard for how we interact with each other across our global asset management business.
  - In 2020, Brookfield created a Global Diversity Advisory Group. The mandate of the group is twofold: provide insight into the concerns, challenges and successes around attracting and retaining members of the Black community and other underrepresented groups within our business; and to find ways to increase our engagement with these groups.

- ***Our Health & Safety Program***
  - Health and safety policies and procedures apply not only to employees, but also to contractors and subcontractors and take into consideration the protection of the surrounding community. Our objective is to have zero serious safety incidents by working toward implementing consistent health and safety principles across the organization. Senior management in our respective Service Providers are accountable for the health and safety performance of their individual businesses.

- ***Human Rights and Modern Slavery***
  - Brookfield is committed to conducting business in an ethical and responsible manner, including by carrying out our activities in a manner that respects and supports the protection of human rights through i.) the elimination of discrimination in employment; ii.) the prohibition of child and force labor; and iii.) the eradication of harassment and physical or mental abuse in the workplace.

- We strive to embed these standards into all core business activities, including training, communications, contracts and due diligence processes as appropriate. These practices extend to our interactions with key suppliers and other business partners.

Governance Initiatives

We recognize that strong governance is essential to sustainable business operations, and we aim to conduct our business according to the highest ethical and legal standards. We rigorously maintain sound governance practices that guide our actions and give our investors peace of mind. Given the trend toward increased regulations targeting ESG in many jurisdictions, such as the EU, we are focused on regularly updating how we manage our ESG compliance. This involves continuing review of evolving legislation, guidelines and best practices for all jurisdictions in which we operate.

Upholding fair and effective business practices is a cornerstone of being a responsible global citizen. Our partnership has adopted strong governance practices to ensure our activities are conducted with the utmost honesty and integrity and in full compliance with all legal and regulatory requirements. Our Code of Business Conduct and Ethics and Anti-bribery and Corruption Policy set out the commitments expected by us. We maintain a reporting hotline to report suspected unethical, illegal or unsafe behavior.

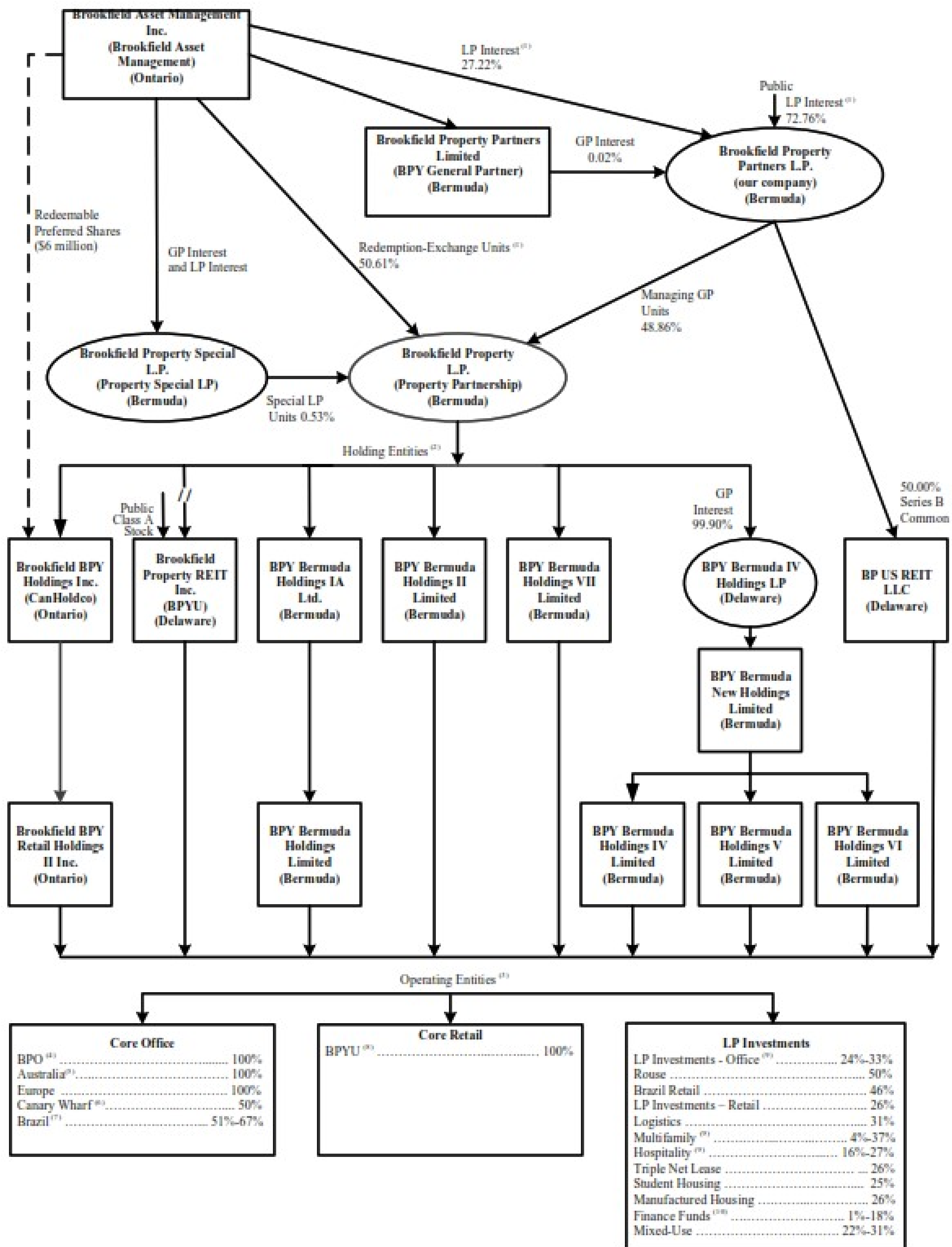
We are proud of the commitment we have made to ESG. The initiatives we undertake and the investments we make in building our business are guided by our core set of values around sustainable development and ESG, as we encourage a culture and organization that we believe can be successful today and in the future.

4.C. ORGANIZATIONAL STRUCTURE

Organizational Chart

The chart on the following page represents a simplified summary of our organizational structure as of December 31, 2020. “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, 2020, public holders own LP Units of our company representing a 73% limited partnership interest in our company, and Brookfield owns the remaining LP Units of our company, representing a 27% 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 and the issued and outstanding BPYU Units, Brookfield has a 62% interest in*

our company. On a fully-exchanged basis and taking into account the exchange of the issued and outstanding BPYU Units, public holders (excluding the Class A Preferred Unitholder) would own LP Units of our company representing a 36% interest in our company, the Class A Preferred Unitholder would own LP Units of our company representing a 7% interest in our company and Brookfield would own the remaining LP Units of our company, representing a 57% interest in our company. Brookfield also has an approximately 51% interest in the Property Partnership through Brookfield's ownership of Redemption-Exchange Units and Special LP 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 million of Class B junior preferred shares of Brookfield BPY Holdings Inc. ("CanHoldco") as of December 31, 2020. In addition, Brookfield holds $5 million of Class A senior preferred shares of each of CanHoldco and of two 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 2% 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, 2020.*

(4) *The majority of our Core Office portfolio is held through Brookfield Office Properties, Inc. ("BPO"). We own 100% of its outstanding common shares and outstanding voting preferred shares as well as interests in certain series of its non-voting preferred shares.*

(5) *Our Australian office business consists of our direct interest in our Australian office properties not held through BPO.*

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

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

(8) *Our economic interest in BPYU is 100% as BPYU Units are intended to be economically equivalent to LP Units. Our voting interest is 97% of the voting stock of BPYU through our 100% ownership of BPYU's Series B preferred stock, Class B-1 stock, Class B-2 stock and Class C stock. The balance of the voting rights in respect of BPYU are held by the public holders of the BPYU Units.*

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

(10) *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		
BPO[2]	100%	100%
Australia	100%	100%
Europe	100%	100%
Canary Wharf	50%	50%
Brazil	51% - 67%	51% - 67%
Core Retail		
BPYU	100%	97%
LP Investments		
LP Investments - Office[3,4]	24% - 33%	—
Rouse	50%	33%
Brazil Retail[3]	46%	—
LP Investments - Retail[4]	26%	—
Logistics[3,4]	31%	—
Multifamily[3,4]	26% - 37%	—
Hospitality[3,4]	26% - 33%	—
Triple Net Lease[3,4]	29%	—
Student Housing[3,4]	25%	—
Manufactured Housing[3,4]	26%	—
Finance Funds[3,4]	1% - 18%	—
Mixed-Use[3,4]	22% - 31%	—

(1) *All interests are rounded to the nearest one percent and are calculated as at December 31, 2020.*

(2) *Our interest in BPO consists of 100% of its outstanding common shares and outstanding voting preferred shares, as well as interests in certain series of its non-voting preferred shares.*

(3) *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.*

(4) *Our economic interest set forth above is reflected as a range because our LP 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 logistics assets. We are Brookfield Asset Management's primary vehicle to make investments across all strategies in real estate. We are positioned to take advantage of Brookfield's global presence, providing our unitholders with the opportunity to benefit from Brookfield's operating experience, execution abilities and global relationships. As of December 31, 2020, Brookfield Asset Management has an effective economic interest in our business of approximately 62%.

Property Partnership

Our company's sole direct investments are a managing general partnership interest in the Property Partnership and an interest in BP US REIT LLC. 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 49% interest in the Property Partnership through ownership of Managing General Partner Units. Our company also owns the Property Partnership Preferred Units, Series 5, 6 and 7. Brookfield has an approximately 51% interest in the Property Partnership through Brookfield's ownership of Redemption-Exchange Units. Brookfield's interest in the Property Partnership also 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. Holders of our units, other than Brookfield, including the Class A Preferred Unitholder and the holders of the AO LTIP Units and FV LTIP Units, hold the remaining approximate 1% economic interest in 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 LP Units, Preferred 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 million of redeemable Class B junior preferred shares of CanHoldco, one of our Holding Entities. In addition, Brookfield holds $5 million of Class A preferred shares of CanHoldco and of two 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 LP Investments. The capital invested in these sectors is through a combination of: direct investment; investments in asset level partnerships or joint venture arrangements; and participation in private equity funds and consortiums.

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",* Item 5.A. *"Operating and Financial Review and Prospects - Operating Results"* 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

OVERVIEW

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, 2020 and 2019 and results of operations for the years ended December 31, 2020, 2019, and 2018. The information in this MD&A should be read in conjunction with the audited consolidated financial statements as of December 31, 2020 and 2019 and each of the years ended December 31, 2020, 2019, and 2018 (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 direct investments are a 49% managing general partnership unit interest in Brookfield Property L.P. (the "Operating Partnership") and an interest in BP US REIT LLC. 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. On July 1, 2018, the partnership realigned its LP Investments segment (formerly referred to as Opportunistic) to include the corporate function of the Brookfield-sponsored real estate opportunity funds, previously included in the Corporate segment, to more closely align with how the partnership now presents financial information to the chief operating decision maker ("CODM") and investors. As of December 31, 2020, the partnership is organized into four reportable segments: i) Core Office, ii) Core Retail, iii) LP Investments and iv) Corporate. These segments are independently and regularly reviewed and managed by the Chief Executive Officer, who is considered the CODM.

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"), FV LTIP Units of the Operating Partnership ("FV LTIP Units"), limited partnership units of Brookfield Office Properties Exchange LP ("Exchange LP Units"), Class A stock, par value $0.01 per share, ("BPYU Units") of Brookfield Property REIT Inc. ("BPYU") and Class A Cumulative Redeemable Perpetual Preferred Units, Series 1, Series 2 and Series 3 ("Preferred Equity Units"). Holders of the GP Units, LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units, Exchange LP Units and BPYU Units will be collectively referred to throughout this MD&A as "Unitholders". The LP Units, Redeemable/Exchangeable Partnership Units, Exchange LP Units and BPYU Units have the same economic attributes in all respects, except that the holders of Redeemable/Exchangeable Partnership Units and BPYU Units have the right to request that their units be redeemed for cash consideration. In the event that Brookfield Asset Management Inc. ("Brookfield Asset Management"), as the holder of the Redeemable/Exchangeable Partnership Units exercises this right, our partnership has the right, at its sole discretion, to satisfy the redemption request with its LP Units, rather than cash, on a one-for-one basis. As a result, Brookfield Asset Management, as holder of Redeemable/Exchangeable Partnership Units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of the LP Units of our partnership. However, given the redemption feature referenced above and the fact that they were issued by our subsidiary, we present the Redeemable/Exchangeable Partnership Units as a component of non-controlling interests. The Exchange LP Units are exchangeable at any time on a one-for-one basis, at the option of the holder, for LP Units. We present the Exchange LP Units as a component of non-controlling interests. BPYU Units provide their holders with the right to request that their units be redeemed for cash consideration. In the event the holders of BPYU Units exercise 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, BPYU Units participates in earnings and distributions on a per unit basis equivalent to the per unit participation of LP Units of our partnership. We present BPYU Units as a component of non-controlling interest.

This MD&A includes financial data for the year ended December 31, 2020 and includes material information up to the date of this Form 20-F. Financial data has 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. 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 ("₨"), Chinese Yuan ("C¥"), South Korean Won ("₩") and United Arab Emirates Dirham ("AED") 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.

OVERVIEW OF OUR BUSINESS

We are Brookfield Asset Management's primary vehicle to make investments across all strategies in real estate. Our goal is to be a leading global owner and operator of high-quality real estate, that generates sustainable and growing distributions to our unitholders and capital appreciation of our asset base over the long term. With approximately 24,400 employees involved in Brookfield Asset Management's real estate businesses around the globe, we have built operating platforms in various real estate sectors, including in our:

CORE OFFICE PORTFOLIO

Class A office assets in gateway markets around the globe

- 139 premier properties
- 97 million square feet
- 90% occupancy
- 8.1 year average lease term

CORE RETAIL PORTFOLIO

100 of the top 500 malls in the United States

- 121 best-in-class malls and urban retail properties
- 119 million square feet
- 92% occupancy

LP INVESTMENTS PORTFOLIO

Invested in mispriced portfolios and/or properties with significant value-add opportunities

Our diversified Core portfolios consist of high-quality office and retail assets in some of the world's most dynamic markets which have stable cash flow as a result of their long-term leases. We target to earn core-plus total returns on our Core portfolios. The drivers of these targets include the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy that should generate strong same-property net operating income ("NOI") growth without significant capital investment. Furthermore, we enhance the returns on our stable properties through an active development and redevelopment pipeline that earns higher unlevered returns on construction costs. We currently have approximately 7 million square feet of active development projects underway with another 4 million square feet in planning stages. Our development track record reflects successful completions on time and on budget. We expect this portion of our balance sheet to contribute meaningfully to earnings growth in our Core businesses as projects reach completion and begin to contribute rental revenue to our earnings.

Our LP Investments portfolio includes our equity invested in Brookfield-sponsored real estate opportunity funds, which target high-quality assets with operational upside across various real estate sectors, including office, retail, multifamily, logistics, hospitality, triple net lease, manufactured housing, mixed-use and student housing. We target to earn opportunistic returns on our LP Investments portfolio. These investments, unlike our Core portfolios, have a defined hold period and typically generate the majority of profits from a gain recognized from realization events including the sale of an asset or portfolio of assets, or exit of the entire investment. The combination of these realized gains and FFO earned represent our earnings on capital invested in these funds and provide liquidity to support our target distributions.

Overall, our goal is to be the leading global owner and operator of high-quality real estate, generating an attractive total return for our Unitholders comprised of: a current yield supported by stable cash flow from a diversified portfolio; distribution growth in-line with earnings growth; and capital appreciation of our asset base. We operate our business to achieve these objectives with a long term view and will continue to make decisions with that in mind, however, we will caution you that in light of the global economic shutdown and its impact on the global economy, we may be unable to achieve these objectives in the near term. We have not changed our investment strategy as a result of COVID-19. 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, reflect changes in market conditions, or portfolio premiums realized upon sale of these assets. 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 opportunities to earn attractive returns. We actively recycle assets on our balance sheet as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns. Despite the economic disruption caused by the global economic shutdown, we expect that the high quality nature of our stabilized properties and associated cash flows will continue to be in demand from investors, although our ability to execute on these recycling of capital initiatives could be impacted in the short term. 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 healthy distributions and appreciation. Furthermore, if we are successful in increasing cash flow earned from our operations and distributions from return of capital and realization events from our LP Investments portfolio, we expect to be able to increase distributions to Unitholders to provide them with an attractive total return on their investment. As noted above, however, we may be unable to increase our cash flows in the near term and as a result may be unable to increase our distributions as anticipated.

We also consider the following items to be important drivers of our current and anticipated financial performance, however the impact of the recent global economic shutdown could limit our potential to achieve these measures:

- increases in occupancies by leasing vacant space and pre-leasing active developments;
- increases in rental rates through maintaining or enhancing the quality of our assets and as market conditions permit; and
- reductions in operating costs through achieving economies of scale and diligently managing contracts.

We also believe that key external performance drivers include the availability of the following:

- debt capital at a cost and on terms conducive to our goals;
- equity capital at a reasonable cost;
- new property acquisitions and other investments that fit into our strategic plan; and
- opportunities to dispose of peak value or non-core assets.

In addition to monitoring, analyzing and reviewing earnings performance, we also review initiatives and market conditions that contribute to changes in the fair value of our investment properties. These fair value changes, combined with earnings, represent a total return on the equity attributable to Unitholders and form an important component in measuring how we have performed relative to our targets.

To measure our performance against these targets, as described above, and measure our operating performance, we focus on NOI, same-property NOI, funds from operations (“FFO”), Company FFO, net income attributable to Unitholders and equity attributable to Unitholders. Some of these performance metrics do not have standardized meanings prescribed by IFRS and therefore may differ from similar metrics used by other companies.

- *NOI*: revenues from our commercial property operations less direct commercial property expenses (“Commercial property NOI”) and revenues from our hospitality operations less direct hospitality expenses (“Hospitality NOI”).

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

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

- *Company FFO*: FFO before the impact of depreciation and amortization of non-real estate assets, transaction costs, gains (losses) associated with non-investment properties, imputed interest on equity accounted investments and the partnership's share of Brookfield Strategic Real Estate Partners III ("BSREP III") FFO. The partnership accounts for its investment in BSREP III as a financial asset and the income (loss) of the fund is not presented in the partnership's results. Distributions from BSREP III, recorded as dividend income under IFRS, are removed from investment and other income for Company FFO presentation.

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

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

NOI is a key indicator of our ability to impact the operating performance of our properties. We seek to grow NOI through pro-active management and leasing of our properties. Same-property NOI in our Core Office and Core Retail segments allows us to segregate the impact of leasing and operating initiatives on the portfolio from the impact of investing activities and "one-time items", which for the historical periods presented consist primarily of lease termination income. We reconcile NOI to net income on page 80.

We also consider FFO an important measure of our operating performance. FFO is a widely recognized measure that is frequently used by securities analysts, investors and other interested parties in the evaluation of real estate entities, particularly those that own and operate income producing properties. Our definition of FFO includes all of the adjustments that are outlined in the National Association of Real Estate Investment Trusts ("NAREIT") definition of FFO, including the exclusion of gains (or losses) from the sale of investment properties, the add back of any depreciation and amortization related to real estate assets and the adjustment for unconsolidated partnerships and joint ventures. In addition to the adjustments prescribed by NAREIT, we also make adjustments to exclude any unrealized fair value gains (or losses) that arise as a result of reporting under IFRS, and income taxes that arise as certain of our subsidiaries are structured as corporations as opposed to real estate investment trusts ("REITs"). These additional adjustments result in an FFO measure that is similar to that which would result if our partnership was organized as a REIT that determined net income in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), which is the type of organization on which the NAREIT definition is premised. Our FFO measure will differ from other organizations applying the NAREIT definition to the extent of certain differences between the IFRS and U.S. GAAP reporting frameworks, principally related to the timing of revenue recognition from lease terminations and sale of properties. Because FFO excludes fair value gains (losses), including equity accounted fair value gains (losses), realized gains (losses) on the sale of investment properties, depreciation and amortization of real estate assets and income taxes, it provides a performance measure that, when compared year-over-year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and interest costs, providing perspective not immediately apparent from net income. We do not use FFO as a measure of cash flow generated from operating activities. We reconcile FFO to net income on page 80 as we believe net income is the most comparable measure.

In addition, we consider Company FFO a useful measure for securities analysts, investors and other interested parties in the evaluation of our partnership's performance. Company FFO, similar to FFO discussed above, provides a performance measure that reflects the impact on operations of trends in occupancy rates, rental rates, operating costs and interest costs. In addition, the adjustments to Company FFO relative to FFO allow the partnership insight into these trends for the real estate operations, by adjusting for non-real estate components. We reconcile net income to Company FFO on page 80.

Net income attributable to Unitholders and Equity attributable to Unitholders are used by the partnership to evaluate the performance of the partnership as a whole as each of the Unitholders participates in the economics of the partnership equally. We reconcile Net income attributable to Unitholders to net income on page 80 and Equity attributable to Unitholders to total equity on page 81.

FAIR VALUE OF INVESTMENT AND HOSPITALITY PROPERTIES

Investment properties

We measure all investment properties at fair value, including those held within equity accounted investments. Valuations are prepared at a balance sheet date with changes to those values recognized as gains or losses in the statement of income. Our valuations are generally prepared at the individual property level by internal investment professionals with the appropriate expertise in the respective industry, geography and asset type. We leverage their extensive expertise and experience in the valuation of properties accumulated through involvement in acquisitions and dispositions, negotiations with lenders and interactions with institutional private fund investors. Additionally, a number of properties are externally appraised each year and the results of those appraisals are compared to the partnership's internally prepared values.

Substantially all of our investment properties are valued using one of two accepted income approaches, the discounted cash flow approach or the direct capitalization approach. The valuation methodology utilized is generally determined by asset class. Our office, retail and mixed-use assets are typically valued using a discounted cash flow methodology while our multifamily, logistics, triple net lease, manufactured housing, and student housing assets are typically valued using a direct capitalization methodology.

Under the discounted cash flow approach, cash flows for each property are forecast for an assumed holding period, generally, ten-years. A capitalization rate is applied to the terminal year net operating income and an appropriate discount rate is applied to those cash flows to determine a value at the reporting date. The forecast cash flows include assumptions prepared at the property level for lease renewal probabilities, downtime, capital expenditures, future leasing rates and associated leasing costs. The majority of property cash flows consist of contracted leases as a result of our core real estate portfolio having a combined 91.1% occupancy level and an average seven-year lease life. Valuation assumptions, such as discount rates and capitalization rates, are determined by the relevant investment professionals and applied to the cash flows to determine the values.

Under the direct capitalization method, a capitalization rate is applied to estimated stabilized annual net operating income to determine value. Capitalization rates are determined by our investment professionals based on market data from comparable transactions and third-party reports.

As a result of the ongoing global economic shutdown, we believe uncertainty remains with respect to certain input factors on our fair value of investment properties, including capitalization rates and discount rates, due to a lack of market transactions since early March 2020. However, we have adjusted capitalization and discount rates in certain assets to reflect changes to risk-free borrowing rates. During the current period, cash flow adjustments have been made as we have taken into account the anticipated outcome of tenant negotiations, leasing downtime, nil-to-minimal rental growth in the near-term and bad debt reserves, as new information related to the pandemic is understood.

Hospitality properties

Hospitality properties are valued annually at December 31 with increases in fair value generally recognized as revaluation surplus in the statement of comprehensive income, unless the increase reverses a previously recognized revaluation loss recorded through prior period net income. Our hospitality properties are valued on an individual location basis using a depreciated replacement cost approach. These valuations are generally prepared by external valuation professionals using information provided by management of the operating business. The fair value estimates for hospitality properties represent the estimated fair value of the property, plant and equipment of the hospitality business only and do not include any associated intangible assets.

The hospitality sector has experienced the most immediate and acute impact from the global economic shutdown as the majority of our hospitality investments were closed, and currently remain closed or are operating at very low occupancy, either as a result of mandatory closure orders from various government authorities or due to severe travel restrictions. As a result of these closures, we have identified an impairment indicator and have performed an impairment test for each hospitality investment based on revised cash flows and valuation metrics. More information on the valuation and impairment of these assets is included in *Note 8, Property, Plant And Equipment*.

Valuation methodology

All of our valuations are subject to various layers of review and controls as part of our financial reporting processes. These controls are part of our system of internal control over financial reporting that is assessed by management on an annual basis. Under the discounted cash flow model, the base cash flows are determined as part of our annual business planning process, prepared within each operating business and reviewed by the senior management teams responsible for each segment, along with senior investment professionals responsible for the relevant asset classes. Valuation assumptions such as discount rates and terminal capitalization rates are compared to market data, third party reports, research material and broker opinions as part of the review process. Due to uncertainty surrounding COVID-19, the volatility of current markets, pace and size of government policy responses and the lack of private market transactions, for the current period, we did not take a holistic approach to adjusting discount rates and/or terminal capitalization rates on any of our sectors, but rather an asset-by-asset view of risk and long-term value was applied in consideration of a reduction in cashflows in our models. Management also considered changes to risk-free borrowing rates in consideration of risk applied in our models.

External valuations

We have a number of properties externally appraised each year to support our valuation process and for other business purposes. We compare the results of those external appraisals to our internally prepared values and reconcile significant differences when they arise. During 2020, we obtained 85 external appraisals of our properties representing a gross property value of $32 billion (or 16% of the portfolio). These external appraisals were within 1% of management's valuations. Also, each year we sell a number of assets, which provides support for our valuations, as we typically contract at prices comparable to our IFRS values.

FINANCIAL STATEMENTS ANALYSIS

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section, we review our consolidated performance for the years ended December 31, 2020, 2019, and 2018 and our financial position as of December 31, 2020, and 2019. Further details on our results from operations and our financial position are contained within the *"Segment Performance"* section on page 85.

The global economic shutdown continues to interrupt business activities and supply chains; disrupt travel; and contribute to significant volatility in the financial markets, resulting in a general decline in equity prices and lower interest rates. The shutdown has also impacted social conditions and adversely impacted local, regional, national and international economic conditions, as well as the labor markets. We have seen an adverse impact to our financial position and consolidated performance as a direct result of the shutdown and it is possible that our results in future periods may continue to be adversely impacted.

The following acquisitions and dispositions of consolidated properties affected our consolidated results in the comparative periods for the years ended December 31, 2020, 2019, and 2018:

In our Core Office segment:

- In the fourth quarter of 2020, we sold our interest in One London Wall Place in London for approximately £460 million ($614 million) and a realized gain of approximately £107 million ($143 million)

- In the second quarter of 2020, we sold approximately 50% of our interests in two multifamily properties, One Blue Slip and Andorra, into joint ventures with Brookfield Premier Real Estate Partners Pooling LLC ("BPREP") for net proceeds of $102 million and $44 million, respectively. Prior to the transactions, our interests were consolidated but are now accounted for under the equity method.

- In the fourth quarter of 2019, we acquired an incremental 50% interest in One and Two London Wall Place in London for approximately £177 million ($229 million) and as a result, gained control. These assets were previously accounted for under the equity method and are now consolidated.

- In the fourth quarter of 2019, we sold our interest in Jessie Street Centre in Sydney for approximately A$412 million ($282 million) and a realized gain of approximately A$82 million ($56 million).

- In the third quarter of 2019, we sold our interest in the Darling Park office complex in Sydney for approximately A$638 million ($438 million) and a realized gain of approximately A$247 million ($169 million). We sold 3 Spring Street in Sydney for approximately A$173 million ($119 million) and a realized gain of approximately A$98 million ($67 million).

- In the second quarter of 2019, we sold our interest in 2001 M Street in Washington, D.C. for approximately $121 million and a realized gain of approximately $32 million.

In our Core Retail segment:

- In the second quarter of 2020, we restructured our joint venture partnership in Water Tower Place in which we acquired an incremental 43.9% interest through the assumption of our partner's share of debt held on the property. Prior to the acquisition, our joint venture interest was reflected as an equity accounted investment and is now consolidated.

- In the fourth quarter of 2019, we acquired our joint venture partner's incremental interest in four properties including Park Meadows in Colorado, Towson Town Center in Maryland, Perimeter Mall in Georgia, and Shops at Merrick Park in Florida, bringing our ownership in each of the malls to 100%. Concurrently, we sold our interest in Bridgewater Commons in New Jersey to the joint venture partner. Prior to the acquisition of the four assets, our joint venture interest was accounted for under the equity method and is now consolidated.

- In the third quarter of 2019, we acquired an incremental 49.7% interest in 730 Fifth Avenue in New York for approximately $779 million. Prior to the acquisition, our 50% joint venture interest was reflected as an equity accounted investment. As a result of the acquisition, we gained control of the investment and consolidated its results.

In our LP Investments segment:

- In the fourth quarter of 2020, we sold our portfolio of self-storage assets in the United States in the Brookfield Strategic Real Estate Partners II ("BSREP II") fund for approximately $1.2 billion and a realized gain of approximately $244 million.

- In the fourth quarter of 2020, we sold a partial interest in a portfolio of triple-net lease assets in the United States in the Brookfield Strategic Real Estate Partners I ("BSREP I") fund for approximately $728 million and a realized gain of approximately $105 million. As part of the sale, we no longer have certain voting rights, which has resulted in a loss of control over the investment; as a result, we deconsolidated our investment in the portfolio.

- In the fourth quarter of 2020, we sold two office assets in Brazil in the BSREP II fund for approximately R$2.0 billion ($379 million) and a realized gain of approximately R$735 million ($136 million).

- In the fourth quarter of 2020, we sold five multifamily assets in the United States in the BSREP II fund for approximately $390 million and a realized gain of approximately $61 million.

- In the third quarter of 2020, we completed the recapitalization of the Atlantis Paradise Island resort ("Atlantis") with a consortium of investors who made a total commitment of $300 million in the form of preferred equity, of which we committed approximately $125 million. As a result, we no longer control the previously consolidated investment and account for the investment under the equity method following recapitalization.

- In the first quarter of 2020, we sold an office asset in California in the BSREP II fund for approximately $131 million and a realized gain of approximately $58 million.

- In the fourth quarter of 2019, we sold five multifamily assets in the United States in the BSREP I fund for approximately $1.1 billion and a realized gain of approximately $203 million.

- In the third quarter of 2019, we sold a portfolio of triple-net lease assets in the United States in the BSREP I fund, for approximately $585 million and a realized gain of approximately $36 million.

- In the second quarter of 2019, we sold a portfolio of office assets in California in the BSREP I fund, for approximately $270 million and a realized gain of approximately $114 million.

- In the first quarter of 2019, BSREP III held its final close with total equity commitments of $15 billion. Prior to final close, we had committed to 25%, or a controlling interest in the fund and as a result, had previously consolidated the investments made to date. Upon final close, on January 31, 2019, we reduced our commitment to $1.0 billion, representing a 7% non-voting position. As a result, we lost control and deconsolidated our investment in the fund.

For the purposes of the following comparison discussion between the years ended December 31, 2020 and December 31, 2019, the above transactions are referred to as the investment activities. In addition to the investment activities, we will use same-property NOI from our Core Office and Core Retail segments to evaluate our operating results.

For the comparison discussions between the years ended December 31, 2019 and December 31, 2018, please refer to Item 5. *"Operating and Financial Review and Prospects"* of our Annual Report on Form 20-F for the year ended December 31, 2019, filed with the SEC on February 28, 2020.

Summary of Operating Results

(US$ Millions)		2020		2019		2018
Net (loss) income	$	**(2,058)**	$	3,157	$	3,654
Net (loss) income attributable to Unitholders[1]		**(2,358)**		1,956		1,978
NOI[1]		**3,535**		4,414		3,869
FFO[1]		**707**		1,147		866
Company FFO[1]		**815**		1,345		1,179

(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 66. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section on page 80.*

We recognized a net loss of $2,058 million for the year ended December 31, 2020 which compares to net income of $3,157 million during 2019. Net loss per unit attributable to Unitholders for the year ended December 31, 2020 was $2.39 compared with income of $1.89 during 2019. The decrease is primarily attributable to fair value losses recognized on our Core Office and Core Retail portfolios, which reflects the impact of the global economic shutdown on our near and mid-term cash flow assumptions. Changes to our near and mid-term cash-flows vary by property and reflect lesser rental rate growth and leasing assumptions, delayed capital expenditures, and tenant-specific credit loss assumptions based on ongoing and completed negotiations with tenants for deferred or abated rent. Fair values losses in Core Office and Core Retail were $223 million and $1,706 million, respectively. Additionally, higher discount rates and terminal capitalization rates were applied to assets, mostly in our Core Retail portfolio, where we have more exposure to anchor tenants who have recently filed for bankruptcy. Net loss was also impacted due to mark-to-market losses on derivatives and operating losses at our hospitality properties due to government-mandated shutdowns.

FFO decreased to $707 million for the year ended December 31, 2020 from $1,147 million in 2019. The decrease was driven by operating losses from our hospitality portfolio due to government-mandated closures primarily at Atlantis in the Bahamas and occupancy restrictions at Center Parcs in the U.K., as a result of the shutdown. Our hotels are running, on average, at much lower occupancies than is required to break-even, and some properties continue to be closed subsequent to the end of the year. These decreases were partially offset by lower interest expense due to the impact of the historically low interest rate environment on our variable debt obligations.

Operating Results

(US$ Millions) Years ended Dec. 31,		2020		2019		2018
Commercial property revenue	$	**5,397**	$	5,691	$	5,043
Hospitality revenue		**702**		1,909		1,913
Investment and other revenue		**494**		603		283
Total revenue		**6,593**		8,203		7,239
Direct commercial property expense		**1,936**		1,967		1,851
Direct hospitality expense		**628**		1,219		1,236
Investment and other expense		**69**		82		26
Interest expense		**2,592**		2,924		2,464
Depreciation and amortization		**319**		341		308
General and administrative expense		**816**		882		1,032
Total expenses		**6,360**		7,415		6,917
Fair value (losses) gains, net		**(1,322)**		596		2,466
Share of net (losses) earnings from equity accounted investments		**(749)**		1,969		947
(Losses) Income before income taxes		**(1,838)**		3,353		3,735
Income tax expense		**220**		196		81
Net (loss) income		**(2,058)**		3,157		3,654
Net (loss) income attributable to non-controlling interests of others in operating subsidiaries and properties		**300**		1,201		1,676
Net (loss) income attributable to Unitholders[1]	**$**	**(2,358)**	$	1,956	$	1,978

(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 66. An analysis of the measures and reconciliation to IFRS measures is included in the "Reconciliation of Non-IFRS measures" section starting on page 80.*

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

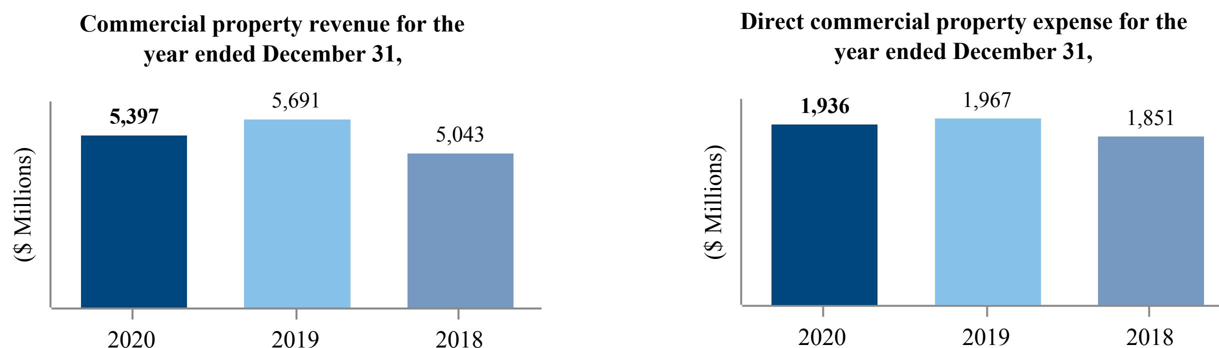
(US$ Millions, except per unit information) Years ended Dec. 31,		2020		2019		2018
Net (loss) income	**$**	**(2,058)**	$	3,157	$	3,654
Less: Non-controlling interests		**300**		1,201		1,676
Less: Preferred unit dividends		**42**		15		—
Net (loss) income attributable to Unitholders – basic[(1)]		**(2,400)**		1,941		1,978
Dilutive effect of conversion of capital securities – corporate and options[(3)]		**—**		8		27
Net (loss) income attributable to Unitholders – diluted		**(2,400)**		1,949		2,005
Weighted average number of units outstanding – basic[(1)]		**1,005.0**		1,025.0		866.9
Conversion of capital securities – corporate and options[(3)]		**—**		6.7		18.5
Weighted average number of units outstanding – diluted		**1,005.0**		1,031.7		885.4
Net (loss) income attributable to Unitholders per unit – basic[(1)(2)]	**$**	**(2.39)**	$	1.89	$	2.28
Net (loss) income attributable to Unitholders per unit – diluted[(2)]	**$**	**(2.39)**	$	1.89	$	2.26

(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.*

(2) *Net income attributable to Unitholders is a non-IFRS measure as described in the "Performance Measures" section on page 66.*

(3) *There was no dilutive impact from options during 2020 as the average market price did not exceed the exercise price.*

Commercial property revenue and direct commercial property expense



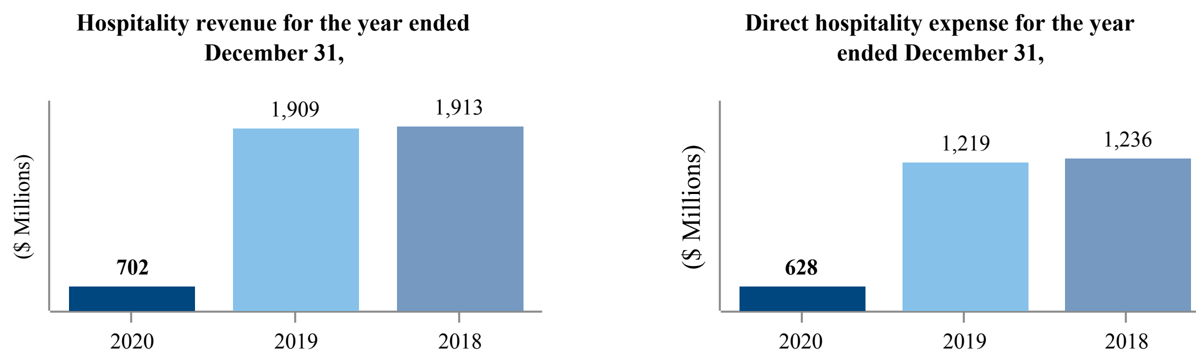
The global economic shutdown had a modest negative impact to our commercial property revenue earned in the year, as most of our revenues are from contractual rent agreements. Reductions in revenue were mostly from parking and fee income. While our commercial property revenues were not materially impacted by the shutdown, near-term cash flows have been impacted and future revenues and cash flows produced by the partnership's commercial properties are more uncertain as a result of the rapid impact to the global economy. We have reflected in our operating results through fair value gains (losses) our estimate of near and mid-term disruptions to cash flows to reflect collections, higher vacancy, longer leasing downtime, bad debt credit reserves and assumptions on new leasing.

In 2020, commercial property revenue decreased by $294 million compared to 2019 due to property dispositions, the negative impact of foreign currency translation, and the deconsolidation of BSREP III investments, which was consolidated in the prior year and contributed $87 million to revenue. Additional decreases were driven by a 7.8% same-property loss in our Core Office portfolio, attributable to lower parking revenue due to the shutdown and lease expirations since the prior year, as well as the impact of lower occupancy, abatements and tenant bankruptcies within our Core Retail portfolio due to the shutdown. These decreases were partially offset by investment activity and the substantial completion of 100 Bishopsgate in London.

Direct commercial property expense decreased by $31 million largely due to property dispositions and the deconsolidation of BSREP III investments. Margins in 2020 were 64.1%; a 2.0% decline compared to 2019 and an improvement of 1.3% compared to 2018.

Commercial property NOI decreased to $3,461 million for the year ended December 31, 2020 compared with $3,724 million during 2019. The decrease was primarily driven by the reasons mentioned above.

Hospitality revenue and direct hospitality expense



Our hospitality assets have experienced a significant slowing of operations and closures since the month of March 2020 due to travel restrictions and stay-at-home orders as a direct result of the global economic shutdown; the impact of which is reflected in our revenues and also resulted in a number of impairments.

Hospitality revenue decreased to $702 million for the year ended December 31, 2020 from $1,909 million in 2019. The decrease was due to closures and cancellations related to COVID-19 during the year, primarily at the Atlantis and Center Parcs. The majority of our hospitality investments are currently operating at a loss given reduced occupancy levels or mandated closures. Direct hospitality expense decreased to $628 million in 2020 from $1,219 million in 2019. We have been able to reduce operating costs given most hotels are closed, however certain fixed costs remain and are not offset by revenues because of closures and/or drastically reduced occupancy as a result of the shutdown.

Hospitality NOI decreased to $74 million for the year ended December 31, 2020 compared to $690 million during the same period in the prior year. The decrease is entirely attributable to the global economic shutdown.

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 $109 million for the year ended December 31, 2020 as compared to the prior year. In addition to a reduction in fees in the current year as a result of the global economic shutdown, the decrease is primarily due to the prior year benefiting from performance-based fees for achieving certain milestones at Five Manhattan West.

Investment and other expense decreased by $13 million to $69 million for the year ended December 31, 2020 as compared to $82 million in the prior year.

Interest expense

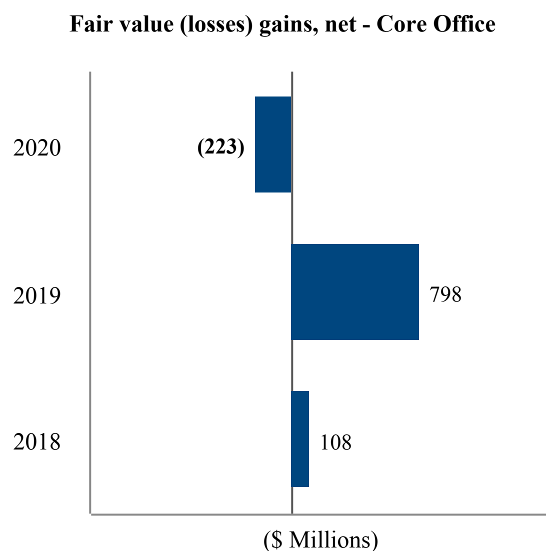
Interest expense decreased by $332 million for the year ended December 31, 2020 as compared to the prior year. This decrease was primarily due to the historically low interest rate environment on our variable debt obligations and disposition activity, partially offset by interest expense from property acquisitions and corporate bond issuances.

General and administrative expense

General and administrative expense decreased by $66 million for the year ended December 31, 2020 compared to the prior year. The decrease was primarily attributable to lower transaction costs and management fees during the current period.

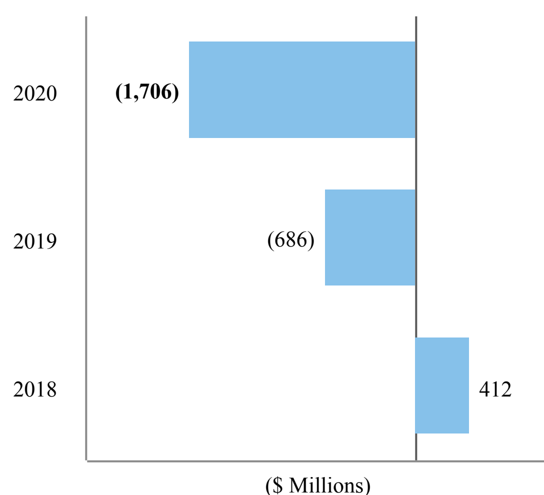
Fair value (losses) gains, net

Fair value (losses) gains, net includes valuation gains (losses) on commercial properties and developments as well as mark-to-market adjustments on financial instruments and derivatives and foreign currency gains (losses) on disposal of assets denominated in foreign currencies. While we measure and record our commercial properties and developments using valuations prepared by management in accordance with our policy, external appraisals and market comparables, when available, are used to support our valuations. For the current period, we have made property-specific, asset class-specific and market-specific updates to our underlying property-level cash flows based on our expected scenarios which are anticipated to occur over the near- and mid-term period. We have assessed each of our asset classes to determine the level of impact on cash flows after taking into account current and upcoming quarter rent collection rates, renewal percentages, and the credit quality of our tenant base, which aided in the application of bad debt credit reserve assumptions. We have also looked on an asset-by-asset basis at the discount rates and terminal capitalization rates applied to each properties' cashflows and made adjustments where we felt it appropriate to amend the risk profile which also had an impact on current quarter valuations. It is possible that there will continue to be further cash flow and valuation metric changes in future periods as new information related to the pandemic is understood, including the continued impact on our tenants as well as the evolution of government restrictions and travel limitations.



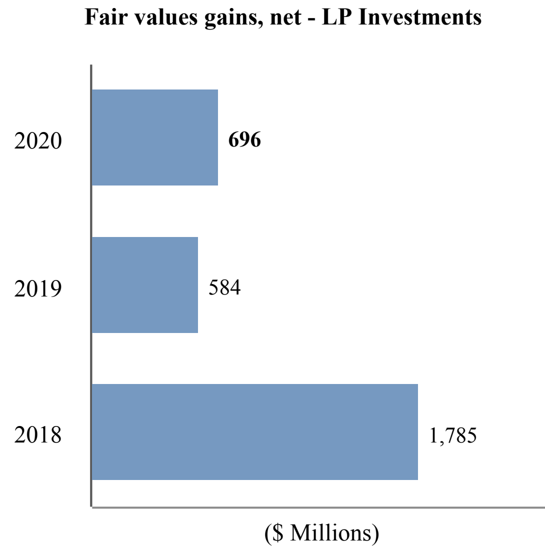
Fair value losses, net for our Core Office segment were $223 million for the year ended December 31, 2020. The current period losses reflect the impact of the global economic shutdown on our near and mid-term cash-flows, primarily in our US markets. Our cash flow assumptions have been updated on a property-by-property basis, which reflect softer rental rate growth and leasing assumptions, including a reduction in speculative leasing and longer downtime, as well as delayed capital expenditures, and tenant-specific credit loss assumptions. Offsetting this was capitalization rate compression in certain assets in our New York, Sydney and UK portfolios.

Fair value gains, net for our Core Office segment were $798 million for the year ended December 31, 2019 which primarily relate to gains at 100 Bishopsgate in London as the asset was nearing substantial completion, fair value gains in Brazil due to improved market outlook and historically low interest rates and fair value gains in Australia due to capitalization rate compression supported by improving market conditions. Additionally, there were gains recognized in the first quarter of 2019 within our New York portfolio to reflect market conditions.



Fair value losses, net for our Core Retail segment were $1,706 million for the year ended December 31, 2020. Fair value losses, net for our Core Retail portfolio reflects the impact of the global economic shutdown on our near and mid-term cash flow assumptions. During the second and fourth quarters of 2020, we performed a detailed analysis of our cashflow models. Our cash flow assumptions were updated on a suite-by-suite basis with revised market leasing assumptions, vacancy reserves, downtime, retention assumptions, overage and temporary rental revenue assumptions, bad debt reserves and capital costs. We also applied tenant-specific credit reserves to most of our tenants, as we continue to have discussions on lease modifications for receivable balances dating back to the second quarter of 2020. We are actively tracking tenant bankruptcies and likelihood of filings and have assigned higher reserves to those respective tenants. We have also updated valuation metrics where necessary to reflect changes in certain property level risk profiles, mostly the lower quality malls in the sub $400 per square foot sales bands.

Fair value losses, net for our Core Retail segment were $686 million for the year ended December 31, 2019. The losses reflect updated cashflow assumptions and valuation metrics.



Fair value gains, net for our LP Investments segment for the year ended December 31, 2020 were $696 million. Certain of our asset classes within our LP Investments were impacted more materially than others from the global economic shutdown, mostly our retail assets. For our retail investments, we followed the same approach as referenced in the Fair value (losses) gains - Core Retail discussion above. Additionally, for the balance of our investment portfolios, we revisited cash flow assumptions for each of our assets and took into consideration the type of asset, the location, the credit-quality of our tenants, renewal rates, average lease term and restrictions that might be impacting our ability to collect rent. Based on this, we reflected some negative near-term cash flow assumptions into our valuation models. Offsetting these losses were gains in our US manufactured housing and UK student housing portfolios, as well as realized gains due to the disposition of our self-storage portfolio.

Fair value gains, net for our LP Investments segment for the year ended December 31, 2019 were $584 million primarily due to our office portfolio in Brazil which benefited from discount rate compression due to improved market conditions and historically low interest rates and our India and student housing portfolios which benefited from capitalization rate compression. These gains were partially offset by fair value losses, net from our retail portfolio as result of lower capitalization rates and updated cashflows.

We undertook a process to assess the appropriateness of the discount and terminal capitalization rates considering changes to property-level cash flows and any risk premium inherent in such cash flow changes as well as the current cost of capital and credit spreads. These considerations led us to make some discount rate changes to certain of our assets, mostly within our retail portfolio for assets where we have more exposure to anchor tenants who have recently filed for bankruptcy. We did not make holistic changes overall to our discount rates or terminal capitalization rates, as we were largely impacted by detailed revision of our cashflow models and feel comfortable with the level of risk applied in our cashflows. As we learn more about the mid- and longer-term impacts of the pandemic on our business, we will update our valuation models accordingly.

Fair value sensitivity

The following table presents a sensitivity analysis to the impact of a 25 basis point ("bps") increase of the discount rate and terminal capitalization or overall implied capitalization rate ("ICR") on fair values of the partnership's commercial properties for the year ended December 31, 2020, for properties valued using the discounted cash flow or direct capitalization method, respectively:

	Dec. 31, 2020							
(US$ Millions)	Commercial properties	Commercial developments	Discount rate ("DR")	Terminal capitalization rate ("TCR")	Investment horizon (years)	Impact of +25bps DR	Impact of +25bps TCR	Impact of +25bps DR and +25bps TCR or +25bps ICR
Core Office								
United States	$ 14,682	$ 411	6.9%	5.6 %	12	$ (335)	$ (419)	$ (748)
Canada	4,721	381	5.9%	5.2 %	10	(89)	(137)	(223)
Australia	2,366	365	6.6%	5.7 %	10	(63)	(105)	(166)
Europe	2,526	173	5.2%	3.8 %	10	(50)	(107)	(155)
Brazil	309	—	7.6%	7.0 %	10	(7)	(19)	(5)
Core Retail	20,324	—	7.0%	5.3 %	10	(684)	(408)	(1,076)
LP Investments								
LP Investments- Office	7,946	781	9.7%	7.2 %	7	(127)	(280)	(401)
LP Investments- Retail	2,538	—	8.7%	7.0 %	10	(64)	(94)	(148)
Mixed-use	3,096	—	7.3%	5.2 %	10	(56)	(88)	(142)
Hospitality[1]	84	—	n/a	n/a	n/a	—	—	—
Multifamily[2]	2,442	—	4.9%	n/a	n/a	—	(117)	(117)
Triple Net Lease[2]	3,719	—	6.2%	n/a	n/a	—	(137)	(137)
Student Housing[2]	2,757	205	4.9%	n/a	n/a	—	(122)	(122)
Manufactured Housing[2]	2,784	—	4.8%	n/a	n/a	—	(130)	(130)
Investment property impact	$ 70,294	$ 2,316				$ (1,475)	$ (2,163)	$ (3,570)

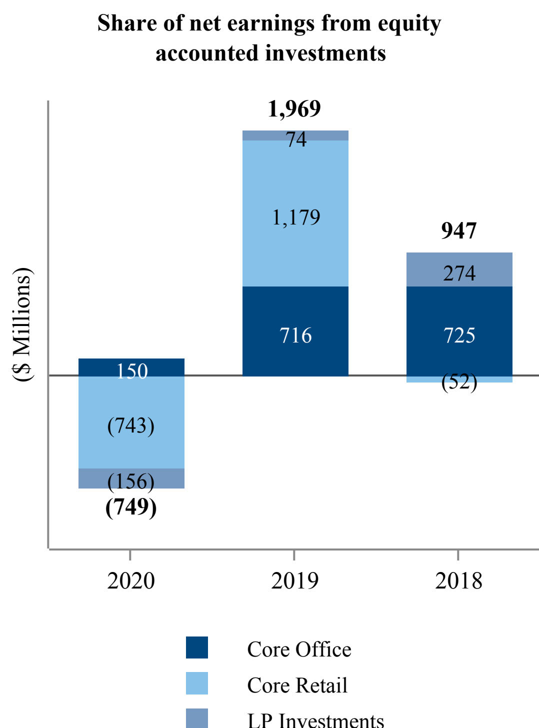
(1) *Represents excess land held for capital appreciation rather than an operating hotel asset.*

(2) *The valuation method used to value multifamily, triple net lease, student housing, and manufactured housing properties is the direct capitalization method. The rates presented as the discount rate relate to the overall implied capitalization rate. The terminal capitalization rate and investment horizon are not applicable.*

In addition, we recorded fair value losses of $89 million (December 31, 2019 - fair value losses of $100 million and December 31, 2018 - fair value gains of $161 million), related to mark-to-market adjustments of financial instruments and the settlement of derivative contracts during the year. The prior year losses also related to mark-to-market adjustments of financial instruments and the settlement of derivative contracts during the year.

Share of net earnings from equity accounted investments

Our most significant equity accounted investments are Canary Wharf and Manhattan West in our Core Office sector, Ala Moana Center in Hawaii, Fashion Show and Grand Canal Shoppes in Las Vegas in our Core Retail segment and our interest in the Atlantis (as of the end of the third quarter of 2020) and the retail fund in Brazil in our LP Investments segment.



Our share of net earnings from equity accounted investments for the year ended December 31, 2020 was a loss of $749 million, which represents a decrease of $2,718 million compared to the prior year. The decrease is primarily due to fair value losses in our Core Retail portfolio, losses in our Canary Wharf investment attributable to the retail portfolio within, and lower share of net earnings from our hospitality portfolio within LP Investments. Our Core Retail valuations reflect updated cash flow assumptions which have been updated on a suite-by-suite basis with revised market leasing assumptions, vacancy reserves, overage and temporary rental revenue assumptions, bad debt reserves and capital costs. We have updated valuation metrics where necessary to reflect changes in the property level risk profile. Earnings from the hospitality portfolio were impacted by the global economic shutdown. Additionally, incremental acquisitions of interests in 2019 which included One and Two London Wall Place in London in Core Office, and Park Meadows in Colorado, Towson Town Center in Maryland, Perimeter Mall in Georgia, Shops at Merrick Park in Florida and 730 Fifth in New York in Core Retail, contributed to the decrease in share of net earnings from equity accounted investments as the results for these properties are now consolidated in the current year.

Income tax expense (benefit)

The increase in income tax expense for the year ended December 31, 2020 is primarily related to tax rate changes in jurisdictions in which we hold investments.

Reconciliation of Non-IFRS measures

As described in the *"Performance Measures"* section on page 66, our partnership uses non-IFRS measures to assess the performance of its operations. An analysis of the measures and reconciliation to IFRS measures is included below.

The following table reconciles net income to NOI for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Commercial property revenue	**$ 5,397**	$ 5,691	$ 5,043
Direct commercial property expense	**(1,936)**	(1,967)	(1,851)
Commercial property NOI	**3,461**	3,724	3,192
Hospitality revenue	**702**	1,909	1,913
Direct hospitality expense	**(628)**	(1,219)	(1,236)
Hospitality NOI	**74**	690	677
Total NOI	**3,535**	4,414	3,869
Investment and other revenue	**494**	603	283
Share of net earnings from equity accounted investments	**(749)**	1,969	947
Interest expense	**(2,592)**	(2,924)	(2,464)
Depreciation and amortization	**(319)**	(341)	(308)
General and administrative expenses	**(816)**	(882)	(1,032)
Investment and other expense	**(69)**	(82)	(26)
Fair value (losses) gains, net	**(1,322)**	596	2,466
Income before income taxes	**(1,838)**	3,353	3,735
Income tax (expense) benefit	**(220)**	(196)	(81)
Net (loss) income	**(2,058)**	3,157	3,654
Net income attributable to non-controlling interests of others in operating subsidiaries and properties	**300**	1,201	1,676
Net (loss) income attributable to Unitholders	**$ (2,358)**	$ 1,956	$ 1,978

The following table reconciles net income to FFO and Company FFO for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Net (loss) income	**$ (2,058)**	$ 3,157	$ 3,654
Add (deduct):			
Fair value losses (gains), net	**1,322**	(596)	(2,466)
Share of equity accounted fair value losses (gains), net	**1,403**	(1,055)	(114)
Depreciation and amortization of real-estate assets	**249**	283	264
Income tax expense (benefit)	**220**	196	81
Non-controlling interests in above items	**(429)**	(838)	(553)
FFO	**707**	1,147	866
Add (deduct):			
Depreciation and amortization of real-estate assets, net[(1)]	**48**	40	35
Transaction costs, net[(1)]	**33**	96	221
Gains/losses associated with non-investment properties, net[(1)]	**3**	(1)	6
Imputed interest[(2)]	**23**	49	51
BSREP III earnings[(3)]	**1**	14	—
Company FFO	**$ 815**	$ 1,345	$ 1,179

(1) *Presented net of non-controlling interests.*
(2) *Represents imputed interest associated with financing the partnership's share of commercial developments accounted for under the equity method.*
(3) *BSREP III is now accounted for as a financial asset which results in FFO being recognized in line with distributions received. As such, the BSREP III earnings adjustment picks up our proportionate share of the Company FFO.*

Summary of Financial Position

(US$ Millions, except per unit information)	Dec. 31, 2020	Dec. 31, 2019
Investment properties:		
Commercial properties	**$ 70,294**	$ 71,565
Commercial developments	**2,316**	3,946
Equity accounted investments	**19,719**	20,764
Property, plant and equipment	**5,235**	7,278
Cash and cash equivalents	**2,473**	1,438
Assets held for sale	**588**	387
Total assets	**107,951**	111,643
Debt obligations	**54,337**	55,390
Liabilities associated with assets held for sale	**396**	140
Total equity	**41,523**	44,935
Equity attributable to Unitholders[1]	**$ 25,137**	$ 28,530
Equity per unit[2]	**$ 26.66**	$ 29.72

(1) *Equity attributable to Unitholders is a non-IFRS measure as described in the "Performance Measures" section on page 66.*
(2) *Assumes conversion of mandatorily convertible preferred shares. See page 81 for additional information.*

As of December 31, 2020, we had $107,951 million in total assets, compared with $111,643 million at December 31, 2019. The decrease of $3,692 million was primarily due to valuation losses on our office and retail portfolios, the deconsolidation of the Atlantis, and impairment losses on our hospitality portfolio. This was in part offset by the positive impact of foreign currency translation due to the strengthening of all our major foreign currencies as compared to the U.S. dollar during the year.

Commercial properties represent operating, rent-producing properties. Commercial properties decreased from $71,565 million at the end of 2019 to $70,294 million at the end of the current year. The decrease was largely due to reclassification of a portfolio of self-storage assets and a Core Office asset in London to assets held for sale prior to their sales in the fourth quarter and valuation losses in our office and retail portfolios due to updated near and mid-term cash flow assumptions resulting from the global economic shutdown. These decreases were partially offset by the reclassification of 100 Bishopsgate in London from development to operating, the positive impact of foreign currency translation and incremental capital spent to maintain or enhance properties.

Commercial developments consist of commercial property development sites, density rights and related infrastructure. The total fair value of development land and infrastructure was $2,316 million at December 31, 2020, a decrease of $1,630 million from the balance at December 31, 2019. The decrease is primarily due to the reclassification of 100 Bishopsgate in the second quarter from development to operating, as the development reached substantial completion, the completion of an office redevelopment in Australia and the completion of an office development in India. These decreases were partially offset by incremental capital spend on our active developments and the impact of foreign currency translation.

The following table presents the changes in investment properties from December 31, 2019 to December 31, 2020:

	Dec. 31, 2020	
(US$ Millions)	Commercial properties	Commercial developments
Investment properties, beginning of year	$ 71,565	$ 3,946
Acquisitions	647	108
Capital expenditures	1,140	857
Dispositions[1]	(2,339)	(21)
Fair value (losses) gains, net	(1,607)	219
Foreign currency translation	322	(44)
Transfer between commercial properties and commercial developments	2,709	(2,709)
Reclassifications to assets held for sale and other changes[2]	(2,143)	(40)
Investment properties, end of year	**$ 70,294**	**$ 2,316**

(1) *Property dispositions represent the carrying value on date of sale.*
(2) *Includes a portfolio of self-storage assets and a Core Office asset in London, which were disposed of in the fourth quarter of 2020.*

Equity accounted investments decreased by $1,045 million since December 31, 2019 primarily due to lower share of net earnings, driven by valuation losses in our retail portfolios and lower earnings from our hospitality portfolio as a result of the global economic shutdown and distributions. These decreases were partially offset by the reclassification of One Blue Slip and Andorra from commercial properties and the Atlantis resort from property, plant and equipment due to changes in control, the reclassification of the Diplomat out of assets held for sale into equity accounted investments and the positive impact of foreign currency translation.

The following table presents the changes in our equity accounted investments from December 31, 2019 to December 31, 2020:

(US$ Millions)		Dec. 31, 2020
Equity accounted investments, beginning of year	$	20,764
Additions		522
Disposals and return of capital distributions		(108)
Share of net earnings from equity accounted investments		(749)
Distributions received		(618)
Foreign currency translation		107
Reclassification (to)/from assets held for sale		121
Other comprehensive income and other		(320)
Equity accounted investments, end of year	**$**	**19,719**

Property, plant and equipment decreased by $2,043 million since December 31, 2019, primarily due to the deconsolidation of the Atlantis. Refer to *Segment Performance, LP Investments* for further detail. Additionally, we have recorded provisions for impairment on certain of our hospitality assets which are largely operating at reduced occupancy levels or have been nonoperational since the global economic shutdown began. The recovery timeline for our hospitality assets is expected to be the longest of all our sectors and the impairments taken represent a reduction in cashflows through that recovery period which ranges from 2022 (certain of our leisure hotels) to 2025 (certain of our urban and business/conference-heavy hotels). This decline in cashflows had a significant impact on the values of our hotels, which resulted in impairments for certain of our hotel investments. In addition, there was depreciation recorded during the period. These decreases were offset by capital expenditures and the positive impact of foreign currency translation during the current year.

As of December 31, 2020, assets held for sale primarily included a multifamily asset in the U.S., two malls in the U.S., a mall in Brazil, four triple net lease assets in the U.S., and an office asset in Australia.

The following table presents the changes in our assets held for sale from December 31, 2019 to December 31, 2020:

(US$ Millions)		Dec. 31, 2020
Balance, beginning of year	$	387
Reclassification to/(from) assets held for sale, net		2,381
Disposals		(2,222)
Fair value adjustments		9
Foreign currency translation		20
Other		13
Assets held for sale	**$**	**588**

Also included in total assets is accounts receivable, which had a balance of $753 million as of December 31, 2020 and compares to a balance of $510 million at December 31, 2019. The increase in accounts receivable balance is attributable to uncollected rents, mostly in Core Retail, as a direct result of the global economic shutdown. As tenants were mandated to stay home and/or malls were required to close, many of our tenants did not pay rent for a portion of the second quarter. As of December 31, 2020, we have collected approximately 96% of office rents and 67% of retail rents since April, when the global economic shutdown began. For the year ended December 31, 2020 we have recorded a $99 million allowance (2019 - $31 million) in commercial property operating expenses. We continue to make meaningful progress in negotiations and discussions with our tenants to work to modify their leases to offer them a deferral period or in some cases, rent abatement. As of December 31, 2020, we granted rent deferrals of 4% and rent abatements of 5% of 2020 retail rent. The rent abatements granted were considered lease modifications and will be recognized prospectively over the remaining lease terms from the period the rent was abated While we anticipate that we may grant further rent concessions, such as the deferral or abatement of lease payments, such rent concession requests are evaluated on a case-by-case basis.

Our debt obligations decreased to $54,337 million as at December 31, 2020 from $55,390 million as at December 31, 2019. The decrease was driven by the deconsolidation of the Atlantis, the dispositions of a portfolio of self-storage assets and a portfolio of triple net lease assets. These decreases were partially offset by an increase in subsidiary borrowings, issuance of senior secured notes, drawdown of the partnership's credit facilities and the impact of foreign currency translation.

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

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019
Corporate borrowings	**$ 3,232**	$ 1,902
Funds subscription facilities	**314**	57
Non-recourse borrowings:		
Property-specific borrowings	**44,515**	47,465
Subsidiary borrowings	**6,276**	5,966
Total debt obligations	**54,337**	55,390
Current	**13,074**	8,825
Non-current	**41,263**	46,565
Total debt obligations	**$ 54,337**	$ 55,390

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

(US$ Millions, except unit information)	**Dec. 31, 2020**	Dec. 31, 2019
Total equity	**$ 41,523**	$ 44,935
Less:		
Interests of others in operating subsidiaries and properties	**15,687**	15,985
Preferred equity	**699**	420
Equity attributable to Unitholders	**25,137**	**28,530**
Mandatorily convertible preferred shares	**1,679**	1,650
Total equity attributable to unitholders	**26,816**	30,180
Partnership units	**935,984,543**	945,413,656
Mandatorily convertible preferred shares	**70,051,024**	70,051,024
Total partnership units	**1,006,035,567**	1,015,464,680
Total equity attributable to Unitholders per unit	**$ 26.66**	$ 29.72

Equity attributable to Unitholders was $25,137 million at December 31, 2020, a decrease of $3,393 million from the balance at December 31, 2019. The decrease was primarily due to valuation losses. Assuming the conversion of mandatorily convertible preferred shares, equity attributable to Unitholders decreased to $26.66 per unit at December 31, 2020 from $29.72 per unit at December 31, 2019.

Interests of others in operating subsidiaries and properties was $15,687 million at December 31, 2020, a decrease of $298 million from the balance at December 31, 2019.

SUMMARY OF QUARTERLY RESULTS

	2020				2019			
(US$ Millions, except per unit information)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 1,620**	$ 1,636	$ 1,437	$ 1,900	$ 2,087	$ 2,017	$ 2,026	$ 2,073
Direct operating costs	**566**	677	551	770	783	776	785	842
Net (loss) income	**(38)**	(135)	(1,512)	(373)	1,551	870	23	713
Net (loss) income attributable to Unitholders	**(390)**	(229)	(1,253)	(486)	1,022	474	127	333
Net (loss) income attributable to Unitholders per unit – basic	**$ (0.38)**	$ (0.24)	$ (1.26)	$ (0.49)	$ 1.00	$ 0.46	$ 0.12	$ 0.32
Net (loss) income attributable to Unitholders per unit – diluted	**$ (0.38)**	$ (0.24)	$ (1.26)	$ (0.49)	$ 1.00	$ 0.46	$ 0.12	$ 0.32

Revenue varies from quarter to quarter due to acquisitions and dispositions of commercial and other income producing assets, changes in occupancy levels, including mandated closures as a result of the shutdown, 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. All of this taken into consideration is more applicable prior to the impact of the global economic shutdown, and while we do anticipate seasonality to continue to have an impact on our revenues quarter-to-quarter, it is possible those impacts are outweighed by the ongoing impact of the COVID-19 pandemic in the near-term.

SEGMENT PERFORMANCE

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

The following table presents FFO by segment:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Core Office	**$ 495**	$ 582	$ 520
Core Retail	**521**	707	552
LP Investments	**64**	268	228
Corporate	**(373)**	(410)	(434)
FFO	**$ 707**	$ 1,147	$ 866

The following table presents equity attributable to Unitholders by segment as of December 31, 2020 and 2019:

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019
Core Office	**$ 14,246**	$ 14,240
Core Retail	**12,500**	14,138
LP Investments	**5,262**	5,126
Corporate	**(6,871)**	(4,974)
Equity attributable to Unitholders	**$ 25,137**	$ 28,530

Core Office

Overview

Our Core Office portfolio consists of interests in 139 high-quality office properties totaling approximately 97 million square feet, which are located primarily in the world's leading commercial markets such as New York, London, Los Angeles, Washington, D.C., Sydney, Toronto, and Berlin, as well as approximately 7 million square feet of active office and multifamily developments and office redevelopments. We believe these assets have a stable cash flow profile due to long-term leases in place. The drivers of earnings growth in this business include the mark-to-market of rents upon lease expiry, escalation provisions in leases and projected increases in occupancy, that should generate strong same-property NOI growth without significant capital investment. Furthermore, we expect to earn higher unlevered, pre-tax returns on construction costs from our development pipeline. However, we caution you that as a result of the global economic shutdown, we may be unable to achieve these returns in the near term. We do expect rent growth to be minimal for the next 12-18 months, but we have a strong average lease-life and occupancy that we think will benefit us from more adverse impacts resulting from the shutdown.

Summary of Operating Results

The following table presents FFO and net income attributable to Unitholders in our Core Office segment for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
FFO	**$ 495**	$ 582	$ 520
Net income attributable to Unitholders	**83**	1,504	934

FFO from our Core Office segment was $495 million for the year ended December 31, 2020 as compared to $582 million in 2019. This decrease was largely attributable to dispositions as mentioned in investment activity, a reduction in same-property NOI driven by the impact of the global economic shutdown which resulted in a reduction to parking income and percentage rents typically earned from certain retail tenants within the portfolio, and the negative impact of foreign currency translation. Additionally, certain provisions for bad debt have been applied as a result of the shutdown. The prior year also benefited from a performance-based fee for achieving certain milestones at Five Manhattan West. These decreases were partially offset by incremental NOI from our recently completed developments and higher development management fees as development activity has increased.

Net income attributable to Unitholders from our Core Office segment for 2020 was $83 million compared to $1,504 million in 2019. This decrease is largely attributable to fair value losses, dispositions and the negative impact of foreign currency translation. These decreases were partially offset by fair value gains on our development in Toronto and capitalization rate compression in certain of our assets in New York, London and Sydney.

Leasing Activity

The following table presents key operating metrics for our Core Office portfolio for the years ended December 31, 2020 and 2019:

(US$ Millions, except where noted)	Consolidated		Unconsolidated	
As at and for the years ended Dec. 31,	**2020**	2019	**2020**	2019
Total portfolio:				
NOI[1]	**$ 1,075**	$ 1,104	**$ 422**	$ 406
Number of properties	**73**	72	**66**	64
Leasable square feet (in thousands)	**48,730**	47,646	**30,929**	27,993
Occupancy	**88.5 %**	92.0 %	**92.2 %**	94.6 %
In-place net rents (per square foot)[2][3]	**$ 31.56**	$ 30.31	**$ 43.36**	$ 42.08
Same-property:				
NOI[1][3]	**$ 985**	$ 1,060	**$ 384**	$ 393
Number of properties	**68**	68	**60**	60
Leasable square feet (in thousands)	**46,901**	46,902	**26,271**	25,809
Occupancy	**88.7 %**	91.9 %	**94.7 %**	94.7 %
In-place net rents (per square foot)[2][3]	**$ 30.23**	$ 29.54	**$ 47.34**	$ 46.63

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

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

(3) *Presented using normalized foreign exchange rates, using the December 31, 2020 exchange rate.*

NOI from our consolidated properties decreased to $1,075 million in 2020 from $1,104 million in 2019 primarily due to lease expirations since the prior year, as well as lower parking revenue as offices were closed due to the global economic shutdown. Same-property NOI for our consolidated properties decreased by $75 million to $985 million compared with the prior year due to lower parking revenue and percentage rents earned due to the shutdown, as well as lease expiration since the prior year. The decrease was partially offset by incremental NOI in London from 100 Bishopsgate, which was substantially complete in 2020 and One and Two London Wall Place which were consolidated in the current year following the incremental interests acquired in 2019.

NOI from our unconsolidated properties, which is presented on a proportionate basis, increased to $422 million in 2020 from $406 million in 2019. This increase is primarily due to incremental NOI earned from One Manhattan West and 655 New York Avenue as the developments became operational since the prior year. These increases were offset by the impact of the shutdown on retail NOI across the portfolio, as well as the exclusion of One and Two London Wall Place since the properties were consolidated during the year following the incremental interests acquired in 2019.

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, 2020**	Dec. 31, 2019
Leasing activity (in thousands of square feet)		
New leases	**1,609**	3,788
Renewal leases	**2,550**	4,047
Total leasing activity	**4,159**	7,835
Average term (in years)	**8.1**	8.5
Year-one leasing net rents (per square foot)[1]	**$ 35.53**	$ 39.15
Average leasing net rents (per square foot)[1]	**37.21**	43.13
Expiring net rents (per square foot)[1]	**32.36**	32.72
Estimated market net rents for similar space[1]	**39.86**	40.73
Tenant improvements and leasing costs (per square foot)	**39.61**	66.09

(1) *Presented using normalized foreign exchange rates, using the December 31, 2020 exchange rate.*

For the year ended December 31, 2020, we leased approximately 4.2 million square feet at average in-place net rents approximately 15% higher than expiring net rents. Approximately 39% of our leasing activity represented new leases. Our overall Core Office portfolio's in-place net rents are currently 3% below market net rents, and accordingly we believe that we will be able to increase our NOI in the coming years, as we sign new leases. For the year ended December 31, 2020, tenant improvements and leasing costs were $39.61 per square foot, compared to $66.09 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.

Valuation Metrics

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

	Dec. 31, 2020			Dec. 31, 2019		
	Discount rate	**Terminal capitalization rate**	**Investment horizon**	Discount rate	Terminal capitalization rate	Investment horizon
Consolidated properties:						
United States	**6.9 %**	**5.6 %**	**12**	7.0 %	5.6 %	12
Canada	**5.9 %**	**5.2 %**	**10**	5.9 %	5.2 %	10
Australia	**6.6 %**	**5.7 %**	**10**	6.8 %	5.9 %	10
Europe	**5.2 %**	**3.8 %**	**10**	4.6 %	4.1 %	11
Brazil	**7.6 %**	**7.0 %**	**10**	7.9 %	7.4 %	10
Unconsolidated properties:						
United States	**6.4 %**	**4.7 %**	**11**	6.8 %	4.9 %	11
Australia	**6.3 %**	**5.3 %**	**10**	6.5 %	5.2 %	10
Europe(1)	**5.6 %**	**4.7 %**	**10**	4.6 %	5.0 %	10

(1) *Certain properties in Europe 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.*

Financial Position

The following table provides an overview of the financial position of our Core Office segment as at December 31, 2020 and 2019:

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019
Investment properties:		
Commercial properties	**$ 24,604**	$ 23,025
Commercial developments	**1,329**	3,058
Equity accounted investments	**8,866**	8,882
Accounts receivable and other	**1,094**	1,186
Cash and cash equivalents	**458**	607
Assets held for sale	**196**	—
Total assets	**36,547**	36,758
Debt obligations	**13,681**	13,856
Capital securities	**863**	922
Accounts payable and other liabilities	**1,664**	1,801
Deferred tax liability	**1,151**	1,013
Non-controlling interests of others in operating subsidiaries and properties	**4,862**	4,926
Equity attributable to Unitholders	**$ 14,246**	$ 14,240

Equity attributable to Unitholders increased by $6 million to $14,246 million at December 31, 2020 from $14,240 million at December 31, 2019. The increase relates to net loss during the year partially offset by the positive impact of foreign currency translation.

Commercial properties totaled $24,604 million at December 31, 2020, compared to $23,025 million at December 31, 2019. This increase was driven by the reclassification of 100 Bishopsgate, Two Blue Slip and 388 George Street from development to operating in the current year and incremental capital spent to maintain or enhance properties, partially offset by the sale of a Core Office asset in London and fair value losses.

Commercial developments decreased by $1,729 million between December 31, 2019 and December 31, 2020, and was primarily due to the reclassification of 100 Bishopsgate in London and 388 George Street in Sydney from development to operational, partially offset by incremental capital spent on our active developments and a gain recognized at Bay Adelaide North in Toronto in the first quarter.

The following table presents changes in our partnership's equity accounted investments in the Core Office segment from December 31, 2019 to December 31, 2020:

(US$ Millions)		**Dec. 31, 2020**
Equity accounted investment, beginning of year	$	8,882
Additions		256
Share of net income, including fair value gains (losses)		150
Distributions received		(530)
Foreign exchange		190
Other		(82)
Equity accounted investments, end of year	**$**	**8,866**

Equity accounted investments decreased by $16 million to $8,866 million at December 31, 2020 compared to the prior year-end. The decrease was driven by distributions received, partially offset by the addition of two multifamily properties due to change in accounting treatment from the sale of partial interests and the impact of foreign currency translation.

Assets held for sale and related liabilities as of December 31, 2020 includes our interest in a multifamily asset in Maryland, as we intend to sell controlling interests in these properties to third parties in the next 12 months, market conditions permitting.

Debt obligations decreased from $13,856 million at December 31, 2019 to $13,681 million at December 31, 2020. This decrease is driven by the paydown of property-level debt in conjunction with the sale of One London Wall Place, as well as the deconsolidation of two multifamily assets. These decreases were partially offset by refinancing activity of property-level debt related to office properties and drawdowns on existing facilities to fund capital expenditures on development properties and the negative impact of foreign currency translation.

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, 2020**		Dec. 31, 2019
BPO Class B Preferred Shares:						
Series 1[1]	3,600,000	70% of bank prime		—		—
Series 2[1]	3,000,000	70% of bank prime		—		—
Capital Securities – Fund Subsidiaries				**863**		922
Total capital securities			**$**	**863**	$	922

[1] *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 $863 million of capital securities – fund subsidiaries outstanding at December 31, 2020 (December 31, 2019 - $922 million). Capital securities – fund subsidiaries includes $807 million (December 31, 2019 - $860 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 compel 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 $56 million (December 31, 2019 - $62 million) which represents the equity interests held by our co-investor in Brookfield D.C. Office Partners LLC ("D.C. Venture") which have been classified as a liability, rather than as non-controlling interest, due to the fact that on June 18, 2023, and on every second anniversary thereafter, the holders of these interests can redeem their interests in the D.C. Fund for cash equivalent to the fair value of the interests.

Active Developments

The following table summarizes the scope and progress of active developments in our Core Office segment as of December 31, 2020:

(Millions, except square feet in thousands)	Total square feet under construction (in 000's)	Proportionate square feet under construction (in 000's)	Expected date of accounting stabilization	Percent pre-leased	Cost				Loan			
						Total[1]		**To-date**		Total		**Drawn**
Office:												
Manhattan West Retail, Midtown New York[2]	70	39	Q4 2021	53 %	$	119	**$**	**87**	$	64	**$**	**20**
Wood Wharf - 20 Water Street, London[2]	236	118	Q1 2022	— %	£	57	**£**	**37**	£	47	**£**	**16**
1 The Esplanade, Sydney	610	305	Q2 2023	68 %	A$	331	**A$**	**93**	A$	—	**A$**	**—**
Bay Adelaide North, Toronto	823	823	Q4 2023	89 %	C$	496	**C$**	**262**	C$	350	**C$**	**116**
Two Manhattan West, Midtown New York[2]	1,948	1,091	Q4 2023	25 %	$	1,331	**$**	**577**	$	812	**$**	**224**
Office Redevelopment:												
110 Avenue of the Americas, Midtown New York	376	136	Q2 2022	95 %	$	113	**$**	**69**	$	62	**$**	**19**
Multifamily:												
Wood Wharf - One Park Drive, London[2][3]	426	213	Q4 2021	n/a	£	202	**£**	**177**	£	135	**£**	**61**
Newfoundland, London[2]	685	343	Q1 2022	n/a	£	279	**£**	**258**	£	174	**£**	**137**
Halley Rise, Phase I, Washington D.C[4]	359	359	Q1 2023	n/a	$	153	**$**	**93**	$	111	**$**	**42**
755 Figueroa, Los Angeles[2]	674	319	Q1 2025	n/a	$	257	**$**	**59**	$	166	**$**	**26**
Hotel:												
Wood Wharf - 15 Water Street, London[2]	188	94	Q2 2022	n/a	£	70	**£**	**27**	£	47	**£**	**13**
1 Charter Street, London[2]	94	24	Q2 2023	n/a	£	31	**£**	**4**	£	19	**£**	**3**
Pendry Manhattan West, Midtown New York[2]	184	103	Q3 2023	n/a	$	162	**$**	**120**	$	62	**$**	**16**
Total	**6,673**	**3,967**										

(1) Net of NOI earned during stabilization.
(2) Presented on a proportionate basis at our ownership in each of these developments.
(3) Represents condominium/market sale developments.
(4) Includes retail square feet that is 94% leased to Wegmans Food Market and other retailers.

Our development pipeline consists of prominent, large-scale projects located primarily in the high growth markets of London and New York. For the office developments, we generally look to secure anchor leases before launching the projects. We monitor the scope and progress of our active developments and have an established track record of completion on time and within budget. We have recently completed office towers in New York and London and completed two urban multifamily developments in New York. Our current office and redevelopment projects stand at an average 50% pre-leased and despite the global economic shutdown, are generally tracking on time and budget.

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,		**2020**		2019		2018
Commercial property revenue	**$**	**1,875**	$	1,903	$	1,962
Hospitality revenue[1]		**6**		12		17
Direct commercial property expense		**(796)**		(797)		(879)
Direct hospitality expense[1]		**(10)**		(14)		(13)
Total NOI	**$**	**1,075**	$	1,104	$	1,087

(1) Hospitality revenue and Direct hospitality expense within our Core Office segment primarily consists of revenue and expenses incurred at a hotel adjacent to the Allen Center in Houston.

The following table reconciles Core Office NOI to net income for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Same-property NOI	**$**	**951**	$	1,032	$	969
Currency variance		**—**		9		22
NOI related to acquisitions and dispositions		**124**		63		96
Total NOI		**1,075**		1,104		1,087
Investment and other revenue		**168**		234		126
Interest expense		**(586)**		(606)		(598)
Depreciation and amortization on non-real estate assets		**(13)**		(11)		(13)
Investment and other expense		**(24)**		(15)		—
General and administrative expense		**(254)**		(250)		(197)
Fair value (losses) gains, net		**(223)**		798		108
Share of net earnings from equity accounted investments		**150**		716		725
Income before income taxes		**293**		1,970		1,238
Income tax benefit (expense)		**(50)**		(123)		(54)
Net income		**243**		1,847		1,184
Net income attributable to non-controlling interests		**160**		343		250
Net income attributable to Unitholders	**$**	**83**	$	1,504	$	934

The following table reconciles Core Office net income to FFO for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Net income	**$**	**243**	$	1,847	$	1,184
Add (deduct):						
Fair value losses (gains), net		**223**		(798)		(108)
Share of equity accounted fair value losses (gains), net		**160**		(420)		(459)
Depreciation and amortization of real estate assets		**4**		3		2
Income tax (benefit) expense		**50**		123		54
Non-controlling interests in above items		**(185)**		(173)		(153)
FFO	**$**	**495**	$	582	$	520

The following table reconciles Core Office share of net earnings from equity accounted investment for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Unconsolidated properties NOI	**$**	**422**	$	406	$	451
Unconsolidated properties fair value (losses) gains, net and income tax expense		**(160)**		420		459
Other		**(112)**		(110)		(185)
Share of net earnings from equity accounted investments	**$**	**150**	$	716	$	725

Core Retail

Overview

Our Core Retail segment consists of 121 best-in-class regional malls and urban retail properties containing over 119 million square feet in the United States. These assets generally have a stable cash flow profile due to long-term leases in place. The key drivers of growth in the business include the mark-to market of rents upon lease expiry, escalation provisions in leases and operating expense monitoring that are expected to generate same property NOI growth. Furthermore, we expect to earn higher unlevered, pre-tax returns on construction costs from our redevelopment pipeline, which will also drive NOI growth. However, this business has been significantly impacted by the economic shutdown. NOI growth has been partially offset by the impact of tenant bankruptcies in the last 18 months, and while significant progress has been made on re-letting the majority of that space, we are now facing potential new tenant-viability challenges as a result of the shutdown. We are in negotiations with the vast majority of our tenants on lease modifications given most of our malls were closed for a portion of the second quarter as mandated by the government. These modifications have resulted in rent deferrals of 4% and abatements of 5% of total 2020

rent. The rent abatements granted were considered lease modification and will be recognized prospectively over the remaining lease terms from the period the rent was abated. Additionally, it is possible that more bankruptcies result from the shutdown which could lead to further down-time in the near and mid-term. In the current period, we have applied a credit reserve to most of our portfolio which varies based on tenant viability risk; normally reserves would only be applied to those tenants which have filed bankruptcy, were expected to file bankruptcy or were deemed high-risk. We recorded a $99 million loss allowance in the current year (2019 - $31 million) which decreased our NOI.

Summary of Operating Results

The following table presents FFO and net income attributable to Unitholders in our Core Retail segment for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
FFO	**$ 521**	$ 707	$ 552
Net (loss) income attributable to Unitholders	**(1,972)**	659	456

FFO earned in our Core Retail segment for the year ended December 31, 2020 was $521 million compared to $707 million in the prior year. The decrease is due to lower share of earnings from equity accounted investments and a reduction in NOI, both driven by an increase in bad debt reserves as we continue to work through tenant negotiations and lower short-term revenue earned, including parking, temporary tenants and overage rent, due to the impact of the global economic shutdown. These decreases were partially offset by the incremental acquisition of interests in 2019 of Park Meadows in Colorado, Towson Town Center in Maryland, Perimeter Mall in Georgia, Shops at Merrick Park in Florida and 730 Fifth in New York as the results for these properties are now consolidated in the current year.

Net loss attributable to Unitholders from our Core Retail segment was $1,972 million in 2020 compared to income of $659 million in 2019. This increase in net (loss) attributable to Unitholders is primarily attributable to fair value losses, net which reflects the impact of the shutdown on our near and mid-term cash flow assumptions. Our cash flow assumptions have been updated on a suite-by-suite basis with revised market leasing assumptions, vacancy reserves, downtime, retention assumptions, overage and temporary rental revenue assumptions, bad debt reserves and capital costs. We have updated valuation metrics where necessary to reflect changes in the property level risk profile.

Leasing Activity

The following table presents key operating metrics in our Core Retail portfolio for the years ended December 31, 2020 and 2019:

	Consolidated		Unconsolidated	
(US$ Millions, except where noted)	**2020**	2019	**2020**	2019
Total Portfolio:				
NOI	**$ 981**	$ 1,011	**$ 713**	$ 906
Number of malls and urban retail properties	**63**	62	**58**	60
Leasable square feet (in thousands)	**55,425**	55,258	**64,380**	65,268
Same-property:				
Number of malls and urban retail properties	**57**	57	**57**	57
Leasable square feet (in thousands)	**23,038**	23,315	**29,987**	29,804
Leased %[1]	**91.1 %**	95.5 %	**93.5 %**	97.0 %
Occupancy %[1]	**90.9 %**	95.1 %	**93.0 %**	96.5 %
Permanent Occupancy %[1]	**85.8 %**	89.7 %	**89.0 %**	92.6 %

(1) *Presented on a same-property basis.*

NOI from our consolidated properties decreased to $981 million during the year ended December 31, 2020 from $1,011 million in 2019 primarily due to the negative impact of the global economic shutdown, partially offset by incremental acquisitions mentioned above.

NOI from our unconsolidated properties decreased to $713 million during the year ended December 31, 2020 from $906 million in 2019 primarily due to incremental acquisitions mentioned above as they were unconsolidated in the prior period. Also contributing to the decrease was the impact of property closures mentioned above.

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 for the trailing 12 months 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, 2020**	Dec. 31, 2019
Number of leases	**717**	1,329
Leasing activity (in thousands of square feet)	**2,553**	5,256
Average term in years	**6.5**	6.5
Initial rent (per square foot)[1]	**$ 52.30**	$ 60.58
Expiring rent (per square foot)[2]	**51.74**	58.47
Initial rent spread (per square foot)	**0.56**	2.11
% Change	**1.1 %**	3.6 %
Tenant allowances and leasing costs	**$ 84**	$ 200

(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, 2020, we leased approximately 2.6 million square feet at initial rents approximately 1.1% higher than expiring net rents on a suite-to-suite basis.

Our Core Retail portfolio same-property occupancy rate at December 31, 2020 was 90.9% and 93.0%, for consolidated and unconsolidated properties, respectively.

Valuation Metrics

The key valuation metrics of 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, 2020			Dec. 31, 2019		
	Discount Rate	**Terminal capitalization rate**	**Investment horizon**	Discount Rate	Terminal capitalization rate	Investment horizon
Consolidated properties:						
United States	**7.0 %**	**5.3 %**	**10**	6.7 %	5.4 %	10
Unconsolidated properties:						
United States	**6.3 %**	**4.9 %**	**10**	6.3 %	4.9 %	10

Financial Position

The following table presents an overview of the financial position of our Core Retail segment as at December 31, 2020 and 2019:

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019
Investment properties		
Commercial properties	**$ 20,324**	$ 21,561
Equity accounted investments	**9,685**	10,555
Accounts receivable and other	**899**	609
Cash and cash equivalents	**205**	196
Assets held for sale	**353**	—
Total assets	**31,466**	32,921
Less:		
Debt obligations	**16,290**	16,107
Accounts payable and other liabilities	**853**	821
Deferred tax liability	**23**	68
Liabilities associated with assets held for sale	**263**	—
Non-controlling interests of others in operating subsidiaries and properties	**1,537**	1,787
Total equity attributable to Unitholders	**$ 12,500**	$ 14,138

Equity attributable to Unitholders in the Core Retail segment decreased by $1,638 million from December 31, 2019 to December 31, 2020 primarily due to net loss recognized and distribution of income during the period.

The following table presents a roll-forward of our partnership's equity accounted investments for the year ended December 31, 2020:

(US$ Millions)	Dec. 31, 2020
Equity accounted investments, beginning of year	$ 10,555
Additions	86
Disposals and return of capital	12
Share of net (losses) earnings from equity accounted investments	(743)
Distributions	(94)
Reclassification to assets held for sale and other	(131)
Equity accounted investments, end of year	**$ 9,685**

Equity accounted investments decreased by $870 million to $9,685 million. The decrease is primarily due to the valuation losses mentioned above.

Reconciliation of Non-IFRS Measures – Core Retail

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

(US$ Millions) Years ended Dec. 31,	2020	2019	2018
Commercial property revenue	$ 1,450	$ 1,394	$ 511
Direct commercial property expense	(469)	(383)	(135)
Total NOI	**$ 981**	$ 1,011	**$ 376**

The following table reconciles Core Retail net (loss) income to net income attributable to Unitholders for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	2020	2019	2018
Total NOI	**$ 981**	$ 1,011	$ 376
Investment and other revenue	162	195	73
Interest expense	(647)	(683)	(218)
Depreciation and amortization on real estate assets	(25)	(24)	(6)
General and administrative expense	(255)	(258)	(89)
Fair value (losses) gains, net	(1,706)	(686)	412
Share of net (losses) earnings from equity accounted investments	(743)	1,179	(52)
(Loss) income before income taxes	(2,233)	734	496
Income tax benefit (expense)	50	(8)	(6)
Net (loss) income	$ (2,183)	$ 726	$ 490
Net (loss) income attributable to non-controlling interests of others in operating subsidiaries and properties	(211)	67	34
Net (loss) income attributable to Unitholders	**$ (1,972)**	$ 659	$ 456

The following table reconciles Core Retail net (loss) income to FFO for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Net (loss) income	**$**	**(2,183)**	$	726	$	490
Add (deduct):						
Fair value losses (gains), net		**1,706**		686		(412)
Share of equity accounted fair value losses (gains), net		**1,112**		(643)		505
Income tax (benefit) expense		**(50)**		8		6
Non-controlling interests in above items		**(64)**		(70)		(37)
FFO	**$**	**521**	$	707	$	552

The following table reconciles Core Retail share of net (losses) earnings from equity accounted investment for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Unconsolidated properties NOI	**$**	**713**	$	906	$	1,141
Unconsolidated properties fair value (losses) gains, net and income tax expense		**(1,112)**		643		(505)
Other		**(344)**		(370)		(688)
Share of net (losses) earnings from equity accounted investments	**$**	**(743)**	$	1,179	$	(52)

LP Investments

Overview

Our LP Investments portfolio includes our equity invested in Brookfield-sponsored real estate opportunity funds, which target high-quality assets with operational upside across various real estate sectors, including office, retail, multifamily, logistics, hospitality, triple net lease, student housing, mixed-use and manufactured housing. We target to earn opportunistic returns on our LP Investments portfolio. We caution you that in light of the global economic shutdown and its impact stock markets worldwide, we may be unable to achieve these returns in the near term.

The partnership has interests in the following Brookfield-sponsored real estate opportunity funds:

- BSREP I - 31% interest in BSREP I, which is an opportunistic real estate fund with $4.4 billion in committed capital in aggregate, targeting gross returns of 20%. The fund is in its 9th year, is fully invested and is executing realizations.

- BSREP II - 26% interest in BSREP II, which is an opportunistic real estate fund with $9.0 billion in committed capital in aggregate, targeting gross returns of 20%. The fund is in its 6th year and is fully invested.

- BSREP III - 7% interest in BSREP III, which is an opportunistic real estate fund with $15.0 billion in committed capital in aggregate, targeting gross returns of 20%; The fund is in its 4th year.

- A blended 36% interest in two value-add multifamily funds totaling $1.8 billion targeting gross returns of 16%. These funds seek to invest in a geographically diverse portfolio of U.S. multifamily properties through acquisition and development.

- A blended 13% interest in a series of real estate debt funds totaling $5.4 billion which seek to invest in commercial real estate debt secured by properties in strategic locations.

While our economic interest in these funds are less than 50% in each case, we generally consolidate the portfolios held through the LP Investments as Brookfield Asset Management's oversight as general partner together with our exposure to variable returns of the investments through our LP interests provide us with control over the investments. We do not consolidate our interest in BSREP III as our 7% non-voting interest does not provide us with control over the investment and therefore is accounted for as a financial asset.

Summary of Operating Results

Our LP investments, unlike our Core portfolios, have a defined hold period and typically generate the majority of profits from realization events including the sale of an asset or portfolio of assets, or the exit of the entire investment. The combination of gains from realization events and FFO earned during the hold period represent our earnings on capital invested in these funds and, once distributed by the Brookfield-sponsored real estate opportunity funds, provide liquidity to support our target distributions.

The following table presents distributions received on our LP Investments in Brookfield-sponsored real estate opportunity funds received on sale or refinancing events within the funds for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Return of invested capital	**$ 116**	$ 475	$ 446
Distribution of earnings and gains on invested capital	**192**	892	949
Total LP Investments distributions	**308**	1,367	1,395
Less: Incentive fees	**(11)**	(181)	(32)
Total LP Investments distributions, net	**297**	1,186	1,363

During the year ended December 31, 2020, distribution of earnings and gains on invested capital primarily related to realized gains on the dispositions of multifamily assets in our second value-add multifamily fund, two office assets in BSREP II and a portfolio of triple net lease assets in BSREP I, as well as distributions of income from our hotel and multifamily assets, and our investment in a Brookfield-sponsored debt fund. Total LP Investments distributions for the year ended December 31, 2020 were net of incentive fees associated with the dispositions mentioned above. Distribution of earnings and gains on invested capital in the prior periods are primarily due to distributions from our office assets in India, Brazil and South Korea and Center Parcs in the United Kingdom, as well as the realization gains on the disposition of multifamily assets in our second value-add multifamily fund, disposition of multifamily assets within our BSREP I investments, our interest in a retail portfolio in China, an office portfolio in California and dispositions within our office portfolio in Brazil.

The following table presents FFO and net income attributable to Unitholders in our LP Investments segment for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
FFO	**$ 64**	$ 268	$ 228
Net (loss) income attributable to Unitholders	**(45)**	285	636

FFO in our LP Investments segment decreased by $204 million for the year ended December 31, 2020 primarily due to reduced NOI, mostly in our hospitality investments, most materially at the Atlantis and Center Parcs, due to cancellations and closures resulting from the shutdown. The majority of our hospitality properties operated at reduced occupancy for the duration of the year. Additionally, property dispositions since the prior year contributed to the decrease. These decreases were partially offset by lower interest expense and general and administrative expense than prior period relating to the deconsolidation of BSREP III investments, as well as the favorable impact of foreign currency translation.

Net loss attributable to Unitholders from our LP Investments segment decreased by $330 million for the year ended December 31, 2020. In addition to earning negative NOI in certain of our hospitality properties in the current period, fair value losses were recorded in our retail portfolio driven by updated near and mid-term cash flow assumptions. Our retail cash flow assumptions have been updated on a suite-by-suite basis with revised market leasing assumptions, vacancy reserve, downtime, retention assumptions and capital costs. We have updated valuation metrics where appropriate to reflect changes in the property level risk profile. Partially offsetting fair value losses in our retail portfolio were fair value gains in our US manufactured housing and UK student housing portfolios, fair value gains in a mixed-use asset in Korea, and realized gains due to the sale of our portfolio of self-storage assets.

Financial Position

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

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019
Investment properties	**$ 26,353**	$ 27,867
Property, plant and equipment	**5,010**	7,028
Equity accounted investments	**1,168**	1,327
Accounts receivable and other	**5,250**	4,634
Cash and cash equivalents	**1,789**	595
Assets held for sale	**39**	387
Total assets	**39,609**	41,838
Less:		
Debt obligations	**21,134**	23,525
Capital securities	**431**	431
Accounts payable and other liabilities	**3,458**	3,361
Liabilities associated with assets held for sale	**53**	140
Non-controlling interests of others in operating subsidiaries and properties	**9,271**	9,255
Equity attributable to Unitholders	**$ 5,262**	$ 5,126

The decrease in investment properties is primarily the result of the disposition of property dispositions, including a portfolio of self-storage assets and fair value losses in our retail portfolio. These decreases were offset by several student housing developments becoming operational in the period, capital spend, and valuation gains from certain asset classes not materially impacted by the global economic shutdown, including our mixed-use and manufactured housing portfolios.

The decrease in property, plant and equipment is the result of the deconsolidation of our interest in the Atlantis and impairment losses on our hospitality properties resulting from the global economic shutdown. These decreases were offset by capital spend and the positive impact of foreign currency translation related to our Center Parcs portfolio in the United Kingdom. Impairment losses were primarily related to the Atlantis prior to deconsolidation of the investment and were recorded in revaluation (losses) gains, net within other comprehensive income to offset previously recorded revaluation gains.

The following table presents a roll-forward of changes in our property, plant and equipment within our LP Investments segment:

(US$ Millions)	Dec. 31, 2020	Dec. 31, 2019
Cost:		
Balance at the beginning of year	**$ 6,992**	$ 7,295
Accounting policy change(1)	**—**	71
Additions	**140**	378
Disposals	**(68)**	(35)
Foreign currency translation	**142**	98
Impact of deconsolidation due to loss of control and other(2)	**(1,901)**	(815)
	5,305	6,992
Accumulated fair value changes:		
Balance at the beginning of year	**1,324**	1,049
Revaluation (losses) gains, net(3)	**(124)**	282
Impact of deconsolidation due to loss of control and other(2)	**(729)**	(7)
Disposals	**13**	—
Provision for impairment(3)	**(15)**	—
Foreign currency translation	**6**	—
	475	1,324
Accumulated depreciation:		
Balance at the beginning of year	**(1,288)**	(1,012)
Depreciation	**(270)**	(294)
Disposals	**27**	25
Foreign currency translation	**(25)**	(14)
Impact of deconsolidation due to loss of control and other(2)	**786**	7
	(770)	(1,288)
Total property, plant and equipment	**$ 5,010**	$ 7,028

(1) *The prior year includes the impact of the adoption of IFRS 16 through the recognition of right-of-use assets.*

(2) *The prior year includes the impact of the deconsolidation of BSREP III investments. The current year includes the impact of deconsolidation of the Atlantis.*

(3) *The current year impairment losses were recorded in revaluation losses, net in other comprehensive income and fair value (losses) gains, net in the income statement, which was a result of the impairment tests performed on each of the partnership's hospitality investments from the impact of the shutdown as discussed above.*

Equity accounted investments decreased primarily due to the impairment losses on equity-accounted hospitality investments, the negative impact of foreign currency translation and distributions. The decrease was partially offset by the reclassification of the Diplomat hotel from assets held for sale to equity accounted investments and the deconsolidation of Atlantis which was previously recorded in property plant and equipment but is now accounted for under the equity method.

Assets held for sale and related liabilities as of December 31, 2020 includes four triple net lease assets in U.S., as we intend to sell controlling interests in these properties to third parties in the next 12 months, market conditions permitting.

Debt obligations decreased due to the deconsolidation of the Atlantis as well as repayments due to property dispositions, partially offset by drawdowns on existing facilities to fund capital expenditures and the negative impact of foreign currency translation.

Reconciliation of Non-IFRS Measures - LP Investments

The following table reconciles LP Investments NOI to net income for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Commercial property revenue	**$ 2,072**	$ 2,394	$ 2,570
Hospitality revenue	**696**	1,897	1,896
Direct commercial property expense	**(671)**	(787)	(837)
Direct hospitality expense	**(618)**	(1,205)	(1,223)
Total NOI	**1,479**	2,299	2,406
Investment and other revenue	**152**	161	78
Interest expense	**(1,104)**	(1,389)	(1,357)
General and administrative expense	**(177)**	(198)	(597)
Investment and other expense	**(45)**	(67)	(26)
Depreciation and amortization	**(281)**	(306)	(289)
Fair value gains, net	**696**	584	1,785
Share of net earnings from equity accounted investments	**(156)**	74	274
Income before income taxes	**564**	1,158	2,274
Income tax (expense)	**(258)**	(83)	(247)
Net income	**306**	1,075	2,027
Net income attributable to non-controlling interests of others in operating subsidiaries and properties	**351**	790	1,391
Net (loss) income attributable to Unitholders	**$ (45)**	$ 285	$ 636

The following table reconciles LP Investments net income to FFO for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Net income	**$ 306**	$ 1,075	$ 2,027
Add (deduct):			
Fair value (gains), net	**(696)**	(584)	(1,785)
Share of equity accounted fair value gains (losses), net	**131**	8	(160)
Depreciation and amortization of real estate assets	**244**	280	261
Income tax expense	**258**	83	247
Non-controlling interests in above items	**(179)**	(594)	(362)
FFO	**$ 64**	$ 268	$ 228

Corporate

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

Summary of Operating Results

The following table presents FFO and net income attributable to Unitholders in our corporate segment for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
FFO	**$ (373)**	$ (410)	$ (434)
Net (loss) income attributable to Unitholders	**(424)**	(492)	(48)

FFO was a loss of $373 million for the year ended December 31, 2020 compared to a loss of $410 million in the prior year. Corporate FFO generally includes interest expense and general and administrative expense.

Interest expense for the year ended December 31, 2020 was $255 million (2019 - $246 million), which reflects $146 million (2019 - $152 million) of interest expense on capital securities and $109 million (2019 - $94 million) of interest expense on our credit facilities and corporate bonds. This compares to interest expense of $246 million in the prior year and $291 million in 2018.

Another component of FFO is general and administrative expense, which for the year ended December 31, 2020, was $130 million, and includes $73 million (2019 - $107 million) of asset management fees, $6 million (2019 - $26 million) of equity enhancement fees and $51 million (2019 - $43 million) of other corporate costs. This compares to general and administrative expense of $176 million in the prior year and $149 million in 2018.

In 2020, income tax benefit allocated to the corporate segment was $38 million (2019 - income tax benefit of $18 million and 2018 - benefit of $226 million). The current year income tax benefit allocated to the corporate segment related to tax changes in jurisdictions in which we hold investments. The prior year benefit relates to a decrease in deferred tax liabilities of our holding companies and their subsidiaries.

Financial Position

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

(US$ Millions)		**Dec. 31, 2020**		Dec. 31, 2019
Accounts receivable and other	**$**	**308**	$	86
Cash and cash equivalents		**21**		40
Total assets		**329**		126
Debt obligations		**3,232**		1,902
Capital securities		**1,739**		1,722
Deferred tax liabilities		**37**		101
Accounts payable and other liabilities		**1,476**		938
Preferred equity		**699**		420
Non-controlling interests		**17**		17
Equity attributable to Unitholders	**$**	**(6,871)**	$	(4,974)

The corporate balance sheet includes corporate debt and capital securities from our partnership. The decrease in equity attributable to Unitholders is primarily due to current period net loss, proceeds from corporate bond issuances contributed to operating segments and distributions to Unitholders.

During the first quarter of 2019, we issued $178 million of our Class A Cumulative Redeemable Perpetual Preferred Units, Series 1 at a coupon rate of 6.5% per annum, payable quarterly in arrears. We also issued C$350 million of medium term notes at a fixed interest rate of 4.3% for general corporate purposes.

During the third quarter of 2019, we issued $242 million of our Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 at a coupon rate of 6.375% per annum, payable quarterly in arrears.

During the first quarter of 2020, we issued $279 million of our Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 at a coupon rate of 5.75% per annum, payable quarterly in arrears. We also issued C$400 million of medium term notes at a fixed interest rate of 3.93% to fund sustainable building initiatives and C$100 million of medium term notes at a fixed interest rate of 4.35% for general corporate purposes.

In the third quarter of 2020, we issued C$500 million of medium term notes at a fixed interest rate of 3.926%. Proceeds are being used to fund recently completed and future green initiatives.

In addition, as of December 31, 2020, we had $15 million (2019 - $15 million) of preferred shares with a cumulative dividend rate of 5% outstanding. The preferred shares were issued by various holding entities of our partnership.

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

(US$ Millions, except where noted)	Shares outstanding	Cumulative dividend rate	**Dec. 31, 2020**	Dec. 31, 2019
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25 %	**$ 586**	$ 574
Series 2	24,000,000	6.50 %	**555**	546
Series 3	24,000,000	6.75 %	**538**	530
Brookfield Property Split Corp. Senior Preferred Shares:				
Class A Series 1	842,534	5.25 %	**21**	23
Class A Series 2	556,746	5.75 %	**11**	13
Class A Series 3	789,718	5.00 %	**16**	18
Class A Series 4	594,994	5.20 %	**12**	18
Total capital securities			**$ 1,739**	$ 1,722

Reconciliation of Non-IFRS Measures – Corporate

The following table reconciles Corporate net income to net loss attributable to Unitholders for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Net (loss)	**$ (424)**	$ (491)	$ (47)
Net income attributable to non-controlling interests of others in operating subsidiaries and properties	—	1	1
Net loss attributable to Unitholders	**$ (424)**	$ (492)	$ (48)

The following table reconciles Corporate net loss to FFO for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Net (loss)	**(424)**	(491)	(47)
Add (deduct):			
Fair value (gains) losses, net	**89**	100	(161)
Income tax expense	**(38)**	(18)	(226)
Non-controlling interests in above items	—	(1)	—
FFO	**$ (373)**	$ (410)	$ (434)

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. In particular, in the near term, we expect to be impacted by the ongoing global economic shutdown, which has interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets, resulting in a general decline in equity prices and lower interest rates; impacted social conditions; and adversely impacted local, regional, national and international economic conditions, as well as the labor markets.

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. As noted above, economic conditions have been impacted substantially by the global economic shutdown. 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.

The majority of our properties are located in North America, Europe and Australia, with a growing presence in South America 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, pandemics and the need to pay down existing obligations. These risks may be exacerbated by the ongoing global economic shutdown. 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. 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.

As owners of office and retail 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.

Public Health Risk

Our business could be materially adversely affected by the effects of the COVID-19 pandemic and the future outbreak of other highly infectious or contagious diseases. As a result of the rapid spread of COVID-19, many companies and various governments have imposed restrictions on business activity and travel which may continue and could expand. Business has slowed significantly around the globe specifically in our hospitality and retail businesses, and there can be no assurance that strategies to address potential disruptions in operations will mitigate the adverse impacts related to the pandemic. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of this pandemic, including any responses to it, will be on the global economy, our company and our businesses or for how long disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and cannot be predicted, including new information which may emerge concerning the severity and transmissibility of this coronavirus and actions taken to contain it, including the pace, availability, distribution and acceptance of effective vaccines, among others. Such developments, depending on their nature, duration, and intensity, could have a material adverse effect on our business, financial position, results of operations or cash flows.

We operate in industries or geographies impacted by COVID-19. Many of these are facing financial and operational hardships due to COVID-19 and responses to it. Adverse impacts on our business may include:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or tenant action;
- a slowdown in business activity may severely impact our tenants' businesses, financial condition and liquidity and may cause one or more of our tenants to be unable to fund their business operations, meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations;
- an increase in re-leasing timelines, potential delays in lease-up of vacant space and the market rates at which such lease will be executed;
- reduced economic activity could result in a prolonged recession, which could negatively impact consumer discretionary spending and demand; and
- expected completion dates for our development and redevelopment projects may be subject to delay as a result of local economic conditions that may continue to be disrupted as a result of the COVID-19 pandemic.

If these and potential other disruptions caused by COVID-19 continue, our business could be materially adversely affected.

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. The global economic shutdown has increased the risk in the near-term of our tenants' ability to fulfill lease commitments, which has been materially impacted by retail store closures, quarantines and stay-at-home orders. Many of our tenants could declare bankruptcy or become insolvent and cease business operations as a result of prolonged mitigation efforts. Our retail and hospitality assets are experiencing the most immediate impact. Our office asset tenants, while facing hardships from stay-at-home orders, do not presently have as acute difficulty in fulfilling lease commitments in near-term, they could face increased difficulty if prolonged mitigation efforts material impact their business.

Government and government agencies comprise 8.2% of our Core Office segment tenant base and, as at December 31, 2020, 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, 2020:

Tenant	Primary Location	Credit Rating[1]	Exposure (%)[2]
Government and Government Agencies	Various	AA+/AAA	8.2 %
Morgan Stanley	NY/London	A	2.7 %
Barclays	London/Toronto/Calgary	BBB	2.1 %
CIBC World Markets[3]	Calgary/Toronto/NY	AA	1.8 %
Suncor Energy Inc.	Calgary	BBB+	1.8 %
Bank of Montreal	Calgary/Toronto	AA	1.5 %
EY	Various	Not Rated	1.4 %
Cenovus	Calgary	BB	1.3 %
Royal Bank of Canada	Various	AA-	1.3 %
Deloitte	Various	Not Rated	1.3 %
Total			**23.4 %**

(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 940,000 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 Core Retail portfolio as at December 31, 2020. The largest ten tenants in our portfolio accounted for approximately 22.1% of minimum rents, tenant recoveries and other.

Tenant	DBA	Exposure (%)[1]
L Brands, Inc	Victoria's Secret, Bath & Body Works, PINK	4.3 %
Foot Locker, Inc	Footlocker, Champs Sports, Footaction USA, House of Hoops	3.1 %
LVMH	Louis Vuitton, Sephora, Fendi, Bulgari, Dior, Tag Heuer	2.9 %
The Gap, Inc	Gap, Banana Republic, Old Navy, Athleta	2.3 %
American Eagle Outfitters, Inc	American Eagle Outfitters, Aerie	1.9 %
Signet Jewelers Limited	Zales, Gordon's, Kay, Jared	1.8 %
Express, Inc	Express, Express Men, Express Factory	1.6 %
H&M Hennes & Mauritz	H&M, COS	1.4 %
Luxottica Group S.P.A.	Lenscrafters, Sunglass Hut, Pearle Vision	1.4 %
Abercrombie & Fitch Stores, Inc	Abercrombie, Abercrombie & Fitch, Hollister	1.4 %
Total		**22.1 %**

(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. Due to the global economic shutdown, we may experience an increase in re-leasing timelines, potential delays in lease-up of vacant space and the market rates at which such leases will be executed could be impacted. 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 8.2% of our Core Office and Core Retail leases mature annually up to 2025. Our Core Office and Core Retail leases have a weighted average remaining lease life of approximately 6.9

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.

The following table sets out lease expiries, by square footage, for our office and retail portfolios at December 31, 2020, including our unconsolidated investments:

(Sq. ft. in thousands)	Current	2021	2022	2023	2024	2025	2026	2027	2027 and Beyond	Total
Core Office	7,978	2,122	4,335	4,669	3,160	4,953	4,734	5,034	41,496	**78,481**
Expiring %	10.2 %	2.7 %	5.5 %	5.9 %	4.0 %	6.3 %	6.0 %	6.4 %	53.0 %	**100.0 %**
Core Retail[(1)]	4,206	5,461	7,011	6,217	7,043	4,940	4,236	3,755	10,667	**53,536**
Expiring %	7.9 %	10.2 %	13.1 %	11.6 %	13.2 %	9.2 %	7.9 %	7.0 %	19.9 %	**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 and may be even more illiquid in the context of the global economic shutdown. 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 seven 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. This risk may be increased as a result of disrupted market conditions resulting from the global economic shutdown. 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 43% of our outstanding debt obligations at December 31, 2020 are floating rate debt compared to 45% at December 31, 2019. 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 $236 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 $30 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, 2020, our consolidated debt to capitalization was 55% (December 31, 2019 – 54%). 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, 2020, approximately 32.6% of our assets and 28.1% 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, 2020					
(Millions)		Equity attributable to Unitholders		OCI		Net income
Canadian Dollar[1]	**C$**	**521**	$	**(41)**	$	**—**
Australian Dollar	**A$**	**2,056**		**(158)**		**—**
British Pound	**£**	**4,206**		**(575)**		**—**
Euro	**€**	**328**		**(40)**		**—**
Brazilian Real	**R$**	**3,364**		**(65)**		**—**
Indian Rupee	**Rs**	**28,281**		**(39)**		**—**
Chinese Yuan	**C¥**	**1,084**		**(17)**		**—**
South Korean Won	**₩**	**204,795**		**(19)**		**—**
United Arab Emirates Dirham	**AED**	**708**		**(19)**		**—**
Czech Koruna	**CZK**	**8**		**—**		**—**
Hungarian Forint	**HUF**	**334**		**—**		**—**
Poland Zloty	**PLN**	**3**		**—**		**—**
Total			**$**	**(973)**	**$**	**—**

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

	Dec. 31, 2019			
(Millions)		Equity attributable to Unitholders	OCI	Net income
Canadian Dollar[1]	C$	377	$ (29)	$ —
Australian Dollar	A$	2,154	(151)	—
British Pound	£	3,275	(434)	—
Euro	€	339	(38)	—
Brazilian Real	R$	3,310	(82)	—
Indian Rupee	Rs	26,628	(37)	—
Chinese Yuan	C¥	933	(13)	—
South Korean Won	₩	160,969	(14)	—
United Arab Emirates Dirham	AED	683	(19)	—
Czech Koruna	CZK	10	—	—
Hungarian Forint	HUF	314	—	—
Poland Zloty	PLN	3	—	—
Total			$ (817)	$ —

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

	Dec. 31, 2018			
(Millions)		Equity attributable to Unitholders	OCI	Net income
Canadian Dollar[1]	C$	58	$ (4)	$ —
Australian Dollar	A$	2,977	(210)	—
British Pound	£	3,965	(506)	—
Euro	€	505	(58)	—
Brazilian Real	R$	2,823	(73)	—
Indian Rupee	Rs	25,022	(36)	—
Hong Kong Dollar	HK$	(75)	1	—
Chinese Yuan	C¥	1,593	(23)	—
South Korean Won	₩	245,507	(22)	—
United Arab Emirates Dirham	AED	451	(12)	—
Total			$ (943)	$ —

(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;
- Interest rate caps to hedge interest rate risk on certain variable rate debt; and
- Cross currency swaps to manage interest rate and foreign currency exchange rates on existing variable rate debt.

The global economic shutdown has impacted business across the globe and we are monitoring and actively mitigating its impact on our business. While it is difficult to predict how significant the impact will continue to be, our business has been highly resilient in some of the most critical sectors in the world and has a robust balance sheet with a strong investment grade rating.

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, 2020 and 2019:

(US$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Dec. 31, 2020	**Interest rate caps of US$ LIBOR debt**	**$ 8,371**	**2.5% - 5.5%**	**May. 2021 - Sep. 2023**	**$ —**
	Interest rate swaps of US$ LIBOR debt	**2,380**	**1.0% - 2.6%**	**Nov. 2022 - Feb. 2024**	**(112)**
	Interest rate caps of £ LIBOR debt	**3,198**	**2.0% - 2.5%**	**Jan. 2021 - Jan. 2022**	**—**
	Interest rate caps of € EURIBOR debt	**119**	**1.3%**	**Apr. 2021**	**—**
	Interest rate caps of C$ LIBOR debt	**189**	**3.0%**	**Oct. 2021 - Oct. 2022**	**—**
	Interest rate swaps of AUD BBSW/BBSY debt	**447**	**0.8% - 1.6%**	**Apr. 2023 - Apr. 2024**	**(11)**
Dec. 31, 2019	Interest rate caps of US$ LIBOR debt	$ 7,774	2.7% - 6.0%	May. 2020 - Sep. 2023	$ —
	Interest rate swaps of US$ LIBOR debt	2,877	1.4% - 2.7%	Feb. 2020 - Feb. 2024	(57)
	Interest rate caps of £ LIBOR debt	3,096	2.0% - 2.5%	Jan. 2021 - Jan. 2022	—
	Interest rate swaps of £ LIBOR debt	74	1.5%	Apr. 2020	—
	Interest rate caps of € EURIBOR debt	109	1.3%	Apr. 2021	—
	Interest rate caps of C$ LIBOR debt	184	3.0%	Oct. 2020 - Oct. 2022	—
	Cross currency swaps of C$ LIBOR Debt	600	4.3% - 5.0%	Oct. 2021 - Mar. 2024	(95)

For the year ended December 31, 2020, the amount of hedge ineffectiveness recorded in earnings in connection with our partnership's interest rate hedging activities was nil (December 31, 2019 - $22 million).

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, 2020 and 2019:

(US$ Millions)	Hedging item		Net Notional	Rates	Maturity dates		Fair value
Dec. 31, 2020	**Net investment hedges**	**€**	**—**	**€0.87/$- €0.88/$**	**Sep. 2021 - Sep. 2021**		**1**
	Net investment hedges	**£**	**201**	**£0.50/$ - £1.08/$**	**Mar. 2021 - Dec. 2021**		**5**
	Net investment hedges	**A$**	**240**	**A$1.34/$ - A$1.52/$**	**Jun. 2021 - Dec. 2021**		**3**
	Net investment hedges	**C¥**	**813**	**C¥4.02/$ - C¥7.43/$**	**Mar. 2021 - Sep. 2021**		**(11)**
	Net investment hedges	**R$**	**620**	**R$5.20/$ - R$5.20/$**	**Mar. 2021 - Mar. 2021**		**(3)**
	Net investment hedges	**₩**	**720,095**	**₩914.84/$ - - ₩1,169.58/$**	**Mar. 2021 - Jun. 2022**		**(54)**
	Net investment hedges	**Rs**	**4,703**	**Rs76.28/$ - Rs76.28/$**	**Jun. 2021 - Jun. 2021**		**(2)**
	Net investment hedges	**£**	**90**	**£0.89/€ - £0.93/€**	**Apr. 2021 - Apr. 2021**		**—**
	Cross currency swaps of C$ LIBOR debt	**C$**	**2,400**	**C$0.81/$ -C$1.70/$**	**Oct. 2021 - Jan. 2027**		**66**
Dec. 31, 2019	Net investment hedges	€	245	€0.85/$ - €0.91/$	Mar. 2020 - Jul. 2020	$	7
	Net investment hedges	£	2,444	£0.74/$ - £0.85/$	Jan. 2020 - Sep. 2021		(247)
	Net investment hedges	A$	238	A$1.38/$ - A$1.48/$	Mar. 2020 - Mar. 2021		(5)
	Net investment hedges	C¥	962	C¥6.75/$ - C¥7.16/$	Apr. 2020 - Jun. 2021		—
	Net investment hedges	C$	355	C$1.31/$ - C$1.33/$	Jun. 2020 - Sep. 2021		—
	Net investment hedges	R$	1,582	R$4.16/$ - R$4.16/$	Jun. 2020 - Jun. 2020		(10)
	Net investment hedges	₩	720,095	₩1,149.50/$ - ₩1,174.30/$	Mar. 2020 - Mar. 2021		(7)
	Net investment hedges	Rs	—	Rs71.78/$ - Rs73.01/$	Mar. 2020 - Apr. 2020		—
	Net investment hedges	£	77	£0.88/€ - £0.93/€	Jan. 2020 - Apr. 2021		—
	Cross currency swaps of C$ LIBOR debt	C$	800	C$1.29/$ - C$1.33/$	Oct. 2021 - Jul. 2023		(8)

For the years ended December 31, 2020 and 2019, 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, not designated as hedges for accounting purposes, that have been entered into to manage financial risks as of December 31, 2020 and December 31, 2019:

(US$ millions)	Derivative type		Notional	Rates	Maturity dates		Fair value
Dec. 31, 2020	**Interest rate caps**	**$**	**3,560**	**3.0% - 5.0%**	**Jan. 2021 - Feb. 2027**	**$**	**—**
	Interest rate swaps on forecasted fixed rate debt		**1,285**	**2.7% - 6.4%**	**Mar. 2021 - Jun. 2030**		**(308)**
	Interest rate swaps of US$ debt		**1,746**	**0.8% - 5.1%**	**Jun. 2021 - Mar. 2024**		**(32)**
	Interest rate swaptions		**350**	**2.0%**	**Mar. 2031 - Mar. 2031**		**—**
Dec. 31, 2019	Interest rate caps	$	5,663	2.5% - 5.0%	Mar. 2020 - Nov. 2021	$	—
	Interest rate swaps on forecasted fixed rate debt		1,285	1.1% - 6.4%	Jun. 2020 - Sep. 2031		(149)
	Interest rate swaps of US$ debt		2,003	1.7% - 4.6%	Nov. 2020 - Sep. 2023		(14)

Our partnership recognized fair value losses of approximately $45 million (December 31, 2019 - loss of $(70) million) related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

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, the partnership pays a base management fee ("base management fee"), to the service providers equal to 0.5% of the total capitalization of the partnership, subject to an annual minimum of $50 million, plus annual inflation adjustments "equity enhancement adjustment"). The calculation of the equity enhancement distribution is reduced by the amount by which the base management fee is greater than $50 million per annum, plus annual inflation adjustments, to maintain a fee level in aggregate that would be the same as prior to the amendment. In connection with the GGP acquisition, the Master Services Agreement was amended so that the base management fee took into account any management fee payable by BPYU under its master services agreement with Brookfield Asset Management and certain of its subsidiaries.

The following table calculates base management fees and equity enhancement fees:

	Twelve months ended December 31,		
(US$ Millions)	**2020**	2019	2018
Base fee amount at 0.125% of current capitalization	**$ 81**	$ 100	$ 93
Fee on increased market capitalization (.3125%)	**57**	107	88
Total calculated fees	**138**	207	181
Less credits:			
Equity enhancement adjustment	**(24)**	(45)	(38)
Applied creditable operating payments and other adjustments	**(35)**	(29)	(57)
Total fee, subject to minimum adjusted for inflation	**79**	133	86
Total fee, by component:			
Base fee	**73**	107	86
Equity enhancement adjustment	**6**	26	—
Total fee	**$ 79**	$ 133	$ 86

In connection with the issuance of Preferred Equity Units to the Class A Preferred Unitholder in 2014, Brookfield Asset Management has contingently agreed to acquire the seven-year and ten-year tranches of Preferred Equity Units from the Class A Preferred Unitholder 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, 2020**	Dec. 31, 2019
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	**(91)**	(81)
Loans and notes receivable	**50**	102
Receivables and other assets	**59**	17
Deposit payable to Brookfield Asset Management[1]	**(754)**	—
Loans and notes payable and other liabilities	**(313)**	(196)
Preferred shares held by Brookfield Asset Management	**(15)**	(15)

(1) As of December 31, 2020, a $754 million on-demand deposit was payable to Brookfield Asset Management, provided for in the deposit agreement between the partnership and Brookfield Asset Management. The deposit agreement provides for a deposit limit of $2.0 billion. Subsequent to year-end, an additional $525 million was drawn and payable to Brookfield Asset Management.

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Transactions with related parties:			
Commercial property revenue[1]	**$ 32**	$ 26	$ 22
Management fee income	**32**	35	5
Participating loan interests (including fair value gains, net)	**—**	50	53
Interest expense on debt obligations	**19**	48	44
Interest on capital securities held by Brookfield Asset Management	**—**	8	64
General and administrative expense[2]	**164**	198	192
Construction costs[3]	**265**	411	397
Incentive Fees[4]	**16**	104	—

(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 Brookfield-sponsored real estate opportunistic funds, and administrative services.
(3) Includes amounts paid to Brookfield Asset Management and its subsidiaries for construction costs of development properties.
(4) Represents incentive fees the partnership is obligated to pay to the general partner of the partnership's various fund investments.

On January 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own for a price of $16.50 per LP Unit, or $5.9 billion in total value. The proposal provides that each holder of LP Units can elect to receive consideration per LP Unit of a combination of (i) 0.4 class A limited voting shares of Brookfield Asset Management ("Brookfield Shares"), (ii) $16.50 in cash, and/or (iii) 0.66 preferred units of our partnership with a liquidation preference of $25.00 per unit ("New Preferred Units"), subject in each case to pro-ration based on a maximum of 59.5 million Brookfield Shares (42% of the total value of the LP Units), maximum cash consideration of $2.95 billion (50% of the total value of the LP Units), and a maximum value of $500 million in New Preferred Units (8% of the total value of the LP Units). If holders of LP Units collectively elect to receive in excess of $500 million in New Preferred Units, the amount of New Preferred Units can increase to a maximum of $1 billion, offset against the maximum amount of Brookfield Shares. The maximum amount of cash consideration would not be affected. The board of directors of the BPY General Partner has established a committee of independent directors to review and consider the proposal.

During the year ended December 31, 2020, we issued 9,416,816 LP units at $11.36 per unit, 2,696,841 LP units at $12.00 per unit, 5,967,063 LP units at $12.65 per unit, 13,392,277 LP Units at $13.92 per unit, and 18,715,912 Redeemable/Exchangeable Partnership Units at $12.00 per unit to Brookfield Asset Management.

During the third quarter of 2020, we completed the recapitalization of the Atlantis with an investment from a Brookfield Asset Management affiliate. Refer to *Note 5, Equity Accounted Investments* and *Note 8, Property, Plant And Equipment* for further detail.

During the fourth quarter of 2019, we converted our economic interest, through our participating loan agreements, in a portfolio of properties in Australia owned by Brookfield Asset Management into direct ownership interests.

During the third and fourth quarters of 2019, we sold partial interest in two multifamily developments in Brooklyn, NY and a retail development in Connecticut into the BOZ fund. Upon the final close of BOZ fund in the fourth quarter of 2019, our interests in these development assets were diluted, which resulted in the deconsolidation of the assets and accounting classification as a financial asset.

PORTFOLIO LISTING

The following table presents details of our property portfolio as of December 31, 2020:

Core Office Property Portfolio Dec. 31, 2020 (Sq. ft in 000's)			Assets under management			Proportionate at subsidiary level[(1)]			Proportionate to Unitholders[(2)]		Proportionate to LP Unitholders[(3)]	
	Number of properties	% Leased	Leasable	Parking	Total	Owned %	Leasable	Total	Leasable	Total	Leasable	Total
CONSOLIDATED PROPERTIES												
United States												
Midtown New York	2	100.0 %	1,466	31	1,497	80.9 %	1,194	1,211	1,194	1,211	584	592
Downtown New York	6	95.4 %	7,950	488	8,438	72.6 %	5,770	6,123	5,770	6,123	2,820	2,993
Washington, D.C.	12	86.5 %	2,887	1,796	4,683	97.0 %	2,778	4,544	2,778	4,544	1,358	2,221
Los Angeles	8	79.7 %	8,620	4,283	12,903	47.3 %	4,078	6,104	4,078	6,104	1,994	2,984
Houston	5	72.5 %	5,022	1,185	6,207	86.6 %	4,363	5,373	4,363	5,373	2,133	2,627
San Francisco	2	84.1 %	623	6	629	33.1 %	206	208	206	208	100	101
	35	85.0 %	26,568	7,789	34,357	68.6 %	18,389	23,563	18,389	23,563	8,989	11,518
Canada												
Toronto	10	95.9 %	8,776	1,704	10,480	55.8 %	4,832	5,844	4,832	5,844	2,362	2,857
Calgary	9	89.7 %	7,178	1,215	8,393	58.7 %	4,308	4,924	4,308	4,924	2,106	2,407
Ottawa	5	91.0 %	1,182	695	1,877	25.1 %	298	472	298	472	145	230
	24	93.0 %	17,136	3,614	20,750	54.2 %	9,438	11,240	9,438	11,240	4,613	5,494
Australia and New Zealand												
Sydney	2	73.2 %	690	102	792	39.5 %	281	313	281	313	138	154
Melbourne	2	99.5 %	509	15	524	49.4 %	252	259	252	259	123	126
Brisbane	1	90.2 %	300	34	334	50.0 %	149	167	149	167	73	82
Perth	4	96.4 %	1,886	262	2,148	81.2 %	1,534	1,745	1,534	1,745	750	853
	9	91.6 %	3,385	413	3,798	65.4 %	2,216	2,484	2,216	2,484	1,084	1,215
United Kingdom												
London	3	90.1 %	1,152	29	1,181	100.0 %	1,152	1,181	1,152	1,181	563	577
	3	90.1 %	1,152	29	1,181	100.0 %	1,152	1,181	1,152	1,181	563	577
Brazil												
São Paulo	1	100.0 %	276	209	485	51.0 %	141	248	141	248	69	121
Rio de Janeiro	1	100.0 %	213	64	277	67.0 %	142	185	142	185	69	90
	2	100.0 %	489	273	762	26.7 %	283	433	283	433	138	211
Total Consolidated Properties	73	88.5 %	48,730	12,118	60,848	63.9 %	31,478	38,901	31,478	38,901	15,387	19,015
UNCONSOLIDATED PROPERTIES												
United States												
Midtown New York	4	95.3 %	5,559	87	5,646	38.0 %	2,109	2,138	2,109	2,138	1,031	1,045
Downtown New York	2	97.2 %	4,927	65	4,992	23.0 %	1,149	1,156	1,149	1,156	562	565
Washington, D.C.	12	88.7 %	2,963	959	3,922	36.3 %	1,065	1,417	1,065	1,417	521	693
Los Angeles	2	94.1 %	372	388	760	42.0 %	157	321	157	321	76	156
Houston	1	90.1 %	1,135	699	1,834	10.0 %	113	183	113	183	55	89
Denver	1	82.9 %	1,338	511	1,849	50.0 %	669	924	669	924	327	452
	22	93.3 %	16,294	2,709	19,003	32.4 %	5,262	6,139	5,262	6,139	2,572	3,000
Australia and New Zealand												
Sydney	1	100.0 %	732	135	867	24.0 %	176	209	176	209	86	102
Melbourne	1	99.8 %	858	341	1,199	50.0 %	429	599	429	599	209	292
	2	99.9 %	1,590	476	2,066	39.1 %	605	808	605	808	295	394
United Kingdom												
London	25	95.5 %	9,771	1,120	10,891	43.6 %	4,197	4,749	4,197	4,749	2,051	2,321
	25	95.5 %	9,771	1,120	10,891	43.6 %	4,197	4,749	4,197	4,749	2,051	2,321
Germany												
Berlin	16	95.3 %	2,176	1,168	3,344	25.0 %	543	834	543	834	266	408
	16	95.3 %	2,176	1,168	3,344	25.0 %	543	834	543	834	266	408
United Arab Emirates												
Dubai	1	30.6 %	1,098	475	1,573	50.0 %	549	787	549	787	268	384
	1	30.6 %	1,098	475	1,573	50.0 %	549	787	549	787	268	384
Total Unconsolidated Properties	66	92.2 %	30,929	5,948	36,877	34.0 %	11,156	13,317	11,156	13,317	5,452	6,507
Total Core Office Properties	139	90.0 %	79,659	18,066	97,725	53.4 %	42,634	52,218	42,634	52,218	20,839	25,522

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

Opportunistic Office Property Portfolio			Assets under management			Proportionate at subsidiary level[1]			Proportionate to Unitholders[2]		Proportionate to LP Unitholders[3]	
Dec. 31, 2020 **(Sq. ft in 000's)**	Number of properties	% Leased	Leasable	Parking	Total	Owned %	Leasable	Total	Leasable	Total	Leasable	Total
CONSOLIDATED PROPERTIES												
United States												
Washington, D.C.	11	71.2 %	1,736	—	1,736	100.0 %	1,736	1,736	443	443	217	217
Los Angeles	2	16.5 %	1,989	782	2,771	100.0 %	1,989	2,771	512	714	250	349
Chicago	1	63.7 %	1,428	—	1,428	100.0 %	1,428	1,428	365	365	178	178
San Francisco / San Jose	2	75.3 %	409	—	409	100.0 %	409	409	105	105	51	51
Houston	5	64.0 %	4,207	571	4,778	100.0 %	4,207	4,778	1,075	1,221	525	597
Dallas	6	92.3 %	467	—	467	100.0 %	467	467	142	142	69	69
	27	57.7 %	10,236	1,353	11,589	100.0 %	10,236	11,589	2,642	2,990	1,290	1,461
United Kingdom												
London	1	79.1 %	660	48	708	100.0 %	660	708	203	218	99	107
	1	79.1 %	660	48	708	100.0 %	660	708	203	218	99	107
Brazil												
Rio de Janeiro	2	95.2 %	602	—	602	58.3 %	351	351	113	113	55	55
São Paulo	4	81.4 %	1,213	—	1,213	77.0 %	934	934	301	301	147	147
	6	86.0 %	1,815	—	1,815	70.8 %	1,285	1,285	414	414	202	202
India												
NCR (Delhi region)	43	85.1 %	11,976	6,238	18,214	90.7 %	10,863	16,522	3,554	5,406	1,737	2,642
Kolkata	12	91.8 %	3,058	1,341	4,399	100.0 %	3,058	4,399	1,001	1,439	489	703
Mumbai	22	82.1 %	5,754	—	5,754	100.0 %	5,754	5,754	1,854	1,854	906	906
	77	85.3 %	20,788	7,579	28,367	94.0 %	19,675	26,675	6,409	8,699	3,132	4,251
Total Consolidated Properties	111	76.8 %	33,499	8,980	42,479	96.0 %	31,856	40,257	9,668	12,321	4,723	6,021
Total Opportunistic Office Properties	111	76.8 %	33,499	8,980	42,479	96.0 %	31,856	40,257	9,668	12,321	4,723	6,021

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

Core Retail Property Portfolio[1] Dec. 31, 2020 (Sq. ft. in 000's)	Number of properties	% Leased	Assets under management Total	Proportionate at subsidiary level[2] Owned %	Proportionate at subsidiary level[2] Total	Proportionate to Unitholders[3] Total	Proportionate to LP Unitholders[4] Total
CONSOLIDATED PROPERTIES							
U.S. Properties							
Pacific region	9	90.7 %	5,562	100.0 %	5,562	4,040	1,975
Southwest region	10	92.8 %	11,286	100.0 %	11,286	5,097	2,491
East North Central region	8	91.0 %	6,724	99.3 %	6,676	4,323	2,113
Southeast region	5	91.9 %	5,482	100.0 %	5,482	3,106	1,518
Mideast region	8	91.6 %	7,353	98.3 %	7,230	4,287	2,095
Mountain region	5	91.5 %	5,023	100.0 %	5,023	2,545	1,244
Northeast region	13	89.3 %	9,396	99.3 %	9,326	5,746	2,808
West North Central region	5	90.7 %	4,599	100.0 %	4,599	2,828	1,382
Total Consolidated Properties	63	91.2 %	55,425	99.6 %	55,184	31,972	15,626
UNCONSOLIDATED PROPERTIES							
U.S. Properties							
Pacific region	10	94.4 %	10,625	49.9 %	5,299	3,358	1,641
Southwest region	7	96.5 %	10,186	48.7 %	4,962	2,475	1,210
East North Central region	6	92.3 %	7,076	49.6 %	3,508	2,390	1,168
Southeast region	11	90.2 %	10,679	47.6 %	5,087	2,825	1,381
Mideast region	8	90.7 %	8,232	46.6 %	3,839	2,154	1,053
Mountain region	7	93.3 %	8,114	50.7 %	4,113	2,406	1,176
Northeast region	4	93.0 %	4,850	45.4 %	2,201	1,303	637
West North Central region	5	94.1 %	4,618	57.2 %	2,640	1,328	649
Total Unconsolidated Properties	58	93.1 %	64,380	49.2 %	31,649	18,239	8,915
Total Core Retail Properties	121	92.5 %	119,805	81.2 %	86,833	50,211	24,541

(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, 2020 (Sq. ft. in 000's)	Number of properties	% Leased	Assets under management Total	Proportionate at subsidiary level[2] Owned %	Proportionate at subsidiary level[2] Total	Proportionate to Unitholders[3] Total	Proportionate to LP Unitholders[4] Total
CONSOLIDATED PROPERTIES							
U.S. Properties							
Pacific region	7	83.0 %	5,469	100.0 %	5,469	1,953	955
Southwest region	6	72.0 %	3,147	100.0 %	3,147	949	464
East North Central region	6	81.7 %	4,468	100.0 %	4,468	1,519	742
Southeast region	2	93.3 %	1,628	78.2 %	1,272	439	214
Mideast region	5	85.6 %	4,031	100.0 %	4,031	1,461	714
Mountain region	4	82.3 %	1,469	100.0 %	1,469	641	313
Northeast region	3	79.2 %	2,048	64.6 %	1,324	431	211
	33	82.0 %	22,260	95.1 %	21,180	7,393	3,613
Total Consolidated Properties	33	82.0 %	22,260	95.1 %	21,180	7,393	3,613
UNCONSOLIDATED PROPERTIES							
Brazil							
São Paulo	3	92.4 %	806	42.1 %	339	157	76
Rio de Janeiro	2	90.1 %	961	73.1 %	703	324	159
	5	91.2 %	1,767	59.0 %	1,042	481	235
Total Unconsolidated Properties	5	91.2 %	1,767	59.0 %	1,042	481	235
Total Opportunistic Retail Properties	38	82.7 %	24,027	92.5 %	22,222	7,874	3,848

(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.*

Multifamily Property Portfolio Dec. 31, 2020 (Units)	Number of properties	Assets under management Total	Proportionate at subsidiary level[(1)] Owned %	Proportionate at subsidiary level[(1)] Total	Proportionate to Unitholders[(2)] Total	Proportionate to LP Unitholders[(3)] Total
CONSOLIDATED PROPERTIES						
United States						
Ohio	8	1,581	100.0 %	1,581	403	197
Virginia	3	758	100.0 %	758	202	99
California	4	1,488	100.0 %	1,488	444	217
Georgia	2	804	100.0 %	804	205	100
Florida	4	1,294	100.0 %	1,294	330	161
Nevada	3	1,194	100.0 %	1,194	356	174
New York	1	1,190	100.0 %	1,190	358	175
Texas	3	855	100.0 %	855	232	113
North Carolina	2	555	100.0 %	555	142	69
Maryland	3	841	100.0 %	841	245	120
Indiana	3	836	100.0 %	836	213	104
Oregon	1	144	100.0 %	144	43	21
Arizona	1	168	100.0 %	168	50	25
Total Consolidated Properties	38	11,708	98.8 %	11,708	3,223	1,575
UNCONSOLIDATED PROPERTIES						
United States						
California	2	882	100.0 %	882	225	110
Total Unconsolidated Properties	2	882	100.0 %	882	225	110
Total Multifamily Properties	40	12,590	98.9 %	12,590	3,448	1,685

(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, 2020 (Rooms)	Number of properties	Assets under management Total	Proportionate at subsidiary level[(1)] Owned %	Proportionate at subsidiary level[(1)] Total	Proportionate to Unitholders[(2)] Total	Proportionate to LP Unitholders[(3)] Total
CONSOLIDATED PROPERTIES						
North America	112	16,863	100.0 %	16,741	4,781	2,337
United Kingdom	6	4,819	100.0 %	4,819	1,315	643
Canada	1	1,372	100.0 %	1,372	351	172
Total Consolidated Properties	119	23,054	100.0 %	22,932	6,447	3,152
UNCONSOLIDATED PROPERTIES						
North America	4	2,225	72.5 %	1,614	376	184
Australia	1	433	100.0 %	433	136	66
Total Unconsolidated Properties	5	2,658	77.0 %	2,047	512	250
Total Hospitality Properties	124	25,712	97.6 %	24,979	6,959	3,402

(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		Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
Dec. 31, 2020 (Sq. ft. in 000's)	Number of properties	Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
North America	216	11,938	100.0 %	11,938	3,092	1,511
Total Consolidated Properties	216	11,938	100.0 %	11,938	3,092	1,511
Total Triple Net Lease Properties	216	11,938	100.0 %	11,938	3,092	1,511

(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		Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
Dec. 31, 2020 (Beds)	Number of properties	Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
United Kingdom	53	19,877	100.0 %	19,877	5,030	2,459
Total Consolidated Properties	53	19,877	100.0 %	19,877	5,030	2,459
Total Student Housing Properties	53	19,877	100.0 %	19,877	5,030	2,459

(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.*

Manufactured Housing Property Portfolio		Assets under management	Proportionate at subsidiary level[1]		Proportionate to Unitholders[2]	Proportionate to LP Unitholders[3]
Dec. 31, 2020 (Sites)	Number of properties	Total	Owned %	Total	Total	Total
CONSOLIDATED PROPERTIES						
United States	136	32,403	100.0 %	32,403	8,283	4,049
Total Consolidated Properties	136	32,403	100.0 %	32,403	8,283	4,049
Total Manufactured Housing Properties	136	32,403	100.0 %	32,403	8,283	4,049

(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 as issued by the IASB. 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. Substantially all our investment properties are valued using one of two accepted income approaches, the discounted cash flow approach or the direct capitalization approach. Under the discounted cash flow approach, cash flows for each property are forecast for an assumed holding period, generally, ten-years. A capitalization rate is applied to the terminal year net operating income and an appropriate discount rate is applied to those cash flows to determine a value at the reporting date. Under the direct capitalization method, a capitalization rate is applied to estimated stabilized annual net operating income to determine value. We have a number of properties externally appraised each year to support our valuation process and for other business purposes. We compare the results of those external appraisals to our internally prepared values and reconcile significant differences when they arise. Discount and terminal capitalization rates are verified by comparing to market data, third-party reports, research material and brokers opinions. 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, the processes applied to those assets and if the required processes are substantive in nature.

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 to determine 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 we are 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 and the short-break destinations across the United Kingdom and Ireland 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. Fair values of the hospitality assets are also reviewed in reference to each hospitality asset's enterprise value which is determined using a discounted cash flow model.

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.

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 commencement 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. However, recoveries of operating expenses in relation to property taxes as well as property insurance are a component of other rental revenue, separate from the rest of recovery revenue. Percentage participating rents are recognized when tenants' specified sales targets have been met. Operating expense recoveries, rental or non-rental revenue, 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. 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 including market data, third-party reports and research and observable conditions, where possible, in conjunction with internal analysis.

Prior to the end of the first quarter, the global economic shutdown prompted certain responses from global government authorities across the various geographies in which the partnership owns and operates investment properties. Such responses, have included mandatory temporary closure of, or imposed limitations on, the operations of certain non-essential properties and businesses including office properties and retail malls and associated businesses which operate within these properties such as retailers and restaurants. In addition, shelter-in-place mandates and severe travel restrictions have had a significant adverse impact on consumer spending and demand in the near term. These negative economic indicators, restrictions and closure have created significant estimation uncertainty in the determination of the fair value of investment properties as of December 31, 2020. Specifically, while discount and capitalization rates are inherently uncertain, there has been an absence of recently observed market transactions across the partnership's geographies to support changes in such rates which is a key input into the determination of fair value. In addition, the partnership has had to make assumptions with respect to the length and severity of these restrictions and closures as well as the viability of our tenants in consideration of any credit reserves that should be applied based on deemed tenant risk and the recovery period in estimating the impact and timing of future cash flows generated from investment properties and used in the discounted cash flow model used to determine fair value. As a result of this material estimation uncertainty there is a risk that the assumptions used to determine fair value as of December 31, 2020 may result in a material adjustment to the fair value of investment properties in future reporting periods as more information becomes available.

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 at values prepared by external valuation professionals.

(ii) Fair value of financial instruments

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 fair value through other comprehensive income. 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:

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated balance sheets and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will

exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The partnership is in the process of determining the impact of the amendments on its consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform Phase 2 Amendments*

In August 2020, the IASB published Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (“Phase 2 Amendments”), effective January 1, 2021, with early adoption permitted. The Phase 2 Amendments provide additional guidance to address issues that will arise during the transition of benchmark interest rates. The Phase 2 Amendments primarily relate to the modification of financial instruments, allowing for prospective application of the applicable benchmark interest rate and continued application of hedge accounting, providing the amended hedging relationship continues to meet all qualifying criteria. The partnership is currently completing an assessment and implementing its transition plan to address the impact and effect changes as a result of amendments to the contractual terms of IBOR referenced floating-rate borrowings, interest rate swaps, interest rate caps, and updating hedge designations. The adoption is not expected to have a significant impact on the partnership.

There are no other accounting policies issued as of December 31, 2020 that the partnership expects to adopt in the future and which the partnership expects will have a material impact.

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. At December 31, 2020, capital totaled $99 billion compared with $103 billion at December 31, 2019.

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.We anticipate certain planned divestitures may be delayed as a result of the global economic shutdown but do not anticipate execution risk that would have a material impact to our cashflows. Delays might be caused due to reduced business travel which could have an impact on physical touring of targeted assets for disposal.

The future impact of the shutdown on our level of liquidity is uncertain at this time. Measures undertaken by governments and companies around the world in our principal markets have resulted in the temporary closure of certain of our operating assets. The duration of such measures may impact our ability to collect rental income, particularly in our retail assets, and to generate hospitality revenue. The longer-term impact of the pandemic and resulting economic downturn could reduce demand for real estate and hospitality bookings, though we have begun to see some very modest recovery in certain of our hospitality assets.

Consequently, we are reviewing, and where appropriate adjusting, our current capital expenditure and financing assumptions on existing and future projects to reflect any potential shorter- and longer-term impact of the pandemic. Adjustments may include, but are not limited to, additional draws on existing development facilities, pursuing additional development facilities on certain projects, extension of payment terms to suppliers, and temporary cessation of additional construction work (and related incurrence of expenditures).

We continue to review contractual arrangements with our tenants to assess the rights and responsibilities of the partnership and our tenants in response to the impact of the measures undertaken by governments and/or tenants. Potential responses may include, but are not limited to, payment holidays / extension of payment terms from tenants, adjustments to the duration of leases, and renegotiation of lease terms.

We expect to be able to refinance the majority of debt obligations maturing in the near term or to exercise contractual extension options thereon. In certain instances, particularly where a property has been required to close temporarily, we plan to seek certain modifications to mortgages, including lease restructuring approvals and technical default waivers, and potentially interest deferrals on many loans until the property has reopened. Certain development assets with construction facilities in place will require development waivers subject to a protracted work stoppage.

In addition, certain debt obligations are subject to financial covenants. As a result, in the shorter-term, the shutdown may negatively impact our ability to meet such covenants. We are reviewing the financial covenants of each debt instrument and, where applicable, working with our lenders to address debt instruments which may potentially approach or breach covenant limits. Such adjustments may include, but are not limited to, adjustment to the covenant limits, interest payment holidays, and temporary suspension of covenant testing.

In order to maintain financial flexibility, we maintain capacity under credit facilities at BPY and certain subsidiaries. As at December 31, 2020, the available liquidity under such credit facilities was $1,166 million. We believe we will be able to continue to borrow funds on these facilities from our lenders when and as required.

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;
- Unfunded committed capital to funds;
- Investing activities which could include:
    - Fulfilling our capital commitments to various funds;
    - Discretionary capital expenditures;
    - Property acquisitions;
    - Future developments; and
    - Repurchase of our units.

We plan to meet these liquidity needs by accessing our group-wide liquidity of $5,542 million at December 31, 2020 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.

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019
Proportionate cash retained at subsidiaries	**1,733**	1,587
Proportionate availability under subsidiary credit facilities	**2,410**	4,058
Proportionate availability under construction facilities	**1,399**	1,236
Group-wide liquidity[(1)]	**$ 5,542**	$ 6,881

(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.

On August 5, 2020, the board of directors approved the addition of certain subsidiaries of the partnership as borrowers to a credit facility under which such subsidiaries may borrow up to $500 million. The facility matures on April 13, 2022 and is guaranteed by Brookfield Asset Management. As at December 31, 2020, nil was drawn on this facility.

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, 2020**
2021	**$ 10,104**
2022	**6,365**
2023	**3,590**
2024	**8,209**
2025	**3,439**
Thereafter	**8,561**
Deferred financing costs	**(213)**
Secured debt obligations	**$ 40,055**
Debt to capital ratio	**55.2 %**

We generally believe that we will be able to either extend the maturity date, repay, or refinance the debt that is scheduled to mature in 2021 to 2022, however, approximately 3% of our debt obligations represent non-recourse mortgages where we have suspended contractual payment, and are currently engaging in modification or restructuring discussions with the respective creditors. We are generally seeking relief given the circumstances resulting from the current economic slowdown, and may or may not be successful with these negotiations. If we are unsuccessful, it is possible that certain properties securing these loans could be transferred to the lenders.

Currently our debt to capital ratio is 55%. We expect to be able to decrease our debt to capital ratios from these levels through the repayment of capital securities, credit facilities and debt related to the acquisition of a further interest in our retail

assets with cash flow generated in the business and raised from asset sales. In addition, we expect to improve other credit metrics through the benefit of additional earnings from the completion and stabilization of our active development pipeline. The timing of achieving these expectations may be delayed due to the impact of the global economic shutdown.

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, 2020. 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, 2020, 2019 and 2018, the partnership made distributions to unitholders of $1,244 million, $1,266 million and $1,059 million, respectively. This compares to cash flow from operating activities of $1,332 million, $624 million and $1,357 million, respectively, for each of the three years then ended. In 2019, 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 2020 and 2019, the partnership funded the gap between its distributions and cash flow from operating activities through approximately $137 million and $167 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 seek to increase the cash flows from our office and retail property activities through continued leasing activity as described below. In particular, we are operating below our historical office occupancy level in the United States, which provides the opportunity to expand cash flows through higher occupancy. However, our future results may be impacted by risks associated with the global COVID-19 pandemic, and the related reduction in commerce and travel and substantial volatility in stock markets worldwide, which may result in a decrease of cash flows and lead to impairment losses and/or revaluations on our investments and real estate properties, and we may be unable to achieve our expected returns. In addition, we expect to face a meaningful amount of lease rollover in 2021, which may restrain FFO growth from this part of our portfolio in the near future. Our belief is as to the opportunities for our partnership to increase its occupancy levels, lease rates and cash flows are based on assumptions about our business and markets that management believes are reasonable in the circumstances. There can be no assurance as to growth in occupancy levels, lease rates or cash flows. See *"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, 2020:

(US$ Millions)		Payments due by period					
Dec. 31, 2020	**Total**	< 1 Year	1 Year	2 Years	3 Years	4 Years	> 5 Years
Debt obligations[1]	**$ 54,592**	$ 13,123	$ 8,170	$ 5,592	$ 11,084	$ 6,677	$ 9,946
Capital securities	**3,033**	649	181	865	556	244	538
Lease obligations	**3,160**	48	48	44	45	46	2,929
Commitments[2]	**2,883**	1,839	963	81	—	—	—
Interest expense[3]:							
Debt obligations	**6,667**	$ 1,685	$ 1,369	$ 1,118	$ 789	$ 556	$ 1,150
Capital securities	**585**	152	113	105	105	66	44
Interest rate swaps	**119**	43	41	32	3	—	—

(1) *Debt obligations excludes deferred financing costs of $258 million and other accounting adjustments.*

(2) *Primarily consists of construction commitments on commercial developments.*

(3) *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
Caroline Atkinson Washington, D.C., United States	68	Director	Senior Advisor to Rock Creek investment firm
Jeffrey M. Blidner Toronto, Canada	72	Director	Vice Chair of Brookfield Asset Management
Soon Young Chang Dubai, United Arab Emirates	61	Director	Director of Dubai World; Senior Advisor of Investment Corporation of Dubai
Omar Carneiro da Cunha(3) Rio de Janeiro, Brazil	74	Director	Senior Partner of Dealmaker Ltd. and BOND Consultoria Empresarial e Participacoes
Stephen DeNardo(2) Stamford, United States	67	Director	Managing Director and President and Chief Executive Officer of RiverOak Investment Corp., LLC
Louis Joseph Maroun(2)(3) Warwick, Bermuda	70	Director	Chairman of Sigma Real Estate Advisors/Sigma Capital Corporation
A. Douglas McGregor Toronto, Canada	64	Director	Director
Lars Rodert(2)(3) Stockholm, Sweden	59	Lead Independent Director, Director	Founder and Chief Executive Officer of ÖstVäst Capital Management
Michael J. Warren Washington, D.C., United States	53	Director	Managing Director, Albright Stonebridge Group

(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. All of the BPY General Partner's directors are also directors of BPYU.

Caroline Atkinson. Ms. Atkinson is a Senior Adviser to Rock Creek investment firm in Washington D.C. and a trustee of the International Institute of Strategic Studies in London. Ms. Atkinson is an Oxford-trained economist with more than two decades of experience working as a senior policymaker in international economics and finance and as an executive in technology. She has held senior positions at Google Inc. ("Google"), the U.S. government, The International Monetary Fund and The Bank of England. Most recently, Ms. Atkinson was the Head of Global Policy for Google. Prior to joining Google, Ms. Atkinson worked for President Barack Obama as the Deputy National Security Adviser for International Economics at the White House. She was the President's personal representative to major international economic summits, including the G-7/8 and the G-20. She was also the Advisor to Treasury Secretaries, Robert Rubin and Lawrence Summers. She has advised leading U.S. companies on global business and economic issues. Ms. Atkinson is a Member of the Board Executive Committee for the Peterson Institute for International Economics, and a Member of Council on Foreign Relations and the Economic Club of New York.

Jeffrey M. Blidner. Mr. Blidner is Vice Chairman of Brookfield Asset Management. Mr. Blidner is also Chief Executive Officer of Brookfield's Private Funds Group, Chairman and a director of Brookfield Business Partners L.P. and Brookfield Renewable 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.

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.

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 is also a director of Petroleo Brasileiro S/A (Petrobras), Chairman of the Audit Committee and member of the Investment Committee since 2020. 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 from 2010 to 2019. 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 the American Chamber of Commerce for Brazil.

Stephen DeNardo. Mr. DeNardo is currently managing director and president and Chief Executive Officer 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 is a Chartered Global Management Accountant. He also 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.

A. Douglas McGregor. Mr. McGregor was the Group Head of RBC Capital Markets and RBC Investor & Treasury Services, Chairman and Chief Executive Officer of RBC Capital Markets, and was a member of RBC's Group Executive until his retirement in January 2020. Mr. McGregor joined RBC in 1983 and held progressively senior roles at the bank, becoming Capital Markets Chief Executive Officer in 2008 and assuming responsibility for Investor & Treasury Services in 2012. As Chairman and Chief Executive Officer of RBC Capital Markets, Mr. McGregor had global oversight of the firm's Corporate & Investment Banking and Global Markets activities conducted by its approximately 7,500 employees worldwide. He also directly led the investment bank's real estate lending businesses. As Group Head of RBC Investor & Treasury Services, Mr. McGregor was responsible for this business' custody, treasury and financing services for institutional clients globally. Mr. McGregor is also Chairman and member of the Audit Committee of Plaza Retail REIT. Mr. McGregor holds an Honours B.A. (Business) and an MBA from the University of Western Ontario. Mr. McGregor serves on the University Health Network's Board of Trustees in Toronto and is a former Chairman of the Board of Directors of the Investment Industry Regulatory Organization of Canada.

Lars Rodert. Mr. Rodert is the founder and Chief Executive Officer of ÖstVäst Advisory ("OVA"). Mr. Rodert has 30 years of experience in the global investment industry. Prior to OVA, 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 Chief Investment Officer 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.

Michael J. Warren. Mr. Warren is the Managing Director of Albright Stonebridge Group ("ASG"). Mr. Warren served as ASG's Managing Principal from 2013 to 2017 and as Principal from 2009 to 2013. Prior to ASG, Mr. Warren served as the Chief Operating Officer and Chief Financial Officer of Stonebridge International from 2004 to 2009, where he managed

operations, business development, finance, and personnel portfolios. Mr. Warren served in various capacities in the Obama Administration, including as senior advisor in the White House Presidential Personnel Office and as co-lead for the Treasury and Federal Reserve agency review teams of the Obama-Biden Presidential Transition. Mr. Warren serves on the board of trustees and the risk & audit committees at Commonfund, the board of directors of Walker & Dunlop, Inc. and the board of directors of MAXIMUS. He serves as a trustee of Yale University and is a member of the Yale Corporation Investment Committee. Mr. Warren formerly served as a trustee of the District of Columbia Retirement Board and as a member of the board of directors of the United States Overseas Private Investment Corporation. Mr. Warren received degrees from Yale University and Oxford University where he was a Rhodes Scholar.

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, logistics, hospitality, triple net lease, manufactured housing, mixed-use and student housing, 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	47	23	20	Chief Executive Officer
Bryan K. Davis	47	25	22	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 Managing Partner at Brookfield Asset Management and Chief Executive Officer of Brookfield Property Group. Mr. Kingston joined Brookfield in 2001 and has been engaged in a wide range of merger and acquisition activities. From 2008 to 2013 he led Brookfield's Australian business activities, holding the positions of Chief Executive Officer of Brookfield Office Properties Australia, Chief Executive Officer of Prime Infrastructure and Chief Financial Officer of Multiplex.

Bryan K. Davis. Mr. Davis was named Chief Financial Officer in 2015. He is also a Managing Partner at Brookfield Asset Management. Prior to that, he was Chief Financial Officer of Brookfield's global office property company for eight years and spent five years in senior finance roles. Mr. Davis also held 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 $125,000 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. Directors also receive an annual retainer of $15,000 paid by BPYU for serving as a director of BPYU.

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 three and eleven 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 ten 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 LP 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 Nasdaq 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 Mr. 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 our 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"*.

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 unitholders if they have economic exposure to our company themselves. Our company expects that non-Brookfield-employed directors, or outside directors, should hold sufficient LP Units of our company or BPYU Units such that the acquisition costs of such securities 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 LP Units and/or BPYU 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. All of our outside directors have met their minimum economic ownership requirements.

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 ("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, Senior Management and Employees - 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, Senior Management and Employees - 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 LP Units, Preferred 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

While certain of our operating entities have employees, the BPY General Partner, our partnership, the Property Partnership and the Holding Entities do 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. "*Additional Information - Memorandum and Articles of Association - Description of Our LP Units, Preferred Units and Our Limited Partnership Agreement - Distribution Reinvestment Plan*" and through our Unit-based compensation plans described in Item 18 "*Financial Statements - Note 29 - Unit-Based Compensation*".

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. MAJOR SHAREHOLDERS

As of February 17, 2021, there are 436,011,802 LP Units of our company outstanding. To our knowledge, as of February 17, 2021, no person or company, other than Brookfield Asset Management, Partners Limited and the Class A Preferred Unitholder, beneficially owns or controls or directs, directly or indirectly, more than 5% of our LP 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 LP Units, Preferred Units and Our Limited Partnership Agreement"*.

As of February 17, 2021, 244,909 of our outstanding LP Units were held by 2,635 holders of record in the United States, not including LP Units of our company held of record by the Depository Trust Company ("DTC"). As of February 17, 2021, DTC was the holder of record of 122,679,312 LP Units.

The following table presents information regarding the beneficial ownership of our company, as of February 17, 2021, by each person or entity that we know beneficially owns 5% or more of our company.

	Units Outstanding	
Name and Address	**Units Owned**	**Percentage**
Brookfield Asset Management Inc.[(1)] Suite 300, Brookfield Place, 181 Bay Street Toronto, Ontario, M5J 2T3	600,997,978	65 %
Partners Limited[(2)] Suite 300, Brookfield Place, 181 Bay Street Toronto, Ontario, M5J 2T3	604,647,876	65 %
Qatar Investment Authority[(3)] Q-Tel Tower Diplomatic Area Street, West Bay Doha, Qatar	70,051,024	7 %

(1) *Brookfield beneficially owns 146,596,646 of our LP Units, 451,365,017 Redemption-Exchange Units and 3,036,315 BPYU Units. Brookfield has a 57 % interest in our company on a fully-exchanged basis.*

(2) *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 its direct holding of 36,452 LP Units, the Brookfield Asset Management holdings noted in footnote (1) plus 3,613,446 of our LP Units beneficially owned by its subsidiary, Partners Value Investments L.P.*

[3] *Represents ownership on a fully-exchanged basis.*

Our major unitholders have the same voting rights as all other holders of our LP Units.

7.B. RELATED PARTY TRANSACTIONS

RELATIONSHIP WITH BROOKFIELD

Brookfield Asset Management

Brookfield Asset Management is a leading global alternative asset manager with $600 billion of assets under management across real estate, infrastructure, renewable power, private equity and credit. Brookfield owns and operates long-life assets and businesses, many of which form the backbone of the global economy. Utilizing its global reach, access to large-scale capital and operational expertise, Brookfield offers a range of alternative investment products to investors around the world including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors. Brookfield Asset Management is listed on the NYSE and TSX under the symbols BAM and BAM.A, respectively.

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 $1 million of Class B junior preferred shares of CanHoldco, one of our Holding Entities. The Class B preferred shares are entitled to receive a cumulative preferential dividend equal to 5.0% plus the prevailing yield for 5-year U.S. Treasury Notes, which equals to 7.64%. 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 for the Class B preferred shares. The Class B preferred shares are entitled to vote with the common shares of CanHoldco.

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 B 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 holds $5 million of Class A senior preferred shares of each of CanHoldco and of two wholly-owned subsidiaries of other Holding Entities, which preferred shares are entitled to vote with the common shares of the applicable entity. These 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. Brookfield has an aggregate of 2% of the votes to be cast in respect of CanHoldco and 1% of the votes to be cast in respect of each of the other applicable entities.

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 LP Units multiplied by the number of LP 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 LP 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 LP Units, or the value of such LP 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 (collectively, the "Securities Act") or one or more prospectuses to qualify the distribution in Canada, any LP Units held by Brookfield (including LP 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 LP 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 LP Units, Preferred Units and Our Limited Partnership Agreement - Indemnification; Limitations on Liability"* and Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement - Indemnification; Limitations on Liability".*

Maturity of Class A Preferred Units

The Class A Preferred Units are exchangeable at the option of the Class A Preferred Unitholder into LP 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 the Class A Preferred Unitholder to exchange the Class A Preferred Units into LP Units as long as our LP 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 LP Units valued at the 20-day, volume-weighted average trading price at such time. To the extent that the market price of our LP 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 Class A Preferred Unitholder for the initial issuance price plus accrued and unpaid distributions and to exchange such units for preferred units of the Property Partnership 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 Units 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

Brookfield is a global alternative asset manager with significant assets under management and a long history of owning, managing and operating assets, businesses and investment vehicles across various industries, sectors, geographies and strategies. As noted throughout this Form 20-F, a key element of our partnership's strategy, and the strategy of Brookfield Accounts in which we invest, is to leverage Brookfield's experience, expertise, broad reach, relationships and position in the market for investment opportunities and deal flow, financial resources, access to capital markets and operating needs. Brookfield believes that this is in the best interests of our partnership and those of Brookfield Accounts in which we invest. However, being part of this broader platform, as well as activities of and other considerations relating to Brookfield Accounts, gives rise to actual and potential conflicts of interest between our partnership, our unitholders and Brookfield Accounts in which we invest, on the one hand, and Brookfield and/or other Brookfield Accounts, on the other hand, that may not be resolved in the most favorable manner to the interests of our partnership and/or of Brookfield Accounts in which we invest.

Brookfield's activities include, among others: investment and asset management; managing and investing reinsurance capital; sponsoring, offering and managing private and public investment vehicles that invest in the global fixed income, currency, commodity, equities, private and other markets; developing, constructing, owning, managing, operating and servicing real estate, renewable power, infrastructure and other companies and assets, including among others residential, commercial, storage and mixed-use real estate, data centers, transportation facilities, electric utilities, industrial and manufacturing facilities, energy companies, metals and mining companies, timberlands and agrilands, natural gas pipelines, and other assets; providing capital and financing solutions, as well as financial advisory, business development and other financial services; and other activities (collectively, "Brookfield Activities"). It is expected that our partnership and Brookfield Accounts in which we invest will benefit from Brookfield's expertise, market positioning and connectivity that arise from Brookfield Activities. At the same time, in the ordinary course of its business, Brookfield's and other Brookfield Accounts' interests are expected to conflict with the interests of our partnership and Brookfield Accounts in which we invest, notwithstanding Brookfield's direct or indirect participation in our partnership, our partnership's investments and Brookfield Accounts in which we invest.

Investors should note that our limited partnership agreement contains provisions that, subject to applicable law, (i) reduce or modify the duties (including fiduciary or other duties owed to our partnership and unitholders) to which Brookfield would otherwise be subject, (ii) waive duties or consent to conduct of Brookfield that might not otherwise be permitted pursuant to such duties and (iii) limit the remedies of unitholders with respect to breaches of such duties. Additionally, our limited partnership agreement contains exculpation and indemnification provisions that, subject to the specific exceptions therein, provide that Brookfield and its affiliates and our directors will be held harmless and indemnified for matters relating to the operation of our partnership, including matters that may involve one or more potential or actual conflicts of interest. The governing documents of Brookfield Accounts in which we invest contain similar provisions.

The discussion below describes certain of the actual and potential conflicts of interest that are expected to arise between Brookfield Activities, on the one hand, and Brookfield's management of our partnership and Brookfield Accounts in which we invest, on the other hand. These conflicts of interest are not a complete list or explanation of all actual and potential conflicts of interest that could arise. While Brookfield acts in good faith to resolve potential conflicts in a manner that is fair and equitable taking into account the facts and circumstances known to it at the time, there can be no assurance that any recommendation or determination made by Brookfield will be most beneficial or favorable to us or Brookfield Accounts in which we invest, or would not have been different if additional information were available to it. Potential conflicts of interest generally will be resolved in accordance with the principles summarized herein, Brookfield's policies for adequately addressing potential conflicts considerations that arise in managing its business activities, the governing documents of Brookfield Accounts in which we invest, and a conflicts policy that has been approved by the BPY General Partner's independent directors.

Our conflicts policy was put in place in recognition of the benefit to our partnership of our relationship with Brookfield and our intent to seek to maximize the benefits from this relationship. The conflicts policy generally provides for potential conflicts to be resolved on the basis of transparency and, in certain circumstances, third-party validation and approvals. Addressing conflicts of interest is complex, and it is not possible to predict all of the types of conflicts that may arise over time. Accordingly, the conflicts policy focuses on addressing the principal activities that are expected to give rise to potential and/or actual conflicts of interest, including our investment activities, our participation in Brookfield Accounts, transactions with Brookfield (and Brookfield Accounts), and engagements of Brookfield affiliates. Pursuant to our conflicts policy, certain conflicts of interest do not require the approval of the BPY General Partner's independent directors provided they are addressed in accordance with pre-approved parameters, while other conflicts require the specific approval of the BPY General Partner's independent directors. By acquiring our units, each investor will be deemed to have acknowledged the existence of these actual and potential conflicts of interest and to have waived any and all claims with respect to them and any actions taken or proposed to be taken in respect of them. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the conflicts related to the units and the operation of our partnership.

As described elsewhere herein, we pursue investment opportunities and investments in various ways, including indirectly through Brookfield Accounts in which we invest. Any references in this Item 7.B *"Related Party Transactions-Conflicts of Interest and Fiduciary Duties"* to our investments, assets, expenses, portfolio companies or other terms should be understood to mean such terms held, incurred or undertaken directly by us or indirectly by us through our investment in one or more Brookfield Accounts.

- **Allocation of Investment Opportunities.** Brookfield provides investment advice and performs related services for itself and other Brookfield Accounts, which are similar to the advice provided and services performed by Brookfield for our partnership and Brookfield Accounts in which we invest. Brookfield and Brookfield Accounts have (and future Brookfield Accounts will have) investment mandates that overlap with those of our partnership and Brookfield Accounts in which we invest, and will compete with and/or or have priority over our partnership (and Brookfield

Accounts in which we invest) in respect of particular investment opportunities. As a result, certain opportunities sourced by Brookfield that would otherwise be suitable for our partnership (and/or the Brookfield Accounts in which we invest) are not expected to be available to us, we will receive a smaller allocation of such opportunities than would otherwise have been the case, or we will receive an allocation of such opportunities on different terms than Brookfield or other Brookfield Accounts which may be less favorable to our partnership (and Brookfield Accounts in which we invest) than otherwise would have been the case.

Among others, Brookfield manages and participates in, and will in the future manage and participate in, Brookfield Accounts that invest (via debt, equity and other investments) in real estate, infrastructure, renewable power, private equity and other companies and assets, similar to our partnership, and that follow investment mandates that overlap with, compete with, complement and/or relate to the investment mandates of our partnership and of Brookfield Accounts in which we invest. In addition, certain Brookfield Accounts pursue (and future Brookfield Accounts will pursue) investment mandates that are different than those of our partnership (and of Brookfield Accounts in which we invest).

As a general matter, other Brookfield Accounts will have priority over our partnership in respect of investment opportunities that are suitable and appropriate for their investment mandates. It is expected that our partnership will participate in these opportunities by investing in Brookfield Accounts to the extent suitable and appropriate for our investment mandate, as determined by Brookfield from time to time in its sole discretion and as approved by the BPY General Partner's independent directors.

Where the investment mandates of our partnership (or of Brookfield Accounts in which we invest) overlap with the investment mandates of one or more other Brookfield Accounts and investment opportunities are to be allocated among two or more such accounts (e.g., because one account does not have priority rights with respect to such opportunities), Brookfield will allocate investment opportunities on a basis that it believes is fair and equitable taking into account all of the facts and circumstances. These will include one or more of the following factors, among others: (i) the size, nature and type of the opportunity (including the risk and return profiles of the investment, expected holding period and other attributes), (ii) the nature of the investment mandates (including investment focus, objectives, strategies, guidelines, limitations, and target rates of return) of the Brookfield Accounts, (iii) the relative amounts of capital available for investment, (iv) principles of diversification of assets, (v) expected future capacity of the accounts, (vi) cash and liquidity needs (including for pipeline, follow-on and other opportunities), (vii) the availability of other appropriate or similar investment opportunities and (viii) other portfolio management considerations deemed relevant by Brookfield (including, among others, legal, regulatory, tax, structuring, compliance, investment-specific, timing and similar considerations).

As a result of the foregoing considerations, our partnership and Brookfield Accounts in which we invest generally will receive a smaller allocation of investment opportunities than would otherwise have been the case and may not, in certain circumstances, participate in opportunities that it (or Brookfield Accounts in which we invest) otherwise would have participated in, in each case for example if it (or Brookfield Accounts in which we invest) had pursued their investment activities differently and/or outside of Brookfield's broader investment platform. However, as noted throughout this Form 20-F, it is a key element of our partnership's strategy to leverage Brookfield's experience, expertise, broad reach, relationships and position in the market for investment opportunities, deal flow, financial resources, access to capital markets and operating needs, which we believe is in the best interests of our partnership and Brookfield Accounts in which we invest.

- **Incentive to Allocate Investment Opportunities to Certain Brookfield Accounts Over Other Brookfield Accounts**. In certain circumstances, Brookfield will have an aggregate economic interest in one Brookfield Account, including a co-investment account or other Brookfield Account, that is greater than (or that is expected to be greater than) its aggregate economic interest in another Brookfield Account, which would result in higher economic benefit to Brookfield from allocating investment opportunities to such Brookfield Account relative to other Brookfield Accounts (including the partnership and Brookfield Accounts in which we invest). Brookfield's economic interest in a Brookfield Account will depend on, among others, its right to receive incentive-based compensation, management fees and/or other fees or compensation from the Brookfield Account, as well as its economic investment in such Brookfield Account (if any). For example, Brookfield is not required to offset certain transaction fees, break-up fees and other compensation that it is entitled to from an investment against management fees owed by certain co-investment accounts. In addition, Brookfield expects to enter into formal and/or informal arrangements (including with one or more co-investors and/or strategic investors) pursuant to which Brookfield will benefit economically, directly or indirectly, from offering investment opportunities to those investors, including by increasing the attractiveness of investing in Brookfield Accounts more broadly. As a result, Brookfield generally is incentivized to allocate a greater

number (or portions) of investment opportunities to certain investors and/or Brookfield Accounts over others than would otherwise be the case in the absence of differing economic interests in Brookfield Accounts.

- **Allocation of Co-Investments**. From time to time, to the extent Brookfield determines, in its discretion, that an investment opportunity that is to be allocated to our partnership or a Brookfield Account in which we are invested exceeds the amount that is advisable or appropriate for the partnership or such Brookfield Account (which will, in some cases, as determined by Brookfield in its sole discretion, be less than the maximum investment amount permitted by the partnership's or the relevant Brookfield Account's mandates), Brookfield may, in its sole discretion, offer to one or more other investors the ability to participate in such opportunity as a co-investor on such terms and conditions as Brookfield determines. Potential co-investors could include among others, unitholders of our partnership, investors in other Brookfield Accounts, Brookfield Accounts, Brookfield employees, Brookfield, the Investing Affiliate (as defined below) and/or one or more third parties. The partnership, as an investor in Brookfield Accounts, is expected to receive (and accept) opportunities to co-invest alongside Brookfield Accounts in which it is invested.

  Where Brookfield determines to offer a co-investment opportunity to one or more potential co-investors, Brookfield generally has broad discretion in determining to whom and in what relative amounts to allocate the co-investment opportunity. A decision regarding the allocation of a co-investment opportunity will be made based on the then-existing facts-and-circumstances and then-existing factors deemed relevant by Brookfield in its sole discretion (including factors that require subjective decision-making by Brookfield), and could be different from those used in determining the allocation of any other co-investment opportunity.

  The allocation of co-investment opportunities raises certain potential conflicts of interest, including that Brookfield is incentivized to allocate such opportunities in a manner that benefits Brookfield economically by virtue of fees and other compensation that will be payable to Brookfield by the co-investors and/or by encouraging co-investors to enter into a relationship, or expand their relationship, with Brookfield. Historical allocation decisions are not necessarily indicative of future allocation decisions and the actual number of co-investment opportunities made available to the partnership (in connection with its investments in Brookfield Accounts) may be significantly higher or lower than those made available to other co-investors (including other Brookfield Accounts, Brookfield employees, and Brookfield). Notwithstanding the foregoing incentives, Brookfield endeavors at all times to allocate co-investment opportunities in a fair and equitable manner consistent with its fiduciary duties and disclosures set out in the relevant Brookfield Account's governing documents.

  Where the partnership agrees to participate in a co-investment opportunity, it generally will be liable for costs related to the opportunity to the extent it is not consummated. See "*Co-Investment Expenses*" and "*Facilitation of Co-Investments*" below. Co-investors' returns with respect to co-investments made alongside the partnership or a Brookfield Account in which the partnership invests may exceed the returns of the partnership and/or the relevant Brookfield Account, particularly co-investors that are subject to reduced management fees, carry distributions and/or similar compensation payable to Brookfield with respect to such co-investments.

  Certain investors in Brookfield Account are expected to have contractual or other rights to participate in co-investments. As a general matter, investing in our partnership does not entitle any unitholder to allocations of co-investment opportunities (either alongside the partnership or any other Brookfield Account) and unitholders generally will not have any right to receive co-investment opportunities.

- **Co-Investment Expenses**. Co-investors (including our partnership to the extent it co-invests in an opportunity offered by a Brookfield Account in which it invests) will typically bear their pro rata share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of co-investments and generally will be required to pay their pro rata share of fees, costs and expenses related to potential co-investments that are not consummated, such as broken deal expenses (including "reverse" breakup fees).

  In managing a Brookfield Account (including our partnership or a Brookfield Account in which we invest), Brookfield endeavors to allocate such fees, costs and expenses on a fair and equitable basis. Notwithstanding the foregoing, certain co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments. In addition, in certain circumstances, potential co-investors will not bear such fees, costs and expenses because they have not yet been identified (or their anticipated allocation has not yet been identified) as of the time the potential investment ceases to be pursued, are not yet committed to such potential investment or are not contractually required to bear such fees, costs and expenses. In those events, such fees, costs and expenses will be considered

operating expenses and be borne by us (in connection with co-investment opportunities that we offered) or be considered operating expenses of, and be borne by, the Brookfield Account (in connection with co-investments offered by the Brookfield Account); provided that, in all instances, our partnership and Brookfield, in their capacity as co-investors or prospective co-investors alongside a Brookfield Account, intend to bear their pro rata share of such fees, costs and expenses based on the amount they have committed to co-invest as of the time a binding offer is made by the Brookfield Account. In addition, our partnership will bear the costs and expenses of drafting form agreements used to facilitate investments by co-investors alongside our partnership (in connection with co-investment opportunities that we offer) and our pro-rata share of such costs and expenses incurred by other Brookfield Accounts in which we are invested.

- **Facilitation of Investments.** From time to time, in order to facilitate investment activities in a timely and efficient manner, Brookfield, another Brookfield Account, or our partnership will fund deposits or incur other costs and expenses (including by use of loan facilities to consummate, support, guarantee or issue letters of credit) in respect of an investment that ultimately will be shared with or made entirely by another Brookfield Account (including Brookfield Accounts in which we invest), our partnership, or by co-investors. These financing arrangements are provided to facilitate investments that Brookfield has determined to be in our best interests. But for these forms of support, our partnership or Brookfield Accounts in which we invest could lose investment opportunities if, for example, a Brookfield Account has not yet closed its fundraising period of if co-investors have not yet been identified. Brookfield believes that facilitating investments in this manner and by investors that are part of Brookfield's platform or that have demonstrated a consistent and long-term commitment to Brookfield provides benefits overall to our partnership and improves the attractiveness of our units through its ability to rely on Brookfield's expertise, financial resources, access to capital and deep relationships in the market. These arrangements, however, give rise to conflicts considerations.

  Under these arrangements, the relevant investor (whether Brookfield, another Brookfield Account, our partnership or a co-investor) will be expected to reimburse the relevant financing provider (whether Brookfield, another Brookfield Account or our partnership) for the deposits and other fees, costs and expenses incurred, as well as carrying charges applicable to such funding activity pursuant to the relevant Brookfield Account's governing documents. An investor is expected to repay any amounts that come due and payable under loan facilities or letters of credit issued for its benefit, although there can be no assurance that any such investor will bear such fees, costs and expenses or not default on its obligations to repay such amounts, in which case, such amounts may be borne disproportionately by our partnership (or a Brookfield Account in which we are invested) if we (or the Brookfield Account) are the financing provider. In certain situations, such as short term funding durations, these arrangements will not include any interest or other compensation payable to the party funding the investment, as deemed appropriate by Brookfield, in its discretion, under the circumstances.

  In addition, from time to time our partnership (or a Brookfield Account in which we invest) will provide interim debt or equity financing (including emergency funding or as part of a follow-on investment) for the purpose of bridging a potential co-investment or a follow-on investment related to an existing co-investment (including prior to allocating and/or syndicating the co-investment or follow-on investment, as applicable, to co-investors) but only to the extent that our partnership (or the Brookfield Account) would have been permitted to make such investment. In connection with any such interim investment, our partnership (or the relevant Brookfield Account) may hedge its currency, interest rate or other exposure and, as a result, incur hedging or borrowing costs. There is no guarantee that any co-investor will ultimately bear the costs or expenses associated with any such hedging or borrowing, and our partnership (or Brookfield Account in which we invest) may be exposed to losses from currency exchange rate fluctuations, hedge gains or losses and/or additional expenses. Even where our partnership (or Brookfield Account in which we invest) hedges currency or other exposure attributable to co-investors' portion of an investment, such hedges are expected to be imperfect and our partnership (or Brookfield Account) may accordingly be exposed to losses. Fluctuations in exchange rates during the time an interim investment is held by our partnership (or Brookfield Account in which we invest) prior to acquisition by co-investors may affect the portion of the investment that is acquired by co-investors or the price paid for such co-investment. Our partnership (or Brookfield Account in which we invest) will bear risks associated with the investment, currency exchange rates, interest rates and other factors during the term it holds the investment.

  Where our partnership (or Brookfield Account in which we invest) acquires an investment on behalf of co-investors (including a follow-on investment), the terms of the sale of such investment to co-investors may not be favorable to our partnership (or Brookfield Account) and may result in better terms for such co-investors than our partnership (or Brookfield Account). For example, co-investors may not agree to reimburse our partnership (or Brookfield Account in

which we invest) for expenses incurred in connection with an investment. Similarly, if an investment depreciates during the period when our partnership (or Brookfield Account in which we invest) holds it, co-investors may negotiate a lower price and we (or Brookfield Account) may take a loss on the portion of an investment we were holding on behalf of co-investors. In these types of situations, our partnership (or Brookfield Account in which we invest) may nonetheless sell the investment to co-investors on the terms negotiated by such co-investors at the relevant time in the event that Brookfield determines it is in our best interest, for example out of a desire to reduce our exposure to such investment or to include other participants in the investment.

- **Client and Other Relationships.** Brookfield has long-term relationships with a significant number of institutions, corporations and other market participants (collectively, "Brookfield Client Relationships"). These Brookfield Client Relationships hold and pursue investments similar to the investments that are held and pursued by our partnership and Brookfield Accounts in which we invest, but are not required to consult with Brookfield regarding such activities and/or offer Brookfield opportunities to invest with them.

  As a result, Brookfield Client Relationships compete with our partnership (and Brookfield Accounts in which we invest) for investment opportunities. In determining whether to pursue a particular opportunity on behalf of our partnership or a Brookfield Account in which we invest, Brookfield will consider (among other things) these relationships and their potential impact on the availability or pricing of opportunities, and there may be certain opportunities that are not be pursued on behalf of our partnership or a Brookfield Account in which we invest in view of such relationships and their impact on the availability and/or pricing of the opportunity.

  In addition, our partnership (or Brookfield Accounts in which we invest) may invest with or alongside (via joint ventures or similar arrangements) or otherwise jointly pursue investment opportunities with Brookfield Client Relationships, which will influence decisions made by Brookfield with respect to such investments, including in connection with governance and control over, and major decisions regarding, the investments.

  At all times, Brookfield will act and make decisions on behalf of Brookfield Accounts (including the partnership) that it believes are in the Brookfield Account's (and the partnership's) best interests, taking into account all facts and circumstances that it deems relevant, including potential participation by Brookfield Client Relationships in the pursuit or the consummation of certain investments.

As noted throughout this Form 20-F, our partnership is expected to benefit from its affiliation with Brookfield and Brookfield's expertise and resources. Brookfield believes that operating within its integrated investment platform is in the best interests of all of its clients, including our partnership and Brookfield Accounts in which we invest. However, being part of the broader Brookfield platform gives rise to actual and potential conflicts.

- **Advice to Other Brookfield Accounts May Conflict with our Partnership's Interests.** In light of the extensive scope of Brookfield's investment and related business activities: (i) Brookfield and its personnel will give advice, and take actions, with respect to current or future Brookfield Accounts, Brookfield and/or the Investing Affiliate that could compete or conflict with the advice Brookfield gives to our partnership and/or Brookfield Accounts in which we are invested, or that could involve a different timing or nature of action than that taken with respect to our partnership and/or Brookfield Accounts in which we are invested and (ii) investments by Brookfield Accounts, Brookfield and/or the Investing Affiliate could have the effect of diluting or otherwise disadvantaging the values, prices and/or investment strategies of our partnership and/or Brookfield Accounts in which we are invested. For example, when another Brookfield Account either manages or implements a portfolio decision ahead of, or contemporaneously with, portfolio decisions for our partnership and/or Brookfield Accounts in which our partnership is invested, market impact, liquidity constraints and/or other factors could result in us receiving less favorable results, paying higher transaction costs, or being otherwise disadvantaged.

  In making certain decisions with regard to our investments or of Brookfield Accounts in which we are invested that compete with or differ from the interests of one or more other Brookfield Accounts, Brookfield and/or the Investing Affiliate, Brookfield could face certain conflicts of interest between the interests of our partnership (and/or Brookfield Accounts in which we are invested) and the interests of such other Brookfield Accounts, Brookfield and/or the Investing Affiliate. These potential conflicts will be exacerbated in situations where Brookfield is entitled to higher fees from other Brookfield Accounts than from us and/or Brookfield Accounts in which we are invested, where portfolio managers making an allocation decision are entitled to higher performance-based compensation from other Brookfield Accounts than from us and/or Brookfield Accounts in which we are invested, where Brookfield (and/or the Investing Affiliate) has larger proprietary investments in other Brookfield Accounts than in our partnership and/or

Brookfield Accounts in which we are invested, or where there are capacity constraints with respect to a particular strategy or opportunity as a result of, for example, position limits and/or regulatory reporting obligations applicable to Brookfield. In addition, as an investment changes over time, additional conflicts of interest are expected to arise, including as a result of earlier investment allocation decisions. Investment and divestment decisions made with respect to other Brookfield Accounts, Brookfield and/or the Investing Affiliate may be made without regard to the interests of our partnership and/or Brookfield Accounts in which we are invested, even where such decisions are informed by our (direct or indirect) investment activities and/or adversely affect us (directly or indirectly).

Subject to applicable law and our conflicts policy, Brookfield from time to time will cause our partnership or a Brookfield Account in which we are invested to invest in securities, bank loans or other obligations of companies or assets affiliated with or advised by Brookfield or in which Brookfield, the Investing Affiliate or another Brookfield Account has an equity, debt or other interest, or to engage in investment transactions that result in Brookfield, the Investing Affiliate or a Brookfield Account getting an economic benefit, being relieved of obligations or divested of investments. For example, from time to time we make debt or equity investments in entities which are expected to use the proceeds of such investment to repay loans from Brookfield or a Brookfield Account. Depending on the circumstances, Brookfield or such Brookfield Account would benefit if our partnership invested more money, thus providing sufficient funds to repay Brookfield or the Brookfield Account, or it would benefit if the loans remained outstanding and Brookfield or such Brookfield Account continued to receive payment under the existing loans, if the loans were on attractive terms (including an attractive interest rate) from the perspective of Brookfield or such Brookfield Account. Alternatively, from time to time Brookfield and/or Brookfield Account(s) are in the position of making an investment that could be used to repay loans from our partnership, which would present the opposite conflict. In situations where we (or a Brookfield Account in which we invest) pursue a take-private, asset purchase or other material transaction with an issuer in which Brookfield, the Investing Affiliate or another Brookfield Account is invested, it could result in a benefit to Brookfield, the Investing Affiliate or the Brookfield Account. In situations where our activities (or the activities of a Brookfield Account in which we are invested) enhance the profitability of Brookfield, the Investing Affiliate or a Brookfield Account with respect to their investments and related activities, Brookfield could take its, the Investing Affiliate's or the Brookfield Account's interests into consideration in connection with actions it takes on behalf of our partnership or the Brookfield Account in which we are invested.

Notwithstanding the foregoing, Brookfield will determine the appropriate investment decision for each Brookfield Account (including us and Brookfield Accounts in which we are invested) in a manner that it believes is in such account's best interests, taking into account the Brookfield Account's investment mandate, interests and governing documents, Brookfield's investment guidelines, protocols and fiduciary duties, and applicable facts and circumstances.

Certain Brookfield Accounts (and/or portfolio companies of such Brookfield Accounts) could, in the normal course of managing their business activities, provide investment banking and other advisory services to (i) third parties with respect to assets that our partnership (or a Brookfield Account in which the partnership is invested) has an investment in or is pursuing an investment in and/or (ii) issuers in which our partnership (or a Brookfield Account in which we are invested) desires to invest in or transact with. The interests of such Brookfield Accounts (and/or portfolio companies of such Brookfield Accounts) in such circumstances could conflict with those of our partnership (or a Brookfield Account in which the partnership is invested), and we (or a Brookfield Account in which the partnership is invested) could compete with such Brookfield Accounts (or their clients) in pursuing certain investments. Brookfield has implemented information barrier protocols designed to adequately address these conflicts considerations.

- **Allocation of Personnel.** Brookfield will devote such time as it deems necessary to conduct the business affairs of our partnership and each Brookfield Account in which we invest in an appropriate manner. However, the various teams and personnel working on one Brookfield Account will also work on matters related to other Brookfield Accounts. Accordingly, conflicts may arise in the allocation of personnel among our partnership and other Brookfield Accounts and such other strategies. For example, certain of the investment professionals who are expected to devote their business time to our partnership are also contractually required to, and will, devote substantial portions of their business time to the management and operation of other Brookfield Accounts, and such circumstances may result in conflicts of interest for such portfolio managers and/or other personnel who are in a similar position.

- **Integrated Investment Platform, Information Sharing and related Trading Restrictions.** As noted elsewhere herein, Brookfield is a global alternative asset manager with significant assets under management and a long history of owning, managing and operating assets, businesses and investment vehicles across various industries, sectors, geographies and strategies. Except as otherwise noted, Brookfield generally manages its investment and business lines in an integrated fashion with no information barriers that other firms may implement to separate certain investment

teams so that one team's activities won't restrict or otherwise influence the other's. Brookfield believes that managing its investment and asset management platforms in an integrated fashion is in the best interests of Brookfield Accounts, including our partnership and Brookfield Accounts in which we invest, by enabling them to leverage Brookfield's experience, expertise, broad reach, relationships and position in the market for investment opportunities and deal flow, financial resources, access to capital markets and management and operating needs. Among other things, Brookfield will have access to information across its platform relating to business operations, trends, budgets, customers and/or users, assets, funding and other metrics that is used by Brookfield to identify and/or evaluate potential investments for our partnership and Brookfield Accounts in which we invest and to facilitate the management of investments, including through operational improvements. Brookfield believes that managing its broader investment and asset management platform in an integrated fashion, which includes sharing of information and data obtained through the platform, provides Brookfield Accounts with greater transaction sourcing, investment and asset management capabilities, and related synergies, including the ability to better anticipate macroeconomic and other trends, and make more informed decisions for Brookfield Accounts (including our partnership and Brookfield Accounts in which we invest).

At the same time, this level of integration results in certain regulatory, legal, contractual and other considerations that, under certain circumstances, restrict certain activities that would not otherwise arise if Brookfield managed its platform in a different fashion (e.g., in a walled environment) and that Brookfield is required to manage in the ordinary course. For example, from time to time, our ability (and the ability of Brookfield Accounts in which we are invested) to buy or sell certain securities will be restricted by applicable securities laws, regulatory requirements, information held by Brookfield, contractual obligations applicable to Brookfield, and potential reputational risks relating to Brookfield and Brookfield Accounts (including our partnership and Brookfield Accounts in which we invest), as well as Brookfield's internal policies designed to comply with these and similar requirements. As a result, from time to time, Brookfield will not engage in transactions or other activities for, or enforce certain rights in favor of, our partnership (and/or Brookfield Accounts in which we are invested) due to Brookfield's activities outside our partnership (and/or Brookfield Accounts in which we are invested), regulatory requirements, policies, and reputational risk assessments.

Brookfield will possess material, non-public information about companies that will limit our (and Brookfield Accounts') ability to buy and sell securities related to those companies (or, potentially, other companies) during certain times. For example, Brookfield makes control investments in various companies and assets across its platform and its personnel take seats on boards of directors of, or have board of directors observer rights with respect to, portfolio companies in which Brookfield invests (including on behalf of Brookfield Accounts in which we are invested). In addition, Brookfield often obtains confidential information relating to investment opportunities that it considers across its platform. As a result, Brookfield will be limited and/or restricted in its ability to trade in securities of companies about which it has material non-public information, even if the information was not obtained for the benefit of the Brookfield Account that is restricted from making the investment. This will adversely affect our ability to make and/or dispose of certain investments during certain times.

Furthermore, Brookfield, Brookfield businesses that are separated by information barriers (e.g., Oaktree or Brookfield's Public Securities Group ("PSG")) and their accounts, and Brookfield Accounts (including our partnership) are deemed to be affiliates for purposes of certain laws and regulations. As such, it is anticipated that, from time to time, Brookfield, Brookfield businesses that are separated by information barriers and their accounts, and Brookfield Accounts will have positions (which in some cases will be significant) in one or more of the same issuers. As such, Brookfield needs to aggregate such investment holdings for certain securities laws purposes (including trading restrictions under Rule 144 under the Securities Act, complying with reporting obligations under Section 13 of the Exchange Act and the reporting and short-swing profit disgorgement obligations under Section 16 of the Exchange Act) and other regulatory purposes (including: (i) public utility companies and public utility holding companies; (ii) bank holding companies; (iii) owners of broadcast licenses, airlines, railroads, water carriers and trucking concerns; (iv) casinos and gaming businesses; and (v) public service companies (such as those providing gas, electric or telephone services)). Consequently, activities by Brookfield, Brookfield businesses that are separated by information barriers, and/or other Brookfield Accounts could result in earlier public disclosure of investments by our partnership and/or Brookfield Accounts that we are invested in, restrictions on transactions by our partnership and/or Brookfield Accounts that we are invested in (including the ability to make or dispose of certain investments at certain times), adverse effects on the prices of investments made by our partnership and/or Brookfield Accounts that we are invested in, potential short-swing profit disgorgement, penalties and/or regulatory remedies, or otherwise create conflicts of interests for our partnership and/or Brookfield Accounts that we are invested in.

As a result of the foregoing, Brookfield could restrict, limit or reduce the amount of our partnership's investments (or investments of Brookfield Accounts that we are invested in) under certain circumstances. In addition, certain of the investments made by our partnership or Brookfield Accounts in which we invest could become subject to legal and/or other restrictions on transfer following their acquisition. When faced with the foregoing limitations, Brookfield will generally avoid exceeding the threshold because exceeding the threshold could have an adverse impact on the ability of Brookfield to efficiently conduct its business activities. Brookfield could also reduce our (and Brookfield Accounts') interest in, or restrict our partnership (or Brookfield Accounts in which we are invested) from participating in, an investment opportunity that has limited availability or where Brookfield has determined to cap its aggregate investment in consideration of certain regulatory or other requirements so that other Brookfield Accounts that pursue similar investment strategies are able to acquire an interest in the investment opportunity. Brookfield could determine not to engage in certain transactions or activities which may be beneficial to us (or Brookfield Accounts in which we are invested) because engaging in such transactions or activities in compliance with applicable law would result in significant cost to, or administrative burden on, Brookfield or create the potential risk of trade or other errors.

In addition, certain potential conflicts considerations will arise for Brookfield in managing its investment and asset management platform in an integrated fashion. For example, in seeking to manage business activities efficiently across all Brookfield Accounts, Brookfield could determine, in its discretion, to apply certain restrictions during certain times to certain Brookfield Accounts, but not to others, taking into account the relevant facts and circumstances it deems appropriate. Moreover, while Brookfield will have or obtain information from across the platform (including all Brookfield Accounts and/or their portfolio companies, strategies, businesses and operations), Brookfield also will use such information for the benefit of its own business and investment activities as well as those of Brookfield Accounts.

Operating in an integrated environment is also expected to result in Brookfield, Brookfield Accounts and/or portfolio companies taking positions that are different from, and potentially adverse to, positions taken for our partnership, Brookfield Accounts in which we are invested or their portfolio companies, or result in Brookfield, Brookfield Account and/or portfolio companies benefiting from the business and investment activities of our partnership and/or Brookfield Accounts in which we invest (or vice versa). For example, Brookfield's ability to invest on behalf of another Brookfield Account or itself in a particular company could be enhanced by information obtained from the investment activities of our partnership or Brookfield Accounts in which we invest. These integrated platform synergies are expected to provide material benefits to Brookfield, Brookfield Accounts and portfolio companies and Brookfield's affiliates and related parties, including those that are managed independently and their accounts, without compensation to the Brookfield Accounts whose information is being used, because Brookfield shares information regarding Brookfield Accounts and/or portfolio companies with its affiliates and related parties. For example, Brookfield shares investment research prepared in connection with portfolio company investments by Brookfield Accounts with other members of Brookfield's platform and their accounts at no cost (in accordance with information barriers and related protocols). See "*Oaktree*" and "*Brookfield's Public Securities Group*" below. While Brookfield believes information sharing across its platform benefits Brookfield Accounts overall by leveraging Brookfield's long operating history, broad reach and expertise across sectors and geographies, this practice gives rise to conflicts because Brookfield has an incentive to pursue and manage investments for our partnership (and Brookfield Accounts in which we invest) that have data and information that can be utilized in a manner that benefits Brookfield, Brookfield Accounts and/or their portfolio companies across the whole platform, including investments that Brookfield would not otherwise have made or investments on terms less favorable than Brookfield otherwise would have sought in the ordinary course.

While Brookfield will manage its investment and asset management platform in an integrated basis, there is no assurance that the investment professionals managing the investment activities of our partnership and/or Brookfield Accounts in which we invest will have access to and/or knowledge of all information that Brookfield is privy to at any given point in time. Conversely, operating in an integrated environment may provide Brookfield with access to and knowledge of information that Brookfield may have obtained in connection with an investment for another Brookfield Account, which may provide benefits to such other Brookfield Accounts that would not exist but for its position within Brookfield's platform. Brookfield will not be under any obligation or other duty to make all such information available for the benefit of our partnership, Brookfield Accounts in which we invest and/or any portfolio companies.

- **Data Management.** To the extent it deems necessary or appropriate, in its sole discretion, Brookfield expects to provide data management services to us and our investments and/or other Brookfield Accounts and their portfolio companies (collectively, "Data Holders"). Such services could include, among other things, assistance with obtaining, analyzing, curating, processing, packaging, organizing, mapping, holding, transforming, enhancing, marketing and selling data for monetization through licensing and/or sale arrangements with third parties and/or directly with Data Holders. To the extent provided, these services would be subject to the limitations discussed below and applicable

contractual and/or legal obligations or limitations, including on the use of material non-public information. Moreover, where an arrangement is with our partnership or one of our investments, we would directly or indirectly bear our appropriate share of related compensation. In addition, in Brookfield's sole discretion, data from one Data Holder may be pooled with data from other Data Holders, subject to applicable laws and regulations (including privacy laws and regulations), and any revenues arising from such pooled data sets would be allocated among Brookfield and the applicable Data Holders on a fair and equitable basis as determined by Brookfield in its sole discretion, with Brookfield able to make corrective allocations should it determine subsequently that such corrections were necessary or advisable.

Brookfield's compensation for any data management services could include a percentage of the revenues generated through any licensing and/or sale arrangements, fees, royalties and cost and expense reimbursement (including start-up costs and allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses)). This compensation will not offset management or other fees or otherwise be shared with the Data Holders, our partnership, other Brookfield Accounts, their portfolio companies or unitholders. Brookfield may share the products from its data management services within Brookfield (including other Brookfield Accounts and/or their portfolio companies) at no charge and, in such cases, the Data Holders are not expected to receive any financial or other benefit from having provided their data to Brookfield. The provision of data management services will create incentives for Brookfield to pursue and make investments that generate a significant amount of data, including on behalf of our partnership and Brookfield Accounts in which we are invested. While all investments will be within our (or the relevant Brookfield Account's) investment mandate and consistent with our (or the relevant Brookfield Account's) investment objectives, they could include investments that Brookfield might not otherwise have made or investments on terms less favorable than Brookfield otherwise would have sought to obtain had it not been providing data management services.

- **Conflicts among Portfolio Companies and Brookfield Accounts**. There will be conflicts between our partnership, Brookfield Accounts in which we invest and/or one of our (direct or indirect) investments, on the one hand, and Brookfield, other Brookfield Accounts and/or one or more of their investments, on the other hand. For example, a portfolio company of another Brookfield Account may be a competitor, customer, service provider or supplier of one or more of our (direct or indirect) investments. In such circumstances, the other Brookfield Account and/or portfolio company thereof are likely to take actions that have adverse consequences for our partnership, Brookfield Accounts in which we are invested and/or one of our (direct or indirect) investments, such as seeking to increase their market share to our detriment, withdrawing business from our investment in favor of a competitor that offers the same product or service at a more competitive price, or increasing prices of their products in their capacity as a supplier to our (direct or indirect) investment, or commencing litigation against our (direct or indirect) investment. In addition, in such circumstances, Brookfield may not pursue certain actions on behalf of our partnership, Brookfield Accounts in which we are invested or our (direct or indirect) portfolio companies, which could result in a benefit to another Brookfield Account (or vice versa).

- **Investments with Related Parties.** In light of the extensive scope of Brookfield's activities, in certain circumstances we will invest (directly or indirectly through a Brookfield Account) in assets or companies in which Brookfield, the Investing Affiliate and/or other Brookfield Accounts hold an equity or debt position or in which Brookfield, the Investing Affiliate or another Brookfield Account invests (either in equity or debt positions) subsequent to our investment. For example, from time to time Brookfield and/or another Brookfield Account will: (i) enter into a joint transaction with us; (ii) in their discretion, invest alongside us; (iii) be borrowers of certain investments or lenders in respect of our partnership; and/or (iv) invest in different levels of an issuer's capital structure. As a result of the various conflicts and related issues described herein, we could sustain (direct or indirect) losses during periods in which Brookfield or other Brookfield Accounts achieve profits generally or with respect to particular investments, or could achieve lower profits or higher losses than would have been the case had the conflicts described herein not existed.

  In situations in which Brookfield and/or another Brookfield Account holds an interest in an investment that differs from that of our partnership, conflicts of interest, including among others those described below, will arise.

  Brookfield, the Investing Affiliate and/or other Brookfield Accounts could dispose of their interests in applicable investments at different times and on different terms than us (or a Brookfield Account in which we are invested), including in situations where Brookfield and/or other Brookfield Accounts facilitated an investment with a view to reselling their portion of such investment to third parties following the closing of the transaction (which could, in certain situations, result in Brookfield and/or the other Brookfield Account receiving compensation for (or related to) such sale) or where Brookfield and/or the other Brookfield Account seek to reallocate capital to other opportunities, de-risk exposures, or otherwise manage their investments differently than our partnership (or a Brookfield Account in

which we are invested), which could have an adverse effect on the value and/or liquidity of our investment. In any such circumstances, Brookfield and/or the other Brookfield Accounts will likely sell interests at different values, and possibly higher values, than we (or a Brookfield Account in which we are invested) will be able to when disposing of the applicable investment. Where we invest alongside Brookfield or another Brookfield Account, we may desire to manage our investment differently than Brookfield and/or the other Brookfield Account, but may be restrained from doing so because of circumstances relating to Brookfield and/or the other Brookfield Account.

Brookfield, the Investing Affiliate and other Brookfield Accounts invest in a broad range of asset classes throughout the corporate capital structure, including debt positions (either junior or senior to our positions) and equity securities (either common or preferred). It is likely that we will, or one of our (direct or indirect) investments will, hold an interest in one part of a company's capital structure while Brookfield, the Investing Affiliate and/or another Brookfield Account or its portfolio company holds an interest in another or has invested on different terms. This would result in Brookfield, the Investing Affiliate and/or other Brookfield Accounts holding interests that are more senior in priority to that of our partnership (or a Brookfield Account in which we are invested), which gives rise to conflicts. In situations where the company or asset experiences financial distress, bankruptcy or a similar situation, our interest (or the interest of a Brookfield account in which we are invested) could be subordinated to interests of Brookfield, the Investing Affiliate and/or other Brookfield Accounts with interests that are more senior in priority to ours (or a Brookfield Account in which we are invested). The conflicts between such parties and our partnership will be more pronounced where the asset is near default on existing loans and our partnership (or a Brookfield Account in which we are invested) does not have the ability or otherwise decides not to make additional investments in the asset in order to sustain its position in the asset. In this case, Brookfield, the Investing Affiliate and/or other Brookfield Accounts could, for a relatively small investment, obtain a stake in the asset or take over the management of (and risk relating to) such asset to the detriment of our partnership.

Moreover, from time to time, we, a Brookfield Account in which we are invested, Brookfield and/or another Brookfield Account could jointly acquire a portfolio of assets with a view to dividing up the assets in accordance with the relevant investment mandates. In this circumstance, Brookfield will determine the terms and conditions relating to the investment, including the purchase price associated with each asset, which price may not represent the price we (or a Brookfield Account in which we are invested) would have paid if we or the Brookfield Account in which we are invested had acquired only the assets we (or the Brookfield Account in which we are invested) ultimately retain. In certain circumstances, our partnership (or a Brookfield Account in which we are invested) could have residual liability for assets that were allocated to Brookfield or another Brookfield Account, including potential tax liabilities. These types of transactions will not require the approval of the unitholders. Furthermore, from time to time, we, a Brookfield Account in which we are invested, Brookfield and/or a Brookfield Account will jointly enter into a binding agreement to acquire an investment. If Brookfield or such Brookfield Account is unable to consummate the investment, we (or a Brookfield Account in which we are invested) could be subject to additional liabilities, including the potential loss of any deposit or the obligation to fund the entire investment. Similarly, to the extent that indebtedness in connection with an investment is structured such that both our partnership (or a Brookfield Account in which we are invested), Brookfield and/or another Brookfield Account are jointly responsible on a cross-collateralized, joint borrower, joint guarantor or similar basis for the repayment of the indebtedness, the failure of Brookfield and/or the other Brookfield Account to repay such indebtedness or meet other obligations could result in our partnership (or a Brookfield Account in which we are invested) being required to fund more than their pro rata share of the indebtedness.

If Brookfield or another Brookfield Account participates as a lender in borrowings by our partnership, a Brookfield Account in which we are invested or portfolio companies, Brookfield's (or the other Brookfield Account's) interests may conflict with the interests of our partnership, the Brookfield Account in which we are invested and/or the applicable portfolio company. In this situation, our partnership's assets may be pledged to such Brookfield Account as security for the loan. In its capacity as a lender, the relevant Brookfield Account or Oaktree Account may act in its own interest, without regard for the interests of our partnership, the investments or the unitholders, which may materially and adversely affect our partnership, any subsidiary or investment entity and, in certain circumstances such as an event of default, ultimately may result in realization of our partnership's or an investment's assets and a loss of the entire investment of the unitholders. In addition, if Brookfield is a party to a transaction or an agreement with our partnership or an investment to provide services or financing to us or such investment or is a lender to our partnership or any of its investments, Brookfield will have the sole right to, through or on behalf of our partnership, either (i) take any action to implement the agreement, enforce any provisions thereof or any rights of our partnership thereunder, terminate the agreement pursuant to any right of termination provided in such agreement, give required notices or give or make any approval, consent, decision or waiver under such agreement or (ii) nominate a third- party to approve any action or inaction to be taken with respect to any such related party transaction or agreement.

In order to mitigate potential conflicts of interest in these situations, Brookfield could but will not be obligated to take actions on behalf of itself, the Investing Affiliate, our partnership and/or other Brookfield Accounts, including among others one or more of the following as it determines in its sole discretion: (i) forbearance of rights, such as causing Brookfield, the Investing Affiliate, our partnership and/or other Brookfield Accounts to remain passive in a situation in which it is otherwise entitled to vote, which could mean that Brookfield, the Investing Affiliate, our partnership, a Brookfield Account in which we are invested and/or other Brookfield Accounts, as applicable) defer to the decision or judgment of an independent, third-party investor in the same class of securities with respect to decisions regarding defaults, foreclosures, workouts, restructurings, and/or similar matters, including actions taken by a trustee or administrative or other agent of the investment, such as a release, waiver, forgiveness or reduction of any claim for principal or interest, extension of maturity date or due date of any payment of any principal or interest, release or substitution of any material collateral, release, waiver, termination or modification of any material provision of any guaranty or indemnity, subordination of any lien, and release, waiver or permission with respect to any covenants; (ii) causing Brookfield, the Investing Affiliate, our partnership, a Brookfield Account in which we are invested and/or other Brookfield Accounts to hold only non-controlling interests in any such investment; (iii) referring the matter to one or more persons that is not affiliated with Brookfield, such as a third-party loan servicer, administrative agent or other agent to review and/or approve of an intended course of action; (iv) consulting with and/or seeking approval of the independent directors of the BPY General Partner on such matter (and similar bodies of other accounts); (v) establishing ethical screens or information barriers (which can be temporary and of limited purpose) designed to separate Brookfield investment professionals to act independently on behalf of our partnership (or a Brookfield Account in which we are invested), on the one hand, and Brookfield, the Investing Affiliate and/or other Brookfield Accounts, on the other hand, in each case with support of separate legal counsel and other advisers; (vi) seeking to ensure that Brookfield, the Investing Affiliate, our partnership, a Brookfield Account in which we are invested, and/or other Brookfield Accounts own interests in the same securities or financial instruments and in the same proportions so as to preserve an alignment of interests; and/or (vii) causing Brookfield, the Investing Affiliate, our partnership, a Brookfield Account in which we are invested, and/or other Brookfield Accounts to divest of an investment that it otherwise could have held on to, including without limitation causing our partnership (or a Brookfield Account in which we are invested) to sell its position to Brookfield or another Brookfield Account (or vice versa).

At all times, Brookfield will endeavor to treat all Brookfield-managed accounts (including our partnership and any Brookfield Account in which we are invested) fairly, equitably and consistent with its investment mandate in pursuing and managing in these investments. However, there can be no assurance that any action or measure pursued by Brookfield will be feasible or effective in any particular situation, or that its own interests won't influence its conduct, and it is possible that the outcome for our partnership (or a Brookfield Account in which we are invested) will be less favorable than otherwise would have been the case if Brookfield did not face these conflicts of interest. That outcome may include including realizing different returns (including, possibly lower returns) on our investments than Brookfield, the Investment Affiliate and/or other Brookfield Accounts do on theirs. In addition, the actions and measures that Brookfield pursues are expected to vary based on the particular facts and circumstances of each situation and, as such, there will be some degree of variation and potentially inconsistency in the manner in which these situations are addressed.

- **Investment Platforms.** A Brookfield Account, alone or co-investing alongside other Brookfield Accounts or third parties may create or acquire assets that will serve as a platform for investment in a particular sector, geographic area or other niche (such arrangements, "Investment Platforms"). In the case of such Investment Platforms, our partnership (or a Brookfield Account in which we are invested) may rely on the existing management, board of directors and other shareholders of such companies, which may include representation of other financial investors with whom our partnership or such Brookfield Account is not affiliated and whose interests may conflict with the interests of our partnership or such Brookfield Account. In other cases, our partnership (or a Brookfield Account in which we are invested) may recruit a management team to pursue a new Investment Platform expected to lead to the formation of a future Investment Platform. A Brookfield Account (including our partnership) may also form a new portfolio company and recruit a management team to build the Investment Platform through acquisitions and organic growth. Our partnership, a Brookfield Account in which we are invested or the Investment Platform, as applicable, will bear the expenses of such management team, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or building out the Investment Platform. Such expenses may be borne directly by a Brookfield Account (as broken-deal expenses, if applicable) or indirectly as a Brookfield Account in which we bears the start-up and ongoing expenses of the newly formed Investment Platform. In certain cases, the services provided by such management team may overlap with the services provided by Brookfield to such Brookfield Account. The compensation of management of an Investment Platform may include interests in the profits of the Investment Platform, including profits realized in connection with the disposition of an asset, and co-investments alongside the relevant Brookfield Account. Although an Investment Platform may be controlled by a

Brookfield Account, members of the management team will not be treated as employees of Brookfield for purposes of the Governing Documents, and none of the expenses, profit interests or other arrangements described above will offset management fees.

- **Insurance and Reinsurance Capital.** Brookfield currently manages, and expects in the future to manage, one or more Brookfield Accounts that focus on investing insurance- and reinsurance-related capital ("Brookfield Insurance Accounts"). Among other things, Brookfield Insurance Accounts are expected to invest in securities of issuers affiliated with Brookfield Accounts, including securities issued by portfolio companies such as investment grade, high-yield and other debt securities. For example, from time to time, Brookfield Insurance Accounts could invest in asset backed securities, commercial mortgage backed securities, and other debt securities and instruments issued (as part of a financing, refinancing or similar transaction) by our partnership, a Brookfield Account in which we are invested and/or portfolio companies.

  Brookfield Insurance Accounts' investments generally will be made on terms determined to be arm's length market terms (based on terms negotiated with third-party investors or terms that Brookfield otherwise determines to be consistent with arm's length market terms). However, Brookfield Insurance Accounts' investments in debt securities and/or instruments will result in Brookfield Insurance Accounts and other Brookfield Accounts (such as our partnership or Brookfield Accounts in which we are invested) being invested in different levels of an issuer's capital structure. These situations will give rise to conflicts of interest and potential adverse impacts on our partnership, which are described in more detail (including as to the manner in which Brookfield will manage these situations) in "*Investments with Related Parties*" above.

  Because Brookfield manages Brookfield Insurance Accounts, certain transactions (such as, for example, cross trades or other transactions involving our partnership (or a Brookfield Account in which we are invested), on the one hand, and a Brookfield Insurance Account, on the other hand) present conflicts of interest. No transaction involving our partnership (or a Brookfield Account in which we are invested or a portfolio company), on the one hand, and a Brookfield Insurance Account, on the other hand, will require approval of the BPY General Partner's independent directors, unless otherwise determined by Brookfield in its sole discretion, or the unitholders.

- **Pricing.** Our partnership's investments in securities of issuers affiliated with Brookfield Accounts, including debt securities issued by portfolio companies, generally will be made on terms Brookfield determines to be arm's length market terms in its sole discretion. Our partnership will have an interest in obtaining the lowest possible price for these securities, while the other Brookfield Account will have an interest in obtaining the highest. This situation gives rise to conflicts of interest. Brookfield expects that our partnership will rely on opinions and guidance provided by underwriters, distributors and/or third-party advisors regarding whether the overall terms of the offering (including price) are consistent with arm's length market terms as well as natural market dynamics involved in pricing the offerings.

- **Financing to Counterparties of Brookfield Accounts.** There may be situations in which Brookfield or a Brookfield Account will offer and/or commit to provide financing to one or more third parties that are expected to bid for and/or purchase an investment (in whole or in part) from a Brookfield Account in which we are invested. This type of financing could be provided through pre-arranged financing packages arranged and offered by Brookfield or a Brookfield Account to potential bidders in the relevant sales process or otherwise pursuant to bilateral negotiations between one or more bidders and Brookfield and/or the Brookfield Account. For example, where a Brookfield Account in which we are invested seeks to sell an investment (in whole or in part) to a third party in the normal course, Brookfield or a Brookfield Account may offer the third party debt financing to facilitate its bid and potential purchase of the investment.

  This type of arrangement will only be offered in situations in which Brookfield believes it provides benefits to the Brookfield Account in which we are invested by supporting third parties in their efforts to successfully bid for and/or acquire our investments. However, acquisition financing arranged and offered by Brookfield and/or Brookfield Accounts also creates potential conflicts of interest. In particular, Brookfield's or the Brookfield Account's participation as a potential lender in the sales process could create an incentive to select a third-party bidder that uses financing arranged by Brookfield or a Brookfield Account to our potential detriment.

  In order to mitigate potential conflicts of interest in these situations, Brookfield generally will seek to take one or more of the following actions, among others, as it determines in its sole discretion in satisfaction of its duties to the Brookfield Account in which we are invested: (i) offer investments for sale in the normal course via competitive and

blind bidding processes designed to maximize the sales value for the Brookfield Account in which we are invested, (ii) engage one or more independent advisers, such as sell-side bankers, on behalf of the Brookfield Account in which we are invested to administer and facilitate a commercially fair and equitable sales process, (iii) consult with and/or seek approval of the investors in the Brookfield Account in which we are invested (or their advisory committee) with respect to a recommended and/or intended course of action; (iv) establish ethical screens or information barriers (which can be temporary and of limited purpose) to separate the Brookfield investment professionals that act on behalf of the Brookfield Account in which we are invested, on the one hand, from the Brookfield investment professionals that act on behalf of Brookfield and/or the Brookfield Account arranging and offering the acquisition financing, on the other hand and (v) such other actions that Brookfield deems necessary or appropriate taking into account the relevant facts-and-circumstances. However, there can be no assurance that any particular action will be feasible or effective in any particular situation, or that Brookfield's own interests won't influence its conduct, and it is possible that the outcome for the Brookfield Account in which we are invested will be less favorable than otherwise would have been the case if Brookfield did not face these conflicts of interest. In addition, the actions that Brookfield pursues are expected to vary based on the particular facts and circumstances of each situation and, as such, there will be some degree of variation and potentially inconsistency in the manner in which these situations are addressed.

In addition, in certain situations Brookfield may accept a bid for an investment from a bidder that received acquisition financing from Brookfield or a Brookfield Account that is at a lower price than an offer that it received from a party that has independent financing sources. For example, although price is often the deciding factor in selecting whom to sell an investment to, other factors frequently influence the seller, including, among other things, closing conditions, lack of committed financing sources, regulatory or other consent requirements, and such other factors that increase the risk of the higher-priced bidder being able to complete or close the transaction under the circumstances. Brookfield could therefore cause a Brookfield Account in which we are invested to sell an asset to a third party that has received financing from Brookfield or another Brookfield Account, even when such third party has not offered the most attractive price.

In exercising its discretion hereunder, Brookfield will seek to ensure that the Brookfield Account in which we are invested obtains the most favorable sale package (including sales price and certainty and speed of closing) on the basis of a commercially fair and equitable sales process. However, no sale of an investment (in whole or in part) involving acquisition financing provided by Brookfield or a Brookfield Account will require approval by our partnership or the unitholders.

- **Investments by Brookfield Personnel.** Brookfield personnel that participate in Brookfield's advisory business activities, including partners, officers and other employees of Brookfield ("Brookfield Personnel"), are permitted to buy and sell securities or other investments for their own or their family members' accounts (including through Brookfield Accounts), subject to the limitations described below. Positions are likely to be taken by such Brookfield Personnel that are the same, different from, or made at different times than positions taken directly or indirectly for us and Brookfield Accounts in which we are invested. To reduce the possibility of (i) potential conflicts between our investment activities and those of Brookfield Personnel, and (ii) our activities being materially adversely affected by Brookfield Personnel's personal trading activities, Brookfield has established policies and procedures relating to personal securities trading. To this end, Brookfield Personnel that participate in managing our investment activities are generally restricted from engaging in personal trading activities (unless such activities are conducted through accounts over which Brookfield Personnel have no influence or control), and other personnel generally must pre-clear proposed personal trades. In addition, Brookfield's policies include prohibitions on insider trading, front running, trading in securities that are on Brookfield's securities watch list, trading in securities that are subject to a blackout period and other restrictions.

- **Investments by the Investing Affiliate.** Certain Brookfield executives own a substantial majority of an entity that makes investments for its own account (the "Investing Affiliate"). The Investing Affiliate's activities are managed separately from our (or any Brookfield Account's) activities. There is no information barrier between the personnel managing the Investing Affiliate's activities and the rest of Brookfield. Brookfield has adopted protocols designed to ensure that the Investing Affiliate's activities do not materially conflict with or adversely affect our (or Brookfield Accounts') activities and to ensure that our (and Brookfield Accounts') interests are, to the extent feasible, prioritized relative to the Investing Affiliate's.

- **Brookfield's Public Securities Group.** Brookfield is an active participant, as agent and principal, in the global fixed income, currency, commodity, equities and other markets. Certain of Brookfield's investment activities are managed independently of, and carried out without any reference to, the management of our partnership and other Brookfield Accounts. For example, Brookfield invests, trades or makes a market in the equity, debt or other interests of certain

companies without regard to the impact of such activities on us, other Brookfield Accounts and their portfolio companies. In particular, PSG manages investment funds and accounts that invest in public debt and equity markets. There is currently an information barrier in place pursuant to which Brookfield and PSG manage their investment operations independently of each other and do not generally share information relating to investment activities. Consequently, Brookfield and PSG generally do not consult each other about, or have awareness of, investment decisions made by the other, and neither is subject to any internal approvals over its investment decisions by any person who would have knowledge of the investment decisions of the other. As a result, PSG will not share with Brookfield investment opportunities that could be suitable for our partnership or any other Brookfield Account, and our partnership (or Brookfield Accounts in which we invest) will have no rights with respect to such opportunities. In addition, in certain circumstances, funds and/or accounts managed by PSG will hold an interest in one of our (or Brookfield Accounts') investments (or potential investments). In such situations, PSG funds and/or accounts could benefit from our activities (and the activities of Brookfield Accounts in which we invest). In addition, as a result of different investment objectives and views, PSG is likely to manage its interests in a way that is different from our partnership and Brookfield Accounts in which we invest (including, for example, by investing in different portions of an issuer's capital structure, short selling securities, voting securities in a different manner, and/or selling its interests at different times than us or Brookfield Accounts in which we invest).

The potential conflicts of interest described herein are magnified as a result of the information sharing barrier because Brookfield's investment teams will not be aware of, and will not have the ability to mitigate, ameliorate or avoid, such conflicts. Brookfield has discretion at any time, and without notice to our unitholders, to remove or modify such information barrier. In the event that the information barrier is removed or modified, Brookfield would be subject to certain protocols, obligations and restrictions in managing our partnership and other Brookfield Accounts, including, for example, conflicts-management protocols and certain potential investment-related limits and restrictions.

Breaches (including inadvertent breaches) of the information barrier and related internal controls by Brookfield and/or PSG could result in significant consequences to Brookfield (and PSG) as well as have a significant adverse impact on our partnership and/or Brookfield Accounts that we are invested in, including (among others) potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. These events could have adverse effects on Brookfield's reputation, result in the imposition of regulatory or financial sanctions, negatively impact Brookfield's ability to provide investment management services to Brookfield Accounts, all of which could result in negative financial impact to the investment activities of our partnership and/or Brookfield Accounts that we are invested in.

- **Oaktree.** Brookfield holds a significant interest in Oaktree. Oaktree is a global investment manager with significant assets under management, emphasizing an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. Brookfield and Oaktree operate their respective investment businesses largely independently pursuant to an information barrier, with each remaining under its current brand and led by separate management and investment teams.

  We expect that Brookfield, Brookfield Accounts (including our partnership and Brookfield Accounts that we are invested in) and their portfolio companies will engage in activities and have business relationships that give rise to conflicts (and potential conflicts) of interest between them, on the one hand, and Oaktree, Oaktree Accounts and their portfolio companies, on the other hand. For so long as Brookfield and Oaktree manage their investment operations independently of each other pursuant to an information barrier, Oaktree, Oaktree Accounts and their respective portfolio companies generally will not be treated as affiliates of our partnership, Brookfield, Brookfield Accounts and their portfolio companies, and conflicts (and potential conflicts) considerations, including in connection with allocation of investment opportunities, investment and trading activities, and agreements, transactions and other arrangements entered into with Oaktree, Oaktree Accounts and their portfolio companies, generally will be managed as summarized herein.

  There is (and in the future will continue to be) some degree of overlap in investment strategies and investments pursued by our partnership, Brookfield Accounts in which we invest and Oaktree Accounts. Nevertheless, Brookfield does not expect to coordinate or consult with Oaktree with respect to investment activities and/or decisions. This absence of coordination and consultation, and the information barrier described above, will in some respects serve to mitigate conflicts of interests between our partnership and Brookfield Accounts in which we invest, on the one hand, and Oaktree Accounts, on the other hand; however, these same factors also will give rise to certain conflicts and risks in connection with our and Oaktree's investment activities, and make it more difficult to mitigate, ameliorate or avoid such situations. For example, because Brookfield and Oaktree are not expected to coordinate or consult with each other about investment activities and/or decisions, and neither Brookfield nor Oaktree is expected to be subject to any

internal approvals over its investment activities and decisions by any person who would have knowledge and/or decision-making control of the investment decisions of the other, Oaktree Accounts will be entitled to pursue investment opportunities that are suitable for our partnership and Brookfield Accounts that we invest in, but which are not made available to us or those Brookfield Accounts. Our partnership and Brookfield Accounts that we invest in, on the one hand, and Oaktree Accounts, on the other hand, are also expected to compete, from time to time, for the same investment opportunities. Such competition could, under certain circumstances, adversely impact the purchase price of our (direct and/or indirect) investments. Oaktree will have no obligation to, and generally will not, share investment opportunities that may be suitable for our partnership and Brookfield Accounts that we invest in with Brookfield, and our partnership and Brookfield Accounts that we invest in will have no rights with respect to any such opportunities.

Oaktree will not be restricted from forming or establishing new Oaktree Accounts, such as additional funds or successor funds. Moreover, Brookfield expects to provide Oaktree, from time to time, with (i) access to marketing-related support, including, for example, strategy sessions, introductions to investor relationships and other marketing facilitation activities and (ii) strategic oversight and business development support, including general market expertise and introductions to market participants such as portfolio companies, their management teams and other relationships. Certain such Oaktree Accounts could compete with or otherwise conduct their affairs without regard to whether or not they adversely impact our partnership and/or Brookfield Accounts that we invest in. Oaktree could provide similar information, support and/or knowledge to Brookfield, and the conflicts (and potential conflicts) of interest described above will apply equally in those circumstances.

As noted, Oaktree Accounts will be permitted to make investments of the type that are suitable for our partnership and Brookfield Accounts that we invest in without the consent of Brookfield. From time to time, our partnership and/or Brookfield Accounts that we invest in, on the one hand, and Oaktree Accounts, on the other hand, are expected to purchase or sell an investment from each other, as well as jointly pursue one or more investments. In addition, from time to time, Oaktree Accounts are expected to hold an interest in an investment held by (or potential investment of) our partnership and/or Brookfield Accounts that we invest in, and/or subsequently purchase (or sell) an interest in an investment held by (or potential investment of) our partnership and/or Brookfield Accounts that we are invested in, including in different parts of the capital structure. For example, we (or a Brookfield Account that we are invested in) may hold an equity position in a company while an Oaktree Account holds a debt position in the company. In such situations, Oaktree Accounts could benefit from our (direct or indirect) activities. Conversely, our partnership and/or Brookfield Accounts that we are invested in could be adversely impacted by Oaktree's activities. In addition, as a result of different investment objectives, views and/or interests in investments, it is expected that Oaktree will manage certain Oaktree Accounts' interests in a way that is different from the interests of our partnership and/or Brookfield Accounts that we are invested in (including, for example, by investing in different portions of an issuer's capital structure, short selling securities, voting securities or exercising rights it holds in a different manner, and/or selling its interests at different times than our partnership and/or Brookfield Accounts that we are invested in), which could adversely impact our (direct and/or indirect) interests. Oaktree and Oaktree Accounts are also expected to take positions, give advice and provide recommendations that are different, and potentially contrary to those which are taken by, or given or provided to, our partnership and/or Brookfield Accounts that we are invested in, and are expected to hold interests that potentially are adverse to those held by our partnership (directly or indirectly). Our partnership and/or Brookfield Accounts that we are invested in, on the one hand, and Oaktree Accounts, on the other hand, will in certain cases have divergent interests, including the possibility that the interests of our partnership and/or Brookfield Accounts that we are invested in are subordinated to Oaktree Accounts' interests or are otherwise adversely affected by Oaktree Accounts' involvement in and actions related to the investment. Oaktree will not have any obligation or other duty to make available for the benefit of our partnership and/or Brookfield Accounts that we are invested in any information regarding its activities, strategies and/or views.

The potential conflicts of interest described herein are expected to be magnified as a result of the lack of investment information sharing and coordination between Brookfield and Oaktree. Investment teams managing the activities of our partnership and/or Brookfield Accounts that we are invested in are not expected to be aware of, and will not have the ability to manage, mitigate, ameliorate or avoid, such conflicts. This will be the case even if they are aware of Oaktree's investment activities through public information.

Brookfield and Oaktree may decide, at any time and without notice to our partnership or our unitholders, to remove or modify the information barrier between Brookfield and Oaktree. In the event that the information barrier is removed or modified, it would be expected that Brookfield and Oaktree will adopt certain protocols designed to address potential conflicts and other considerations relating to the management of their investment activities in a different or modified framework.

Breaches (including inadvertent breaches) of the information barrier and related internal controls by Brookfield and/or Oaktree could result in significant consequences to Brookfield (and Oaktree) as well as have a significant adverse impact on our partnership and/or Brookfield Accounts that we are invested in, including (among others) potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. These events could have adverse effects on Brookfield's reputation, result in the imposition of regulatory or financial sanctions, negatively impact Brookfield's ability to provide investment management services to Brookfield Accounts, all of which could result in negative financial impact to the investment activities of our partnership and/or Brookfield Accounts that we are invested in.

To the extent that the information barrier is removed or otherwise ineffective and Brookfield has the ability to access analysis, models and/or information developed by Oaktree and its personnel, Brookfield will not be under any obligation or other duty to access such information or effect transactions for our partnership and/or Brookfield Accounts that we are invested in in accordance with such analysis and models, and in fact may be restricted by securities laws from doing so.

As noted in "*Transactions with Portfolio Companies and Investments*" below, portfolio companies of Brookfield Accounts that we are invested in are and will be counterparties in agreements, transactions and other arrangements with other Brookfield Accounts (including their portfolio companies) for the provision of goods and services, purchase and sale of assets and other matters that would otherwise be transacted with independent third parties. Similarly, portfolio companies of Brookfield Accounts that we are invested in) are and will be counterparties in arrangements with Oaktree, Oaktree Accounts and/or their portfolio companies to the extent practicable pursuant to the information barrier. These arrangements will give rise to the same potential conflicts considerations (and be resolved in the same manner) as set out in "*Transactions with Portfolio Companies and Investments*."

This does not purport to be a complete list or explanation of all actual or potential conflicts that could arise as a result of Brookfield's investment in Oaktree, and additional conflicts not yet known by Brookfield or Oaktree could arise in the future and those conflicts will not necessarily be resolved in favor of our partnership's interests (or the interests of Brookfield Accounts in which we are invested). Because of the extensive scope of Brookfield's and Oaktree's activities and the complexities involved in managing certain aspects of their existing businesses, the policies and procedures to identify and resolve such conflicts of interest will continue to be developed over time.

- **Cross Trades and Principal Trades.** From time to time, subject to and in accordance with applicable law and the terms of our conflicts policy, Brookfield expects (but is under no obligation) to effect cross trades and/or principal transactions pursuant to which we (or Brookfield Accounts in which we are invested) purchase investments from or sell investments to Brookfield and/or other Brookfield Accounts. Pursuant to applicable law and our conflicts policy, certain of these transactions will require approval of the BPY General Partner's independent directors, which approval will be deemed to constitute the approval of, and be binding upon, our partnership and all unitholders.

  In light of the potential conflicts of interest and regulatory considerations relating to cross trades and/or principal transactions, including among others Brookfield's conflicting division of loyalties and responsibilities to the parties in these transactions, Brookfield has developed policies and procedures in order to guide the effecting of such transactions. However, there can be no assurance that such transactions will be effected, or that such transactions will be affected in the manner that is most favorable to our partnership (or a Brookfield Account in which we are invested) as a party to any such transaction. For the avoidance of doubt, transactions among portfolio companies of Brookfield Accounts in which we are invested and portfolio companies of other Brookfield Accounts and/or Oaktree Accounts that get effected in the ordinary course will not be treated as cross trades or principal transactions and will not require approval of the BPY General Partner's independent directors or any other consent. See "T*ransactions with Portfolio Companies and Investments*" below.

- **Warehousing Investments.** From time to time, Brookfield, a Brookfield Account or our partnership will "warehouse" certain investments on behalf of other Brookfield Accounts in which we expect to invest, i.e., Brookfield, a Brookfield Account or our partnership will make an investment on behalf of another Brookfield Account in which we expect to invest and transfer it to the Brookfield Account at a later date at cost plus a pre-agreed interest rate after the Brookfield Account has raised sufficient capital, including financing to support the acquisition. In the event that the applicable Brookfield Account does not raise sufficient capital and/or obtain sufficient financing to purchase the warehoused investment and we cannot find another buyer for the investment (in connection with warehoused arrangements that we provide), we or a Brookfield Account in which we are invested would be forced to retain the investment, the value of which may have increased or declined.

- **Excess Funds Liquidity Arrangement with Related Parties.** We have an arrangement in place with Brookfield pursuant to which we lend Brookfield excess funds from time to time and it lends us excess funds from time to time. This arrangement is intended to enhance the use of excess funds between us and Brookfield when the lender has excess funds and the borrower has a business need for the capital (including, without limitation, to fund operating and/or investment activities and/or to pay down higher cost capital), and provides: (i) to the lender, a higher rate of return on the funds than it otherwise would be able to achieve in the market and (ii) to the borrower, a lower cost of funds than it otherwise would be able to obtain in the market.

  Brookfield, in its capacity as our Service Provider, determines when it is appropriate for us to lend excess funds to, or borrow excess funds from, Brookfield. Brookfield has similar arrangements with other affiliates for whom it serves in one or more capacities, including (among others) promoter, principal investor and investment manager. It is therefore possible that, from time to time and to the extent that Brookfield determines this to be in the best interests of the parties: (i) funds that are placed on deposit with Brookfield by our partnership will, in the discretion of Brookfield on a case-by-case basis, be lent on to other affiliates of Brookfield and (ii) funds that are placed on deposit with Brookfield by other Brookfield affiliates will, in the discretion of Brookfield on a case-by-case basis, be lent on to our partnership. Because the interest rates charged are reflective of the credit ratings of the applicable borrowers, any loans by Brookfield to its affiliates, including our partnership (as applicable), generally will be at higher interest rates than the rates then applicable to any balances deposited with Brookfield by our partnership or other Brookfield affiliates (as applicable). These differentials are approved according to protocols described below. Accordingly, Brookfield also benefits from these arrangements and will earn a profit as a result of the differential in lending rates.

  Amounts we lend to or borrow from Brookfield pursuant to this arrangement generally are repayable at any time upon either side’s request, and Brookfield generally ensures that the borrower has sufficient available capital from another source in order meet potential repayment demands. As noted above, Brookfield determines the interest rate to be applied to borrowed/ loaned amounts taking into account each party’s credit rating and the interest rate that would otherwise be available to it in similar transactions on an arms’ length basis with unrelated parties.

  Conflicts of interest arising for Brookfield under this arrangement have been approved by the BPY General Partner’s independent directors in accordance with our policy for resolving potential conflicts of interest.

- **Arrangements with Brookfield.** Our relationship with Brookfield involves a number of arrangements pursuant to which Brookfield provides various services to our partnership, including access to financing arrangements and investment opportunities, and our partnership supports Brookfield Accounts and their portfolio companies in various ways. Certain of these arrangements were effectively determined by Brookfield in the context of the Spin-off, and could contain terms that are less favorable than those which otherwise might have been negotiated between unrelated parties. However, Brookfield believes that these arrangements are in the best interests of our partnership and Brookfield Accounts in which we invest.

  Circumstances may arise in which these arrangements will need to be amended or new arrangements will need to be entered into, and conflicts of interest between our partnership and Brookfield will arise in negotiating such new or amended arrangements. Any such negotiations will be subject to review and approval by the BPY General Partner’s independent directors.

  Brookfield is generally entitled to share in the returns generated by our operations, which creates an incentive for it to assume greater risks when making decisions for our partnership than it otherwise would in the absence of such arrangements. In addition, our investment in and support of Brookfield Accounts and their portfolio companies provides Brookfield with certain ancillary benefits, such as satisfying Brookfield’s commitment to invest in such accounts (which Brookfield would otherwise need to satisfy from different sources), assisting Brookfield in marketing Brookfield Accounts and facilitating more efficient management of their portfolio companies’ operations.

- **Limited Liability of Brookfield.** The liability of Brookfield and its officers and directors is limited under our arrangements with them, and we have agreed to indemnify Brookfield and its officers and 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 Brookfield’s own account, or may give rise to legal claims for indemnification that are adverse to the interests of our unitholders and preferred unitholders.

Due to the broad scope of Brookfield’s activities and the scale of its advisory, asset management and related business, Brookfield is required to make decisions and take actions on behalf of a wide variety of private funds, clients (including our

partnership) and affiliates. As discussed below, the diversity of Brookfield's platform is expected to provide benefits overall to each entity that is a part of it. However, from time to time, Brookfield's decisions and actions will necessarily favor one client over another, including in a manner disadvantageous to our partnership and Brookfield Accounts we invest in.

- **Reputational Considerations.** Given the nature of its broader platform, Brookfield has an interest in preserving its reputation, including with respect to our status as a publicly traded vehicle and, in certain circumstances, such reputational considerations may conflict with the interests of our partnership (or a Brookfield Account in which we are invested). Brookfield will likely make decisions on behalf of our partnership (or a Brookfield Account in which we are invested) for reputational reasons that it would not otherwise make absent such considerations. For example, Brookfield may limit transactions and activities on behalf of our partnership (or a Brookfield Account in which we are invested) for reputational or other reasons, including where Brookfield provides (or may provide) advice or services to an entity involved in such activity or transaction, where another Brookfield Account is or may be engaged in the same or a related activity or transaction to that being considered on behalf of our partnership (or a Brookfield Account in which we are invested), where another Brookfield Account has an interest in an entity involved in such activity or transaction, or where such activity or transaction on behalf of or in respect of our partnership (or a Brookfield Account in which we are invested) could affect Brookfield, Brookfield Accounts or their activities.

- **Allocation of Expenses**. In the normal course of managing its business activities, Brookfield allocates costs and expenses among itself, Brookfield Accounts (including our partnership) and portfolio companies of Brookfield Accounts as appropriate and in accordance with internal policies. Examples of expenses allocated across Brookfield Accounts (and expected to be allocated in part to our partnership) include investor reporting systems and software, technology services, accounting, group insurance policies, portfolio and investment tracking and monitoring systems, trade order management system and legal, tax, compliance and other similar expenses that relate to Brookfield Accounts. Expenses are allocated by Brookfield in its good faith judgment, which is inherently subjective, among Brookfield Accounts that benefit from such expenses. Certain expenses are suitable for only our partnership or another Brookfield Account and, in such case, are allocated to such vehicle. In other situations, expenses are allocated to our partnership and other Brookfield Accounts despite the fact that such expenses may not directly relate to our partnership and such Brookfield Accounts, may also benefit other Brookfield Accounts in the future and/or ultimately not benefit our partnership (and Brookfield Accounts that we invest in) at all, including for example expenses relating to a specific legal, regulatory, tax, commercial or other issue, structure and/or negotiation. Brookfield will allocate such expenses among Brookfield Accounts (including our partnership) based on factors it deems reasonable in its discretion, regardless of the extent to which other Brookfield Accounts ultimately benefit from such issue, structure and/or negotiation. Expenses incurred in connection with an issue, structure or negotiation not directly related to a Brookfield Account may nonetheless be allocated to the Brookfield Account, even if incurred prior to the existence of the Brookfield Account.

  In addition, where a potential investment is pursued on behalf of one or more Brookfield Accounts, including our partnership, the Brookfield Accounts that ultimately make the investment (or, in the case of a potential investment that is not consummated, the Brookfield Accounts that Brookfield determines, in its discretion, ultimately would have made the investment) will generally bear the expenses related to such investment (including broken deal costs, in the case of an investment that is not consummated). Examples of broken-deal expenses include (i) research costs, (ii) fees and expenses of legal, financial, accounting, consulting or other advisers (including the Service Providers or their affiliates) in connection with conducting due diligence or otherwise pursuing a particular non-consummated transaction, (iii) fees and expenses in connection with arranging financing for a particular non-consummated transaction, (iv) travel costs, (v) deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, a particular non-consummated transaction and (vi) other expenses incurred in connection with activities related to a particular non-consummated transaction.

  Brookfield will make expense allocation decisions in its discretion and may modify or change its allocation methodologies and policies from time to time to the extent it determines such modifications or changes are necessary or advisable, which could result in our partnership and/or Brookfield Accounts in which we invest bearing less (or more) expenses than otherwise would have been the case without such modifications.

  New types of operating expenses could arise in the ordinary course and Brookfield will allocate such expenses to us and Brookfield Accounts in which we invest as appropriate. In addition, although organizational expenses of Brookfield Accounts in which we invest are generally subject to a cap, certain operating expenses, which are not subject to a cap, include costs related to organizational matters, such as costs and expenses relating to distributing and implementing elections pursuant to any "most favored nations" clauses in investor side letters, and fees, costs and expenses of anti-money laundering and/or "know your customer" compliance, tax diligence expenses and costs and expenses of ongoing related procedures.

Brookfield has engaged a compliance consulting firm and may engage similar firms to provide services in connection with investor relations operations, including the review of diligence and marketing materials. The expenses relating to these services are allocated to Brookfield Accounts.

- **Affiliated and Related-Party Services and Transactions.** Where it deems appropriate and relevant, Brookfield intends to perform or provide (or cause a Brookfield Account to perform or provide) a variety of different services or products to our partnership, Brookfield Accounts in which we invest and their portfolio companies that would otherwise be provided by independent third parties, including among others lending, loan special servicing, investment banking, advisory, consulting, entitlement, acting as alternative investment fund manager or other similar type of manager in jurisdictions where such services are beneficial, the placement and provision of insurance policies and coverage, development, construction and design (including oversight thereof), real estate and property management (and oversight thereof), leasing, power marketing, operational, legal, financial, back office, brokerage, corporate secretarial, accounting, human resources, bank account management, supply or procurement of power and energy, fund administration (including coordinating onboarding, due diligence, reporting and other administrative services with third-party administrators and placement agents) and other financial operations services, hedging and other treasury services and capital markets services, services relating to the use of entities that maintain a permanent residence in certain jurisdictions, data management services and other services or products (such services, collectively, "Affiliate Services").

  To the extent that Brookfield or a Brookfield Account provides Affiliate Services to us, a Brookfield Account and/or any portfolio company, Brookfield or the Brookfield Account (as applicable) will receive fees (which could include incentive compensation): (i) at rates for the relevant services that Brookfield reasonably believes to be consistent with arm's length market rates at the time of entering into the Affiliate Services engagement (the "Affiliate Service Rate"); provided that, if the Affiliate Service Rate for an Affiliate Service is not able to be determined, the Affiliate Service will be provided at cost (including an allocable share of internal costs) plus an administrative fee of 15%; or (ii) at any other rates with the approval of the BPY General Partner's independent directors (for services provided to the partnership) and with the approval of the relevant Brookfield Account's investors or their advisory committee (for services provided to a Brookfield Account in which we are invested).

  For the avoidance of doubt: (i) where Brookfield (or a Brookfield Account, as applicable) is engaged to provide Affiliate Services in connection with a portfolio company of another Brookfield Account, the Affiliate Service Rate could include performance-based compensation for certain employees and the cost of such performance-based compensation will be paid by the applicable portfolio company and (ii) for certain Affiliate Services, the Affiliate Service Rate will include a pass-through of costs (including information technology hardware, computing power or storage, software licenses and related ancillary and information technology personnel costs) incurred in providing the service, in addition to any fees charged for the service (and the passed-through costs may be substantial relative to the fees charged for the service). In certain situations, personnel will provide an Affiliate Service to multiple assets (including assets not owned by our partnership or Brookfield Accounts in which we invest) or multiple Brookfield Accounts, in which case only a portion of the applicable costs would be passed through to our partnership and Brookfield Accounts in which we are invested. Where Affiliate Services are in place prior to our partnership's (or a Brookfield Account's) ownership of an investment and cannot be amended without the consent of an unaffiliated third party, we (or the Brookfield Account, as applicable) will inherit the pre-existing fee rates for such Affiliate Services until (i) such time at which third-party consent is no longer required or (ii) a Brookfield Account seeks consent to amend such rates. Accordingly, while a Brookfield Account may seek consent of the unaffiliated third party to amend any pre-existing fee rates, Brookfield will be incentivized to seek to amend the pre-existing fee arrangement in certain circumstances and dis-incentivized to do so in others. For example, Brookfield will be incentivized to seek consent to amend the rate in circumstances where the amended fee would be higher than the pre-existing rate, and conversely may choose not to (and will not be required to) seek consent to amend any pre-existing fee rates if the amended rate would be lower than the pre-existing rate.

  Compensation for Affiliate Services payable to Brookfield will not be shared with us or unitholders (or offset against management fees) and may be substantial. The fee potential, both current and future, inherent in a particular transaction could be an incentive for Brookfield to seek to refer or recommend a transaction to us or Brookfield Accounts in which we are invested. Furthermore, providing services or products to our partnership, a Brookfield Account in which we are invested and/or portfolio companies will enhance Brookfield's relationships with various parties, facilitate additional business development and enable Brookfield to obtain additional business and generate additional revenue.

The foregoing requirements and limitations will not apply to transactions for services or products between investments of Brookfield Accounts in which we are invested and portfolio companies of other Brookfield Accounts, Oaktree and Oaktree Accounts, which are described in further detail below (though Brookfield may nonetheless determine, in its sole discretion, to use Affiliate Service Rates in these situations).

Brookfield will determine the Affiliate Service Rate for each Affiliate Service in good faith at the time of engagement. The determination of the Affiliate Service Rate will be based on one or more factors, including, among other things: (i) the rate that one or more comparable service providers (which may or may not be a competitor of Brookfield or a Brookfield Account) charge third-parties for the similar services (at the time of determination), (ii) market knowledge (which may be based on inquiries with one or more market participants), (iii) the rate charged by Brookfield (or a Brookfield Account) to a third-party for similar services (or the methodology used to set such rates), (iv) advice of one or more third-party agents or consultants, (v) commodity or other rate forecasting, (vi) rates required to meet certain regulatory requirements or qualify for particular governmental programs or (vii) other subjective and/or objective metrics deemed relevant by Brookfield in its sole discretion. To the extent Brookfield retains the services of a third-party consultant or agent to assist in determining an Affiliate Service Rate, the fees and cost of such third-party consultant/agent will be an expense borne by our partnership and other Brookfield Accounts (as applicable).

While Brookfield will determine in good faith each Affiliate Service Rate at the time of the relevant engagement as set out above, there will likely be variances in the marketplace for similar services based on an array of factors that affect providers and rates for services, including, but not limited to, loss leader pricing strategies or other marketing and competitive practices, integration efficiencies, geographic market differences, and the quality of the services provided. There can be no assurances that the Affiliate Service Rate charged by Brookfield for any Affiliate Service will not be greater than the rate charged by certain similarly situated service providers for similar services in any given circumstance. In addition, the Affiliate Service Rate charged for any Affiliate Service at any given time following the relevant engagement may not match a then-current market rate because the market rate for the service may have increased or decreased over time. For the avoidance of doubt, fees may be charged for Affiliate Services in advance based on estimated budgets and/or time periods, and subject to true-up once the relevant Affiliate Services are complete.

In addition, Brookfield and its personnel from time to time receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the partnership and Brookfield Accounts in which we are invested which do not reduce management fees and are not otherwise shared with our partnership, unitholders and/or investments. Such benefits will inure exclusively to Brookfield and/or its personnel receiving them, even if they are significant or difficult to value and even though the cost of the underlying service is borne as an expense by our partnership, Brookfield Accounts and/or portfolio companies. For example, expenses incurred in connection with airline travel or hotel stays typically result in "miles" or "points" or credit in loyalty/status programs and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Brookfield and/or such personnel (and not our partnership, unitholders, Brookfield Accounts and/or portfolio companies) even though the cost of the underlying service is borne by our partnership, Brookfield Accounts and/or portfolio companies. Similarly, the volume of work that service providers receive from Brookfield, which include those from our partnership, Brookfield Accounts in which we are invested and portfolio companies, results in discounts for such services that Brookfield will benefit from, while our partnership, Brookfield Accounts and/or portfolio companies will not be able to benefit from certain discounts that apply to Brookfield. Brookfield also makes available certain discount programs to its employees as a result of Brookfield's relationship with portfolio companies and their relationships (e.g., "friends and family" discounts that are not available to unitholders). The size of these discounts on products and services provided by portfolio companies (and, potentially, customers or suppliers of such portfolio companies) could be significant. The potential to receive such discounts could provide an incentive for Brookfield to cause our partnership, a Brookfield Account in which we are invested and/or a portfolio company to enter into transactions that would or would not have otherwise been entered into in the absence of these arrangements and benefits. Financial benefits that Brookfield and its personnel derive from such transactions will generally not be shared with our partnership, unitholders and/or portfolio companies. Brookfield may also offer referral bonuses to its employees who refer customers to assets owned by our partnership and other Brookfield Accounts.

- **Transactions among Portfolio Companies.** In addition to any Affiliate Services provided by Brookfield or the partnership (as described above), certain of our investments and/or portfolio companies of Brookfield Accounts in which we are invested will in the ordinary course of business provide services or goods to, receive services or goods from, lease space to or from, or participate in agreements, transactions or other arrangements with (including the purchase and sale of assets and other matters that would otherwise be transacted with independent third parties), portfolio companies owned by other Brookfield Accounts and/or Oaktree Accounts. Some of these agreements,

transactions and other arrangements would not have been entered into but for the affiliation or relationship with Brookfield and, in certain cases, are expected to replace agreements, transactions and/or arrangements with third parties. These agreements, transactions and other arrangements will involve payment and/or receipt of fees, expenses and other amounts and/or other benefits to or from the portfolio companies of such other Brookfield Accounts and/or Oaktree Accounts (including, in certain cases, performance-based compensation). In certain cases, Brookfield's investment thesis with respect to an investment will include attempting to create value by actively facilitating relationships between the investment and portfolio companies or assets owned by other Brookfield Accounts and/or Oaktree Accounts. In these and other cases, these agreements, transactions and other arrangements will be entered into either with active participation by Brookfield (and/or Oaktree) or the portfolio companies' management teams independent of Brookfield. While such arrangements and/or transactions and the fees or compensation involved have the potential for inherent conflicts of interest, Brookfield believes that the access to Brookfield (including portfolio companies of Brookfield Accounts and Oaktree Accounts) enhances our capabilities (and the capabilities of Brookfield Accounts in which we are invested) and is an integral part of our (and other Brookfield Accounts') operations.

Portfolio companies of Brookfield Accounts and Oaktree Accounts generally are not Brookfield's and our partnership's affiliates for purposes of our governing agreements. As a result, the restrictions and conditions contained therein that relate specifically to Brookfield and/or our affiliates do not apply to arrangements and/or transactions among portfolio companies of Brookfield Accounts and/or Oaktree Accounts, even if we (or a Brookfield Account) have a significant economic interest in a portfolio company and/or Brookfield ultimately controls it. For example, in the event that a portfolio company of one Brookfield Account enters into a transaction with a portfolio company of another Brookfield Account (or an Oaktree Account), such transaction generally would not trigger potential cross trade, principal transaction and/or other affiliate transaction considerations.

In all cases in which Brookfield actively participates in such agreements, transactions or other arrangements, Brookfield will seek to ensure that the agreements, transactions or other arrangements are in the best interests of the applicable Brookfield Accounts' portfolio companies, with terms to be determined in good faith as fair, reasonable and equitable under the circumstances. However, there can be no assurance that the terms of any such agreement, transaction or other arrangement will be executed on an arm's length basis, be as favorable to the applicable portfolio company as otherwise would be the case if the counterparty were not related to Brookfield, or be the same as those that other Brookfield Accounts' portfolio companies receive from the applicable counterparty. In some circumstances, our investments and portfolio companies of Brookfield Accounts in which we are invested may receive better terms from a portfolio company of another Brookfield Account or an Oaktree Account than from an independent counterparty. In other cases, these terms may be worse.

All such agreements, transactions or other arrangements described in this section are expected to be entered into in the ordinary course without obtaining consent of the BPY General Partner's independent directors or unitholders or of investors in other Brookfield Accounts and such arrangements will not impact the management fee payable to Brookfield or any fee for Affiliate Services payable to Brookfield or a Brookfield Account (i.e., the portfolio companies will be free to transact in the ordinary course of their businesses without limitations, including by charging their ordinary rates for the relevant services or products).

Furthermore, Brookfield, PSG, Oaktree, Brookfield Accounts, Oaktree Accounts and/or their portfolio companies will from time to time make equity or other investments in companies or businesses that provide services to or otherwise contract with our partnership, Brookfield Accounts in which we are invested and/or their portfolio companies. In particular, Brookfield has in the past entered into, and expects to continue to enter into, relationships with companies in the technology, real assets services and other sectors and industries in which Brookfield has broad expertise and knowledge, whereby Brookfield or a Brookfield Account acquires an equity or other interest in such companies that may, in turn, transact with our partnership, Brookfield Accounts in which we are invested and/or their portfolio companies. For example, Brookfield and Brookfield Accounts invest in companies that develop and offer products that are expected to be of relevance to our partnership, Brookfield Accounts in which we are invested and portfolio companies (as well as to third-party companies operating in similar sectors and industries). In connection with such relationships, Brookfield expects to refer, introduce or otherwise facilitate transactions between such companies and our partnership, Brookfield Accounts in which we are invested and portfolio companies, which would result in benefits to Brookfield or Brookfield Accounts, including via increased profitability of the relevant company, as well as financial incentives and/or milestones which benefit Brookfield or a Brookfield Account (including through increased equity allotments), which are likely in some cases to be significant. Such financial incentives that inure to or benefit Brookfield and Brookfield Accounts pose an incentive for Brookfield to cause our partnership, Brookfield Accounts in which we are invested and/or portfolio companies to enter into such transactions that may or may not have otherwise been entered into. Financial incentives derived from such transactions will generally not be shared with our partnership

or unitholders. Furthermore, such transactions are likely to contribute to the development of expertise, reputational benefits and/or the development of new products or services by Brookfield (or Oaktree, Brookfield Accounts, Oaktree Accounts, and portfolio companies), which Brookfield will seek to capitalize on to generate additional benefits that are likely to inure solely to Brookfield (or Oaktree, Brookfield Accounts, Oaktree Accounts, and portfolio companies) and not to our partnership or the unitholders.

Brookfield (or the portfolio companies' management teams, as applicable) will seek to ensure that each transaction or other arrangement that our partnership, Brookfield Accounts in which we are invested and/or portfolio companies enter into with these companies satisfies a legitimate business need and is in the best interests of our partnership, the applicable Brookfield Account and/or the applicable portfolio company, with terms to be determined in good faith as fair, reasonable and equitable under the circumstances based on our partnership's, the applicable Brookfield Account and/or the portfolio companies' normal course process for evaluating potential business transactions and counterparties. In making these determinations, Brookfield or the management teams of the portfolio companies will take into account such factors that they deem relevant, which will include the potential benefits and synergies of transacting with a Brookfield related party. Brookfield may take its own interests (or the interests of other Brookfield Accounts or businesses) into account in considering and making determinations regarding these matters. In certain cases, these transactions will be entered into with active participation by Brookfield and in other cases by the portfolio companies' management teams independently of Brookfield. Moreover, any fees or other financial incentives paid to the relevant company will not offset or otherwise reduce the management fee or other compensation paid to Brookfield, will not otherwise be shared with our partnership or unitholders and will not be subject to the Affiliate Service Rates.

There can be no assurance that the terms of any such transaction or other arrangement will be executed on an arm's length basis, be as favorable to us, the relevant Brookfield Account and/or portfolio company as otherwise would be the case if the counterparty were not related to Brookfield, be benchmarked in any particular manner, or be the same as those that other Brookfield Accounts' or investments receive from the applicable counterparty. In some circumstances, our partnership, a Brookfield Account in which we are invested and portfolio companies may receive better terms (including economic terms) than they would from an independent counterparty. In other cases, these terms may be worse.

While these agreements, transactions and/or arrangements raise potential conflicts of interest, Brookfield believes that our access to Brookfield Accounts and their portfolio companies, as well as to Brookfield related parties and companies in which Brookfield has an interest enhances our, Brookfield Accounts' and portfolio companies' capabilities, is an integral part of our operations and will provide benefits to us, Brookfield Accounts and portfolio companies that would not exist but for our affiliation with Brookfield.

- **Insurance**. Brookfield has caused our partnership and Brookfield Accounts in which we invest to purchase and/or bear premiums, fees, costs and expenses relating to insurance coverage (including, among others, with respect to Brookfield affiliates' placement, administration, brokerage and/or provision of such insurance coverage) for the benefit of the partnership and the relevant Brookfield Accounts, which provides insurance coverage to, among others, Brookfield, the BPY General Partner, their officers and directors and other parties for their activities relating to the partnership and the Brookfield Accounts in which we invest, as well as to portfolio companies. Among other policies, this insurance coverage includes directors and officers liability insurance, errors and omissions insurance coverages, and terrorism, property, title, liability, fire and other insurance coverages for (or in respect of) the partnership, Brookfield Accounts in which we invest, and their portfolio companies.

  Insurance policies purchased by or on behalf of our partnership and/or Brookfield Accounts in which we invest (and which cover Brookfield, the BPY General Partner, their officers and directors, and other parties) could provide coverage for situations where the partnership would not generally provide indemnification, including situations involving culpable conduct by Brookfield, the BPY General Partner and their personnel. Nonetheless, our partnership's share of the fees and expenses (or the share of Brookfield Accounts in which we invest) in respect of insurance coverage will not be reduced to account for these types of situations.

  Brookfield, other Brookfield Accounts and their portfolio companies also obtain insurance coverage and utilize Brookfield affiliates for placement, administration, brokerage and/or provision of insurance coverage. Where possible, our partnership (and Brookfield Accounts in which we invest) generally leverage Brookfield's scale by participating in shared, or umbrella, insurance policies that cover a broad group of entities (including Brookfield, other Brookfield Accounts and their portfolio companies) under a single policy.

The total cost of any shared or umbrella insurance policy is allocated among all participants covered by the policy in a fair and equitable manner taking into consideration applicable facts and circumstances, including the value of each covered account's asset value and/or the risk that the account poses to the insurance provider. While Brookfield takes into account certain objective criteria in determining how to allocate the cost of umbrella insurance coverage among covered accounts, the assessment of the risk that each account poses to the insurance provider is more subjective in nature. In addition, Brookfield's participation in umbrella policies gives risk to conflicts in determining the proper allocation of the costs of such policies.

While shared insurance policies may be cost effective, claims made by any entity covered thereunder (including Brookfield) could result in increased costs to our partnership and Brookfield Accounts that we invest in. In addition, such policies may have an overall cap on coverage. To the extent an insurable event results in claims in excess of such cap, our partnership (and/or Brookfield Accounts in which we invest) may not receive as much in insurance proceeds as it would have received if separate insurance policies had been purchased for each party. In addition, Brookfield may face a conflict of interest in properly allocating insurance proceeds across all claimants, which could result in our partnership (or Brookfield Accounts in which we invest) receiving less in insurance proceeds than if separate insurance policies had been purchased for each insured party individually. Similarly, insurable events may occur sequentially in time while subject to a single overall cap. To the extent insurance proceeds for one such event are applied towards a cap and our partnership (or a Brookfield Account in which we invest) experiences an insurable loss after such event, our partnership's (or Brookfield Account's) receipts from such insurance policy may be diminished or our partnership (or Brookfield Account) may not receive any insurance proceeds. A shared insurance policy may also make it less likely that Brookfield will make a claim against such policy on behalf of our partnership (or a Brookfield Account in which we invest).

Our partnership (or a Brookfield Account in which we invest) may need to determine whether or not to initiate litigation (including potentially litigation adverse to Brookfield where it is the broker or provider of the insurance) in order to collect from an insurance provider, which may be lengthy and expensive and which ultimately may not result in a financial award. The potential for Brookfield to be a counterparty in any litigation or other proceedings regarding insurance claims also creates a potential conflict of interest. Furthermore, in providing insurance, Brookfield may seek reinsurance for all or a portion of the coverage, which could result in Brookfield earning and retaining fees and/or a portion of the premiums associated with such insurance while not retaining all or a commensurate portion of the risk insured.

Brookfield will seek to allocate the costs of such insurance and proceeds from claims in respect of such insurance policies and resolve any conflicts of interest, as applicable, in a manner it determines to be fair. In that regard, Brookfield may, if it determines it to be necessary, consult with one or more third parties in allocating such costs and proceeds and resolving such conflicts.

- **Transfers and Secondment of Employees.** From time to time, in order to create efficiencies and optimize performance, employees of Brookfield, Brookfield Accounts (including our partnership), and/or portfolio companies will be hired or retained by, or seconded to, other portfolio companies, other Brookfield Accounts (including our partnership) and/or Brookfield. In such situations, all or a portion of the compensation and overhead expenses relating to such employees (including salaries, benefits, and incentive compensation, among other things) will directly or indirectly be borne by the entities to which the employees are transferred or seconded. Any such arrangement may be on a permanent or temporary basis, or on a full-time or part-time basis, in order to fill positions or provide services that would otherwise be filled or provided by third parties hired or retained by the relevant entities. To the extent any Brookfield employees are hired or retained by, or seconded to, an investment, the investment may pay such persons directors' fees, salaries, consultant fees, other cash compensation, stock options or other compensation and incentives and may reimburse such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. Brookfield may also advance compensation to seconded Brookfield employees and be subsequently reimbursed by the applicable investment. Any compensation customarily paid directly by Brookfield to such persons will typically be reduced to reflect amounts paid directly or indirectly by the investment even though the management fee and carried interest borne by our partnership or Brookfield Accounts in which we are invested will not be reduced, and amounts paid to such persons by a portfolio company will not be offset against management fees or any carried interest distributions otherwise payable to Brookfield. Additionally, the method for determining how (i) certain compensation arrangements are structured and valued (particularly with respect to the structure of various forms of incentive compensation that vest over time and whose value upon payment is based on estimates) and (ii) overhead expenses are allocated, in each case require certain judgments and assumptions, and as a result the relevant entities (including, for example, our partnership, Brookfield Accounts in which we are invested and their portfolio

companies) may bear higher costs than they would have had such expenses been valued, allocated or charged differently.

Brookfield could benefit from arrangements where Brookfield employees are hired or retained by, or seconded to, one or more investments or a Brookfield affiliate on behalf of such investment, for example, in the case where a portfolio company makes a fixed payment to Brookfield to compensate Brookfield for a portion of an employee's incentive compensation, but such employee does not ultimately collect such incentive compensation). Additionally, there could be a circumstance where an employee of Brookfield or a portfolio company of a Brookfield Account could become an employee of a portfolio company of the partnership or a Brookfield Account in which we are invested (or vice versa) and, in connection therewith, be entitled to receive from the company it is transferring to unvested incentive compensation received from the company it is transferring from. While such incentive compensation would be subject to forfeiture under other circumstances, given the prior employment by a Brookfield related company, such incentive compensation may continue to vest as if such employee continued to be an employee of the company from which it is transferring. The arrangements described herein will take place in accordance with parameters approved by the BPY General Partner's independent directors in the conflicts policy, but will not be subject to approval by the unitholders, and such amounts will not be considered fees received by Brookfield or its affiliates that offset or otherwise reduce the management or any other fee or compensation due to Brookfield.

Brookfield has adopted policies to facilitate the transfer and secondment of employees in order to ensure that such activities are carried out in accordance with applicable regulatory requirements and to address applicable conflicts considerations, including seeking to ensure that each transfer and/or secondment satisfies a legitimate business need and is in the best interests of the relevant Brookfield Account and/or portfolio company.

Brookfield may take its own interests into account in considering and making determinations regarding the matters outlined in this section as well as in "T*ransactions among Portfolio Companies*" and "*Affiliated and Related-Party Services and Transactions*" above. Additionally, the aggregate economic benefit to Brookfield or its affiliates as a result of the transactions outlined herein and therein could influence investment allocation decisions made by Brookfield in certain circumstances (i.e., if the financial incentives as a result of such transactions are greater if the investment opportunity is allocated to our partnership rather than another Brookfield Account (or vice versa)). However, as noted elsewhere herein, Brookfield believes that our access to Brookfield's broader asset management platform enhances our, Brookfield Accounts' and portfolio companies' capabilities, is an integral part of our (and their) operations and will provide benefits to us, Brookfield Accounts and portfolio companies that would not exist but for our affiliation with Brookfield.

- **Shared Resources.** In certain circumstances, in order to create efficiencies and optimize performance, Brookfield will cause one or more portfolio companies of Brookfield Accounts in which we are invested) to share operational, legal, financial, back-office or other resources with Brookfield and/or portfolio companies of other Brookfield Accounts. In connection therewith, the costs and expenses related to such services will be allocated among the relevant entities on a basis that Brookfield determines in good faith is fair and equitable, but which will be inherently subjective, and there can be no assurance that we (or Brookfield Accounts in which we are invested) will not bear a disproportionate amount of any costs, including Brookfield's internal costs).

- **Advisors.** Brookfield from time to time engages or retains strategic advisors, senior advisors, operating partners, executive advisors, consultants and/or other professionals who are not employees or affiliates of Brookfield, but which include former Brookfield employees as well as current and former officers of Brookfield portfolio companies (collectively, "Consultants"). Consultants generally have established industry expertise and are expected to advise on a range of investment-related activities, including by providing services that may be similar in nature to those provided by Brookfield's investment teams, such as sourcing, consideration and pursuit of investment opportunities, strategies to achieve investment objectives, development and implementation of business plans, and recruiting for portfolio companies, and to serve on boards of portfolio companies. Additionally, Brookfield's decision to perform certain services in-house for our partnership (or a Brookfield Account in which we are invested) at a particular point in time will not preclude a later decision to outsource such services, or any additional services, in whole or in part, to any Consultants, and Brookfield has no obligation to inform our partnership or any other Brookfield Account of such a change. Brookfield believes that these arrangements benefit its investment activities. However, they also give rise to certain conflicts of interest considerations.

  Consultants are expected, from time to time, to receive payments from, or allocations of performance-based compensation with respect to, Brookfield, our partnership, Brookfield Accounts in which we are invested and portfolio companies. In such circumstances, payments from, or allocations or performance-based compensation with respect to,

our partnership, Brookfield Accounts in which we are invested and/or portfolio companies generally will be treated as expenses of the applicable entity and will not, even if they have the effect of reducing retainers or minimum amounts otherwise payable by Brookfield, be subject to management fee offset provisions. Additionally, while Brookfield believes such compensation arrangements will be reasonable and generally at market rates for the relevant services provided, exclusive arrangements or other factors may result in such compensation arrangements not always being comparable to costs, fees and/or expenses charged by other third parties. In addition to any compensation arrangements, our partnership or a Brookfield Account in which we are invested may also generally bear its share of any travel costs or other out-of-pocket expenses incurred by Consultants in connection with the provision of their services. Accounting, network, communications, administration and other support benefits, including office space, may be provided by Brookfield, our partnership and/or a Brookfield Account in which we are invested to Consultants without charge, and any costs associated with such support may be borne by our partnership and/or such Brookfield Account.

Brookfield expects from time to time to offer Consultants the ability to co-invest alongside our partnership or Brookfield Accounts in which we are invested, including in those investments in which they are involved (and for which they may be entitled to receive performance-based compensation, which will reduce our returns), or otherwise participate in equity plans for management of a portfolio company.

In certain cases, these persons are likely to have certain attributes of Brookfield "employees" (e.g., they have dedicated offices at Brookfield, receive access to Brookfield information, systems and meetings for Brookfield personnel, work on Brookfield matters as their primary or sole business activity, have Brookfield-related email addresses, business cards and titles, and/or participate in certain benefit arrangements typically reserved for Brookfield employees) even though they are not considered Brookfield employees, affiliates or personnel. In this scenario, a Consultant would be subject to Brookfield's compliance policies and procedures. Where applicable, Brookfield will allocate to us, the applicable Brookfield Account and/or portfolio companies the costs of such personnel or the fees paid to such personnel in connection with the applicable services. In these cases, payments or allocations to Consultants will not be subject to management fee offset provisions and can be expected to increase the overall costs and expenses borne indirectly by unitholders. There can be no assurance that any of the Consultants will continue to serve in such roles and/or continue their arrangements with Brookfield and/or any Brookfield Accounts or portfolio companies

- **Support Services.** In addition to the responsibilities enumerated in the Master Services Agreement , from time to time Brookfield performs certain asset management and support services that were or could have previously been undertaken by a portfolio company's management team, including accounting; reporting and analytics; administrative services; physical and digital security, life and physical safety, and other technical specialties; information technology services and innovation; cash flow modeling and forecasting; arranging, negotiating and managing financing and derivative arrangements; accounting, legal, compliance and tax services relating to investment holding structures below a Brookfield Account and the investments and other services. These services will be in addition to the services otherwise charged to our partnership or a Brookfield Account in which we are invested as Affiliate Services.

  In addition, Brookfield expects to perform certain support services to our partnership or Brookfield Accounts in which we are invested that could otherwise be outsourced to third parties, including transaction support; client reporting; portfolio-level cash flow modeling and forecasting; assisting with underwriting and due diligence analytics; managing workouts and foreclosures; arranging, negotiating and managing partnership- or Brookfield Account-level financing and derivative arrangements; data generation, analysis, collection and management; accounting, legal, compliance and tax services relating to such Brookfield Account (including our partnership) and/or its Investors (including unitholders) and portfolio companies; market research and appraisal and valuation services. These services will be in addition to the services outlined in the Master Services Agreement.

  Historically, certain of these support services may have been performed by Brookfield (without being charged to Brookfield Accounts or portfolio companies) or its operating partners, servicers, brokers or other third-party vendors. Brookfield believes that providing these support services internally results in increased focus and attention that may not be available from a third party and helps to align interests and offer customized services to a degree that may not be possible with a third-party provider. Additionally, internal support services personnel allow Brookfield investment professionals to improve their efficiency and to focus their efforts on tasks that have a greater impact on creating value within a Brookfield Account's portfolio.

  As such, when these support and other services described above are provided, our partnership or a Brookfield Account in which we are invested will reimburse Brookfield for its costs and expenses incurred in providing these support services, including an allocable portion of the compensation (including long term incentive compensation), expenses

(including IT costs, human resources support, rent and office services, talent acquisition, professional development, travel, and professional fees) and other benefits associated with the Brookfield employees providing these services, in accordance with Brookfield's internal allocation practices. Additionally, Brookfield expects that certain employees will be eligible to earn commissions, incentive fees or other similar fees in connection with their work on certain portfolio companies and that these payments will be borne, directly or indirectly, by our partnership or other Brookfield Accounts. None of these reimbursements and fees will reduce the management fees paid by our partnership or another Brookfield Account.

While Brookfield believes that the cost of the expense reimbursements associated with these support services is reasonable, the extensive and specialized nature of the services may result in such costs not being comparable to those charged for similar services (to the extent available) by other third parties. Brookfield will be under no obligation to evaluate alternative providers or to compare pricing for these support services. While Brookfield believes that this enhances the services Brookfield can offer to our partnership, Brookfield Accounts in which we are invested, and/or portfolio companies in a cost-efficient manner, the relationship presents conflicts of interest. Brookfield will set the compensation for the employees who provide these support services and will determine other significant expenditures that will affect the expense reimbursement provided by our partnership, Brookfield Accounts in which we are invested, and/or portfolio companies.

The types of support services that Brookfield provides to certain portfolio companies and to Brookfield Accounts (including our partnership) will not remain fixed and should be expected to change over time as determined by Brookfield in its sole discretion, and Brookfield expects that a Brookfield Account's (including our partnership's) overall share of expense reimbursements for support services will vary over time based on the particular scope of services provided to it. However, in no case will Brookfield senior investment professionals or Brookfield employees who engage in a senior management or senior supervisory role with respect to these support services be subject to expense reimbursement by our partnership, another Brookfield Account and/or portfolio companies in accordance with these provisions.

- **Travel Expenses.** We will reimburse Brookfield for out-of-pocket travel expenses, including air travel (generally business class), car services, meals and hotels (generally business or luxury class accommodations), incurred in identifying, evaluating, sourcing, researching, structuring, negotiating, acquiring, making, holding, developing, operating, managing, selling or potentially selling, restructuring or otherwise disposing of proposed or actual investments of our partnership and/or of Brookfield Accounts in which we are invested (including fees for attendance of industry conferences, the primary purpose of which is sourcing investments), in connection with the formation, marketing, offering and management of our partnership and Brookfield Accounts in which we are invested.

- **Service Providers.** From time to time, our Service Providers, as well as the service providers of Brookfield Accounts in which we are invested and service providers of portfolio companies, such as deal sourcers, consultants, lenders, brokers, accountants, attorneys and outside directors, may be (or their affiliates may be) Brookfield shareholders, unitholders and/or sources of investment opportunities and counterparties therein, or may otherwise participate in transactions or other arrangements with us, Brookfield and/or Brookfield Accounts. Furthermore, employees of Brookfield or of portfolio companies have and will in the future have family members employed by service providers (particularly the large, global service providers) of Brookfield, Brookfield Accounts (including our partnership) and portfolio companies. These factors create incentives for Brookfield in deciding whether to select such a service provider. Notwithstanding the foregoing, Brookfield will only select a service provider to the extent Brookfield determines that doing so is appropriate for us (or Brookfield Accounts we are invested in or portfolio companies) taking into account applicable facts and circumstances and consistent with Brookfield's responsibilities under applicable law, provided that, for the avoidance of doubt, Brookfield often will not seek out the lowest-cost option when engaging such service providers as other factors or considerations typically prevail over cost.

  In addition, Brookfield, Brookfield Accounts (including our partnership) and portfolio companies often engage common providers of goods and/or services. These common providers sometimes provide bulk discounts or other fee discount arrangements, which may be based on an expectation of a certain amount of aggregate engagements by Brookfield, Brookfield Accounts and portfolio companies over a period of time. Brookfield generally extends fee discount arrangements to Brookfield and all Brookfield Accounts and their portfolio companies in a fair and equitable manner.

  In certain cases, a service provider (e.g., a law firm) will provide a bulk discount on fees that is applicable only prospectively (within an annual period) once a certain aggregate spending threshold has been met during the relevant annual period. The Brookfield parties that engage the service provider after the aggregate spending threshold has been

met will get the benefit of the discount and, as a result, pay lower rates their engagements than the rates paid by Brookfield parties that engaged the same provider prior to the discount being triggered.

The engagement of common providers for Brookfield Accounts and their portfolio companies and the related fee discount arrangements give rise to certain potential conflicts of interest. For example, as a result of these arrangements, Brookfield will face conflicts of interest in determining which providers to engage on behalf of Brookfield Accounts (including our partnership) and portfolio companies and when to engage such providers, including an incentive to engage certain providers for Brookfield Accounts (including our partnership) and portfolio companies because it will result in the maintenance or enhancement of a discounted fee arrangement that benefits Brookfield, other Brookfield Accounts and their portfolio companies. Notwithstanding these conflicts considerations, Brookfield makes these determinations in a manner that it believes is in the best interests of Brookfield Accounts (including our partnership) and portfolio companies taking into account all applicable facts and circumstances.

In the normal course, common providers (e.g., law firms) will staff engagements based on the particular needs of the engagement and charge such staff's then-applicable rates, subject to any negotiated discounts. While these rates will be the same as the rates such providers would charge Brookfield for the same engagement, Brookfield generally engages providers for different needs than Brookfield Accounts (including our partnership) and portfolio companies, and the total fees charged for different engagements are expected to vary.

In addition, as a result of the foregoing, the overall rates paid by our partnership, Brookfield Accounts in which we are invested and portfolio companies over a period of time to a common provider could be higher (or lower) than the overall rates paid to the same provider by Brookfield, other Brookfield Accounts and their portfolio companies. Without limitation of the foregoing, conflicts arise with respect to Brookfield's selection of financial institutions or other third parties to provide services to Brookfield, our partnership, Brookfield Accounts in which we are invested and portfolio companies, and with respect to Brookfield's negotiation of fees payable to such parties. Brookfield has relationships with many financial institutions and other third parties, which may introduce prospective investors, afford Brookfield the opportunity to market its services to certain qualified investors at no additional cost, provide benchmarking analysis or third-party verification of market rates, or provide consulting or other services at favorable or below market rates. Such relationships create incentives for Brookfield to select a financial institution or other third party based on its best interests and not our best interests. For example, in connection with the disposition of a portfolio company, several financial institutions with which Brookfield has pre-existing business relationships may provide valuation services through a bidding process. Although Brookfield will select the financial institution it believes is the most appropriate in the circumstances, the relationships between the financial institution and Brookfield as described herein will have an influence on Brookfield in deciding whether to select such a financial institution to underwrite the disposition, and may influence the financial institution in the terms offered. The cost of the disposition will generally be borne directly or indirectly by our partnership (or a Brookfield Account in which we are invested) and creates an incentive for Brookfield to engage such a financial institution over one with which Brookfield has no prior relationship, which could result in worse terms to our partnership (or a Brookfield Account in which we are invested) than would be the case absent the conflict.

- **Use of Brookfield Arrangements.** Our partnership (and/or Brookfield Accounts in which we are invested) may seek to use a swap, currency conversion, hedging arrangement, line of credit or other financing that Brookfield has in place for its own benefit or the benefit of other Brookfield Accounts. In this case, Brookfield will pass through the terms of such arrangement to our partnership (and/or Brookfield Accounts in which we are invested) as if our partnership (or the relevant Brookfield Accounts) had entered into the transaction itself. However, in such cases, we (and/or the relevant Brookfield Accounts) will be exposed to Brookfield's credit risk since we will not have direct contractual privity with the counterparty. Further, it is possible that our partnership (or a Brookfield Account) may have been able to obtain more favorable terms for itself if it had entered into the arrangement directly with the counterparty.

- **Utilization of Credit Facilities.** Brookfield maintains substantial flexibility in choosing when and how our partnership and Brookfield Accounts in which we are invested utilize borrowings under credit facilities. Brookfield generally seeks to utilize long-term financing for Brookfield Accounts in certain circumstances, including (i) to make certain investments, (ii) to make margin payments as necessary under currency hedging arrangements or other derivative transactions, (iii) to fund management fees otherwise payable to Brookfield, and (iv) when Brookfield otherwise determines that it is in the best interests of the Brookfield Account.

  In addition, our partnership and/or Brookfield Accounts in which we are invested may provide for the repayment of indebtedness and/or the satisfaction of guarantees on behalf of co-investment vehicles in connection with investments made by such vehicles alongside our partnership or Brookfield Accounts that we are invested in. Our partnership or

Brookfield Accounts in which we are invested may also use our credit facilities to issue letter of credits in connection with investments that are expected to be, or have been allocated to co-investment vehicles, and the co-investors would be expected to bear their share of any expenses incurred in connection with such letters of credit. However, in each scenario above, certain investors in such vehicles will benefit from such provision for repayment of indebtedness and/or the satisfaction of guarantees even though those investors do not provide the same level of credit support as our partnership or the relevant Brookfield Account. In the event any such co-investment vehicle does not satisfy its share of any payment in respect of any such borrowing, our partnership or the relevant Brookfield Account will be contractually obligated to satisfy its share even if our partnership or the Brookfield Account does not have recourse against such co-investment vehicle. In addition, our partnership or a Brookfield Account may provide a guarantee in connection with a potential or existing investment.

- **Other Activities of Brookfield and its Personnel.** Brookfield and its personnel, including those that play key roles in managing our investment and other affairs (as well as the affairs of Brookfield Accounts that we invest in), spend a portion of their time on matters other than or only tangentially related to our partnership and the Brookfield Accounts that we invest in. Their time is also spent on managing investment and other affairs of Brookfield, the Investing Affiliate and other Brookfield Accounts. Among others, the same professionals that are involved in sourcing and executing investments for our partnership and Brookfield Accounts in which we are invested are responsible for sourcing and executing investments for Brookfield, the Investing Affiliate and other Brookfield Accounts, and have other responsibilities within Brookfield's broader asset management business. As a result, Brookfield's and its personnel's other responsibilities are expected to conflict with their responsibilities to our partnership and the Brookfield Accounts that we invest in. These potential conflicts will be exacerbated in situations where the employees have a greater economic interest (including via incentive compensation or other remuneration) in connection with certain responsibilities or certain accounts relative to other responsibilities and accounts (including our partnership and Brookfield Accounts in which we invest), or where there are differences in proprietary investments in certain Brookfield Accounts relative to others (including our partnership).

- **Determinations of Value.** Brookfield will value the assets (and liabilities) of our partnership and of Brookfield Accounts in which we invest in good faith in accordance with guidelines prepared in accordance with IFRS or GAAP and internal policies, subject to review by our independent accountants. Valuations are subject to determinations, judgments, projections and opinions, and others (including unitholders, analysts, investors and other third parties) may disagree with such valuations. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material.

  The valuation of investments may affect Brookfield's entitlement to incentive distributions from our partnership and Brookfield Accounts in which we are invested, and/or the ability of Brookfield to fundraise for additional Brookfield Accounts. As a result, in light of business and related dynamics, Brookfield may be incentivized to value the assets of the partnership and Brookfield Accounts that we are invested in at higher values that would otherwise be the case. However, as noted above, Brookfield will value the assets of our partnership and of Brookfield Accounts in which we invest in good faith in accordance with guidelines prepared in accordance with IFRS or GAAP as well as internal policies, subject to review by our independent accountants.

- **Diverse Interests.** In certain circumstances, the various types of investors in our partnership as well as Brookfield Accounts in which we invest, including Brookfield, have conflicting investment, tax and other interests with respect to their interests. The conflicting interests of particular investors may relate to or arise from, among other things, the nature of investments made by our partnership and Brookfield Accounts in which we invest, the structuring of the acquisition, ownership and disposition of investments, the timing of disposition of investments, the transfer or disposition by an investor of its investment, and the manner in which one or more investments are reported for tax purposes. As a consequence, conflicts of interest will arise in connection with Brookfield decisions regarding these matters, which may be adverse to investors in our partnership generally (or to the partnership in connection with its investments in Brookfield Accounts), or may be more beneficial to certain investors (including Brookfield) over others.

  In making investment decisions for the partnership or a Brookfield Account in which we are invested, Brookfield will consider the investment and tax objectives of our partnership (or the Brookfield Account) as a whole, not the investment, tax or other objectives of any investor individually. However, conflicts may arise if certain investors have objectives that conflict with those of our partnership (or the Brookfield Account in which we are invested). In addition, Brookfield may face certain tax risks based on positions taken by our partnership or a Brookfield Account in which we are invested, including as a withholding agent. In connection therewith, Brookfield may take certain actions, including

withholding amounts to cover actual or potential tax liabilities, that it may not have taken in the absence of such tax risks.

Further, in connection with our partnership's investment activities or the investment activities of a Brookfield Account in which we are invested, we or the Brookfield Account (or portfolio companies) may make contributions to support ballot initiatives, referendums or other legal, regulatory, tax or policy changes that Brookfield believes will ultimately benefit our partnership or the Brookfield Account. However, there is no guarantee that any particular unitholder (or investor in a Brookfield Account) will agree with any such action or would independently choose to financially support such an endeavor. Further, any such changes may have long-term benefits to Brookfield and/or other Brookfield Accounts (in some cases, such benefits may be greater than the benefits to our partnership or the Brookfield Account in which we are invested), even though Brookfield or such Brookfield Accounts did not contribute to such initiative or reimburse our partnership or the relevant Brookfield Account or portfolio company for the contributions.

- **Conflicts with Issuers of Investments.** As part of Brookfield's management and oversight of investments, Brookfield appoints its personnel as directors and officers of portfolio companies of our partnership and of Brookfield Accounts in which we invest. In that capacity, these personnel are required to make decisions that Brookfield believes are in the best interests of the portfolio companies, whose interests generally are aligned with the partnership and Brookfield Accounts as shareholders in the company. However, in certain circumstances, such as bankruptcy or near insolvency of a portfolio company, decisions and actions that may be in the best interest of the portfolio company may not be in the best interests of our partnership and/or Brookfield Accounts. Accordingly, in these situations, there may be a conflict of interest between Brookfield personnel's duties as officers of Brookfield and their duties as directors or officer of the portfolio company. Similar conflicts considerations will arise in connection with Brookfield employees that are transferred and/or seconded to provide services to portfolio companies in the normal course. See "Transfers and Secondment of Employees" above.

- **Performance-Based Compensation.** Brookfield's entitlement to performance-based compensation from the partnership and Brookfield Accounts in which we invest could incentivize Brookfield to make investments on behalf of our partnership and such Brookfield Accounts that are riskier or more speculative than it would otherwise make in the absence of such performance-based compensation. In addition, Brookfield is generally taxed at preferable tax rates applicable to long-term capital gains on its performance-based compensation with respect to investments that have been held by our partnership (or a Brookfield Account in which we are invested) for more than three years. These and similar laws applicable to the tax treatment of performance-based compensation could incentivize Brookfield to hold partnership and Brookfield Accounts' investments longer than it otherwise would.

- **Calculation Errors.** Brookfield could, from time to time, make errors in determining amounts due to Brookfield and/or Brookfield Accounts from our partnership and Brookfield Accounts in which we are invested (including amounts owed in respect of management fees, performance-based compensation, and Affiliate Services). When such an error that disadvantaged our partnership or a Brookfield Account in which we are invested is discovered, Brookfield will make our partnership (or the Brookfield Account) whole for such excess payment or distribution based on the particular situation, which may involve a return of distributions or fees or a waiver of future distributions or fees, in each case in an amount necessary to reimburse our partnership (or the Brookfield Account) for such over-payment. In such cases, Brookfield will determine whether to pay interest to our partnership (or the Brookfield Account) based on the facts and circumstances of the error, and generally does not expect to pay interest when the amounts in question are determined by Brookfield to be immaterial and/or when the error is corrected promptly. When an error that advantages our partnership or a Brookfield Account in which we are invested is discovered, Brookfield will correct such underpayment by causing our partnership (or the Brookfield Account) to make additional payments or distributions, as applicable; however, our partnership (or the Brookfield Account) will not be charged interest in connection with any such underpayment.

- **Structuring of Investments and Subsidiaries**. Brookfield is the largest unitholder in our partnership and is entitled to receive management fees and other compensation from our partnership. As a result, Brookfield will take its interests into account structuring the partnership's investments and other operations, while also taking into account the interests of the partnership as a whole.

- **Restrictions on Our Partnership's Activities.** Brookfield is subject to certain protocols, obligations and restrictions in managing our partnership and Brookfield Accounts in which we invest, including conflicts-management protocols, aggregated regulatory reporting obligations and other regulatory restrictions such as REIT affiliate rules and regulations (which also apply with respect to certain Brookfield businesses that are separated by an information

barrier, including PSG and Oaktree) and certain investment-related restrictions, which could in certain situations have an adverse effect on our partnership.

- **Transactions with Investors.** In light of the breadth of Brookfield's operations and its significant institutional investor base, including investors that pursue investment programs and operations similar to Brookfield's, Brookfield and Brookfield Accounts (including our partnership) from time to time engage in transactions with prospective and actual investors in our partnership and other Brookfield Accounts, including sales of assets to (and purchases of assets from) such investors as well as joint ventures, strategic partnerships and other arrangements. Such transactions may be entered into prior to, in connection with or after an investor's investment in our partnership or a Brookfield Account. While Brookfield always seeks to act in its and Brookfield Accounts' best interests, these transactions could result in significant benefits to such investors (as well as to Brookfield and Brookfield Accounts).

- **Possible Future Activities.** Brookfield expects to expand the range of services that it provides over time. Except as provided herein, Brookfield will not be restricted in the scope of its business or in the performance of any services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. Brookfield has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with companies that may hold or may have held investments similar to those that have been (or are intended to be) made by us and Brookfield Accounts that we are invested in as well as companies that compete with our direct and indirect investments. These companies may themselves represent appropriate investment opportunities for us or Brookfield Accounts in which we are invested or may compete with us for investment opportunities and other business activities.

As noted above, Brookfield acts in good faith to resolve all potential conflicts in a manner that it believes is fair and equitable and in the best interests of its clients taking into account the facts and circumstances known to it at the time. However, there can be no assurance that any recommendation or determination made by Brookfield will be most beneficial or favorable to us or a Brookfield Account in which we are invested, or would not have been different if additional information were available to Brookfield. Potential conflicts of interest generally will be resolved in accordance with the principles summarized herein and in accordance with a conflicts policy that has been approved by the BPY General Partner's independent directors. The conflicts policy was put in place in recognition of the benefit to our partnership of our relationship with Brookfield and our intent to seek to maximize the benefits from this relationship. The policy generally provides for potential conflicts to be resolved on the basis of transparency and, in certain circumstances, third-party validation and approvals. Addressing conflicts of interest is difficult and complex, and it is not possible to predict all of the types of conflicts that may arise. Accordingly, the policy focuses on addressing the principal activities that are expected to give rise to potential or actual conflicts of interest, including our investment activities, our participation in Brookfield Accounts, transactions with Brookfield (and Brookfield Accounts), and engagements of Brookfield affiliates (or of us by Brookfield Accounts), including engagements for operational services entered into between underlying operating entities.

Brookfield has formed a conflicts committee (the "Conflicts Committee") that reviews Brookfield's resolution of potential and actual conflicts situations that arise in the normal course of managing Brookfield's business activities. Brookfield's Conflicts Committee is intended to provide review and analysis, and ensure appropriate resolution, of these conflicts considerations. However, there can be no assurance that Brookfield will timely identify and present potential conflicts of interest to its Conflicts Committee. In addition, the Conflicts Committee is comprised of senior management of Brookfield and, as a result: (i) such representatives are themselves subject to conflicts of interest considerations and (ii) there can be no assurance that any determinations made by the Conflicts Committee will be favorable to our partnership and/or Brookfield Accounts in which we are invested. The Conflicts Committee will act in good faith to resolve potential conflicts of interest in a manner that is fair and balanced, taking into account the facts and circumstances known to it at the time. However, there is no guarantee that the Conflicts Committee will make the decision that is most beneficial to our partnership or a Brookfield Account in which we are invested or that the conflicts committee would not have reached a different decision if additional information were available to it.

The foregoing list of potential and actual conflicts of interest is not a complete enumeration or explanation of the conflicts attendant to an investment in our partnership. Additional conflicts may exist, including those that are not presently known to Brookfield or are deemed immaterial. In addition, as Brookfield's activities and the investment programs of our partnership and Brookfield Accounts in which we invest change over time, an investment in our partnership may be subject to additional and different actual and potential conflicts of interest. Additional information about potential conflicts of interest regarding an investment in the partnership is set forth in Brookfield's Form ADV (which is available on the SEC's website (*www.adviserinfo.sec.gov*)) , which prospective investors should review prior to purchasing units and current investors should review on an annual basis. Prospective investors should consult with their own advisers regarding the possible implications on

their investment in our partnership of the conflicts of interest described herein. To the extent information contained herein conflicts with information contained in Forms 6-K, Form ADV, and/or our partnership's organizational documents, those forms and documents shall govern.

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 partnership or the best interests of our unitholders and preferred unitholders*."

As noted above, activities and transactions that give rise to potential conflicts of interests between our partnership, our unitholders and Brookfield Accounts in which we invest, on the one hand, and Brookfield and other Brookfield Accounts, on the other hand, generally will be resolved in accordance with the principles summarized herein and in accordance with conflicts management policies, including the conflicts policy that has been approved by the BPY General Partner's independent directors. The conflicts policy was put in place in recognition of the benefit to our partnership of our relationship with Brookfield and our intent to seek to maximize the benefits from this relationship, and generally provides for potential conflicts to be resolved on the basis of transparency and, where applicable, third party validation and approvals. The policy focuses on addressing the principal activities that give rise to potential conflicts of interests, including our investment activities, our participation in Brookfield Accounts, transactions with Brookfield (and Brookfield Accounts), and engagements of Brookfield affiliates (or of us by Brookfield Accounts), including engagements for operational services entered into between underlying operating entities.

Pursuant to the conflicts policy, Brookfield is required to seek the prior approval of the BPY General Partner's independent directors for certain transactions, including among others: (i) the dissolution of our partnership; (ii) any material amendment to the Master Services Agreement, the Relationship Agreement, and/our limited partnership agreement; (iii) 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; (iv) termination of, or any determinations regarding indemnification under, our Master Services Agreement and/or our limited partnership agreement; and (vi) any other material transaction involving our partnership and Brookfield. Pursuant to the conflicts policy, the BPY General Partner's independent directors have granted (and may in the future grant) prior approvals for certain type of transactions and/or activities provided they such transactions and/or activities are conducted in accordance with pre-approved guidelines and/or parameters, including in respect of investments in issuers affiliated with Brookfield and/or Brookfield Accounts.

In certain circumstances, transactions and/or activities are likely to be related party transactions and/or activities 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.

In addition, the conflicts policy provides that acquisitions that are carried out jointly by us and Brookfield, or in the context of a Brookfield Account that we participate in, 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 performance-based compensation 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 our Master Services Agreement, where applicable, or that such fees or performance-based compensation must either have been negotiated with another arm's length participant or otherwise demonstrated to be on market terms (or better).

Our limited partnership agreement contains various provisions that modify the scope of the fiduciary duties that are owed to our partnership, our unitholders and preferred unitholders including when conflicts of interest arise. Specifically, our limited partnership agreement states that no breach of our limited partnership agreement or a breach of any duty, including fiduciary duties, may be found for any matter that has been approved by a majority of the independent directors of the BPY General Partner. In addition, when resolving conflicts of interest, our limited partnership agreement does not impose any limitations on the discretion of the independent directors or the factors which they may consider in resolving any such conflicts. The independent directors of the BPY General Partner can, subject to acting in accordance with their own fiduciary duties in their capacity as a director of the BPY General Partner, therefore take into account the interests of third parties, including Brookfield and, where applicable, any Brookfield Accounts, when resolving conflicts of interest and may owe fiduciary duties to such third parties, or to such Brookfield Accounts. Additionally, any fiduciary duty that is imposed under any applicable law or agreement is modified, waived or limited to the extent required to permit the BPY General Partner to undertake any affirmative conduct or to make any decisions, so long as such action is reasonably believed to be in, or not inconsistent with, the best interests of our partnership.

In addition, our limited partnership agreement provides that our partnership does not have priority rights with respect to any investment opportunities sourced by the BPY General Partner and its affiliates. Our limited partnership agreement also allows affiliates of the BPY General Partner to engage in activities that may compete with us or our activities. Additionally, any failure by the BPY General Partner to consent to any merger, consolidation or combination will not result in a breach of our limited partnership agreement or any other provision of law. 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.

These provisions are detrimental to our unitholders and preferred unitholders because they limit the scope of the fiduciary duty and permit conflicts of interest to be resolved in a manner that may not be or is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders. We believe it is necessary to modify the scope of the fiduciary duties that are owed to us, our unitholders and preferred 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 will be necessary for the carrying out of our business would be unduly limited due to their concern about potential liability. See Item 3.D "*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 or preferred unitholders*."

Bermuda partnership legislation provides that, subject to any express provision of our partnership agreement to the contrary, a limited partner of a limited partnership in that capacity does not owe any fiduciary duty in exercising any of its rights or authorities or otherwise in performing any of its obligations under our partnership agreement to the limited partnership or any other partner. Our limited partnership agreement imposes no such fiduciary duty.

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 50% indirect interest in our company held in the form of Redemption-Exchange Units. See Item 7.B. "*Major Shareholders and Related Party Transactions - Related Party Transactions - Relationship with Brookfield - Conflicts of Interest"* above and Item 10.B. *"Additional Information - Memorandum and Articles of Association – Description of Our LP Units, Preferred 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 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 ("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. *"Additional Information - 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) and taking into account any management fees payable under the BPYU Master Services Agreement. 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.

Pursuant to the BPYU Master Services Agreement, BPYU and its subsidiaries pay to affiliates of Brookfield Asset Management a comparable base management fee for the provision of management services to the BPYU Group. Additionally, BPYU and its subsidiaries also pay comparable incentive distributions to the ones paid by the Property Partnership.

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 under the Master Services Agreement 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.

Our company is also required to reimburse Brookfield Asset Management for all amounts paid to the rights agent (i) pursuant to the Rights Agreement between Brookfield Asset Management and Wilmington Trust, National Association, entered into in connection with the GGP acquisition including, in respect of services rendered, out-of-pocket expenses, counsel fees and other disbursements incurred in the administration and execution of the Rights Agreement and the exercise and performance of the rights agent's duties thereunder, and (ii) in respect of any indemnification provided to the rights agent pursuant to the Rights Agreement.

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.

U.S. Investment Advisers Act of 1940

Brookfield Asset Management Private Institutional Capital Adviser US, LLC ("BAM PIC US") one of the Service Providers under our Master Services Agreement, is registered as an investment adviser under the Advisers Act. As such, BAM PIC US is subject to the rules and regulations applicable to registered investment advisers.

BAM PIC US is under common control with certain Brookfield advisory affiliates which are not currently registered under the Advisers Act. Investment professionals performing services on behalf of BAM PIC US that may be employed by such advisory affiliates are subject to the supervision of BAM PIC US. In addition to these investment professionals, BAM PIC US also uses other personnel, resources and administrative services of its advisory and non-advisory affiliates.

Additional information regarding BAM PIC US is set forth in its Form ADV. A copy of Part 1 and Part 2A of the BAM PIC US Form ADV is available on the SEC's website (*www.adviserinfo.sec.gov*).

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 (the "Specified Entities") including certain of our investments by Brookfield-sponsored real estate 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.

OTHER RELATED PARTY TRANSACTIONS

From time to time, Brookfield may place funds on deposit with us, on terms approved by the governance and nominating committee. Any deposit balance is due on demand and interest paid on such deposits is at market terms. At December 31, 2020, our deposit balance with Brookfield was $754 million and earned interest of less than $1 million for year ended December 31, 2020.

An integral part of our partnership's strategy is to participate with institutional investors in Brookfield-sponsored real estate funds that target acquisitions that suit our partnership's profile. In the normal course of business, our partnership has made commitments to Brookfield-sponsored real estate funds to fund these target acquisitions in the future, if and when identified.

For a description of specific transactions in 2020 with Brookfield, Brookfield-related entities and other related parties, see Item 5.A. *"Operating and Financial Review and Prospects - Operating Results - Related Parties"*.

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.

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 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own for a price of $16.50 per LP Unit, or $5.9 billion in total value. The proposal provides that each holder of LP Units can elect to receive consideration per LP Unit of a combination of (i) 0.4 Brookfield Shares, (ii) $16.50 in cash, and/or (iii) 0.66 New Preferred Units, subject in each case to pro-ration based on a maximum of 59.5 million Brookfield Shares (42% of the total value of the LP Units), maximum cash consideration of $2.95 billion (50% of the total value of the LP Units), and a maximum value of $500 million in New Preferred Units (8% of the total value of the LP Units). If holders of LP Units collectively elect to receive in excess of $500 million in New Preferred Units, the amount of New Preferred Units can increase to a maximum of $1 billion, offset against the maximum amount of Brookfield Shares. The maximum amount of cash consideration would not be affected. The board of directors of the BPY General Partner has established a committee of independent directors to review and consider the proposal.

On February 1, 2021, the board of directors declared a quarterly distribution on our LP Units of $0.3325 per unit ($1.33 on an annualized basis) payable on March 31, 2021 to unitholders of record at the close of business on February 26, 2021.

On February 17, 2021, BSREP I and BSREP II co-sponsored the launch of the Brookfield India Real Estate Trust ("India REIT") initial public offering. The India REIT was seeded with three assets from an investment in BSREP I and an

asset from an investment in BSREP II. BSREP I and BSREP II have an approximate 54% controlling interest in the India REIT. The partnership will continue to consolidate its investment in the assets seeded into the India REIT, as the partnership retains a controlling interest via its investment in BSREP I and BSREP II.

ITEM 9. THE OFFER AND LISTING

9.A. OFFER AND LISTING DETAILS

Our LP Units are listed on the Nasdaq and TSX under the symbols "BPY" and "BPY.UN", respectively. Our Preferred Units, Series 1, 2 and Series 3 are listed on the Nasdaq under the symbols "BPYPP", "BPYPO" and "BPYPN", respectively.

9.B. PLAN OF DISTRIBUTION

Not applicable.

9.C. MARKETS

See Item 9.A. "*The Offer and Listing - Offer and Listing Details*" above.

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 LP UNITS, PREFERRED UNITS AND OUR LIMITED PARTNERSHIP AGREEMENT

The following is a description of the material terms of our LP Units, Preferred Units and our limited partnership agreement. Because this description is only a summary of the terms of our LP Units, Preferred Units and our limited partnership agreement, you should read our limited partnership agreement. Our 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. *"Additional Information - 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 LP Units and Preferred 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.

Holders of 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. Unitholders of our company 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 our units 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"*. Our units have no par or other stated value.

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.

Except to the extent expressly provided in our limited partnership agreement, holders of our units do not have the ability to call special meetings, 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 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"*.

Our Preferred Units

Our Preferred Units rank senior to our LP Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our company, whether voluntary or involuntary. Each series of Preferred Units ranks on parity with every other series of Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our company, whether voluntary or involuntary. Each series of Preferred Units ranks on parity with every other series of Preferred Units with respect to priority in the return of capital contributions or as to profits, losses and distributions.

Prior to March 31, 2024, September 30, 2024 and March 31, 2025, we may redeem our Preferred Units, Series 1, 2 and 3, respectively, after certain ratings events as provided for in our limited partnership agreement. At any time on or after March 31, 2024, September 30, 2024 and March 31, 2025, we may redeem, in whole or in part, our Preferred Units, Series 1, 2 and 3 at a redemption price of $25.00 per unit, plus an amount equal to all accumulated and unpaid distributions thereon to, but excluding, the date of redemption, whether or not declared. We may also redeem the Preferred Units, Series 1, 2 and 3 upon the occurrence of certain change of control triggering events, delisting events and changes in tax law events as provided for in our limited partnership agreement. We must generally provide not less than 30 days' and not more than 60 days' written notice of any such redemption. Any such redemption would be effected only out of funds legally available for such purpose and will be subject to compliance with the provisions of our outstanding indebtedness.

As of the date of this annual report, there are (i) 7,360,000 Preferred Units, Series 1 outstanding and trading on Nasdaq under the ticker symbol "BPYPP"; (ii) 10,000,000 Preferred Units, Series 2 outstanding and trading on Nasdaq under the ticker symbol "BPYPO" and (iii) 11,500,000 Preferred Units, Series 3 outstanding and trading on Nasdaq under the ticker symbol "BPYPN".

Exchange LP Units and the Support Agreement

In connection with the acquisition of BPO, Canadian residents had the election to receive in exchange for their common shares an Exchange LP Unit instead of our LP 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 LP Units. Exchange LP Units are not transferable, 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 LP Units, plus the full amount of all declared and unpaid distributions on the Exchange LP Units and all distributions declared on one of our LP Units that have not yet been declared or paid on the Exchange LP Units (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 acquire the common shares of BPO, to redeem all of the then outstanding Exchange LP Units for a purchase price equal to one of our LP 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 LP 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 LP Units; and (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 LP Units or rights to subscribe for LP 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 LP Units, or change the then outstanding number of LP 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 LP 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 of the Property Partnership are exchangeable into LP Units in accordance with the Preferred Unit Exchange Mechanism and the Redemption-Exchange Units are exchangeable into LP Units in accordance with the Redemption-Exchange Mechanism.

Distribution Reinvestment Plan

We have a distribution reinvestment plan for holders of LP Units resident in Canada and the United States. The Property Partnership also has a distribution reinvestment plan. Holders of LP 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 LP Units can elect to have distributions paid on LP Units held by them automatically reinvested in additional LP Units in accordance with the terms of the plan. Distributions to be reinvested in LP 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 LP Units, such purchases will be made from our company on the distribution date at a price per LP Unit calculated by reference to the volume weighted average of the trading price for LP Units on the Nasdaq 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 LP Unit purchased, the number of LP Units purchased under the distribution reinvestment plan on the distribution payment date and the total number of LP 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, Clearing and Depository Services Inc. ("CDS") will receive such statement on behalf of the beneficial holders participating in the plan). While our company does not issue fractional LP Units, a plan participant's entitlement to LP Units purchased under the distribution reinvestment plan may include a fraction of a LP Unit and such fractional LP Units shall accumulate. A cash adjustment for any fractional LP 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 LP Unit based upon the closing price for our LP Units on the Nasdaq on the trading day immediately preceding such withdrawal or termination. A registered holder may, at any time, obtain LP Unit certificates for any number of whole LP Units held for the participant's account under the plan by notifying the plan agent. Certificates for LP Units acquired under the plan will not be issued to participants unless specifically requested. Prior to pledging, selling or otherwise transferring LP Units held for a participant's account (except for sale of LP Units through the plan agent), a registered holder must request that his or her LP Units be electronically transferred to his or her brokerage account or a LP 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 LP Units under the distribution reinvestment plan and all administrative costs are borne by our company.

Holders of LP Units 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 LP Unitholders will be in cash. In addition, our LP Unitholders may request that all or part of their LP Units be sold. When LP 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 LP 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 LP Units or units 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 LP Units, it will receive additional LP 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 LP Units of our company.

Issuance of Additional Partnership Interests

Subject to the rights of the holders of BPY's Preferred Units to approve issuances of additional partnership interests that are either (i) on parity with the Preferred Units when the cumulative distributions on the Preferred Units or any parity securities are in arrears or (ii) ranking senior to the Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of BPY whether voluntary or involuntary, and to any approval required by applicable law and the approval of any applicable securities exchange, the BPY General Partner has broad rights to cause our company to issue additional partnership interests (including additional LP Units and/or preferred units) 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 unitholders.

Investments in the 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

Subject to the rights of holders of Preferred Units to receive cumulative preferential cash distributions in accordance with their series terms, 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 LP 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. However, BPY will not be permitted to make a distribution on LP Units unless all accrued distributions have been paid in respect of the Preferred Units, and all other units of BPY ranking prior to or on a parity with the Preferred Units with respect to the payment of distributions.

Subject to certain adjustments as provided for in our limited partnership agreement, holders of the Preferred Units, Series 1 are entitled to receive a cumulative quarterly fixed distribution at a rate of 6.50% annually. Subject to certain adjustments as provided for in our limited partnership agreement, holders of the Preferred Units, Series 2 are entitled to receive a cumulative quarterly fixed distribution at a rate of 6.375% annually. Subject to certain adjustments as provided for in our limited partnership agreement, holders of the Preferred Units, Series 3 are entitled to receive a cumulative quarterly fixed distribution at a rate of 5.750% annually. Distributions to holders of Preferred Units in accordance with their terms rank higher in priority than distributions to holders of LP Units. Subject to the terms of any Preferred Units outstanding at the time, any distributions from our partnership will be made to the limited partners holding LP Units based on the quotient of the number of LP Units held by the limited partner divided by the total number of all GP Units and LP Units then outstanding, expressed as a percentage.

Further, the BPY General Partner has adopted a distribution policy pursuant to which our company intends to make quarterly cash distributions to holders of LP Units in such amounts as are determined in its sole discretion. The quarterly distribution is currently anticipated to be approximately $1.33 per LP 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 Core Office and Core 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 and holders of AO LTIP Units and FV LTIP Units. 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 Relating to Us and 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 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 our best interests 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 (other than partners holding Preferred Units) 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 (other than partners holding Preferred Units) 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 (other than partners holding Preferred Units) 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; provided that the numerator and denominator will not include any distributions on the Preferred Units that are in satisfaction of accrued distributions on the Preferred Units that were not paid in a previous fiscal year where the BPY General Partner determines that the inclusion of such distributions would result in a holder of Preferred Units being allocated more income than it would have been if the distributions were paid in the fiscal year in which they were accrued. 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 as follows:(i) to holders of Preferred Units in respect of Preferred Units held by them on each such date, such amount of the income for Canadian tax purposes or the loss for Canadian tax purposes, as the case may be, as the BPY General Partner determines is reasonable in the circumstances having regard to such factors as the BPY General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our company on the issuance of Preferred Units as compared to all other units and the relative fair market value of the Preferred Units as compared to all other units, and (ii) to the partners other than in respect of Preferred Units, the remaining amount of the income for Canadian tax purposes or the loss for Canadian tax purposes, as the case may be, 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 unitholders 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 (other than Preferred Units) is of the total number of our units (other than Preferred 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 LP 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 LP Unit entitles the holder thereof to one vote for the purposes of any approvals of holders of LP Units.

Holders of Preferred Units generally have no voting rights (except as otherwise provided by law and except for meetings of holders of Preferred Units as a class, and meetings of all holders of the Preferred Units, Series 1, Series 2 and Series 3 as a series, respectively). However, we may not adopt an amendment to our limited partnership agreement that has a material adverse effect on the powers, preferences, duties or special rights of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) unless such amendment (i) is approved by a resolution signed by the holders of Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) owning not less than the percentage of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) that would be necessary to authorize such action at a meeting of the holders of the Preferred Units as a class (or the Preferred Units, Series

1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) at which all holders of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) were present and voted or were represented by proxy or (ii) is passed by an affirmative vote of at least 66 2/3% of the votes cast at a meeting of holders of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) duly called for that purpose and at which the holders of at least 33 1/3% of the outstanding Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) are present or represented by proxy.

Further, unless we have received the affirmative vote or consent of the holders of at least 66 2/3% of the outstanding Preferred Units, voting as a class together with holders of any other parity securities upon which like voting rights have been conferred and are exercisable, we may not (i) create or issue any parity securities to the Preferred Units if the cumulative distributions on Preferred Units or any parity securities are in arrears or (ii) create or issue any senior securities to the Preferred 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.

Notwithstanding the above, in addition to any other approvals required by law, we may not adopt an amendment to our limited partnership agreement that has a material adverse effect on the powers, preferences, duties or special rights of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) unless such amendment (i) is approved by a resolution signed by the holders of Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) owning not less than the percentage of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) that would be necessary to authorize such action at a meeting of the holders of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) at which all holders of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) were present and voted or were represented by proxy or (ii) is passed by an affirmative vote of at least 66 2/3% of the votes cast at a meeting of holders of the Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) duly called for that purpose and at which the holders of at least 33 1/3% of the outstanding Preferred Units as a class (or the Preferred Units, Series 1, Preferred Units, Series 2 and/or the Preferred Units, Series 3, each as a series) are present or represented by proxy.

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 our units under the provisions of our limited partnership agreement; or

5) are required to effect 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 LP 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 LP Units, other than LP 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 LP Units deposited or tendered under the take-over bid, the offeror will be entitled to acquire LP Units not deposited under the take-over bid on the same terms as the LP 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, second to the holders any Preferred Units in accordance with the terms of such Preferred Units and thereafter to the partners holding LP Units 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 LP 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 our unitholders. 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 our 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 unitholders, 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"*.

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 our units 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; 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. *"Additional Information - 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

As of the date hereof, the Property Partnership has six classes of units: Redemption-Exchange Units, Special LP Units, Managing General Partner Units, Property Partnership Preferred Units, AO LTIP Units and FV LTIP 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"*. Except to the extent expressly provided in the Property Partnership's limited partnership agreement and except as pursuant to the terms of any Property Partnership Preferred Units outstanding, a holder of Property Partnership units will not have priority over any other holder of the Property Partnership's units, either as to the return of capital contributions or as to profits, losses or distributions. The Property Partnership Preferred Units rank senior to the other units of the Property Partnership with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Property Partnership, whether voluntary or involuntary. Each series of Property Partnership Preferred Units ranks on a parity with every other series of Property Partnership Preferred Units with respect to priority in the payment of distributions and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Property Partnership, whether voluntary or involuntary.

Except with respect to the Property Partnership Preferred Units, the Property Partnership's limited partnership agreement does not contain any restrictions on ownership of the Property Partnership's 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, Property Partnership Preferred Units, Series 5, 6 and 7 are held by our company. All of the outstanding Class A Preferred Units, Series 1, 2 and 3 are

held by the Class A Preferred Unitholder. All of the outstanding AO LTIP Units are held by certain employees and former employees of GGP, which were issued to them in connection with the GGP acquisition. All of the outstanding FV LTIP Units are held by our employees and officers and employees of Brookfield.

Issuance of Additional Partnership Interests

Subject to the rights of the holders of Property Partnership Preferred Units to approve issuances of additional partnership interests ranking senior to the Property Partnership Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Property Partnership, whether voluntary or involuntary, and subject to any approval required by applicable law, the Property Partnership may issue additional partnership interests (including Managing General Partner Units, Property Partnership Preferred Units, Special LP Units, Redemption-Exchange Units and FV LTIP 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 unitholders.

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 LP 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 LP Units of our company, either (a) cash in an amount equal to the market value of one of our LP Units (as determined by reference to the five day volume weighted average of the trading price of our LP Units on the principal stock exchange for our LP Units based on trading volumes) multiplied by the number of LP 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 LP 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.

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 ($1.8 billion in the aggregate), 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 LP 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 each 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 Units 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 Securities Act or up to four prospectuses to qualify the distribution in Canada, any of our LP 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 LP 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 LP 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 Nasdaq 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 LP Units into which they are exchangeable) except in accordance with the investor 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 LP 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 LP Units as long as our LP 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 LP Units valued at the 20-day, volume-weighted average trading price at such time. To the extent that the market price of our LP 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.

AO LTIP Units

The AO LTIP Units were granted to certain employees and former employees of GGP in connection with the closing of the GGP acquisition pursuant to the Brookfield Property Partners BPY Unit Option Plan (GGP). The vesting terms of these grants are based on the vesting terms attached to the original GGP awards that were cancelled in connection with the GGP acquisition. Each AO LTIP Unit will vest within ten years of its original grant date by GGP. Both vested and unvested AO LTIP Units are entitled to distributions by the Property Partnership as described below. Vested AO LTIP Units are convertible at the option of the holder into that number of Redemption-Exchange Units based on the increase in value of our units from the time of closing of the GGP acquisition to the time of conversion.

FV LTIP Units

The FV LTIP Units may be granted from time to time pursuant to the Brookfield Property L.P. FV LTIP Unit Plan. Unless otherwise provided in the respective award agreement, FV LTIP Units fully vest on grant for FV LTIP Units granted in lieu of cash bonus or vest 20% annually over a period of five years, subject to continued service. Both vested and unvested FV LTIP Units are entitled to distributions by the Property Partnership as described below. Distributions on unvested FV LTIP Units are subject to a clawback of 50% of the value of the distributions received on such unvested FV LTIP Units if the underlying FV LTIP Units do not vest. FV LTIP Units which are vested, "booked up" and held for at least two years are redeemable at the option of the holder for either (i) an equal number of BPYU Units or LP Units, or (ii) cash with an equal value based on the volume weighted average trading price of our LP Units over the five trading days prior to redemption. Our company may elect to deliver cash or equity. A holder of FV LTIP Units cannot transfer all or any portion of his or her FV LTIP Units except to the extent that rights may pass to a beneficiary or legal representative upon the death of a holder, or as expressly approved by the administrator of the plan.

Distributions

Subject to the rights of holders of Property Partnership Preferred Units to receive cumulative preferential cash distributions in accordance with the terms of the series of Property Partnership Preferred Units, distributions by the Property Partnership will be made in the sole discretion of our company. The holders of Property Partnership Preferred Units, Series 5, 6 and 7 will be entitled to receive the same distribution as the holders of BPY's Preferred Units, Series 1, 2 and 3, respectively. 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 Property Partnership Preferred Units outstanding, to the extent distributions in respect of Redemption-Exchange Units have been deferred 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 deferred 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; (ii) any dividend, distribution or other profit entitlement made by BPYU's operating entities to Brookfield and (iii) 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 (iv) 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 Property Partnership Preferred Units pro rata to their respective relative percentage of Property Partnership Preferred Units held (determined by reference to the aggregate value of the issue price of the Property Partnership Preferred Units held by each such holder relative to the aggregate value of the issue price of all Property Partnership Preferred Units outstanding), until an amount equal to all preferential distributions to which the holders of the Property Partnership Preferred Units are entitled under the terms of the Property Partnership 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 Property Partnership Preferred Unit outstanding during such quarter;

- fifth, at any time that Property Partnership 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 Property Partnership Preferred Units), pro rata to their percentage interests (the percentage interests as to any holder of Property Partnership Preferred Units 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 Property Partnership Preferred Units), pro rata to their percentage interests (the percentage interests as to any holder of Property Partnership Preferred Units 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 Property Partnership 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 Property Partnership Preferred Units), pro rata to their percentage interests (the percentage interests as to any holder of Property Partnership Preferred Units shall be zero), and an incentive distribution of 25% to Property Special LP.

Notwithstanding the above, an AO LTIP Unit participates in the distributions made by the Property Partnership as if it were a Redemption-Exchange Unit in accordance with its designated fractional percentage interest.

In 2020, we paid $6 million of equity enhancement distributions and $16 million of 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.

	Quarterly		Annualized	
Illustrative Base Management Fee Calculation	Per Unit ($)	Total ($m)	Per Unit ($)	Total ($m)
Capitalization at illustrative quarter-end[1]				
Market value of our company's LP Units per unit	$ 14.80	13,851.3	$ 14.80	13,851.3
Add: Brookfield Group preferred shares		729.7		729.7
Add: Class A Preferred Units		1,800.0		1,800.0
Add: Recourse debt, net of cash		4,020.0		4,020.0
Total capitalization		**$ 20,401.0**		**$ 20,401.0**
Base management fee rate		0.125 %		0.500 %
Base management fee		**$ 25.5**		**$ 102.0**

(1) *Based on the number of LP Units, Exchange LP Units and Redemption-Exchange Units as of December 31, 2020. 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 (Nasdaq) for the preceding five trading days. For illustrative purposes only, the example above assumes a value of $14.80 per LP Unit.*

Illustrative Equity Enhancement Distribution Calculation	Units (m)	Quarterly		Annualized	
		Per Unit ($)	Total ($m)	Per Unit ($)	Total ($m)
Initial capitalization[1]					
Market value of our company's LP Units per unit		$ —		$ —	
Our company's LP 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		$ —		$ —	
GP Units and LP Units	436.1				
Exchange LP Units	2.7				
Redemption-Exchange Units held by Brookfield[2]	456.1				
FV LTIP Units	1.9				
Class A shares of BPYU	39.1				
Total units	935.9				
Total market value			$ 13,851.3		$ 13,851.3
Preferred shares of holding entities held by Brookfield			729.7		729.7
Class A Preferred Units			1,800.0		1,800.0
Recourse debt, net of cash			4,020.0		4,020.0
Total capitalization			**$ 20,401.0**		**$ 20,401.0**
Increase in total capitalization			**$ 8,932.8**		**$ 8,932.8**
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			**$ 27.9**		**$ 111.7**
Fee offsets[5]			(22.5)		(90.0)
Net equity			**$ 5.4**		**$ 21.7**

(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 LP 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 LP Units.*

(3) *Based on the number of LP Units, Exchange LP Units and Redemption-Exchange Units as of December 31, 2020. 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 (Nasdaq) for the preceding five trading days. For illustrative purposes only, the example above assumes a value of $14.80 per LP 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; (ii) any dividend, distribution or other profit entitlement made by BPYU's operating entities to Brookfield and (iii) 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.*

Illustrative Incentive Distribution Calculation	Units (m)	Quarterly Per Unit ($)	Quarterly Total ($m)	Annualized Per Unit ($)	Annualized Total ($m)
Illustrative distribution		$ 0.333		$ 1.332	
First distribution threshold		$ 0.275			
Total units of Property Partnership[(1)]	935.8				
Total first distribution			**$ 257.3**		**$ 1,029.4**
Distribution in excess of first distribution threshold		$ 0.025		$ 0.100	
Total units of Property Partnership[(1)]	935.8				
Second distribution to all partners			$ 23.6		$ 94.4
15% incentive distribution to Property Special LP			4.2		16.8
Total second distribution			$ 27.8		$ 111.2
Distribution in excess of second distribution threshold		$ 0.033		$ 0.132	
Total units of Property Partnership[(1)]	935.8				
Third distribution to all partners			$ 30.4		$ 121.6
25% incentive distribution to Property Special LP			10.1		40.4
Total third distribution			$ 40.5		$ 162.0
Total distributions to partners of the Property Partnership (including incentive distributions)			**$ 325.6**		**$ 1,302.6**
Incentive distributions			$ 14.3		$ 57.2
Less: Incentive Distribution Account Credits			(14.3)		(57.2)
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, 2020. 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.

Total Illustrative Amounts	Quarterly $m	Annualized $m
Base management fee[(1)]	$ 25.5	$ 102.0
Equity enhancement distribution	5.5	22.0
Incentive distribution	—	—
Total	**$ 31.0**	**$ 124.0**

(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 Property Partnership 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 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 Property Partnership 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 (x) to the partners of the Property Partnership other than the holders of Property Partnership Preferred Units in proportion to the unrecovered capital attributable to the Property Partnership interests (other than Property Partnership Preferred Units) held by the partners until such time as the unrecovered capital attributable to each such partnership interest is equal to zero and (y) to holders of FV LTIP Units in an amount per FV LTIP Unit equal to (A) the amount distributed per Managing General Partner Unit pursuant to clause (x) multiplied by (B) 100% or any such designated lower percentage for performance-based FV LTIP Units; provided that distributions in respect of an FV LTIP Unit shall be limited to the holder's economic capital account balance attributable to such FV LTIP Unit as of the date of distribution. 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 Property Partnership 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 Property Partnership Preferred Units, pro rata to their respective relative percentage of Property Partnership Preferred Units held (determined by reference to the aggregate value of the issue price of the Property Partnership Preferred Units held by each such holder relative to the aggregate value of the issue price of all Property Partnership Preferred Units outstanding), until an amount equal to all preferential distribution to which the holders of the Property Partnership Preferred Units are entitled in the event of dissolution, liquidation, or winding-up of the Property Partnership under the terms of the Property Partnership Preferred Units then outstanding (including any outstanding accrued and unpaid preferential distributions from prior periods) has been distributed in respect of each Property Partnership Preferred Unit outstanding;

- fourth, if there are Property Partnership 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 holders of Property Partnership Preferred Units in proportion to the unrecovered capital attributable to the Property Partnership interests (other than Property Partnership 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 Property Partnership 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 holders of Property Partnership Preferred Units, 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 holders of Property Partnership Preferred Units, pro rata to their percentage interests (the percentage interest as to the holders of Property Partnership Preferred Units 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 Property Partnership 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 holders of Property Partnership Preferred Units, pro rata to their percentage interests (the percentage interest as to the holders of Property Partnership

Preferred Units 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 other than Property Partnership Preferred Units 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 holders of Property Partnership Preferred Units, pro rata to their percentage interests, and 25% to Property Special LP.

Notwithstanding the above, an AO LTIP Unit will participate in distributions as if it had been converted in accordance with its terms into Redemption-Exchange Units as of the date of such distributions.

Each partner's percentage interest is determined by the relative portion of all outstanding partnership interests, other than Property Partnership Preferred Units, 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

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.

Except for meetings of the holders of Property Partnership Preferred Units as a class or meetings of the holders of a series thereof, the holders of Property Partnership Preferred Units are not entitled to receive notice of, attend, or vote at any meeting of holders of Property Partnership units.

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.

Further, in addition to any other approvals required by law, a majority of the class or series, as applicable, of Property Partnership Preferred Units must approve, either by way of a meeting to consider and vote upon the proposed amendment or by written approval, all amendments to the rights, privileges, restrictions and conditions attaching to Property Partnership Preferred Units as a class or applicable series thereof.

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, other than Property Partnership Preferred Units, 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 of the Property Partnership 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 of the Property Partnership 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. *"Additional Information - Memorandum and Articles of Association - Description of Our LP Units, Preferred 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 LP Units, Preferred Units and Our Limited Partnership Agreement"*;

2) Second Amended and Restated Master Services Agreement dated August 27, 2018 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 LP Units, Preferred Units and Our Limited Partnership Agreement"*;

6) Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership dated February 20, 2019 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*;

7) 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"*;

8) 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"*;

9) 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 - Relationship with Brookfield - Maturity of Class A Preferred Units*"; and

10) 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 LP Units, Preferred Units and Our Limited Partnership Agreement"*;

11) Second Amendment to the Second Amended and Restated Limited Partnership Agreement of our partnership dated March 21, 2019 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our LP Units, Preferred Units and Our Limited Partnership Agreement"*;

12) Third Amendment to the Second Amended and Restated Limited Partnership Agreement of our partnership dated August 20, 2019 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our LP Units, Preferred Units and Our Limited Partnership Agreement"*;

13) Fourth Amendment to the Second Amended and Restated Limited Partnership Agreement of our partnership dated February 18, 2020 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our LP Units, Preferred Units and Our Limited Partnership Agreement"*;

14) Fifth Amendment to the Second Amended and Restated Limited Partnership Agreement of our partnership dated April 21, 2020 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of Our LP Units, Preferred Units and Our Limited Partnership Agreement"*;

15) First Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership dated March 21, 2019 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*;

16) Second Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership dated April 28, 2019 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*;

17) Third Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership dated August 20, 2019 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*;

18) Fourth Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership dated February 18, 2020 described under Item 10.B. *"Additional Information - Memorandum and Articles of Association - Description of the Property Partnership Limited Partnership Agreement"*; and

19) Fifth Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership dated April 21, 2020 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 our 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 (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, indirectly or constructively, 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. This summary does not address any tax consequences to holders of Preferred Units. 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, generally 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) the 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). Depending on the circumstances, additional adverse U.S. federal income tax consequences could result under the anti-inversion rules described in Section 7874 of the U.S. Internal Revenue Code, the U.S. Treasury Regulations under Section 385 of the U.S. Internal Revenue Code, or other provisions of the U.S. Internal Revenue Code, as implemented by the U.S. Treasury Regulations and IRS administrative guidance. 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.

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 of our 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. In general, you will have an initial tax basis in your units equal to the sum of (i) the amount of cash paid for our units 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. Under the Tax Cuts and Jobs Act, non-corporate taxpayers are not permitted to deduct "excess business losses" for taxable years beginning after December 31, 2017, and before January 1, 2026. You should consult your own tax adviser regarding the limitations on the deductibility of losses under the U.S. Internal Revenue Code.

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". 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. 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. Under Section 163(j) of the U.S. Internal Revenue Code, additional limitations may apply to a corporate U.S. Holder's share of our company's interest expense, if any.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates. Under the Tax Cuts and Jobs Act, individuals and certain estates and trusts will not be permitted to claim miscellaneous itemized deductions for taxable years beginning after December 31, 2017, and before January 1, 2026. Such miscellaneous itemized deductions may include the operating expenses of our company, including our company's allocable share of the base management fee or any other management fees.

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.

Deduction for Qualified Business Income

Under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, and before January 1, 2026, U.S. taxpayers who have domestic "qualified business income" from a partnership generally are entitled to deduct the lesser of such qualified business income or 20% of taxable income. The 20% deduction is also allowed for "qualified publicly traded partnership income" and "qualified REIT dividends". A U.S. Holder's allocable share of our company's income is not expected to be treated as qualified business income or as qualified publicly traded partnership income. However, a non-corporate U.S. Holder's allocable share of ordinary dividends from a REIT may qualify as "qualified REIT dividends" eligible for the 20% deduction. You should consult your own tax adviser regarding the implications of the foregoing rules for an investment in our units.

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 (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 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. The application of the PFIC rules to U.S. Holders is uncertain in certain respects. The U.S. Treasury Department recently issued final and proposed U.S. Treasury Regulations modifying the income and asset tests described above, as well as the rules governing whether a U.S. person is treated as indirectly owning an interest in a PFIC. You should consult your own tax adviser regarding the PFIC rules, including the foregoing filing requirements and the recently issued final and proposed U.S. Treasury Regulations, 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 (directly, indirectly or constructively) 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or 10% or more of the total value of shares of all classes of stock of the non-U.S. entity.

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. Such inclusions will be 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. 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. Subpart F 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 either under the CFC rules described under this subheading, or under the PFIC rules described under *"- Consequences to U.S. Holders - Passive Foreign Investment Companies"*, but not both. 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. The application of the CFC rules to U.S. Holders is uncertain in certain respects, and the CFC rules, as amended by the Tax Cuts and Jobs Act, remain subject to proposed U.S. Treasury Regulations yet to be made final, as well as other guidance yet to be issued. Specifically, under proposed U.S. Treasury Regulations on which we may be permitted to rely, only U.S. Holders that are U.S. Shareholders would be required to include in income their allocable shares of a CFC's Subpart F income. 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 and supplemental unemployment benefit trusts exempt from federal income taxation under Sections 501(c)(7), (c)(9) and (c)(17) 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. If, contrary to expectation, our company were engaged in a U.S. trade or business, then gain or loss from the sale of our units by a Non-U.S. Holder would be treated as effectively connected with such trade or business to the extent that such Non-U.S. Holder would have had effectively connected gain or loss had our company sold all of its assets at their fair market value as of the date of such sale. In such case, any such effectively connected gain generally would be taxable at the regular graduated U.S. federal income tax rates, and the amount realized from such sale generally would be subject to a 10% U.S. federal withholding tax. Under U.S. Treasury Regulations, the 10% U.S. federal withholding tax generally does not apply to transfers of interests in publicly traded partnerships before January 1, 2022.

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, (d) a CFC or (e) 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. 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.

Pursuant to the partnership audit rules, a "partnership representative" designated by our company will have the sole authority 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. 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 partnership audit rules.

The application of the partnership audit rules to our company and our unitholders is uncertain. You should consult your own tax adviser regarding the implications of the partnership audit rules 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 exceeding certain thresholds. 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.

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 our 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 of our 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. Proposed U.S. Treasury Regulations eliminate the requirement to withhold tax under FATCA on gross proceeds from the sale or disposition of property that can produce U.S.-source interest or dividends. The IRS has announced that taxpayers are permitted to rely on the proposed regulations until final U.S. Treasury Regulations are issued.

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, certain U.S. persons 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. 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, 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 (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 of such Holder or of any corporation that does not deal at arm's length with such Holder 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 (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 our 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 does not address the deductibility of interest on money borrowed to acquire our units nor whether any amounts in respect of our units could be "split income" for the purposes of the Tax Act.

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 (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, 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 our company 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, provided that the numerator and denominator will not include any distributions on the Preferred Units that are in satisfaction of accrued distributions on the Preferred Units that were not paid in a previous fiscal year of our company where the BPY General Partner determines that the inclusion of such distributions would result in a holder of the Preferred Units being allocated more income than it would have been if the distributions were paid in the fiscal year of our company in which they were accrued.

If, with respect to a given fiscal year, no distribution is made by our company to our 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 our unitholders, will be allocated to our unitholders of record at the end of each calendar quarter ending in such fiscal year as follows: (i) to the holders of the Preferred Units in respect of the Preferred Units held by them on each such date, such amount of our company's income or loss for tax purposes, as the case may be, as the BPY General Partner determines is reasonable in the circumstances having regard to such factors as the BPY General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our company on the issuance of the Preferred Units as compared to all other units and the relative fair market value of the Preferred Units as compared to all other units, and (ii) to the partners, other than in respect of the preferred units, the remaining amount of our company's income or loss for tax purposes, as the case may be, *pro rata* in the proportion that the number of units of our company (other than the Preferred Units) held at each such date by a unitholder is of the total number of units of our company (other than the Preferred Units) that are issued and outstanding at each such date.

Notwithstanding the foregoing, if each of the following conditions are all true in a given fiscal year of our company: (i) our company or an affiliate of our company acquires, buys, buys back or otherwise purchases units (other than Preferred Units) in connection with an offer or program by our company or the affiliate to acquire, buy, buy back, or otherwise purchase units (other than Preferred Units) other than by way of a normal course issuer bid or other open market purchase; (ii) the money or property that is used by our company or the affiliate to acquire, buy, buy back or otherwise purchase units (other than Preferred Units) is derived exclusively in whole or in part, directly or indirectly, from money or property that is received by our company from the Property Partnership as consideration for the purchase for cancellation by the Property Partnership of general partnership units of the Property Partnership owned by our company; (iii) our company has income for tax purposes; and (iv) the income for tax purposes includes positive amounts each of which is an amount that is derived from (A) capital gains realized by our company by reason of the purchase for cancellation by the Property Partnership of general partnership units of the Property Partnership owned by our company or (B) the allocation of income for tax purposes of the Property Partnership to our company in accordance with the Property Partnership's limited partnership agreement in connection with transactions that provide money or property to the Property Partnership that is used exclusively in whole or in part by the Property Partnership to purchase for cancellation general partnership units of the Property Partnership owned by our company; then the income for tax purposes will generally be allocated as follows: the lesser of (1) the amount of income for tax purposes, and (2) the aggregate of the positive amounts included in income for tax purposes described in item (iv) above, will be allocated exclusively and specially (the "Special Income Allocation Amount") to Canadian Limited Partners whose units (other than Preferred Units) are acquired, bought, bought back or otherwise purchased by our company or the affiliate, on the basis that each such Canadian Limited Partner shall be allocated the proportion of the Special Income Allocation Amount that the number of units (other than Preferred Units) acquired by our company or the affiliate from the Canadian Limited Partner is of the total number of units (other than Preferred Units) acquired from all partners. The balance (if any) of the income for tax purposes (being the amount remaining after subtracting the Special Income Allocation Amount from the income for tax purposes) will be allocated in the manner described above. For greater certainty: (a) the money or property received by a Canadian Limited Partner whose units (other than Preferred Units) are acquired, bought, bought back or otherwise purchased by our company or the affiliate shall not be considered to be a "distribution" from our company; (b) the allocation of income described above shall not apply to an affiliate of our company that has acquired units (other than Preferred Units) from a Canadian Limited Partner pursuant to an

offer or program described in item (i) above, and such units (other than Preferred Units) are subsequently acquired, bought back or otherwise purchased for cancellation by our company; and (c) the money or property received by an affiliate of our company on such a subsequent acquisition by our company of the units (other than Preferred Units) acquired by the affiliate of our company from Canadian Limited Partners pursuant to an offer or program described in item (i) above shall not be considered to be a "distribution" from our company.

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 general 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 the income of our company or the Property Partnership 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 (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 each 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.

The foregoing discussion of the calculation of the adjusted cost base assumes that each class or series of partnership interests in our company are treated as separate property for purposes of the Tax Act. However, the CRA's position is to treat all the different types of interests in a partnership that a partner may hold as one capital property, including for purposes of determining the adjusted cost base of all such partnership interests. As a result, on a disposition of a particular type of unit, a partner's total adjusted cost base is required to be allocated in a reasonable manner to the particular type of unit being disposed of. As acknowledged by the CRA, there is no particular method for determining a reasonable allocation of the adjusted cost base of a partnership interest to the part of the partnership interest that is disposed of. Furthermore, more than one method may be reasonable. If the CRA's position applies, on a disposition by a Canadian Limited Partner of a particular type of unit of our company, the Canadian Limited Partner should generally be able to allocate his or her adjusted cost base in a manner that treats the different classes or series of units of our company as separate property. Accordingly, the BPY General Partner intends to provide partners with partnership information returns using such allocation.

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 Nasdaq and the TSX), our units will be "qualified investments" under the Tax Act for trusts governed by RRSPs, deferred profit sharing plans, RESPs, RDSPs and TFSAs, all as defined in the Tax Act.

Notwithstanding the foregoing, an annuitant under an RRSP or RRIF, a holder of a TFSA or an RDSP or a subscriber of an RESP, as the case may be, will be subject to a penalty tax if our units held in the RRSP, RRIF, TFSA, RDSP or RESP are a "prohibited investments", as defined in the Tax Act, for the RRSP, RRIF, TFSA, RDSP or RESP, as the case may be. Our units will generally not be a "prohibited investment" if the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or the subscriber of an RESP, as applicable, 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. Canadian Limited Partners who will hold our units in an RRSP, RRIF, TFSA, RDSP or RESP 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 (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 during 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 this regard.

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 Property Partnership 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 each 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 major unitholders are not subject to the insider short swing profit reporting and recovery rules under Section 16 of the Exchange Act. The SEC maintains an Internet website at *www.sec.gov* that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may obtain our SEC filings on the SEC website or on our website *bpy.brookfield.com*. The information on our website is not part of this annual report.

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 - Operating Results - 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, 2020, 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, 2020, 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, 2020, 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, 2020.

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, 2020 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, 2020, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting due to the global economic shutdown. We are continually monitoring and assessing the shutdown on our internal controls to minimize the impact on their design and operating effectiveness.

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 Nasdaq. 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 (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 *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, 2020 and 2019.

(US$ Thousands)		**December 31, 2020**			December 31, 2019	
		Total	**%**		Total	%
Audit fees[1]	**$**	**8,965**	**32 %**	$	10,384	36 %
Audit-related fees[2]		**19,192**	**68 %**		17,580	62 %
Tax fees[3]		**87**	**— %**		33	— %
Other[4]		**68**	**— %**		540	2 %
Total	**$**	**28,312**	**— %**	$	28,537	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 certain permissible consulting and advisory services, including 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 September 15, 2020 and ending September 14, 2021, purchase on the TSX, the Nasdaq and any alternative Canadian trading system, up to 31,602,923 of our LP Units, representing approximately 10% of the public float of our issued and outstanding LP Units. During the year ended December 31, 2020, we purchased 40,566,400 of our LP Units at an average price of $12.55 per unit under our normal course issuer bid.

Under our substantial issuer bid, our company purchased 35,499,518 of our LP Units.

		As of Dec. 31, 2020			
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
Jan. 2020[1]	549,736	$	18.19	549,736	29,912,475
Mar. 2020[1]	7,203,175		12.68	7,203,175	17,333,449
Apr 2020[1]	2,641,196		8.45	2,641,196	14,692,253
Sep. 2020[1][2]	45,448,984		11.85	45,448,984	31,602,923
Oct. 2020[1]	16,559,673		13.28	16,559,673	5,093,784
Nov. 2020[1]	3,663,154		14.47	3,663,154	1,430,630
Total	**76,065,918**			**76,065,918**	

(1) *Under our normal course issuer bid, our company may, during the twelve-month period commencing September 15, 2020 and ending September 14, 2021, purchase on the TSX, the Nasdaq and any alternative Canadian trading system, approximately 10% of the public float of our issued and outstanding LP Units.*

(2) *Our company purchased 35,499,518 of our LP Units at a price of $12.00 under the substantial issuer bid, which was announced on July 2, 2020. The offer to purchase our LP Units under the substantial issuer bid expired at 5:00 p.m. on August 28, 2020.*

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Subject to certain exceptions, Nasdaq permits foreign private issuers to follow home country practice in lieu of Nasdaq's corporate governance requirements. Our corporate practices are not materially different from those required of domestic limited partnerships under the Nasdaq listing standards, except that we follow Bermuda law in respect of approval of equity compensation plans and material amendments thereto, which only requires approval by the board of directors of the BPY General Partner, whereas Nasdaq rules generally require unitholder approval of such plans and amendments.

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 (the "MSHA") under the Federal Mine Safety and Health Act of 1977, as amended, (the "Mine Act"). During the fiscal year ended December 31, 2020, 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)]
1.2	Second Amended and Restated Limited Partnership Agreement of our company, dated August 8, 2013[(2)]
1.3	First Amendment to the Second Amended and Restated Limited Partnership Agreement of our company, dated November 5, 2015[(3)]
1.4	Second Amendment to the Second Amended and Restated Limited Partnership Agreement of our company, dated March 21, 2019[(4)]
1.5	Third Amendment to the Second Amended and Restated Limited Partnership Agreement of our company, dated August 20, 2019[(5)]
1.6	Fourth Amendment to the Second Amended and Restated Limited Partnership Agreement of our company, dated February 18, 2020[(6)]
1.7	Fifth Amendment to the Second Amended and Restated Limited Partnership Agreement of our company dated April 21, 2020[(13)]
2.1	Description of Securities[(14)]
4.1	Second Amended and Restated Master Services Agreement by and among Brookfield Asset Management, the Service Recipients and the Service Providers, dated August 27, 2018[(7)]
4.2	Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership, dated February 20, 2019[(8)]
4.3	First Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership, dated March 21, 2019[(4)]
4.4	Second Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership, dated April 28, 2019[(9)]
4.5	Third Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership, dated August 20, 2019[(5)]
4.6	Fourth Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership, dated February 18, 2020[(6)]
4.7	Fifth Amendment to the Fourth Amended and Restated Limited Partnership Agreement of the Property Partnership, dated April 21, 2020[(13)]
4.8	Relationship Agreement among our company, the Property Partnership, the Holding Entities, the Service Providers and Brookfield Asset Management, dated April 15, 2013[(10)]
4.9	Registration Rights Agreement between our company and Brookfield Asset Management dated April 10, 2013[(10)]
4.10	Support Agreement, dated March 19, 2014, between Brookfield Property Partners L.P. and Brookfield Office Properties Exchange LP[(11)]
4.11	Guarantee Agreement between our company and the Class A Preferred Unitholder dated December 4, 2014[(12)]
4.12	Investor Agreement between our company and the Class A Preferred Unitholder dated December 4, 2014[(12)]
4.13	Indenture dated July 3, 2018 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[(15)]
4.14	First Supplemental Indenture dated July 3, 2018 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[(15)]

4.15	Guarantee dated July 3, 2018 between Brookfield Property Partners LP, Brookfield Property LP, Brookfield BPY Holdings Inc., Brookfield BPY Retail Holdings II Inc., BPY Bermuda Holdings Limited, BPY Bermuda Holdings II Limited, BPY Bermuda Holdings IV Limited, BPY Bermuda Holdings V Limited, BPY Bermuda Holdings VI Limited and Computershare Trust Company of Canada[15]
4.16	Supplemental Indenture to First Supplemental Indentured dated October 19, 2018 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[16]
4.17	Second Supplemental Indenture dated October 19, 2018 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[16]
4.18	Amendment to the First Supplemental Indenture dated November 26, 2018 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[17]
4.19	Third Supplemental Indenture dated February 13, 2019 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[18]
4.20	Supplemental Indenture to Third Supplemental Indentured dated May 17, 2019 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[19]
4.21	Fourth Supplemental Indenture dated January 15, 2020 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[20]
4.22	Second Supplemental Indenture to First Supplemental Indentured dated January 15, 2020 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[20]
4.23	Fifth Supplemental Indenture dated August 24, 2020 between Brookfield Property Finance ULC and Computershare Trust Company of Canada[21]
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[13]
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]
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]
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[13]
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[13]
101.INS	XBRL Instance Document[13]
101.SCH	XBRL Taxonomy Extension Schema Document[13]
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document[13]
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document[13]
101.LAB	XBRL Taxonomy Extension Label Linkbase Document[13]
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document[13]

(1) Filed as an exhibit to Amendment No. 1 to Registration Statement on Form 20-F on June 12, 2012 and incorporated herein by reference.

(2) Filed as an exhibit to Form 6-K on August 8, 2013 and incorporated herein by reference.

(3) Filed as an exhibit to Form 20-F on March 17, 2016 and incorporated herein by reference.

(4) Filed as an exhibit to Form 6-K on March 21, 2019 and incorporated herein by reference

(5) Filed as an exhibit to Form 6-K on August 20, 2019 and incorporated herein by reference.

(6) Filed as an exhibit to Form 6-K on February 18, 2020 and incorporated herein by reference

(7) Filed as an exhibit to Form 6-K on August 28, 2018 and incorporated herein by reference.

(8) Filed as an exhibit to Form 6-K on February 20, 2019 and incorporated herein by reference.

(9) Filed as an exhibit to Form 6-K on April 30, 2019 and incorporated herein by reference.

(10) Filed as an exhibit to Form 6-K on April 16, 2013 and incorporated herein by reference.

(11) Filed as an exhibit to Form 6-K on March 19, 2014 and incorporated herein by reference.

(12) Filed as an exhibit to Form 6-K on December 4, 2014 and incorporated herein by reference.

(13) Filed herewith.

(14) Filed as an exhibit to Form 20-F on February 28, 2020 and incorporated herein by reference.

(15) Filed as an exhibit to Form 6-K on July 3, 2018 and incorporated herein by reference.

(16) Filed as an exhibit to Form 6-K on October 22, 2018 and incorporated herein by reference.

(17) Filed as an exhibit to Form 6-K on November 27, 2018 and incorporated herein by reference.

(18) Filed as an exhibit to Form 6-K on February 13, 2019 and incorporated herein by reference.

(19) Filed as an exhibit to Form 6-K on May 21, 2019 and incorporated herein by reference.

(20) Filed as an exhibit to Form 6-K on January 16, 2020 and incorporated herein by reference.

(21) Filed as an exhibit to Form 6-K on August 27, 2020 and incorporated herein by reference.

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: February 26, 2021

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Consolidated financial statements of Brookfield Property Partners L.P. as at December 31, 2020 and 2019 and for each of the years in the three-year period ended December 31, 2020	F-2

Brookfield Property Partners L.P.

Consolidated financial statements
As at December 31, 2020 and 2019 and
for the years ended December 31, 2020, 2019 and 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and unitholders of Brookfield Property Partners L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Brookfield Property Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2020 and 2019, 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, 2020, and the related notes and the supplemental schedule of investment property information (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2021 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value of Investment Property - Refer to Notes 2(e), 2(v)(v) and 3 to the financial statements

Critical Audit Matter Description

The Partnership has elected the fair value model for all investment properties and accordingly measures all investment properties at fair value subsequent to initial recognition on the balance sheet. The fair value of investment properties is generally determined by management, with substantially all of the investment properties valued using one of two accepted income approaches.

While there are several assumptions that are required to determine the fair value of an investment property, the judgments with the highest degree of subjectivity and impact on fair values are future expected market rents, discount rates and terminal capitalization rates. Auditing these estimates and assumptions of certain investment properties required a high degree of auditor judgment as the estimations made by management contains significant measurement uncertainty. This resulted in the need to involve a fair value specialist.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future expected market rents, discount rates and terminal capitalization rates used to determine the fair value of certain investment properties included the following, among others:

- Evaluated the effectiveness of controls over management’s process for determining the fair value of investment properties including those over the forecasts of future expected market rents, discount rates and terminal capitalization rates.
- Evaluated the reasonableness of management’s forecast of future expected market rents by comparing management’s forecasts with historical results, internal communications to management and the Board of Directors and contractual information, where applicable.
- With the assistance of a fair value specialist, evaluated the reasonableness of management’s forecast of future expected market rents, discount rates and terminal capitalization rates by considering recent market transactions and industry surveys.

*/s/*Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 26, 2021

We have served as the Partnership's auditor since 2011.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and unitholders of Brookfield Property Partners L.P.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brookfield Property Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020 of the Partnership and our report dated February 26, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. 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 generally accepted accounting principles, 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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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.

*/s/*Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 26, 2021

Brookfield Property Partners L.P.
Consolidated Balance Sheets

(US$ Millions)	Note	Dec. 31, 2020	Dec. 31, 2019
Assets			
Non-current assets			
Investment properties	3	**$ 72,610**	$ 75,511
Equity accounted investments	5	**19,719**	20,764
Property, plant and equipment	8	**5,235**	7,278
Goodwill	9	**1,080**	1,041
Intangible assets	10	**982**	1,162
Other non-current assets	11	**3,177**	2,326
Loans and notes receivable		**139**	272
Total non-current assets		**102,942**	108,354
Current assets			
Loans and notes receivable		**77**	57
Accounts receivable and other	12	**1,871**	1,407
Cash and cash equivalents		**2,473**	1,438
Total current assets		**4,421**	2,902
Assets held for sale	13	**588**	387
Total assets		**$ 107,951**	$ 111,643
Liabilities and equity			
Non-current liabilities			
Debt obligations	14	**$ 41,263**	$ 46,565
Capital securities	15	**2,384**	3,000
Other non-current liabilities	17	**1,703**	2,162
Deferred tax liabilities	16	**2,858**	2,515
Total non-current liabilities		**48,208**	54,242
Current liabilities			
Debt obligations	14	**13,074**	8,825
Capital securities	15	**649**	75
Accounts payable and other liabilities	18	**4,101**	3,426
Total current liabilities		**17,824**	12,326
Liabilities associated with assets held for sale	13	**396**	140
Total liabilities		**66,428**	66,708
Equity			
Limited partners	19	**11,709**	13,274
General partner	19	**4**	4
Preferred equity	19	**699**	420
Non-controlling interests attributable to:			
Redeemable/exchangeable and special limited partnership units	19,20	**12,249**	13,200
Limited partnership units of Brookfield Office Properties Exchange LP	19,20	**73**	87
FV LTIP units of the Operating Partnership	19,20	**52**	35
Class A shares of Brookfield Property REIT Inc. (“BPYU”)	19,20	**1,050**	1,930
Interests of others in operating subsidiaries and properties	4,20	**15,687**	15,985
Total equity		**41,523**	44,935
Total liabilities and equity		**$ 107,951**	$ 111,643

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		**2020**		2019		2018
Commercial property revenue	21	**$**	**5,397**	$	5,691	$	5,043
Hospitality revenue	22		**702**		1,909		1,913
Investment and other revenue	23		**494**		603		283
Total revenue			**6,593**		8,203		7,239
Direct commercial property expense	24		**1,936**		1,967		1,851
Direct hospitality expense	25		**628**		1,219		1,236
Investment and other expense			**69**		82		26
Interest expense			**2,592**		2,924		2,464
Depreciation and amortization	26		**319**		341		308
General and administrative expense	27		**816**		882		1,032
Total expenses			**6,360**		7,415		6,917
Fair value (losses) gains, net	28		**(1,322)**		596		2,466
Share of net earnings from equity accounted investments	5		**(749)**		1,969		947
(Loss) income before income taxes			**(1,838)**		3,353		3,735
Income tax expense	16		**220**		196		81
Net (loss) income		**$**	**(2,058)**	$	3,157	$	3,654
Net (loss) income attributable to:							
Limited partners		**$**	**(1,098)**	$	884	$	764
General partner			**—**		—		—
Non-controlling interests attributable to:							
Redeemable/exchangeable and special limited partnership units			**(1,119)**		896		1,085
Limited partnership units of Brookfield Office Properties Exchange LP			**(7)**		6		17
FV LTIP units of the Operating Partnership			**(4)**		1		—
Class A shares of Brookfield Property REIT Inc.			**(130)**		169		112
Interests of others in operating subsidiaries and properties			**300**		1,201		1,676
Total		**$**	**(2,058)**	$	3,157	$	3,654

Net (loss) income per LP Unit:							
Basic	19	**$**	**(2.39)**	$	1.89	$	2.28
Diluted	19	**$**	**(2.39)**	$	1.89	$	2.26

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	2020	2019	2018
Net (loss) income		**$ (2,058)**	$ 3,157	$ 3,654
Other comprehensive income (loss)	30			
Items that may be reclassified to net income:				
Foreign currency translation		**737**	63	(788)
Cash flow hedges		**116**	21	34
Equity accounted investments		**(58)**	(50)	(8)
Items that will not be reclassified to net income:				
Securities - fair value through other comprehensive income (“FVTOCI”)		**17**	(7)	(2)
Share of revaluation surplus on equity accounted investments		**(206)**	16	92
Remeasurement of defined benefit obligations		**(1)**	(1)	2
Revaluation surplus		**(191)**	281	254
Total other comprehensive income (loss)		**414**	323	(416)
Total comprehensive (loss) income		**$ (1,644)**	$ 3,480	$ 3,238
Comprehensive income attributable to:				
Limited partners				
Net (loss) income		**$ (1,098)**	$ 884	$ 764
Other comprehensive income (loss)		**211**	74	(178)
		(887)	958	586
General partner				
Net (loss) income		**—**	—	—
Other comprehensive income (loss)		**—**	—	—
		—	—	—
Non-controlling interests				
Redeemable/exchangeable and special limited partnership units				
Net (loss) income		**(1,119)**	896	1,085
Other comprehensive income (loss)		**215**	74	(252)
		(904)	970	833
Limited partnership units of Brookfield Office Properties Exchange LP				
Net (loss) income		**(7)**	6	17
Other comprehensive income (loss)		**1**	1	(4)
		(6)	7	13
FV LTIP units of the Operating Partnership				
Net (loss) income		(4)	1	—
Other comprehensive income (loss)		1	—	—
		(3)	1	—
Class A shares of Brookfield Property REIT Inc.				
Net (loss) income		**(130)**	169	112
Other comprehensive income (loss)		**25**	14	(26)
		(105)	183	86
Interests of others in operating subsidiaries and properties				
Net (loss) income		**300**	1,201	1,676
Other comprehensive income (loss)		**(39)**	160	44
		261	1,361	1,720
Total comprehensive (loss) income		**$ (1,644)**	$ 3,480	$ 3,238

See accompanying notes to the consolidated financial statements.

Brookfield Property Partners L.P.
Consolidated Statements of Changes in Equity

	Limited partners					General partner					Preferred Equity	Non-controlling interests					
(US$ Millions)	Capital	Retained earnings	Ownership changes	Accumulated other compre-hensive (loss) income	Limited partners equity	Capital	Retained earnings	Ownership changes	Accumulated other compre-hensive (loss) income	General partner equity	Total preferred equity	Redeemable/ exchangeable and special limited partnership units	Limited partnership units of Brookfield Office Properties Exchange LP	FV LTIP units of the Operating Partnership	Class A shares of Brookfield Property REIT Inc.	Interests of others in operating subsidiaries and properties	Total equity
Balance as at Dec. 31, 2019	$ 9,257	$ 2,539	$ 1,960	$ (482)	$ 13,274	$ 4	$ 2	$ (1)	$ (1)	$ 4	$ 420	$ 13,200	$ 87	$ 35	$ 1,930	$ 15,985	$ 44,935
Net (loss) income	—	(1,098)	—	—	(1,098)	—	—	—	—	—	—	(1,119)	(7)	(4)	(130)	300	(2,058)
Other comprehensive income (loss)	—	—	—	211	211	—	—	—	—	—	—	215	1	1	25	(39)	414
Total comprehensive (loss) income	—	(1,098)	—	211	(887)	—	—	—	—	—	—	(904)	(6)	(3)	(105)	261	(1,644)
Distributions	—	(583)	—	—	(583)	—	—	—	—	—	—	(587)	(4)	(2)	(68)	(923)	(2,167)
Preferred distributions	—	(20)	—	—	(20)	—	—	—	—		—	(20)	—	—	(2)	—	(42)
Issuances / repurchases of equity interests in operating subsidiaries	(857)	(352)	1,012	(34)	(231)	—	—	—	—	—	279	198	—	5	(174)	364	441
Exchange of exchangeable units	2	—	1	—	3	—	—	—	—	—	—	1	(4)	—	—	—	—
Conversion of Class A shares of Brookfield Property REIT Inc.	160	—	177	—	337	—	—	—	—	—	—	—	—	—	(337)	—	—
Change in relative interests of non-controlling interests	—	—	(140)	(44)	(184)	—	—	—	—	—	—	361	—	17	(194)	—	—
Balance as at Dec. 31, 2020	**$ 8,562**	**$ 486**	**$ 3,010**	**$ (349)**	**$ 11,709**	**$ 4**	**$ 2**	**$ (1)**	**$ (1)**	**$ 4**	**$ 699**	**$ 12,249**	**$ 73**	**$ 52**	**$ 1,050**	**$ 15,687**	**$ 41,523**
Balance as at Dec. 31, 2018	$ 8,987	$ 2,234	$ 1,657	$ (525)	$ 12,353	$ 4	$ 2	$ (2)	$ —	$ 4	$ —	$ 12,740	$ 96	$ —	$ 3,091	$ 18,456	$ 46,740
Net income	—	884	—	—	884	—	—	—	—	—	—	896	6	1	169	1,201	3,157
Other comprehensive income (loss)	—	—	—	74	74	—	—	—	—	—	—	74	1	—	14	160	323
Total comprehensive income (loss)	—	884	—	74	958	—	—	—	—	—	—	970	7	1	183	1,361	3,480
Distributions	—	(573)	—	—	(573)	—	—	—	—	—	—	(580)	(4)	(1)	(108)	(3,225)	(4,491)
Preferred distributions	—	(15)	—	—	(15)	—	—	—	—	—	—	—	—	—	—	—	(15)
Issuances / repurchases of equity interests in operating subsidiaries	(439)	9	(38)	—	(468)	—	—	—	—	—	420	(21)	—	4	(107)	(607)	(779)
Exchange of exchangeable units	8	—	2		10	—	—	—	—	—	—	2	(12)	—	—	—	—
Conversion of Class A shares of Brookfield Property REIT Inc.	701	—	364	—	1,065	—	—	—	—	—	—	—	—	—	(1,065)	—	—
Change in relative interests of non-controlling interests	—	—	(25)	(31)	(56)	—	—	1	(1)	—	—	89	—	31	(64)	—	—
Balance as at Dec. 31, 2019	$ 9,257	$ 2,539	$ 1,960	$ (482)	$ 13,274	$ 4	$ 2	$ (1)	$ (1)	$ 4	$ 420	$ 13,200	$ 87	$ 35	$ 1,930	$ 15,985	$ 44,935
Balance as at Dec. 31, 2017	$ 5,613	$ 1,878	$ 140	$ (236)	$ 7,395	$ 4	$ 2	$ —	$ —	$ 6	$ —	$ 14,500	$ 285	$ —	$ —	$ 12,938	$ 35,124
Net income	—	764	—	—	764	—	—	—	—	—	—	1,085	17	—	112	1,676	3,654
Other comprehensive income (loss)	—	—	—	(178)	(178)	—	—	—	—	—	—	(252)	(4)	—	(26)	44	(416)
Total comprehensive income (loss)	—	764	—	(178)	586	—	—	—	—	—	—	833	13	—	86	1,720	3,238
Distributions	—	(410)	—	—	(410)	—	—	—	—	—	—	(551)	(9)	—	(89)	(2,739)	(3,798)
Issuances / repurchases of equity interests in operating subsidiaries	2,137	2	86	—	2,225	—	—	—	—	—	—	27		—	3,387	6,537	12,176
Exchange of exchangeable units	156	—	19	(2)	173	—	—	—	—	—	—	31	(204)	—	—	—	—
Conversion of Class A shares of Brookfield Property REIT Inc.	1,081	—	296	—	1,377	—	—	—	—	—	—	305	—	—	(1,682)	—	—
Change in relative interests of non-controlling interests	—	—	1,116	(109)	1,007	—	—	(2)	—	(2)	—	(2,405)	11	—	1,389	—	—
Balance as at Dec. 31, 2018	$ 8,987	$ 2,234	$ 1,657	$ (525)	$ 12,353	$ 4	$ 2	$ (2)	$ —	$ 4	$ —	$ 12,740	$ 96	$ —	$ 3,091	$ 18,456	$ 46,740

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	**2020**	2019	2018
Operating activities				
Net (loss) income		$ **(2,058)**	$ 3,157	$ 3,654
Share of equity accounted earnings, net of distributions		**1,367**	(1,499)	(429)
Fair value losses (gains), net	28	**1,322**	(596)	(2,466)
Deferred income tax expense (benefit)	16	**162**	32	(218)
Depreciation and amortization	26	**319**	341	308
Working capital and other		**220**	(811)	508
		1,332	624	1,357
Financing activities				
Debt obligations, issuance		**11,392**	23,797	29,804
Debt obligations, repayments		**(9,821)**	(21,127)	(19,936)
Capital securities, redeemed		**(13)**	(420)	(905)
Preferred equity, issued		**278**	420	—
Non-controlling interests, issued		**350**	1,432	3,180
Non-controlling interests, purchased		**(30)**	(15)	—
Repayment of lease liabilities		**(22)**	(17)	—
Limited partnership units, issued		**738**	13	501
Issuances to redeemable/exchangeable and special limited partnership unitholders		**225**	—	—
Limited partnership units, repurchased		**(935)**	(452)	(81)
Class A shares of Brookfield Property REIT Inc., repurchased		**(171)**	(102)	—
Distributions to non-controlling interests in operating subsidiaries		**(920)**	(3,140)	(2,631)
Preferred distributions		**(42)**	(15)	—
Distributions to limited partnership unitholders		**(583)**	(573)	(410)
Distributions to redeemable/exchangeable and special limited partnership unitholders		**(587)**	(580)	(551)
Distributions to holders of Brookfield Office Properties Exchange LP units		**(4)**	(4)	(9)
Distributions to holders of FV LTIP units of the Operating Partnership		**(2)**	(1)	—
Distributions to holders of Class A shares of Brookfield Property REIT Inc.		**(68)**	(108)	(89)
		(215)	(892)	8,873
Investing activities				
Acquisitions				
Investment properties		**(2,306)**	(4,549)	(2,293)
Property, plant and equipment		**(169)**	(372)	(478)
Equity accounted investments		**(522)**	(684)	(622)
Financial assets and other		**(1,169)**	(2,120)	(1,982)
Acquisition of subsidiaries		**—**	—	(12,035)
Dispositions				
Investment properties		**2,252**	4,200	5,619
Property, plant and equipment		**29**	17	522
Equity accounted investments		**124**	1,109	1,140
Financial assets and other		**1,273**	1,775	1,952
Disposition of subsidiaries		**522**	43	(21)
Cash impact of deconsolidation		**(32)**	(1,132)	(100)
Restricted cash and deposits		**(101)**	102	(108)
		(99)	(1,611)	(8,406)
Cash and cash equivalents				
Net change in cash and cash equivalents during the year		**1,018**	(1,879)	1,824
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies		**17**	29	(27)
Balance, beginning of year		**1,438**	3,288	1,491
Balance, end of year		$ **2,473**	$ 1,438	$ 3,288

Supplemental cash flow information				
Cash paid for:				
Income taxes		$ **107**	$ 253	$ 236
Interest (excluding dividends on capital securities)		$ **2,276**	$ 2,476	$ 2,253

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 direct investments are a 49% managing general partnership units ("GP Units") interest in Brookfield Property L.P. (the "operating partnership") and an interest in BP US REIT LLC, which holds the partnership's interest in commercial and other income producing property operations. 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 Nasdaq Stock Market ("Nasdaq") and the Toronto Stock Exchange ("TSX") under the symbols "BPY" and "BPY.UN", respectively. The partnership's Preferred Units, Series 1, Preferred Units, Series 2, and Preferred Units, Series 3 are traded on the Nasdaq under the symbols "BPYPP", "BPYPO", and "BPYPN", 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 26, 2021.

b) 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.

(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 interests 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 are adjusted and the fair value of the consideration paid or received, are recognized directly in equity and attributed to owners of the partnership.

All accounts and 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 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, redeemable/ exchangeable partnership units of the operating partnership ("Redeemable/Exchangeable Partnership Units"), special limited partnership units of the operating partnership ("Special LP Units"), limited partnership units of Brookfield Office Properties Exchange LP ("Exchange LP Units"), FV LTIP units of the operating partnership ("FV LTIP Units") and Class A stock, par

value $0.01 per share, of Brookfield Property REIT Inc. (“BPYU Units”) are presented separately in equity on the consolidated balance sheets. The Redeemable/Exchangeable Partnership Units, Exchange LP Units and BPYU Units have the same economic attributes as LP Units. Accordingly, the net income and components of other comprehensive income allocated to these units are equivalent to that allocated to the LP Units (on a per unit basis).

Net income and the components of comprehensive income of the partnership’s operating subsidiaries and properties are generally allocated between the partnership and non-controlling equity holders based on the relative proportion of equity interests. Certain of the partnership’s subsidiaries are subject to profit sharing arrangements with affiliated entities who hold non-controlling interests that result in allocation of income on an other than proportionate basis if specified targets are met. In these circumstances, net income is allocated between the partnership and non-controlling interests based on proportionate equity interest until the attribution of profits under the agreement is no longer subject to adjustment based on future events. In the period that allocation of the subsidiary’s cumulative earnings under the profit-sharing arrangement is no longer subject to adjustment, it is recognized as a fair value loss attributable to unitholders for the period.

(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. 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. Joint control 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 associates and joint ventures using the equity method of accounting. Under the equity method, investment balances in an associate or joint venture 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. When an interest in an associate or joint venture is initially acquired or increases, the partnership determines its share of the net fair value of the identifiable assets and liabilities of the investee that it has acquired, consistent with the procedure performed when acquiring control of a business. Goodwill relating to an associate or joint venture, represented as an excess of the cost of the investment over the net fair value of the partnership’s share of the net fair value of the identifiable assets and liabilities, is included in the carrying amount of the investment. Any excess of the partnership’s share of the net fair value of the associate’s or joint venture’s identifiable assets and liabilities over the cost of the investment results in a gain that is included in the partnership’s share of the associate or joint venture’s profit or loss in the period in which the investment is acquired or increases.

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 the equity instrument below its carrying value 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.

c) Foreign currency translation and transactions

The U.S. Dollar is the functional currency and presentation currency of the partnership. The functional currency of each of the partnership's subsidiaries, associates, joint ventures and joint operations is determined based on their primary economic environment, the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained.

Subsidiaries, associates or joint ventures having a functional currency other than the U.S. Dollar translate the carrying amounts of their 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 quarterly 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, the accumulated foreign currency translation relating to that foreign operation is reclassified to fair value gain or loss in 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 with any gain or loss 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. 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. Foreign currency denominated non-monetary assets and liabilities, measured at historic cost, are translated at the rate of exchange at the transaction date.

d) 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.

e) 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, borrowing costs directly attributable to the development and administrative costs, e.g., salaries and overhead that are specifically attributable to a development project. 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, it is not necessary to assess the carrying amounts of the investment properties for impairment.

Substantially all of the partnership's investment properties are valued using one of two accepted income approaches, the discounted cash flow approach or the direct capitalization approach. Under the discounted cash flow approach, cash flows for each property are forecast for an assumed holding period, generally, ten years. A capitalization rate is applied to the terminal year net operating income and an appropriate discount rate is applied to those cash flows to determine a value at the reporting date. Under the direct capitalization method, a capitalization rate is applied to estimated stabilized annual net operating income to determine value. In accordance with its policy, the partnership generally measures and records its commercial properties and developments using valuations prepared by management. However, for certain subsidiaries, the partnership relies on quarterly or annual valuations prepared by external valuation professionals. Where an external appraisal is obtained for a property that is valued using a model developed by management, the partnership compares the results of those external appraisals to its internally prepared values and reconcile significant differences when they arise. Discount and terminal capitalization rates are verified by comparing to market data, third party reports, research material and brokers opinions. Where there has been a recent market transaction for a specific property, such as an acquisition or sale of a partial interest, the partnership values the property on that basis. Certain of the partnership's investment properties are right-of-use assets arising from leases where the partnership is the lessee, which are subsequently measured at fair value (see Note 2(j), Leases, for further discussion).

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 applying a weighted average borrowing cost to eligible expenditures after adjusting for borrowings specific to other 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 included in the cost of investment properties.

f) 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. Non-current assets and disposal groups held for sale that are not investment properties are recorded at the lower of carrying amount and fair value less costs to sell on the consolidated balance sheet. Any gain or loss arising from the change in measurement basis as a result of reclassification is recognized in the profit or loss at the time of reclassification. 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.

g) 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 if acquired in an asset acquisition, 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 revaluation date less any accumulated impairment and subsequent accumulated depreciation. The partnership evaluates the carrying amount of hospitality properties when events or circumstances indicate there may be an impairment. The partnership depreciates these assets on a straight-line basis over their relevant estimated useful lives. Fair values of hospitality properties are determined using a depreciated replacement cost method based on the age, physical condition and the construction costs of the assets. Fair value estimates for hospitality properties represent the estimated fair value of the property, plant and equipment of the hospitality business only and do not include any associated intangible assets.

Revaluations of hospitality properties are performed annually at December 31, the end of the fiscal year. 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 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.

Certain of the partnership's hospitality assets are right-of-use assets arising from leases where the partnership is the lessee, which are subsequently measured on a depreciated cost basis since they represent a separate class of property, plant and equipment to the partnership's owned hospitality assets (see Note 2(j), *Leases*, for further discussion).

h) 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. Certain of the partnership's inventory are right-of-use assets arising from leases where the partnership is the lessee, which are subsequently measured at cost subject to impairment (see Note 2(j), *Leases*, for further discussion).

i) 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.

j) Leases

The partnership adopted IFRS 16, *Leases* ("IFRS 16") effective January 1, 2019. It supersedes IAS 17, *Leases* ("IAS 17") and related interpretations. IFRS 16 brings most leases on-balance sheet as right-of-use ("ROU") assets and lease liabilities for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged (see Note 2(q), *Revenue Recognition* for further discussion). The partnership has applied IFRS 16 using the modified retrospective approach and comparative periods were not restated. On January 1, 2019, the adoption of IFRS 16 resulted in the recognition of lease liabilities for those leases previously classified as operating leases of $873 million, ROU assets of $726 million that are classified as investment properties, $122 million that are classified as property, plant and equipment, $22 million that are classified as inventory and an immaterial impact to equity.

The partnership determines at the inception of a contract if the arrangement is, or contains, a lease. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The criteria specified in IFRS 16 apply to contracts entered into, or changed, on or after January 1, 2019. Lease components and non-lease components are separated on a relative stand-alone selling price basis for the partnership's leases as lessor. For the partnership's leases as lessee, the partnership applies the practical expedient which is available by asset class not to allocate contract consideration between lease and non-lease components. The partnership determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The partnership recognizes a ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases with a lease term of 12 months or less ("short-term leases") and leases of low value assets ("low-value leases"). For these leases, the partnership recognizes the lease payments as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease if that rate can be readily determined. If the rate implicit in the lease cannot be readily determined, the partnership uses the incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment. This rate is expected to be similar to the interest rate implicit in the lease. Where a lease contains a parental guarantee, the incremental borrowing rate may be determined with reference to the parent rather than the lessee. The partnership uses a single discount rate to account for portfolios of leases with similar characteristics. Lease payments included in the measurement of the lease liability is comprised of i) fixed lease payments, less any lease incentives; ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; iii) the amount expected to be payable by the lessee under residual value guarantees; iv) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and v) payments of

penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. Lease liabilities are presented in Accounts payable and other liabilities (current) and Other non-current liabilities (non-current) on the consolidated balance sheets. Lease liabilities are subsequently measured under the effective interest method that is increased by the interest expense on the lease liabilities recognized on the consolidated statements of income and reduced by lease payments made that are recognized in the consolidated statements of cash flows. Lease payments not included in the measurement of lease liabilities continue to be recognized in the direct commercial property expense, direct hospitality expense or general and administrative expense lines on the consolidated statements of income.

A ROU asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. ROU assets classified as investment properties are subsequently measured at fair value. ROU assets classified as property, plant and equipment are subsequently measured on a depreciated cost basis over the lease term. If such a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the partnership expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. ROU assets classified as inventory are subsequently carried at cost subject to impairment. ROU assets are presented in the respective lines based on their classification on the consolidated balance sheets. Whenever the partnership incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related ROU asset.

The partnership remeasures lease liabilities and makes a corresponding adjustment to the related ROU assets when i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; ii) the lease payments have changed due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The partnership early adopted COVID-19 Related Rent Concessions, Amendment to IFRS 16 - Leases (“IFRS 16 Amendment”) as of April 1, 2020. The IFRS 16 Amendment provides the partnership as lessee only with an optional exemption from assessing whether rent concessions related to COVID-19 meeting certain conditions are lease modifications. Such qualifying rent concessions are accounted for as if they are not lease modifications, generally resulting in the effects of rent abatements being recognized as variable lease payments. The partnership has applied the practical expedient to all such qualifying rent concessions. The adoption of the IFRS 16 Amendment did not have a material impact on the results of the partnership.

k) 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 with an indefinite life are performed annually. Impairment losses previously taken may be subsequently reversed in net income of future reporting periods.

l) 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 group 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 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.

m) Financial instruments and hedge accounting

(i) Classification and measurement

Financial assets and financial liabilities are recognized in the partnership's balance sheet when the partnership becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Debt instruments are subsequently measured at amortized cost where the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments are measured subsequently at fair value through other comprehensive income ("FVTOCI") where the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and its contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL"). Despite the foregoing, the partnership may make an irrevocable election/designation at initial recognition of a financial asset to present subsequent changes in fair value of an equity investment in other comprehensive income or to designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt and equity instruments issued by the partnership are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Equity instruments issued by the partnership that meet the definition of a financial liability are presented within capital securities on the partnership's consolidated balance sheets.

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities are measured at FVTPL when they are (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that is managed together and has a recent actual pattern of short-term profit-taking or it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL in limited circumstances specified in IFRS 9. Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

The following table presents the types of financial instruments held by the partnership within each financial instrument classification:

	Classification and measurement basis
Financial assets	
Participating loan interests	FVTPL
Loans and notes receivable	Amortized cost
Other non-current assets	
Securities designated as fair value through profit and loss (“FVTPL”)	FVTPL
Derivative assets	FVTPL
Securities designated as fair value through other comprehensive income (“FVTOCI”)	FVTOCI
Restricted cash	Amortized cost
Accounts receivable and other	
Derivative assets	FVTPL
Other receivables	Amortized cost
Cash and cash equivalents	Amortized cost
Financial liabilities	
Debt obligations	Amortized cost
Capital securities	Amortized cost
Capital securities - fund subsidiaries	FVTPL
Other non-current liabilities	
Loan payable	FVTPL
Other non-current financial liabilities	Amortized cost
Derivative liabilities	FVTPL
Accounts payable and other liabilities	Amortized cost

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the instrument to the gross carrying amount of the debt instrument on initial recognition. Amortized cost is the amount at which the financial instrument is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance (in the case of financial assets).

Financial instruments carried at fair value give rise to 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 FVTOCI financial assets are recognized in other comprehensive income. Fair value gains and losses on financial instruments designated as FVTPL are recognized in fair value gains, net.

(ii) Impairment of financial instruments

The partnership recognizes a loss allowance for expected credit losses (“ECL”) on debt instruments that are measured at amortized cost or at FVTOCI and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. For debt instruments, the partnership recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The partnership always recognizes lifetime ECL for other receivables. Any related loss allowances are recorded through profit or loss. Refer to *Note 12, Accounts Receivable And Other* for detail on the current year loss allowance.

(iii) Derivatives and hedging

The partnership enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options, interest rate swaps and interest rate caps. Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in net income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The partnership designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges, fair value hedges, or hedges of net investments in foreign operations. The partnership also applies hedge accounting to certain non-derivative financial instruments designated as hedges of net investments in foreign 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, or recognized as part of the transaction price when the hedged transaction occurs. The partnership discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to net income.

In a fair value hedge relationship, the fair value change on a qualifying hedging instrument is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognized in other comprehensive income. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item. The partnership discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

In a net investment hedging relationship, the effective portion of the fair value of 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 foreign operations or the derivatives are not part of any other hedge relationships.

The partnership adopted Interest Rate Benchmark Reform - Amendments to IFRS 9, and IFRS 7, issued by the IASB in September 2019, ("IBOR Amendments") effective October 1, 2019 in advance of its January 1, 2020 mandatory effective date. The IBOR Amendments have been applied retrospectively to hedging relationships existing at the start of the reporting period or designated subsequently, and to the amount accumulated in the cash flow hedge reserve at that date. The IBOR Amendments provide temporary relief from applying specific hedge accounting requirements to the partnership's hedging relationships that are directly affected by IBOR reform, which primarily include US$ LIBOR, £ LIBOR, and € EURIBOR. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. In assessing whether a hedge is expected to be highly effective on a forward-looking basis, the partnership assumes the interest rate benchmark on which the cash flows of the derivative which hedges borrowings is not altered by IBOR reform. These reliefs cease to apply to a hedged item or hedging instrument as applicable at the earlier of (i) when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the interest rate benchmark based future cash flows, and (ii) when the hedging relationship is discontinued. There was no impact since these amendments enable the partnership to continue hedge accounting for hedging relationships which have been previously designated.

It is currently expected that Secured Overnight Financing Rate ("SOFR") will replace US$ LIBOR, Sterling Overnight Index Average ("SONIA") will replace £ LIBOR, and Euro Short-term Rate ("€STR") will replace EURIBOR. All of these are expected to become effective prior to December 31, 2021. The partnership is currently implementing its transition plan to address the impact and effect changes as a result of amendments to the contractual terms of IBOR referenced floating-rate borrowings, interest rate swaps, and interest rate caps.

Note 33, *Financial Instruments* provides details of the hedging instruments and hedged exposures to which the IBOR Amendments are applied.

n) 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.

o) 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.

p) Business combinations

The partnership adopted the Amendments to IFRS 3, *Business Combinations* ("IFRS 3 Amendments") for business combinations or asset acquisitions occurring after January 1, 2019 in advance of its mandatory effective date January 1, 2020. IFRS 3 Amendments clarifies the definition of a business in determining whether an acquisition is a business combination or an asset acquisition. It has removed the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs and the reference to an ability to reduce costs, and requires, at a minimum, the acquired set of activities and assets to include an input and a substantive process to meet the definition of a business. IFRS 3 Amendments also provides for an optional concentration test to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The partnership has adopted the amendments prospectively.

The partnership accounts for business combinations in which control is acquired under the acquisition method. When an acquisition is made, the partnership considers the inputs, processes and outputs of the acquiree in assessing whether it meets the definition of a business. When the acquired set of activities and assets lack a substantive process, the acquisition fails to meet the definition of a business and is accounted for as asset acquisition. Assets acquired through asset acquisitions are initially measured at cost, which includes the transaction costs incurred for the acquisitions.

For business combinations, consideration is the aggregate of the fair values, at the date of exchange, of assets transferred, liabilities incurred by the partnership to the former owners, and equity instruments issued in exchange for control of the acquiree. Acquisitions related costs are recognized in net income as incurred. At the acquisition date, the partnership recognizes the identifiable assets acquired and liabilities assumed 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, and deferred tax assets or liabilities, which are measured in accordance with IAS 12, *Income Taxes.* 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.

For business combinations, non-controlling shareholders' interests in the acquiree are initially measured at either fair value or their proportionate share of acquiree's identifiable assets if the non-controlling interest represents a present ownership interest that entitles its holder to a proportionate share of the acquiree's net assets. Other components of non-controlling interests in acquirees are recognized at fair value.

Goodwill for a business combination is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the acquisition date values of the net assets acquired. If, after reassessment, the value of the net assets acquired exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in net income as a bargain purchase gain.

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.

Measurement period adjustments for business combinations are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the partnership reports provisional amounts for items for where the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

q) Revenue recognition

The partnership adopted IFRS 16, effective January 1, 2019. It supersedes IAS 17, and its related interpretations, (see Note 2(j), *Leases*, for further discussion). IFRS 16 does not change substantially how the partnership as lessor accounts for leases. Under IFRS 16, lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained.

(i) Commercial property revenue

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 commencement 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. However, recoveries of operating expenses related to property taxes and insurance are deemed as other rental revenue. Percentage participating rents are recognized when tenants' specified sales targets have been met. Operating expense recoveries classified as rental income or non-rental income 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.

Under IFRS 16, where the partnership is the intermediate lessor, it accounts for the head lease and the sublease as two separate contracts, classifying the sublease as a finance or operating lease with reference to the right-of-use asset arising from the head lease.

(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.

(iii) Performance and management fee revenue

Fee revenue is presented on the consolidated statements of income within investment and other revenue. Fee revenue is recognized when services are provided and the amount can be estimated reliably.

r) 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.

s) 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.

t) BPYU Units

BPYU 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 satisfy the redemption request with its LP Units, rather than cash, on a one-for-one basis. The BPYU Units provide the holder with direct economic benefits and exposures to Brookfield Properties REIT Inc. ("BPYU") and accordingly to the variability of the distributions of BPYU. Accordingly, the BPYU Units have been presented within non-controlling interests on the consolidated balance sheets. The BPYU 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. As the Redeemable/Exchangeable Partnership Units, Exchange LP Units and BPYU Units are allocated net income equivalent to that allocated to LP Units, net income attributable to limited partners is determined based on the weighted average proportionate share of LP Units outstanding compared to the total number of LP Units, Redeemable/Exchangeable Partnership Units, Exchange LP Units and BPYU Unit outstanding. The impact of the potential conversion of mandatorily convertible preferred shares, such as the exchangeable preferred equity securities ("Preferred Equity Units") issued to a third party investor ("the Class A Preferred Unitholder"), 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 15, *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 Unit 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) Attribution of net income

Certain of the partnership's subsidiaries are subject to profit sharing arrangements between the partnership and the non-controlling equity holders. In determining whether the attribution of profits is subject to uncertainty, the partnership makes the judgment in considering a variety of factors, including but not limited to uncertainties arising from future events, timing of anticipated acquisition, disposition and financing activities, as well as past events of similar nature.

(iii) 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.

(iv) 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.

(v) 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. In certain instances, on a case by case basis, the partnership applies judgment in determining whether a significant amount of development activities undertaken would trigger the reclassification of an operating property to a development property.

The key valuation assumptions in determining the fair value of investment properties include discount rates and terminal capitalization rates for properties valued using a discounted cash flow model and capitalization rates for properties valued using a direct capitalization approach. Management also uses assumptions and estimates in determining expected future cash flows in discounted cash flow models and stabilized net operating income used in values determined using the direct capitalization approach. 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.

Prior to the end of the first quarter of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19, which prompted certain responses from global government authorities across the various geographies in which the partnership owns and operates investment properties ("global economic shutdown" or "the shutdown"). Such responses, have included mandatory temporary closure of, or imposed limitations on, the operations of certain non-essential properties and businesses including office properties and retail malls and associated businesses which operate within these properties such as retailers and restaurants. In addition, shelter-in-place mandates and severe travel restrictions have had a significant adverse impact on

consumer spending and demand in the near term. These negative economic indicators, as well as the absence of recently observed market transaction have created significant estimation uncertainty in the assessment of future cash flows, discount and terminal capitalization rates used in determination of the fair value of investment properties as of December 31, 2020. See *Note 3, Investment Properties* for further information.

(vi) Investments in Australia

Prior to the conversion of the participating loan interests in the fourth quarter of 2019, the partnership had an economic interest in a portfolio of properties in Australia owned by Brookfield Asset Management in the form of participating loan agreements that provided 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 were convertible by the partnership at any time into direct ownership interests in either the properties in the Australian portfolio or the entities that had 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 represented controlling interests in those entities, the determination of unit of account where related financial instruments had been entered into in contemplation of each other, 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 had 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 entities were 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 corresponded to the property's change in fair value.

(vii) Assets held for sale

The partnership's accounting policies relating to assets held for sale are described in Note 2(f), *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.

(viii) Revaluation of hospitality assets

When determining the carrying amounts under the revaluation method, the partnership uses the following critical assumptions and estimates: estimates of replacement cost and estimates of remaining economic life.

(ix) 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, 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.

(x) 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.

The partnership has applied critical judgments in respect of contracts where it is the lessee including identifying whether a contract (or part of a contract) includes a lease, determining whether it is reasonably certain that a lease extension or termination option will be exercised in determining the lease term, determining whether variable payments are in-substance fixed, establishing whether there are multiple leases in an arrangement, and determining the fair value method of ROU assets classified as investment properties.

The partnership uses critical estimates in accounting for leases where it is a tenant, including the estimation of lease term and determination of the appropriate rate to discount the lease payments.

(xi) 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 FVTOCI or 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 FVTOCI. 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.

(xii) 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. Judgment is also applied when quantifying the amount of impairment loss where indicators of impairment exist.

(xiii) 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; determination of assets held for sale and discontinued operations; impairment of goodwill and intangible assets; the determination of functional currency; the likelihood and timing of anticipated transactions for hedge accounting; and the selection of accounting policies, among others.

(xiv) Future accounting policies

The following are accounting policies issued that our partnership expects to adopt in the future:

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated balance sheets and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether the partnership will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The partnership is in the process of determining the impact of the amendments on its consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform Phase 2 Amendments*

In August 2020, the IASB published Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ("Phase 2 Amendments"), effective January 1, 2021, with early adoption permitted. The Phase 2 Amendments provide additional guidance to address issues that will arise during the transition of benchmark interest rates. The Phase 2 Amendments primarily relate to the modification of financial instruments, allowing for prospective application of the applicable benchmark interest rate and continued application of hedge accounting, providing the amended hedging relationship continues to meet all qualifying criteria. The partnership is currently completing an assessment and implementing its transition plan to address the impact and effect changes as a result of amendments to the contractual terms of IBOR referenced floating-rate borrowings, interest rate swaps, interest rate caps, and updating hedge designations. The adoption is not expected to have a significant impact on the partnership.

There are no other accounting policies issued as of December 31, 2020 that the partnership expects to adopt in the future and which the partnership expects will have a material impact.

NOTE 3. INVESTMENT PROPERTIES

The following table presents a roll forward of investment property balances for the years ended December 31, 2020 and 2019:

(US$ Millions)	**Year ended Dec. 31, 2020**			Year ended Dec. 31, 2019		
	Commercial properties	**Commercial developments**	**Total**	Commercial properties	Commercial developments	Total
Balance, beginning of year	**$ 71,565**	**$ 3,946**	**$ 75,511**	$ 76,014	$ 4,182	$ 80,196
Changes resulting from:						
Property acquisitions	**647**	**108**	**755**	6,797	246	7,043
Capital expenditures	**1,140**	**857**	**1,997**	1,540	1,229	2,769
Accounting policy change[1]	**—**	**—**	**—**	704	22	726
Property dispositions[2]	**(2,339)**	**(21)**	**(2,360)**	(742)	(37)	(779)
Fair value (losses) gains, net	**(1,607)**	**219**	**(1,388)**	301	557	858
Foreign currency translation	**322**	**(44)**	**278**	69	72	141
Transfers between commercial properties and commercial developments	**2,709**	**(2,709)**	**—**	354	(354)	—
Impact of deconsolidation due to loss of control[3]	**—**	**—**	**—**	(10,701)	(798)	(11,499)
Reclassifications of assets held for sale and other changes	**(2,143)**	**(40)**	**(2,183)**	(2,771)	(1,173)	(3,944)
Balance, end of year[4]	**$ 70,294**	**$ 2,316**	**$ 72,610**	$ 71,565	$ 3,946	$ 75,511

(1) *Includes the impact of the adoption of IFRS 16 through the recognition of right-of-use assets. See Note 2, Summary of Significant Accounting Policies for further information.*

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

(3) *Includes the impact of deconsolidation of Brookfield Strategic Real Estate Partners III ("BSREP III") investments in the prior year. See below for further information.*

(4) *Includes right-of-use commercial properties and commercial developments of $729 million and $10 million, respectively, as of December 31, 2020. Current lease liabilities of $35 million has been included in accounts payable and other liabilities and non-current lease liabilities of $712 million have been included in other non-current liabilities.*

The partnership determines the fair value of each commercial property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflows in respect of such leases. Investment property valuations are generally completed by undertaking one of two accepted income approach methods, which include either: i) discounting the expected future cash flows, generally over a term of 10 years including a terminal value based on the application of a capitalization rate to estimated year 11 cash flows; or ii) undertaking a direct capitalization approach whereby a capitalization rate is applied to estimated current year cash flows. Where there has been a recent market transaction for a specific property, such as an acquisition or sale of a partial interest, the partnership values the property on that basis. In determining the appropriateness of the methodology applied, the partnership considers the relative uncertainty of the timing and amount of expected cash flows and the impact such uncertainty would have in arriving at a reliable estimate of fair value. The partnership prepares these valuations considering asset and market specific factors, as well as observable transactions for similar assets. The determination of fair value requires the use of estimates, which are internally determined and compared with market data, third-party reports and research as well as observable conditions. Except for the impacts of the shutdown which are discussed below, there are currently no other known trends, events or uncertainties that the partnership reasonably believes could have a sufficiently pervasive impact across the partnership's businesses to materially affect the methodologies or assumptions utilized to determine the estimated fair values reflected in this report. Discount rates and capitalization rates are inherently uncertain and may be impacted by, among other things, movements in interest rates in the geographies and markets in which the assets are located. Changes in estimates of discount and capitalization rates across different geographies and markets are often independent of each other and not necessarily in the same direction or of the same magnitude. Further, impacts to the partnership's fair values of commercial properties from changes in discount or capitalization rates and cash flows are usually inversely correlated. Decreases (increases) in the discount rate or capitalization rate result in increases (decreases) of fair value. Such decreases (increases) may be mitigated by decreases (increases) in cash flows included in the valuation analysis, as circumstances that typically give rise to increased interest rates (e.g., strong economic growth, inflation) usually give rise to increased cash flows at the asset level. Refer to the table below for further information on valuation methods used by the partnership for its asset classes.

Commercial developments are also measured using a discounted cash flow model, net of costs to complete, as of the balance sheet date. Development sites in the planning phases are measured using comparable market values for similar assets.

In accordance with its policy, the partnership generally measures and records its commercial properties and developments using valuations prepared by management. However, for certain subsidiaries, the partnership relies on quarterly valuations prepared

by external valuation professionals to support its internal valuations. Management compares the external valuations to the partnership's internal valuations to review the work performed by the external valuation professionals. Additionally, a number of properties are externally appraised each year and the results of those appraisals are compared to the partnership's internally prepared values.

2020 Conditions

Global Economic Shutdown

The COVID-19 pandemic has spread globally, and actions taken in response to COVID-19 have interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets, resulting in a general decline in equity prices and lower interest rates; impacted social conditions; and adversely impacted local, regional, national and international economic conditions, as well as the labor markets. The shutdown did not materially impact the partnership's commercial property revenue earned in the year. Future revenues and cash flows produced by certain operating properties are more uncertain than normal as a result of the impact to the global economy in response to measures put in place to control the pandemic. For certain asset classes more materially impacted by the shutdown, the partnership has adjusted cash flow assumptions for its estimate of near term disruptions to cash flows to reflect revised market leasing assumptions, vacancy reserves, downtime, retention assumptions, overage and temporary rental revenue assumptions, bad debt reserves and capital costs. We undertook a process to assess the appropriateness of the discount and terminal capitalization rates considering changes to property-level cash flows and any risk premium inherent in such cash flow changes as well as the current cost of capital and credit spreads. These considerations led us to make some discount rate and capitalization rate changes to certain of our assets, mostly within our Core Retail portfolio for assets where we have more exposure to anchor tenants who have recently filed for bankruptcy. As we learn more about the mid- and longer-term impacts of the pandemic on our business we will update our valuation models accordingly.

2019 Transactions

BSREP III deconsolidation

In the first quarter of 2019, BSREP III held its final close with total equity commitments of $15 billion. Prior to final close, the partnership had committed to 25%, or a controlling interest in the fund and as a result, had previously consolidated the investments made to date. Upon final close, on January 31, 2019, the partnership reduced its commitment to $1 billion, representing a 7% non-voting position. As a result, the partnership lost control and deconsolidated its investment in the fund, which primarily consisted of Forest City and 660 Fifth Avenue at the time. The partnership recognizes its investment in BSREP III as a financial asset, initially recognized at fair value and remeasured on each reporting date through fair value gain or loss. As a result of the deconsolidation, investment properties decreased by $11,499 million, equity accounted investments decreased by $1,434 million, property, plant and equipment decreased by $789 million and debt obligations decreased by $13,601 million.

Adoption of IFRS 16

The impact of the January 1, 2019 adoption of IFRS 16 resulted in the recognition of ROU investment properties of $726 million. Fair value loss related to IFRS 16 ROU assets for the year ended December 31, 2020 was $16 million (2019 - $5 million). As of December 31, 2020, ROU investment properties was $739 million (2019 - $752 million).

The key valuation metrics for the partnership's consolidated commercial properties are set forth in the following tables below on a weighted-average basis:

		Dec. 31, 2020			Dec. 31, 2019		
Consolidated properties	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	**6.9 %**	**5.6 %**	**12**	7.0 %	5.6 %	12
Canada	Discounted cash flow	**5.9 %**	**5.2 %**	**10**	5.9 %	5.2 %	10
Australia	Discounted cash flow	**6.6 %**	**5.7 %**	**10**	6.8 %	5.9 %	10
Europe	Discounted cash flow	**5.2 %**	**3.8 %**	**10**	4.6 %	4.1 %	11
Brazil	Discounted cash flow	**7.6 %**	**7 %**	**10**	7.9 %	7.4 %	10
Core Retail	Discounted cash flow	**7.0 %**	**5.3 %**	**10**	6.7 %	5.4 %	10
LP Investments Office	Discounted cash flow	**9.7 %**	**7.2 %**	**7**	10.0 %	7.3 %	7
LP Investments Retail	Discounted cash flow	**8.7 %**	**7.0 %**	**10**	8.8 %	7.3 %	10
Mixed-use	Discounted cash flow	**7.3 %**	**5.2 %**	**10**	7.6 %	5.4 %	10
Logistics[1]	Direct capitalization	**— %**	**n/a**	**n/a**	5.8 %	n/a	n/a
Multifamily[1]	Direct capitalization	**4.9 %**	**n/a**	**n/a**	5.1 %	n/a	n/a
Triple Net Lease[1]	Direct capitalization	**6.2 %**	**n/a**	**n/a**	6.3 %	n/a	n/a
Self-storage[1][2]	Direct capitalization	**— %**	**n/a**	**n/a**	5.6 %	n/a	n/a
Student Housing[1]	Direct capitalization	**4.9 %**	**n/a**	**n/a**	5.8 %	n/a	n/a
Manufactured Housing[1]	Direct capitalization	**4.8 %**	**n/a**	**n/a**	5.5 %	n/a	n/a

(1) *The valuation method used to value hospitality, multifamily, triple net lease, self-storage, student housing, logistics and manufactured housing properties is the direct capitalization method. The rates presented as the discount rate relate to the overall implied capitalization rate. The terminal capitalization rate and investment horizon are not applicable.*

(2) *In the fourth quarter of 2020, the partnership sold its investment in a portfolio of self-storage assets.*

Operating investment properties with a fair value of approximately $13.9 billion (December 31, 2019 - $14.1 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(i) above.

	Dec. 31, 2020				Dec. 31, 2019			
			Level 3				Level 3	
(US$ Millions)	**Level 1**	**Level 2**	**Commercial properties**	**Commercial developments**	Level 1	Level 2	Commercial properties	Commercial developments
Core Office								
United States	**$ —**	**$ —**	**$ 14,682**	**$ 411**	$ —	$ —	$ 15,213	$ 535
Canada	**—**	**—**	**4,721**	**381**	—	—	4,633	173
Australia	**—**	**—**	**2,366**	**365**	—	—	1,881	419
Europe	**—**	**—**	**2,526**	**173**	—	—	936	1,931
Brazil	**—**	**—**	**309**	**—**	—	—	361	—
Core Retail	**—**	**—**	**20,324**	**—**	—	—	21,561	—
LP Investments								
LP Investments Office	**—**	**—**	**7,946**	**781**	—	—	8,054	702
LP Investments Retail	**—**	**—**	**2,538**	**—**	—	—	2,812	—
Logistics	**—**	**—**	**—**	**—**	—	—	84	10
Hospitality[(1)]			**84**	**—**	—	—	—	—
Multifamily	**—**	**—**	**2,442**	**—**	—	—	2,937	—
Triple Net Lease	**—**	**—**	**3,719**	**—**	—	—	4,508	—
Self-storage	**—**	**—**	**—**	**—**	—	—	991	16
Student Housing	**—**	**—**	**2,757**	**205**	—	—	2,445	160
Manufactured Housing	**—**	**—**	**2,784**	**—**	—	—	2,446	—
Mixed-Use	**—**	**—**	**3,096**	**—**	—	—	2,703	—
Total	**$ —**	**$ —**	**$ 70,294**	**$ 2,316**	$ —	$ —	$ 71,565	$ 3,946

[(1)] *Represents excess land held for capital appreciation rather than an operating hotel asset.*

There were no transfers between levels within the fair value hierarchy related to investment properties during the years ended December 31, 2020 and 2019. Investment properties with a fair value of $70.4 billion (December 31, 2019 - $73.2 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, 2020, for properties valued using the discounted cash flow or direct capitalization method, respectively:

		Dec. 31, 2020
(US$ Millions)		**Impact on fair value of commercial properties**
Core Office		
United States	$	**748**
Canada		**223**
Australia		**166**
Europe		**155**
Brazil		**5**
Core Retail		**1,076**
LP Investments		
LP Investments Office		**401**
LP Investments Retail		**148**
Mixed-use		**142**
Multifamily		**117**
Triple Net Lease		**137**
Student Housing		**122**
Manufactured Housing		**130**
Total	**$**	**3,570**

During the year ended December 31, 2020, the partnership capitalized a total of $857 million (December 31, 2019 - $1,229 million) of costs related to development properties. Included in this amount is $815 million (December 31, 2019 - $1,125 million) of construction and related costs and $42 million (December 31, 2019 - $104 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, 2020 is 1.8% (December 31, 2019 - 3.7%).

NOTE 4. INVESTMENTS IN SUBSIDIARIES

The partnership considers all relevant facts and circumstances in determining that its decision making rights over 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, 2020 and 2019:

	Jurisdiction of formation	Economic interest		Voting interest	
		Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Subsidiary of the partnership					
Brookfield Property L.P.[1]	Bermuda	**49 %**	50 %	**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 IA Limited	Bermuda	**100 %**	100 %	**100 %**	100 %
BPY Bermuda Holdings V Limited	Bermuda	**100 %**	100 %	**100 %**	100 %
BPY Bermuda Holdings VI Limited	Bermuda	**100 %**	100 %	**100 %**	100 %
BPY Bermuda Holdings VII Limited	Bermuda	**100 %**	100 %	**100 %**	100 %
Real estate subsidiaries of the holding entities					
Brookfield Office Properties Inc. ("BPO")	Canada	**100 %**	100 %	**100 %**	100 %
Brookfield BPY Holdings (Australia) ULC[2]	Canada	**100 %**	100 %	**— %**	— %
BPR Retail Holdings LLC[3]	United States	**100 %**	100 %	**96 %**	95 %
BSREP CARS Sub-Pooling LLC[4]	United States	**26 %**	29 %	**— %**	— %
Center Parcs UK[4]	United Kingdom	**27 %**	27 %	**— %**	— %
BSREP II Aries Pooling LLC[4]	United States	**26 %**	26 %	**— %**	— %
BSREP India Office Holdings Pte. Ltd.[4]	United States	**33 %**	33 %	**— %**	— %
BSREP II Retail Upper Pooling LLC[4]	United States	**50 %**	50 %	**33 %**	33 %
BSREP II Korea Office Holdings Pte. Ltd.[4]	South Korea	**22 %**	22 %	**— %**	— %
BSREP II PBSA Ltd.[4]	Bermuda	**25 %**	25 %	**— %**	— %
BSREP II MH Holdings LLC[4]	United States	**26 %**	26 %	**— %**	— %

(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 49% and 50% of the total number of the operating partnership's units at December 31, 2020 and 2019, respectively.*

(2) *This entity holds certain Australian properties not held through BPO.*

(3) *The partnership controls BPYU as it held 96% of the voting stock of BPYU through its 100% ownership of the BPYU Class B and Class C shares. The balance of the voting rights in respect of BPYU are held by the holders of the BPYU Units.*

(4) *The partnership holds its 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. The partnership has entered into voting agreements to provide the partnership with the ability to contractually direct the relevant activities of the investees.*

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, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
BPO[1]	Canada	**— %**	— %	**$ 4,758**	$ 4,808
BPR Retail Holdings LLC[2]	United States	**— %**	— %	**1,537**	1,787
BSREP II MH Holdings LLC(3)	United States	**74 %**	74 %	**998**	773
BSREP II PBSA Ltd.	Bermuda	**75 %**	75 %	**961**	791
BSREP CARS Sub-Pooling LLC[3]	United States	**74 %**	71 %	**889**	973
BSREP II Korea Office Holdings Pte. Ltd.	South Korea	**78 %**	78 %	**627**	484
Center Parcs UK[3]	United Kingdom	**73 %**	73 %	**550**	675
BSREP II Aries Pooling LLC[3]	United States	**74 %**	74 %	**425**	554
BSREP II Retail Upper Pooling LLC[3]	United States	**50 %**	50 %	**423**	541
BSREP India Office Holdings Pte. Ltd.	United States	**67 %**	67 %	**323**	403
Other	Various	**33% - 76%**	18% - 76%	**4,196**	4,196
Total				**$ 15,687**	$ 15,985

(1) Includes non-controlling interests in BPO subsidiaries which vary from 1% - 100%.
(2) Includes non-controlling interests in BPYU subsidiaries.
(3) Includes non-controlling interests representing interests held by other investors in Brookfield-sponsored real estate funds and holding entities through which the partnership participates in such funds. Also includes non-controlling interests in underlying operating entities owned by these funds.

Summarized financial information in respect of each of the partnership's subsidiaries that have material non-controlling interests is set out below. The summarized financial information below represents amounts before intercompany eliminations.

	Dec. 31, 2020					
					Equity attributable to	
(US$ Millions)	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Non-controlling interests**	**Owners of the entity**
BPO	**$ 1,886**	**$ 43,269**	**$ 6,877**	**$ 17,248**	**$ 4,929**	**$ 16,101**
BPR Retail Holdings LLC	**1,044**	**30,424**	**4,738**	**12,752**	**1,537**	**12,441**
BSREP II MH Holdings LLC	**72**	**2,797**	**50**	**1,502**	**998**	**319**
BSREP II PBSA Ltd.	**60**	**3,001**	**1,326**	**446**	**961**	**328**
BSREP CARS Sub-Pooling LLC	**245**	**3,774**	**454**	**2,363**	**889**	**313**
BSREP II Korea Office Holdings Pte. Ltd.	**100**	**3,518**	**56**	**2,755**	**627**	**180**
Center Parcs UK	**123**	**4,577**	**450**	**3,493**	**550**	**207**
BSREP II Aries Pooling LLC	**162**	**1,397**	**405**	**585**	**425**	**144**
BSREP II Retail Upper Pooling LLC	**216**	**2,331**	**684**	**1,011**	**423**	**429**
BSREP India Office Holdings Pte. Ltd.	**28**	**2,280**	**201**	**1,627**	**323**	**157**
Total	**$ 3,936**	**$ 97,368**	**$ 15,241**	**$ 43,782**	**$ 11,662**	**$ 30,619**

	Dec. 31, 2019					
					Equity attributable to	
(US$ Millions)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Owners of the entity
BPO	$ 1,705	$ 43,102	$ 7,133	$ 17,033	$ 4,979	$ 15,662
BPR Retail Holdings LLC	402	32,526	1,523	15,509	1,787	14,109
BSREP CARS Sub-Pooling LLC	65	4,512	76	3,189	973	339
BSREP II PBSA Ltd.	68	2,633	73	1,566	791	271
BSREP II MH Holdings LLC	45	2,522	47	1,497	773	250
Center Parcs UK	70	4,445	242	3,343	675	255
BSREP II Aries Pooling LLC	158	1,880	487	808	554	189
BSREP II Retail Upper Pooling LLC	109	2,659	315	1,360	541	552
BSREP II Korea Office Holdings Pte. Ltd.	96	3,089	64	2,497	484	140
BSREP India Office Holdings Pte. Ltd.	35	2,252	150	1,539	403	195
BSREP UA Holdings LLC	46	349	6	243	102	44
Total	$ 2,799	$ 99,969	$ 10,116	$ 48,584	$ 12,062	$ 32,006

	Year ended Dec. 31, 2020					
		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	**$ 2,079**	**$ 142**	**$ 152**	**$ 69**	**$ (37)**	**$ 7**
BPR Retail Holdings LLC	**1,612**	**(211)**	**(214)**	**16**	**(1,974)**	**(1,999)**
BSREP II MH Holdings LLC	**252**	**281**	**281**	**11**	**90**	**90**
BSREP II PBSA Ltd.	**129**	**63**	**99**	**8**	**21**	**33**
BSREP CARS Sub-Pooling LLC	**293**	**103**	**101**	**32**	**36**	**35**
BSREP II Korea Office Holdings Pte. Ltd.	**189**	**128**	**174**	**5**	**37**	**50**
Center Parcs UK	**284**	**(137)**	**(112)**	**—**	**(52)**	**(62)**
BSREP II Aries Pooling LLC	**146**	**75**	**75**	**100**	**26**	**26**
BSREP II Retail Upper Pooling LLC	**268**	**(187)**	**(187)**	**—**	**(177)**	**(177)**
BSREP India Office Holdings Pte. Ltd.	**176**	**(54)**	**(64)**	**11**	**(26)**	**(31)**
Total	**$ 5,428**	**$ 203**	**$ 305**	**$ 252**	**$ (2,056)**	**$ (2,028)**

	Year ended Dec. 31, 2019					
		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	$ 2,149	$ 318	$ 306	$ 77	$ 757	$ 808
BPR Retail Holdings LLC	1,592	66	67	122	652	657
BSREP CARS Sub-Pooling LLC	317	67	62	48	23	21
BSREP II PBSA Ltd.	148	144	173	85	49	59
BSREP II MH Holdings LLC	239	62	62	—	20	20
Center Parcs UK	658	47	139	320	17	51
BSREP II Aries Pooling LLC	256	75	74	33	26	26
BSREP II Retail Upper Pooling LLC	298	(121)	(121)	2	(116)	(116)
BSREP II Korea Office Holdings Pte. Ltd.	219	52	26	131	15	7
BSREP India Office Holdings Pte. Ltd.	187	144	129	181	70	62
BSREP UA Holdings LLC	115	(96)	(96)	222	(43)	(43)
Forest City[1]	—	—	—	—	—	—
Total	$ 6,178	$ 758	$ 821	$ 1,221	$ 1,470	$ 1,552

[1] *The non-controlling interests of Forest City was deconsolidated on January 31, 2019. See Note 3, Investment Properties, for further information.*

	Year ended Dec. 31, 2018					
		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	$ 2,159	$ 245	$ 240	$ 35	$ 147	$ 194
Forest City	65	(153)	(153)	21	(27)	(27)
BPR Retail Holdings LLC	584	34	34	(1)	457	447
BSREP CARS Sub-Pooling LLC	311	105	99	54	37	34
Center Parcs UK	644	87	50	55	33	19
BSREP II Korea Office Holdings Pte. Ltd.	211	96	69	8	28	20
BSREP II MH Holdings LLC	248	132	132	8	42	42
BSREP II PBSA Ltd.	131	68	20	—	23	7
BSREP India Office Holdings Pte. Ltd.	176	245	209	11	119	102
BSREP II Aries Pooling LLC	190	51	52	69	18	18
BSREP II Retail Upper Pooling LLC	302	(190)	(191)	1	(189)	(190)
BSREP UA Holdings LLC	128	20	20	—	9	9
Total	$ 5,149	$ 740	$ 581	$ 261	$ 697	$ 675

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 5. EQUITY ACCOUNTED INVESTMENTS

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

(US$ Millions)	Principal activity	Principal place of business	Proportion of ownership interests/voting rights held by the partnership		Carrying value	
			Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Joint ventures						
Canary Wharf Joint Venture[1]	Property holding company	United Kingdom	**50 %**	50 %	**$ 3,440**	$ 3,578
Manhattan West, New York	Property holding company	United States	**56 %**	56 %	**2,122**	1,918
Ala Moana Center, Hawaii	Property holding company	United States	**50 %**	50 %	**1,862**	1,946
BPYU JV Pool A	Property holding company	United States	**50 %**	50 %	**1,723**	1,882
BPYU JV Pool B	Property holding company	United States	**51 %**	51 %	**1,121**	1,366
Fashion Show, Las Vegas	Property holding company	United States	**50 %**	50 %	**835**	832
BPYU JV Pool C	Property holding company	United States	**50 %**	50 %	**692**	777
Grace Building, New York	Property holding company	United States	**50 %**	50 %	**676**	716
BPYU JV Pool D	Property holding company	United States	**48 %**	48 %	**548**	649
Southern Cross East, Melbourne	Property holding company	Australia	**50 %**	50 %	**433**	466
The Grand Canal Shoppes, Las Vegas	Property holding company	United States	**50 %**	50 %	**416**	414
One Liberty Plaza, New York	Property holding company	United States	**51 %**	51 %	**382**	409
680 George Street, Sydney	Property holding company	Australia	**50 %**	50 %	**375**	340
The Mall in Columbia, Maryland	Property holding company	United States	**50 %**	50 %	**298**	282
Brookfield D.C. Office Partners LLC ("D.C. Fund"), Washington, D.C.	Property holding company	United States	**51 %**	51 %	**257**	283
Potsdamer Platz, Berlin	Property holding company	Germany	**25 %**	25 %	**255**	225
BPYU JV Pool F	Property holding company	United States	**51 %**	51 %	**253**	278
BPYU JV Pool G	Property holding company	United States	**68 %**	68 %	**251**	254
Baybrook Mall, Texas	Property holding company	United States	**51 %**	51 %	**251**	332
Brookfield Brazil Retail Fundo de Investimento em Participação ("Brazil Retail")	Holding company	Brazil	**46 %**	46 %	**251**	335
Shops at La Cantera, Texas	Property holding company	United States	**50 %**	50 %	**249**	249
Miami Design District, Florida	Property holding company	United States	**22 %**	22 %	**238**	252
Other[2][3]	Various	Various	**14% - 55%**	14% - 55%	**2,510**	2,645
					19,438	20,428
Associates						
Other	Various	Various	**16% -31%**	23% - 31%	**281**	336
					281	336
Total					**$ 19,719**	$ 20,764

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

(2) *Other joint ventures consists of approximately 36 joint ventures, all of which have a carrying value below $238 million.*

(3) *Other joint ventures includes $38 million related to the Atlantis Paradise Island resort (the "Atlantis"). Refer to Note 8, Property, Plant And Equipment for further information.*

(a) 2020 Conditions

Due to the market uncertainty from the shutdown, the partnership has made adjustments to its cash flow models for all properties within the partnership's equity accounted investments to reflect its assumptions with respect to rent collections, potential tenant bankruptcies, anticipated length of closures and travel restrictions. These assumptions considered all information available to the partnership at the time of the valuation. The partnership's share of fair value losses primarily from the partnership's Core Retail joint ventures reflects updated cashflow assumptions on a suite-by-suite basis with revised market leasing assumptions, vacancy reserve, downtime, retention assumptions and capital costs. The partnership has updated valuation metrics where necessary to reflect changes in the property level risk profile, most notably where we have concerns with anchor tenants who have recently filed for bankruptcy. Please see Note 3, *Investment Properties* for further information.

(b) 2019 Transactions

The deconsolidation of BSREP III resulted in a decrease to equity accounted investments of $1,434 million. Please see Note 3, *Investment Properties* for further information.

In the fourth quarter of 2019, the partnership acquired its joint venture partners' incremental interest in Park Meadows in Colorado, Towson Town Center in Maryland, Perimeter Mall in Georgia, and Shops at Merrick Park in Florida, to bring its ownership to 100% and concurrently sold its interest in Bridgewater Commons in New Jersey to the joint venture partner. Prior to the acquisition, the partnership's joint venture interest was reflected as equity accounted investments. As a result, the partnership gained control of the investments and consolidate its results.

The following table presents the change in the balance of the partnership's equity accounted investments as of December 31, 2020 and 2019:

(US$ Millions) Years ended Dec. 31,		**2020**		2019
Equity accounted investments, beginning of year	**$**	**20,764**	$	22,698
Additions[(1)]		**522**		684
Disposals and return of capital distributions		**(108)**		(764)
Share of net (losses) earnings from equity accounted investments		**(749)**		1,969
Distributions received		**(618)**		(470)
Foreign currency translation		**107**		127
Reclassification from(to) assets held for sale[(2)]		**121**		(189)
Impact of deconsolidation of BSREP III[(3)]		**—**		(1,434)
Other comprehensive income and other[(4)]		**(320)**		(1,857)
Equity accounted investments, end of year	**$**	**19,719**	$	20,764

(1) *Includes $70 million related to the Atlantis resort due to deconsolidation of the investment in the third quarter of 2020.*

(2) *The partnership's interest in the Diplomat was reclassified to assets held for sale in the fourth quarter of 2019 and reclassified back to equity accounted investments in the second quarter of 2020.*

(3) *Includes the impact of the deconsolidation of BSREP III investments, primarily Forest City. See above for further information.*

(4) *The partnership acquired an incremental interest in Park Meadows in Colorado, Towson Town Center in Maryland, Perimeter Mall in Georgia, Shops at Merrick Park in Florida and 730 Fifth Avenue in New York during 2019, bringing its ownership in each of the malls to 100%. As a result, the partnership now consolidate its interest in the assets. The partnership also acquired an incremental interest in One and Two London Wall Place in London during 2019. As a result, the partnership now consolidates its interest in the assets.*

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, 2020			Dec. 31, 2019		
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	**6.4 %**	**4.7 %**	**11**	6.8 %	4.9 %	11
Australia	Discounted cash flow	**6.3 %**	**5.3 %**	**10**	6.5 %	5.2 %	10
Europe	Discounted cash flow	**5.6 %**	**4.7 %**	**10**	4.6 %	5.0 %	10
Core Retail							
United States	Discounted cash flow	**6.3 %**	**4.9 %**	**10**	6.3 %	4.9 %	10
LP Investments - Office	Discounted cash flow	**6.0 %**	**5.3 %**	**10**	6.0 %	5.3 %	10
LP Investments - Retail	Discounted cash flow	**7.4 %**	**6.1 %**	**10**	7.4 %	6.2 %	10
Multifamily[1]	Direct capitalization	**4.3 %**	**n/a**	**n/a**	5.3 %	n/a	n/a

[1] *The valuation method used to value 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, 2020 and 2019:

	Dec. 31, 2020				
(US$ Millions)	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Net assets**
Joint ventures					
Canary Wharf Joint Venture	**$ 1,608**	**$ 13,160**	**$ 2,146**	**$ 5,742**	**$ 6,880**
Manhattan West	**361**	**7,775**	**497**	**3,850**	**3,789**
Ala Moana	**156**	**5,508**	**50**	**1,889**	**3,725**
BPYU JV Pool A	**256**	**5,618**	**108**	**2,320**	**3,446**
BPYU JV Pool B	**301**	**5,572**	**161**	**3,514**	**2,198**
Fashion Show	**54**	**2,461**	**16**	**829**	**1,670**
BPYU JV Pool C	**67**	**2,090**	**37**	**655**	**1,465**
Grace Building	**130**	**2,495**	**34**	**1,237**	**1,354**
BPYU JV Pool D	**67**	**1,619**	**69**	**469**	**1,148**
Southern Cross East	**8**	**869**	**10**	**—**	**867**
The Grand Canal Shoppes	**49**	**1,794**	**38**	**974**	**831**
One Liberty Plaza	**40**	**1,681**	**118**	**853**	**750**
680 George Street	**9**	**749**	**7**	**—**	**751**
The Mall in Columbia	**29**	**825**	**13**	**246**	**595**
D.C. Fund	**45**	**1,241**	**353**	**429**	**504**
Potsdamer Platz	**69**	**2,397**	**42**	**1,402**	**1,022**
BPYU JV Pool F	**21**	**709**	**6**	**227**	**497**
BPYU JV Pool G	**19**	**721**	**15**	**355**	**370**
Baybrook Mall	**19**	**718**	**13**	**232**	**492**
Brazil Retail	**27**	**764**	**6**	**74**	**711**
The Shops at La Cantera	**20**	**736**	**11**	**246**	**499**
Miami Design District	**68**	**1,635**	**50**	**576**	**1,077**
Other	**1,540**	**13,881**	**1,088**	**7,279**	**7,054**
	4,963	**75,018**	**4,888**	**33,398**	**41,695**
Associates					
Other	**91**	**2,800**	**998**	**1,111**	**782**
	91	**2,800**	**998**	**1,111**	**782**
Total	**$ 5,054**	**$ 77,818**	**$ 5,886**	**$ 34,509**	**$ 42,477**

	Dec. 31, 2019				
(US$ Millions)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Joint ventures					
Canary Wharf Joint Venture	$ 1,219	$ 13,432	$ 1,344	$ 6,151	$ 7,156
Ala Moana	99	5,717	43	1,882	3,891
Manhattan West	215	6,502	1,659	1,633	3,425
BPYU JV Pool A	218	5,862	125	2,191	3,764
BPYU JV Pool B	230	6,085	102	3,534	2,679
Fashion Show	38	2,475	20	828	1,665
BPYU JV Pool C	41	2,295	34	666	1,636
Grace Building	44	2,304	16	896	1,436
BPYU JV Pool D	50	2,183	82	790	1,361
Southern Cross East	6	933	7	—	932
The Grand Canal Shoppes	54	1,782	35	974	827
One Liberty Plaza	28	1,666	39	854	801
680 George Street	3	680	4	—	679
Brazil Retail	31	1,024	11	95	949
Baybrook Mall	14	883	11	236	650
D.C. Fund	50	1,298	190	604	554
The Mall in Columbia	27	867	9	321	564
BPYU JV Pool F	9	768	5	227	545
BPYU JV Pool G	13	733	15	360	371
Miami Design District	53	1,683	29	570	1,137
Other[1]	1,821	14,706	1,971	6,236	8,320
	4,263	73,878	5,751	29,048	43,342
Associates					
Other	123	1,837	35	1,045	880
	123	1,837	35	1,045	880
Total	$ 4,386	$ 75,715	$ 5,786	$ 30,093	$ 44,222

(1) *BPYU JV Pool E, Forest City Joint Ventures and The Shops at Merrick Park are included in Other as they have carrying values of nil due to transaction activity and deconsolidation during 2019.*

Summarized financial information in respect of the partnership's equity accounted investments for the years ended December 31, 2020, 2019 and 2018 is set out below:

	Year ended December 31, 2020							
(US$ Millions)	Revenue	Expenses	Fair value gains (losses)	Income from EAI[1]	Net (loss) income	Other compre-hensive (loss)income	Partnership's share of net income	Distributions received
Joint ventures								
Canary Wharf Joint Venture	$ 619	$ 377	$ (713)	$ 19	$ (452)	$ (4)	$ (226)	$ 4
Manhattan West	259	179	379	—	459	(75)	257	221
Ala Moana	269	158	(279)	—	(168)	—	(84)	9
BPYU JV Pool A	353	230	(543)	—	(420)	—	(210)	—
BPYU JV Pool B	483	356	(601)	4	(470)	—	(240)	—
Fashion Show	103	56	(46)	—	1	—	—	8
BPYU JV Pool C	145	80	(222)	—	(157)	—	(78)	6
Grace Building	108	95	121	—	134	—	67	123
BPYU JV Pool D	71	36	(203)	17	(151)	—	(72)	3
Southern Cross East	40	6	6	—	40	—	20	18
The Grand Canal Shoppes	92	84	(18)	—	(10)	—	(5)	—
One Liberty Plaza	149	88	(34)	—	27	(35)	14	21
680 George Street	36	9	3	—	30	—	15	12
The Mall in Columbia	55	33	(58)	—	(36)	—	(18)	—
D.C. Fund	115	80	(89)	—	(54)	(1)	(27)	—
Potsdamer Platz	79	61	25	—	43	—	11	—
BPYU JV Pool F	37	7	(64)	—	(34)	—	(18)	—
BPYU JV Pool G	48	33	(27)	—	(12)	—	(8)	—
Baybrook Mall	40	26	(134)	—	(120)	—	(61)	—
Brazil Retail	28	12	(22)	—	(6)	—	(3)	5
Shops at La Cantera	11	24	(28)	31	(10)	—	(5)	—
Miami Design District	65	88	(51)	—	(74)	—	(16)	—
Other	1,063	832	(7)	13	237	8	28	188
	4,268	2,950	(2,605)	84	(1,203)	(107)	(659)	618
Associates								
Other	92	186	(39)	(2)	(135)	(939)	(90)	—
	92	186	(39)	(2)	(135)	(939)	(90)	—
Total	$ 4,360	$ 3,136	$ (2,644)	$ 82	$ (1,338)	$ (1,046)	$ (749)	$ 618

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

(US$ Millions)	Revenue	Expenses	Fair value gains (losses)	Income from EAI[1]	Net income	Other compre-hensive income	Partnership's share of net income	Distributions received
	Year ended December 31, 2019							
Joint ventures								
Canary Wharf Joint Venture	$ 555	$ 320	$ 126	$ 22	$ 383	$ (11)	$ 191	$ 9
Ala Moana	300	149	758	—	909	—	455	48
Manhattan West	201	136	155	—	220	(43)	123	42
BPYU JV Pool A	379	214	172	—	337	—	168	6
BPYU JV Pool B	564	350	(50)	65	229	—	116	—
Fashion Show	118	57	(112)	—	(51)	—	(26)	15
BPYU JV Pool C	158	73	7	—	92	—	46	10
Grace Building	107	84	215	—	238	—	119	—
BPYU JV Pool D	—	—	(49)	64	15	—	8	5
Southern Cross East	42	6	110	—	146	—	73	5
The Grand Canal Shoppes	138	73	(44)	—	21	—	11	21
One Liberty Plaza	134	84	(25)	—	25	(33)	13	9
680 George Street	36	9	47	—	74	—	37	15
Brazil Retail	59	54	157	—	162	—	75	39
Baybrook Mall	45	26	204	—	223	—	114	—
D.C. Fund	125	82	(50)	—	(7)	—	(4)	—
The Mall in Columbia	56	29	5	—	32	—	16	—
BPYU JV Pool F	39	17	178	—	200	—	102	—
BPYU JV Pool G	53	32	50	—	71	—	48	—
Miami Design District	72	67	(234)	—	(229)	—	(51)	—
Other[2]	1,746	1,217	349	11	889	(17)	359	142
	4,927	3,079	1,969	162	3,979	(104)	1,993	366
Associates								
Diplomat	172	181	(6)	—	(15)	—	(13)	73
BPREP	—	—	—	—	—	—	—	—
Other	216	251	(10)	3	(42)	50	(11)	31
	388	432	(16)	3	(57)	50	(24)	104
Total	$ 5,315	$ 3,511	$ 1,953	$ 165	$ 3,922	$ (54)	$ 1,969	$ 470

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

(2) *Includes BPYU JV Pool E, Forest City Joint Ventures and The Shops at Merrick Park as they have carrying values of nil due to transaction activity and deconsolidation during 2019.*

(US$ Millions)	Revenue	Expenses	Fair value gains (losses)	Income of EAI[1]	Net income	Other compre-hensive income	Partnership's share of net income	Distributions received
	Year ended December 31, 2018							
Joint ventures								
Canary Wharf Joint Venture	$ 547	$ 125	$ (72)	$ (1)	$ 350	$ 8	$ 175	$ —
BPYU JV Pool A	162	77	(5)	—	81	—	41	—
Manhattan West	123	104	423	—	442	(15)	248	—
Ala Moana	78	38	(6)	—	34	—	17	8
Forest City[2]	48	35	—	—	14	—	8	—
BPYU JV Pool B	208	112	(7)	8	96	—	49	1
Fashion Show	32	13	(2)	—	16	—	8	3
BPYU JV Pool C	52	23	(1)	—	28	—	14	6
BPYU JV Pool D	—	—	—	26	26	—	12	2
BPYU JV Pool E	49	15	(2)	—	31	—	11	3
The Grand Canal Shoppes	30	18	(1)	—	11	—	5	2
Grace Building	125	83	(34)	—	8	—	4	8
One Liberty Plaza	114	84	9	—	40	(10)	21	9
Southern Cross East	45	7	38	—	76	—	38	—
680 George Street	34	9	136	—	161	—	56	18
Brazil Retail	61	30	59	—	89	—	41	20
D.C. Fund	131	81	(45)	—	5	—	2	22
Miami Design District	24	24	(1)	—	(2)	—	—	—
The Mall in Columbia	19	9	(1)	—	9	—	5	—
Shops at Merrick Park	17	6	—	—	11	—	6	1
Other	1,290	897	696	(22)	1,068	(19)	409	143
	3,189	1,790	1,184	11	2,594	(36)	1,170	246
Associates								
GGP[3]	1,536	1,221	(1,598)	271	(1,012)	(15)	(274)	214
CXTD[4]	142	60	18	(3)	97	—	21	10
Diplomat	174	175	—	—	(1)	77	(1)	18
BPREP	60	(10)	1	—	71	—	9	4
Other	263	261	71	1	74	76	22	26
	2,175	1,707	(1,508)	269	(771)	138	(223)	272
Total	$ 5,364	$ 3,497	$ (324)	$ 280	$ 1,823	$ 102	$ 947	$ 518

(1) *Share of net earnings from equity accounted investments recorded by the partnership's joint ventures and associates.*
(2) *The partnership deconsolidated it's investment in Forest City due to deconsolidation of BSREP III in the first quarter of 2019.*
(3) *Includes net income presented before allocation to non-controlling interests and preferred dividends from GGP prior to the GGP acquisition in the third quarter of 2018.*
(4) *The partnership sold it's interest in CXTD in the first quarter of 2019.*

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 6. 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, 2020	Dec. 31, 2019
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 %
300 Queen Street	Development property	Ottawa	**25 %**	25 %
52 Goulburn Street	Property	Sydney	**24 %**	24 %
235 St Georges Terrace	Property	Perth	**24 %**	24 %
108 St Georges Terrace	Property	Perth	**50 %**	50 %
Southern Cross West	Property	Melbourne	**50 %**	50 %
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 %
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.*

NOTE 7. PARTICIPATING LOAN INTERESTS

Participating loan interests represented interests in certain properties in Australia that did not provide the partnership with control over the entity that owns the underlying property and were held at FVTPL on the consolidated balance sheets. The partnership sold its remaining participating loan interest in Darling Park Complex in Sydney in the third quarter of 2019. The instruments, which were receivable from a wholly-owned subsidiary of Brookfield Asset Management, was subject to the partnership's prior right to convert into direct ownership interests in the underlying commercial properties, and had contractual interest rates that vary with the results of operations of those properties.

For the year ended December 31, 2020, the partnership recognized interest income on the participating loan interests of nil (2019 - $8 million; 2018 - $17 million) and fair value gains of nil (2019 - $41 million; 2018 - $36 million).

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment primarily consists of hospitality assets such as Center Parcs UK, a portfolio of extended-stay hotels in the United States and a hotel at IFC Seoul.

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

Hospitality properties are accounted for under the revaluation model with revaluation to fair value performed annually at December 31. Significant unobservable inputs (Level 3) in estimating hospitality property values under the revaluation method include estimates of replacement cost and estimates of remaining economic life.

Hospitality properties with a fair value of approximately $2.9 billion (December 31, 2019 - $2.8 billion) are situated on land held under leases or other agreements largely expiring after the year 2065.

In the first half of 2020, the hospitality sector within the LP Investments segment had the most immediate and acute impact from the shutdown as the majority of the partnership's hospitality investments were closed, and currently remain closed or are operating a reduced occupancy, either as a result of mandatory closure orders from various government authorities or due to severe travel restrictions. As a result of these closures, the partnership identified impairment indicators and performed impairment tests for each of the partnership's hospitality investments based on revised cash flows and valuation metrics. For the twelve months ended December 31, 2020, the partnership recognized impairment of its property, plant and equipment of $273 million, of which $179 million relates to the Atlantis prior to deconsolidation of the investment. The recoverable amount of the Atlantis of $1,962 million was determined based on a value-in-use approach, which reflected a reduction in estimated operating cash flows as a result of the closure of Atlantis due to the shutdown, using a terminal capitalization rate of 7% and a discount rate of 9%. The impairment was recorded as a reduction in the revaluation surplus included in other comprehensive income.

In the third quarter of 2020, the partnership completed the recapitalization of the Atlantis with a consortium of investors who made a total commitment of $300 million in the form of preferred equity. The partnership committed to 41.5% of the total commitment, of which $54 million is unfunded as of December 31, 2020. An affiliate of Brookfield Asset Management committed to 41.5% and the remaining 17% was committed by third party investors. In connection with the recapitalization, the partnership and the affiliate of Brookfield Asset Management were granted equal approval rights which resulted in a change of control. The partnership deconsolidated its investment in the Atlantis and now accounts for its interest under the equity method (refer to Note 5, *Equity Accounted Investments*). The partnership recognized a gain on loss of control of $62 million in fair value (losses) gains, net.

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, 2020	Dec. 31, 2019
Cost:		
Balance, beginning of year	**$ 7,246**	$ 7,461
Accounting policy change[(1)]	**—**	122
Additions	**164**	387
Disposals	**(75)**	(52)
Foreign currency translation	**142**	98
Impact of deconsolidation due to loss of control and other[(2)]	**(1,902)**	(770)
	5,575	7,246
Accumulated fair value changes:		
Balance, beginning of year	**1,343**	1,049
Revaluation (losses) gains, net [(3)(4)]	**(130)**	301
Impact of deconsolidation due to loss of control and other[(2)]	**(729)**	(7)
Disposals	**13**	—
Provision for impairment[(3)]	**(15)**	—
Foreign currency translation	**6**	—
	488	1,343
Accumulated depreciation:		
Balance, beginning of year	**(1,311)**	(1,004)
Depreciation	**(306)**	(329)
Disposals	**28**	30
Foreign currency translation	**(25)**	(15)
Impact of deconsolidation due to loss of control and other[(2)]	**786**	7
	(828)	(1,311)
Total property, plant and equipment[(5)]	**$ 5,235**	$ 7,278

(1) The prior year includes the impact of the adoption of IFRS 16 through the recognition of right-of-use assets. See Note 2, Summary of Significant Accounting Policies for further information.

(2) The prior year includes the impact of the deconsolidation of BSREP III investments. See Note 3, Investment Properties for further information. The current year includes the impact of deconsolidation of the Atlantis.

(3) The current year impairment losses were recorded in revaluation losses, net in other comprehensive income and fair value (losses) gains, net in the income statement, which was a result of the impairment test performed on each of the partnership's hospitality investments from the impact of the shutdown as discussed above.

(4) Revaluation (losses) gains, net includes $258 million of impairment losses offset by $128 million of revaluation gains.

(5) Includes right-of-use assets of $164 million (December 31, 2019 – $175 million).

NOTE 9. GOODWILL

Goodwill of $1,080 million at December 31, 2020 (December 31, 2019 - $1,041 million) was primarily attributable to Center Parcs UK of $824 million and IFC Seoul of $240 million (December 31, 2019 - $799 million and $226 million, respectively). 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.

The partnership tested the goodwill attributed to Center Parcs UK for impairment and trademark assets as of December 31, 2020 as a result of intermittent closures and occupancy restrictions in place due to the shutdown. The current year analysis uses a 10-year cash flow projection with a 3% long-term growth rate used to extrapolate cash flows after the third year, a discount rate derived from a market-based-weighted-average cost of capital, and a terminal capitalization rate derived from a market-based EBITDA multiple. Based on the impairment test, no impairment was recorded as the recoverable amount of the cash-generating unit of $4,185 million (2019 - $4,230 million) exceeded the carrying value of the cash-generating unit of $4,045 million (2019 - $4,002 million). The recoverable amount was determined based on a value-in-use approach based on a terminal capitalization rate of 7.8% (2019 - n/a) and a discount rate of 9.5% (2019 - 7.9%). A discount rate of 10%, a long-term growth rate of 2.3%, or a terminal capitalization rate of 8.2% used in the current year impairment analysis would eliminate the headroom between the recoverable amount and carrying value of the cash-generating unit.

NOTE 10. 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 related to Center Parcs UK.

The trademark assets of Center Parcs UK had a carrying amount of $982 million as of December 31, 2020 (December 31, 2019 - $956 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. Refer to *Note 9, Goodwill* for detail on the Center Parcs impairment analysis.

At December 31, 2020, intangible assets of the Atlantis had a carrying value of nil (December 31, 2019 - $205 million) due to deconsolidation of the investment. Refer to *Note 5, Equity Accounted Investments* and *Note 8, Property, Plant And Equipment* for further detail.

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are amortized over their respective useful lives as listed above. Amortization is recorded as part of depreciation and amortization of non-real estate assets expense.

For the twelve months ended December 31, 2020, the partnership recognized an impairment of its intangible assets related to Atlantis of $18 million, prior to deconsolidation. The impairment was recorded as a charge through the income statement during the first and second quarters of 2020. Refer to *Note 8, Property, Plant And Equipment* for more detail on the Atlantis impairment analysis.

The following table presents the components of the partnership's intangible assets as of December 31, 2020 and December 31, 2019:

(US$ Millions)	Dec. 31, 2020	Dec. 31, 2019
Cost	**$ 1,016**	$ 1,265
Accumulated amortization	**(34)**	(55)
Accumulated impairment losses	**—**	(48)
Balance, end of year	**$ 982**	$ 1,162

The following table presents a roll forward of the partnership's intangible assets December 31, 2020 and December 31, 2019:

(US$ Millions)	Dec. 31, 2020	Dec. 31, 2019
Balance, beginning of year	**$ 1,162**	$ 1,179
Acquisitions	**6**	9
Amortization	**(12)**	(12)
Impairment losses	**(18)**	—
Foreign currency translation	**30**	36
Impact of deconsolidation due to loss of control and other[(1)]	**(186)**	(50)
Balance, end of year	**$ 982**	$ 1,162

(1) *The prior year includes the impact of deconsolidation of BSREP III investments. See Note 3, Investment Properties for further information. The current year includes the impact of deconsolidation of Atlantis. See Note 8, Property, Plant And Equipment.*

NOTE 11. OTHER NON-CURRENT ASSETS

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

(US$ Millions)		Dec. 31, 2020		Dec. 31, 2019
Securities - FVTPL	$	**1,612**	$	1,250
Derivative assets		**72**		10
Securities - FVTOCI		**86**		121
Restricted cash		**241**		154
Inventory[1]		**877**		507
Other		**289**		284
Total other non-current assets	$	**3,177**	$	2,326

(1) *Includes right-of-use inventory of $33 million as of December 31, 2020 (December 31, 2019 - $31 million).*

Securities - FVTPL

Securities - FVTPL consists of its convertible preferred units of a U.S. hospitality company. The preferred units earn a cumulative dividend of 7.5% per annum compounding quarterly. Additionally, the partnership receives distributions payable in additional convertible preferred units of the U.S. hospitality operating company at 5.0% per annum compounding quarterly. In 2019, the partnership purchased an additional $238 million of convertible preferred units of a U.S. hospitality operating company. The carrying value of these convertible preferred units as of December 31, 2020 was $447 million (December 31, 2019 - $418 million).

Also included in Securities - FVTPL is the partnership's investment in BSREP III, which is accounted for as a financial asset following the deconsolidation of its investments in the first quarter of 2019. The carrying value of the BSREP III financial asset as of December 31, 2020 was $756 million (December 31, 2019 - $417 million).

NOTE 12. ACCOUNTS RECEIVABLE AND OTHER

The components of accounts receivable and other are as follows:

(US$ Millions)		Dec. 31, 2020		Dec. 31, 2019
Derivative assets	$	**164**	$	80
Accounts receivable[1] - net of expected credit loss of $114 million (2019 - $51 million)		**753**		510
Restricted cash and deposits		**292**		239
Prepaid expenses		**330**		278
Other current assets		**332**		300
Total accounts receivable and other	$	**1,871**	$	1,407

(1) See Note 34, Related Parties, for further discussion.

With respect to accounts receivable, the partnership recorded a $99 million loss allowance in commercial property operating expenses for the twelve months ended December 31, 2020. As of December 31, 2020, the partnership has collected approximately 96% of office rents and 67% of retail rents since April when the global economic shutdown began. While working to preserve profitability and cash flow, the partnership is also working with its tenants regarding requests for lease concessions and other forms of assistance, predominantly within the Core Retail segment. The partnership continues to make meaningful progress in its negotiations with national and local tenants to secure rental payments, despite a significant portion of the partnership's tenants requesting rental assistance, whether in the form of deferral or rent reduction. As of December 31, 2020, in response to the COVID-19 pandemic, the partnership granted rent deferrals of 4% and rent abatements of 5% of 2020 retail rent. The rent abatements granted were considered lease modification and will be recognized prospectively over the remaining lease terms from the period the rent was abated. While the partnership anticipates that it may grant further rent concessions, such as the deferral or abatement of lease payments, such rent concession requests are evaluated on a case-by-case basis. Where tenants are expected to be able to meet their lease obligations after concessions have been granted, the allowance for expected credit losses includes only the portion of the expected abatements that is deemed attributable to the current period, considering the weighted average remaining lease terms. Not all requests for rent relief will be granted as the partnership does not intend to forgo its legally enforceable contractual rights that exist under its lease agreements.

NOTE 13. 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, 2020 and December 31, 2019:

(US$ Millions)		Dec. 31, 2020		Dec. 31, 2019
Investment properties	**$**	**481**	$	160
Equity accounted investments		**102**		223
Accounts receivables and other assets		**5**		4
Assets held for sale		**588**		387
Debt obligations		**380**		138
Accounts payable and other liabilities		**16**		2
Liabilities associated with assets held for sale	**$**	**396**	$	140

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, 2020		Dec. 31, 2019
Balance, beginning of year	**$**	**387**	$	1,004
Reclassification to/(from) assets held for sale, net		**2,381**		3,387
Disposals		**(2,222)**		(4,038)
Fair value adjustments		**9**		14
Foreign currency translation		**20**		(5)
Other		**13**		25
Assets held for sale	**$**	**588**	$	387

At December 31, 2019, assets held for sale included its equity accounted investment in the Diplomat in Florida, an office asset in California and six triple net lease assets in the United States, as the partnership intended to sell controlling interest in these assets to third parties in the next 12 months.

In the first quarter of 2020, the partnership sold an office asset in California and five triple-net lease assets in the U.S within the LP Investments portfolio for net proceeds of approximately $73 million.

In the second quarter of 2020, the partnership sold three triple-net lease assets in the U.S., seven multifamily assets in the U.S., and an office asset in the U.S. for net proceeds of approximately $77 million. Additionally, the Diplomat hotel was reclassified out of assets held for sale into equity accounted investments as the sale is no longer expected to occur in the next 12 months.

In the third quarter of 2020, the partnership sold two triple-net lease assets in the U.S. and an office asset in Brazil for net proceeds of approximately $104 million.

In the fourth quarter of 2020, the partnership sold a Core Office asset in London, a portfolio of self-storage assets in the U.S and four triple-net lease assets in the U.S. for net proceeds of approximately $740 million.

At December 31, 2020, asset held for sale included an office asset in Australia, a multifamily asset in the U.S., two malls in the U.S., a mall in Brazil and four triple net lease assets in the U.S.

NOTE 14. DEBT OBLIGATIONS

The partnership's debt obligations include the following:

	Dec. 31, 2020			Dec. 31, 2019		
(US$ Millions)	**Weighted-average rate**		**Debt balance**	Weighted-average rate		Debt balance
Unsecured facilities:						
Brookfield Property Partners' credit facilities	**1.75 %**	**$**	**1,357**	3.33 %	$	836
Brookfield Property Partners' corporate bonds	**4.14 %**		**1,890**	4.25 %		1,082
Brookfield Property REIT Inc. term debt	**2.90 %**		**3,976**	4.17 %		4,010
Brookfield Property REIT Inc. senior secured notes	**5.75 %**		**945**	5.75 %		1,000
Brookfield Property REIT Inc. corporate facility	**2.41 %**		**1,015**	4.03 %		715
Brookfield Property REIT Inc. junior subordinated notes	**1.66 %**		**206**	3.39 %		206
Subsidiary borrowings	**1.69 %**		**196**	3.27 %		202
Secured debt obligations:						
Funds subscription credit facilities[1]	**2.51 %**		**315**	2.83 %		57
Fixed rate	**4.27 %**		**28,446**	4.35 %		28,717
Variable rate	**3.61 %**		**16,629**	4.52 %		19,121
Deferred financing costs			**(258)**			(418)
Total debt obligations		**$**	**54,717**		$	55,528
Current		**$**	**13,074**		$	8,825
Non-current			**41,263**			46,565
Debt associated with assets held for sale			**380**			138
Total debt obligations		**$**	**54,717**		$	55,528

[1] *Funds subscription credit facilities are secured by co-investors' capital commitments.*

The partnership generally believes that it will be able to either extend the maturity date, repay, or refinance the debt that is scheduled to mature in 2021 to 2022, however, approximately 3% of its debt obligations represent non-recourse mortgages on retail assets where the partnership has suspended contractual payment, and is currently engaging in modification or restructuring discussions with the respective creditors. The partnership is generally seeking relief given the circumstances resulting from the current economic slowdown, and may or may not be successful with these negotiations. If the partnership is unsuccessful, it is possible that certain properties securing these loans could be transferred to the lenders.

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

	Dec. 31, 2020				Dec. 31, 2019			
(US$ Millions)		**U.S. Dollars**		**Local currency**		U.S. Dollars		Local currency
U.S. dollars	**$**	**37,413**	**$**	**$ 37,413**	$	39,286	$	$ 39,286
British pounds		**6,809**	**£**	**4,981**		6,997	£	5,279
Canadian dollars		**4,408**	**C$**	**5,613**		3,431	C$	4,457
South Korean Won		**2,093**	**₩**	**2,280,000**		1,973	₩	2,280,000
Australian dollars		**1,473**	**A$**	**1,914**		1,273	A$	1,814
Indian Rupee		**2,257**	**Rs**	**164,753**		2,209	Rs	157,797
Brazilian reais		**180**	**R$**	**936**		480	R$	1,935
China Yuan		**22**	**C¥**	**143**		11	C¥	78
Euros		**320**	**€**	**262**		286	€	255
Deferred financing costs		**(258)**				(418)		
Total debt obligations	**$**	**54,717**			$	55,528		

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

(US$ Millions)	Dec. 31, 2019	Debt obligation issuance, net of repayments	Non-cash changes in debt obligations: Deconsolidation due to loss of control	Debt from asset acquisitions	Assumed by purchaser	Amortization of deferred financing costs and (premium) discount	Foreign currency translation	Other	**Dec. 31, 2020**
Debt obligations	$ 55,528	1,571	(2,105)	364	(1,199)	145	430	(17)	**$ 54,717**

NOTE 15. CAPITAL SECURITIES

The partnership had the following capital securities outstanding as of December 31, 2020 and 2019:

(US$ Millions, except where noted)	Shares outstanding	Cumulative dividend rate	**Dec. 31, 2020**	Dec. 31, 2019
Operating Partnership Class A Preferred Equity Units:				
Series 1	24,000,000	6.25 %	**$ 586**	$ 574
Series 2	24,000,000	6.50 %	**555**	546
Series 3	24,000,000	6.75 %	**538**	530
BPO Class B Preferred Shares:				
Series 1[1]	3,600,000	70% of bank prime	**—**	—
Series 2[1]	3,000,000	70% of bank prime	**—**	—
Brookfield Property Split Corp. (“BOP Split”) Senior Preferred Shares:				
Series 1	842,534	5.25 %	**21**	23
Series 2	556,746	5.75 %	**11**	13
Series 3	789,718	5.00 %	**16**	18
Series 4	594,994	5.20 %	**12**	18
BSREP II RH B LLC (“Manufactured Housing”) Preferred Capital	—	9.00 %	**249**	249
Rouse Series A Preferred Shares	5,600,000	5.00 %	**142**	142
BSREP II Vintage Estate Partners LLC (“Vintage Estates”) Preferred Shares	10,000	5.00 %	**40**	40
Capital Securities – Fund Subsidiaries			**863**	922
Total capital securities			**$ 3,033**	$ 3,075
Current			**$ 649**	$ 75
Non-current			**2,384**	3,000
Total capital securities			**$ 3,033**	$ 3,075

[1] *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 due to the redemption features of these instruments.

On December 4, 2014, the partnership issued $1,800 million of Preferred Equity Units to the Class A Preferred Unitholder. The Preferred Equity Units are exchangeable at the option of the Class A Preferred Unitholder 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 the Class A Preferred Unitholder 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 Class A Preferred Unitholder 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 the Class A Preferred Unitholder'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 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.

Capital securities includes $249 million at December 31, 2020 (December 31, 2019 - $249 million) of preferred equity interests held by a third party investor in Manufactured Housing which have been classified as a liability, rather than as a non-controlling interest, due to the fact the holders are entitled to distributions equal to their capital balance plus 9% annual return payable in monthly distributions until maturity in December 2025.

Capital securities also includes $142 million at December 31, 2020 (December 31, 2019 - $142 million) of preferred equity interests held by a third party investor in Rouse Properties, L.P. ("Rouse") which have been classified as a liability, rather than as a non-controlling interest, due to the fact that the interests are mandatorily redeemable on or after November 12, 2025 for a set price per unit plus any accrued but unpaid distributions; distributions are capped and accrue regardless of available cash generated.

Capital securities also includes $40 million at December 31, 2020 (December 31, 2019 - $40 million) 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 $807 million (December 31, 2019 - $860 million) of equity interests in Brookfield DTLA Holdings LLC ("DTLA") held by co-investors in DTLA which have been classified as a liability, rather than as non-controlling interest, as holders of these interests can cause DTLA to redeem their interests in the fund for cash equivalent to the fair value of the interests on October 15, 2023, and on every fifth anniversary thereafter. Capital Securities – Fund Subsidiaries are measured at FVTPL.

Capital Securities - Fund Subsidiaries also includes $56 million at December 31, 2020 (December 31, 2019 - $62 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.

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

			Non-cash changes on capital securities			
(US$ Millions)	Dec. 31, 2019	Capital securities redeemed net of issued	Fair value changes	Foreign currency translation	Other	**Dec. 31, 2020**
Capital securities	$ 3,075	$ (13)	$ (23)	$ —	$ (6)	$ 3,033

Capital securities includes $38 million (December 31, 2019 - $49 million) repayable in Canadian Dollars of C$49 million (December 31, 2019 - C$64 million).

NOTE 16. INCOME TAXES

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

The components of net deferred tax liability are presented as follows:

(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019
Deferred income tax assets:		
Non-capital losses (Canada)	**$ 64**	$ 60
Capital losses (Canada)	**33**	33
Net operating losses (United States)	**465**	351
Non-capital losses (foreign)	**141**	107
Tax credit carryforwards	**27**	27
Foreign currency	**—**	10
Other	**42**	43
	772	631
Deferred income tax (liabilities):		
Properties	**(3,630)**	(3,146)
	(3,630)	(3,146)
Net deferred tax (liability)	**$ (2,858)**	$ (2,515)

The changes in deferred tax balances are presented as follows:

		Recognized in					
(US$ Millions)	**Dec. 31, 2019**	**Income**	**Equity**	**Acquisitions and Dispositions**	**OCI**	**Other Balance Sheet**	**Dec. 31, 2020**
Deferred tax assets	**$ 631**	**$ 231**	**$ (35)**	**$ —**	**$ 8**	**$ (63)**	**$ 772**
Deferred tax (liabilities)	**(3,146)**	**(393)**	**—**	**—**	**(91)**	**—**	**(3,630)**
Net deferred tax (liability)	**$ (2,515)**	**$ (162)**	**$ (35)**	**$ —**	**$ (83)**	**$ (63)**	**$ (2,858)**

		Recognized in					
(US$ Millions)	Dec. 31, 2018	Income	Equity	Acquisitions and Dispositions	OCI	Other Balance Sheet	Dec. 31, 2019
Deferred tax assets	$ 516	$ 117	$ —	$ (7)	$ 5	$ —	$ 631
Deferred tax (liabilities)	(2,894)	(149)	(7)	—	(35)	(61)	(3,146)
Net deferred tax (liability)	$ (2,378)	$ (32)	$ (7)	$ (7)	$ (30)	$ (61)	$ (2,515)

During 2020, the partnership and its subsidiaries have reevaluated certain net operating losses in entities that have been previously acquired and determined that the partnership does not expect to utilize those loses. As such, the partnership has written off $35 million of NOLs via equity. The partnership and its subsidiaries utilized certain tax attributes to reduce overall tax liabilities, resulting in a reduction of deferred tax assets in the amount of $63 million.

During 2019, the partnership and its subsidiaries deconsolidated certain investments in BSREP III investments. This resulted in the recognition of net deferred tax (liabilities) of $7 million. During 2019, the partnership and subsidiaries finalized purchase price allocations for certain business combinations. This resulted in a decrease of $7 million of net deferred tax assets being recognized. The partnership and its subsidiaries reclassified $61 million of certain tax credits from net deferred tax (liabilities) to other assets on the balance sheet.

The Holding Entities and their Canadian subsidiaries have deferred tax assets of $64 million (December 31, 2019 - $60 million) related to non-capital losses that will begin to expire in 2032, and $33 million (December 31, 2019 - $33 million) related to capital losses that have no expiry. The Holding Entities and their U.S. subsidiaries have deferred tax assets of $465 million (December 31, 2019 - $351 million) related to net operating losses that will begin to expire in 2026. The Holding Entities and their foreign subsidiaries, mainly in South Korea and India, have deferred tax assets of $141 million (December 31, 2019 - $107 million) related to non-capital losses which will begin to expire in 2021.

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, 2020**	Dec. 31, 2019
Unused tax losses - gross		
Net operating losses (United States)	**$ 24**	$ 287
Net operating losses (foreign)	**409**	428
Unrecognized deductible temporary differences, unused tax losses, and unused tax credits	**$ 433**	$ 715

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 $433 million (December 31, 2019 - $715 million) related to net operating losses. Approximately $159 million of the foreign net operating losses will expire by 2030. The remaining foreign net operating losses have no expiry. The majority of the U.S. net operating losses will begin to expire in 2035.

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, 2020 is approximately $10 billion (December 31, 2019 - $11 billion).

The major components of income tax expense include the following:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Current income tax expense	**$ 58**	$ 164	$ 299
Deferred income tax expense (benefit)	**162**	32	(218)
Income tax expense	**$ 220**	$ 196	$ 81

The increase in income tax expense for the year ended December 31, 2020 compared to the prior year primarily relates to tax rate changes in jurisdictions in which the partnership holds investments.

Years ended Dec. 31,	**2020**	2019	2018
Statutory income tax rate	**26 %**	26 %	26 %
Increase (decrease) in rate resulting from:			
International operations subject to different tax rates	**(35)%**	(14)%	(10)%
Non-controlling interests in income of flow-through entities	**8 %**	(4)%	(11)%
Change in tax rates applicable to temporary differences in other jurisdictions	**(8)%**	(3)%	(5)%
Other	**(3)%**	— %	2 %
Effective income tax rate	**(12)%**	5 %	2 %

As the partnership is not subject to tax, the analyses used the applicable Canadian blended Federal and Provincial tax rate as the statutory income tax rate.

NOTE 17. OTHER NON-CURRENT LIABILITIES
The components of other non-current liabilities are as follows:

(US$ Millions)		Dec. 31, 2020		Dec. 31, 2019
Accounts payable and accrued liabilities	**$**	**437**	$	760
Lease liabilities[(1)]		**875**		889
Derivative liability		**272**		413
Provisions		**105**		78
Loans and notes payable		**—**		18
Deferred revenue		**14**		4
Total other non-current liabilities	**$**	**1,703**	$	2,162

(1) For the year ended December 31, 2020, interest expense relating to total lease liabilities (see Note 18, Accounts Payable And Other Liabilities for the current portion) was $58 million (2019 - $57 million)

NOTE 18. ACCOUNTS PAYABLE AND OTHER LIABILITIES
The components of accounts payable and other liabilities are as follows:

(US$ Millions)		Dec. 31, 2020		Dec. 31, 2019
Accounts payable and accrued liabilities	**$**	**2,094**	$	2,537
Loans and notes payable[(1)]		**1,062**		172
Derivative liabilities		**416**		289
Deferred revenue		**441**		342
Lease liabilities[(2)]		**43**		43
Other liabilities		**45**		43
Total accounts payable and other liabilities	**$**	**4,101**	$	3,426

(1) See Note 34, Related Parties, for further discussion.
(2) See Note 17, Other Non-Current Liabilities for further information on the interest expense related to these liabilities.

NOTE 19. EQUITY
The partnership's capital structure is comprised of seven classes of partnership units: GP Units, LP Units, Redeemable/ Exchangeable Partnership Units, Special LP Units, Exchange LP Units, FV LTIP units of the Operating Partnership and BPYU Units. In addition, the partnership issued Class A Cumulative Redeemable Perpetual Preferred Units, Series 1 in the first quarter of 2019, Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 in the third quarter of 2019 and Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 in the first quarter of 2020 ("Preferred Equity Units").

a) General and limited partnership 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 Nasdaq 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,	**2020**	2019	2018	**2020**	2019	2018
Outstanding, beginning of year	**139**	139	139	**439,802**	424,198	254,989
Issued on August 28, 2018 for the acquisition of GGP	**—**	—	—	**—**	—	109,702
Exchange LP Units exchanged	**—**	—	—	**169**	425	7,770
BPYU Units exchanged				**11,580**	36,316	56,166
Distribution reinvestment program	**—**	—	—	**998**	257	175
Issued under unit-based compensation plan	—	—	—	**—**	858	57
LP Units issued	—	—	—	**59,497**	—	—
Repurchases of LP Units	—	—	—	**(76,066)**	(22,252)	(4,661)
Outstanding, end of year	**139**	139	139	**435,980**	439,802	424,198

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

Redeemable/Exchangeable Partnership Units

There were 451,365,017 Redeemable/Exchangeable Partnership Units outstanding at December 31, 2020 and 432,649,105 outstanding at 2019 and 2018.

Special limited partnership units

Brookfield Property Special L.P. (“Special LP”) 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, 2020, 2019 and 2018.

c) Limited partnership units of Brookfield Office Properties Exchange LP

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 June 9, 2021, 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, 2020**	Dec. 31, 2019	Dec. 31, 2018
Outstanding, beginning of year	**2,883**	3,308	11,078
Exchange LP Units exchanged [(1)]	**(169)**	(425)	(7,770)
Outstanding, end of year	**2,714**	2,883	3,308

(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) FV LTIP Units

The partnership issued units under the Brookfield Property L.P. FV LTIP Unit Plan (“FV LTIP Units”) to certain participants in 2019. Each FV LTIP unit will vest over a period of five years and is redeemable for LP Units, BPYU Units or a cash payment subject to a conversion adjustment. There were 1,899,661 FV LTIP Units outstanding at December 31, 2020.

e) Class A shares of Brookfield Property REIT Inc.

BPYU Units were issued to former GGP Inc. (“GGP”) common shareholders who elected to receive BPYU Units as consideration, in connection with the August 28, 2018 closing of the partnership’s acquisition of all outstanding common shares of GGP not already owned by the partnership. Each BPYU Unit is structured to provide an economic return equivalent to an LP Unit. The holder of a BPYU Unit has the right, at any time, to request the share be redeemed for cash equivalent to the value of an LP Unit. In the event the holder of a BPYU Unit exercises this right, the partnership has the right, at its sole discretion, to satisfy the redemption request with an LP Unit rather than cash. As a result, BPYU Units participate in earnings and distribution

on a per unit basis equivalent to the per unit participation of LP Units. The partnership presents BPYU Units as a component of non-controlling interest.

The following table presents changes to the BPYU Units from the beginning of the year:

	Class A shares of Brookfield Property REIT Inc.		
(Thousands of units)	**Dec. 31, 2020**	Dec. 31, 2019	Dec. 31, 2018
Outstanding, beginning of year	**64,025**	106,090	—
Issued on August 28, 2018 for the acquisition of GGP	**—**	—	162,324
BPYU Units exchanged[1]	**(11,580)**	(36,316)	(56,166)
Repurchase of BPYU Units	**(13,396)**	(5,724)	—
BPYU Units issued	**84**	—	—
Forfeitures	**(6)**	(25)	(68)
Outstanding, end of year[2]	**39,127**	64,025	106,090

(1) *Represents BPYU Units that have been exchanged for LP Units. Refer to the Consolidated Statements of Changes in Equity for the impact of such exchanges on the carrying value of BPYU Units.*

(2) *In addition, there were 1,418,001 BPYU Units held in treasury as of December 31, 2020.*

f) Preferred Equity Units

During the year ended December 31, 2019, the partnership issued 7,360,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 1 at $25.00 per unit at a coupon rate of 6.5% and 10,000,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 2 at $25.00 per unit at a coupon rate of 6.375%. In total $722 million of gross proceeds were raised and $23 million in underwriting and issuance costs were incurred.

During the year ended December 31, 2020, the partnership issued 11,500,000 Class A Cumulative Redeemable Perpetual Preferred Units, Series 3 at $25.00 per unit at a coupon rate of 5.75%. In total $288 million of gross proceeds were raised and $9 million in underwriting and issuance costs were incurred. At December 31, 2020, Preferred Equity Units had a total carrying value of $699 million (December 31, 2019 - $420 million).

g) 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,	**2020**	2019	2018
Limited partners	**$ 583**	$ 573	$ 410
Holders of:			
Redeemable/exchangeable partnership units	**581**	574	545
Special LP Units	**6**	6	6
Exchange LP Units	**4**	4	9
FV LTIP of the Operating Partnership	**2**	1	—
BPYU Units	**68**	108	89
Total distributions	**$ 1,244**	$ 1,266	$ 1,059
Per unit[1]	**$ 1.33**	$ 1.32	$ 1.26

(1) *Per unit outstanding on the record date for each.*

h) 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,		2020		2019		2018
Net (loss) income attributable to limited partners	**$**	**(1,098)**	$	884	$	764
(Loss) Income reallocation related to mandatorily convertible preferred shares		**(89)**		80		98
Less: Preferred equity dividend		**(20)**		(15)		—
Net (loss) income attributable to limited partners - basic		**(1,207)**		949		862
Dilutive effect of conversion of preferred shares and options[1]		**—**		8		35
Net (loss) income attributable to limited partners - diluted	**$**	**(1,207)**	$	957	$	897
(Millions of units/shares)						
Weighted average number of LP Units outstanding		**435.1**		431.3		307.7
Mandatorily convertible preferred shares		**70.1**		70.1		70.0
Weighted average number of LP Units outstanding - basic		**505.2**		501.4		377.7
Dilutive effect of conversion of preferred shares and options[1]		**—**		6.7		18.5
Weighted average number of LP Units outstanding - diluted		**505.2**		508.1		396.2

[1] *There was no dilutive impact from options during 2020 as the average market price did not exceed the exercise price.*

NOTE 20. NON-CONTROLLING INTERESTS

Non-controlling interests consists of the following:

(US$ Millions)		Dec. 31, 2020		Dec. 31, 2019
Redeemable/Exchangeable Partnership Units and Special LP Units[1]	**$**	**12,249**	$	13,200
Exchange LP Units[1]		**73**		87
FV LTIP units of the Operating Partnership[1]		**52**		35
BPYU Units[1]		**1,050**		1,930
Interest of others in operating subsidiaries and properties:				
Preferred shares held by Brookfield Asset Management		**15**		15
Preferred equity of subsidiaries		**3,000**		3,017
Non-controlling interests in subsidiaries and properties		**12,672**		12,953
Total interests of others in operating subsidiaries and properties		**15,687**		15,985
Total non-controlling interests	**$**	**29,111**	$	31,237

[1] *Each unit within these classes of non-controlling interest has economic terms substantially equivalent to those of an LP Unit. As such, income attributed to each unit or share of non-controlling interest is equivalent to that allocated to an LP Unit. The proportion of interests held by holders of the Redeemable/Exchangeable Units and Exchange LP Units changes as a result of issuances, repurchases and exchanges. Consequently, the partnership adjusted the relative carrying amounts of the interests held by limited partners and non-controlling interests based on their relative share of the equivalent LP Units. The difference between the adjusted value and the previous carrying amounts was attributed to current LP Units as ownership changes in the Consolidated Statements of Changes in Equity.*

NOTE 21. COMMERCIAL PROPERTY REVENUE

The components of commercial property revenue are as follows:

(US$ Millions) Years ended Dec. 31,		2020		2019		2018
Base rent	**$**	**3,613**	$	3,814	$	3,443
Straight-line rent		**133**		115		116
Lease termination		**27**		44		55
Other lease income[1]		**627**		612		623
Other revenue from tenants[2]		**997**		1,106		806
Total commercial property revenue	**$**	**5,397**	$	5,691	$	5,043

[1] *Other lease income includes parking revenue and recovery of property tax and insurance expense from tenants.*
[2] *Consists of recovery of certain operating expenses and other revenue from tenants which are accounted for in accordance with IFRS 15.*

The partnership 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, 2020**	Dec. 31, 2019
Less than 1 year	**$ 3,332**	$ 3,191
1-5 years	**10,800**	11,030
More than 5 years	**11,216**	12,089
Total	**$ 25,348**	$ 26,310

NOTE 22. HOSPITALITY REVENUE

The components of hospitality revenue are as follows:

(US$ Millions)	**2020**	2019	2018
Room, food and beverage	**$ 562**	$ 1,431	$ 1,373
Gaming, and other leisure activities	**106**	360	424
Other hospitality revenue	**34**	118	116
Total hospitality revenue	**$ 702**	$ 1,909	$ 1,913

NOTE 23. INVESTMENT AND OTHER REVENUE

The components of investment and other revenue are as follows:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Investment income	**$ 177**	$ 223	$ 68
Fee revenue	**228**	259	131
Dividend income	**44**	6	10
Interest income and other	**45**	107	57
Participating loan interests	**—**	8	17
Total investment and other revenue	**$ 494**	$ 603	$ 283

NOTE 24. DIRECT COMMERCIAL PROPERTY EXPENSE

The components of direct commercial property expense are as follows:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Property maintenance	**$ 679**	$ 749	$ 773
Real estate taxes	**610**	619	528
Employee compensation and benefits	**158**	170	196
Ground rents(1)	**—**	—	59
Lease expense(2)	**16**	16	—
Other(3)	**473**	413	295
Total direct commercial property expense	**$ 1,936**	$ 1,967	$ 1,851

(1) The partnership adopted IFRS 16 in 2019 using the modified retrospective method. The comparative information has not been restated and is reported under the accounting standards effective for those periods.

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

(3) For the twelve months ended December 31, 2020, the partnership recorded a $99 million (2019 - $31 million) loss allowance in commercial property operating expenses.

NOTE 25. DIRECT HOSPITALITY EXPENSE

The components of direct hospitality expense are as follows:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Employee compensation and benefits	**$ 180**	$ 370	$ 318
Cost of food, beverage, and retail goods sold	**142**	294	273
Maintenance and utilities	**112**	155	175
Marketing and advertising	**28**	71	75
Other	**166**	329	395
Total direct hospitality expense	**$ 628**	$ 1,219	$ 1,236

NOTE 26. DEPRECIATION AND AMORTIZATION

The components of depreciation and amortization expense are as follows:

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Depreciation and amortization of real estate assets	**$**	**249**	$	283	$	264
Depreciation and amortization of non-real estate assets[1]		**70**		58		44
Total depreciation and amortization	**$**	**319**	$	341	$	308

(1) *The partnership adopted IFRS 16 in 2019 using the modified retrospective method. The comparative information has not been restated and is reported under the accounting standards effective for those periods. For the year ended December 31, 2020, included $10 million (2019 - $9 million) of depreciation expense relating to right-of-use property, plant and equipment.*

NOTE 27. GENERAL AND ADMINISTRATIVE EXPENSE

The components of general and administrative expense are as follows:

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Employee compensation and benefits	**$**	**385**	$	366	$	247
Management fees		**116**		159		144
Transaction costs		**24**		66		413
Other		**291**		291		228
Total general and administrative expense	**$**	**816**	$	882	$	1,032

NOTE 28. FAIR VALUE (LOSSES) GAINS, NET

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

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Commercial properties[1]	**$**	**(1,607)**	$	301	$	784
Commercial developments		**219**		557		462
Incentive fees[2]		**(16)**		(104)		—
Financial instruments and other[3]		**82**		(158)		1,220
Total fair value (losses) gains, net	**$**	**(1,322)**	$	596	$	2,466

(1) *For the year ended December 31, 2020, includes fair value loss on right-of-use investment properties of $16 million (2019 - $5 million).*

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

(3) *For the year ended December 31, 2020, primarily includes a gain on loss of control of Atlantis of $62 million and a gain on the sale of a self-storage portfolio of $141 million, partially offset by fair value losses on financial instruments.. The prior year primarily includes fair value losses on financial instruments.*

NOTE 29. UNIT-BASED COMPENSATION

The partnership grants options to certain employees under its amended and restated BPY Unit Option Plan ("BPY Plan"). Pursuant to the BPY Plan, options may be settled for the in-the-money amount of the option in LP Units upon exercise. Consequently, options granted to employees under the BPY Plan are accounted for as an equity-based compensation agreement.

During the year ended December 31, 2020, the partnership incurred $27 million (2019 - $25 million; 2018 - $12 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 Nasdaq 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.

There were no BPY Awards granted during the year ended December 31, 2020. The partnership estimated the fair value of the BPY Awards granted during the years ended December 31, 2019 and 2018 using the Black-Scholes valuation model. The following assumptions were utilized:

	Unit of measurement	Years ended Dec. 31,		
		2020	2019	2018
Exercise price	US$	**—**	—	22.50
Average term to exercise	In years	**—**	—	7.50
Unit price volatility	%	**— %**	— %	23 %
Liquidity discount	%	**— %**	— %	25 %
Weighted average of expected annual dividend yield	%	**— %**	— %	6.50 %
Risk-free rate	%	**— %**	— %	2.82 %
Weighted average fair value per option	US$	**—**	—	0.74

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, 2020, 2019 and 2018 is as follows:

	Dec. 31, 2020		Dec. 31, 2019		Dec. 31, 2018	
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	**19,915,189**	**$ 20.58**	13,836,213	$ 20.56	13,801,795	$ 20.54
Granted	**—**	**—**	—	—	800,000	22.50
Exercised	**—**	**—**	(425,171)	15.06	(36,806)	17.71
Expired/forfeited	**(1,282,095)**	**20.87**	(203,978)	21.60	(291,625)	22.18
Reclassified[(1)]	**—**	**—**	6,708,125	20.20	(437,151)	22.48
Outstanding, end of year	**18,633,094**	**$ 20.56**	19,915,189	$ 20.58	13,836,213	$ 20.56
Exercisable, end of year	**18,614,344**	**$ 20.56**	11,484,219	$ 20.56	9,628,246	$ 20.26

(1) Relates to the reclassification of cash-settled options for employees in Canada to equity-settled options subsequent to the amendment of the BPY Plan, which was amended on September 30, 2019. 2018 relates to the reclassification of equity-settled options for employees in Brazil to cash-settled options subsequent to the amendment of the BPY Plan, which was amended on February 7, 2018.

The following table sets out details of options issued and outstanding at December 31, 2020, 2019 and 2018 under the equity-settled BPY Awards by expiry date:

	Dec. 31, 2020		Dec. 31, 2019		Dec. 31, 2018	
Expiry date	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
2020	**—**	**—**	—	—	226,800	13.07
2021	**—**	**—**	389,800	17.44	246,400	17.44
2022	**987,700**	**18.09**	987,700	18.09	508,300	18.07
2023	**1,108,420**	**16.80**	1,108,420	16.80	656,220	16.80
2024	**11,775,394**	**20.59**	11,794,215	20.59	7,878,998	20.59
2025	**1,923,706**	**25.18**	1,947,979	25.18	1,376,295	25.18
2026	**2,744,124**	**19.51**	2,793,325	19.51	2,049,450	19.51
2027	**93,750**	**22.92**	93,750	22.92	93,750	22.92
2028	**—**	**—**	800,000	22.50	800,000	22.50
Total	**18,633,094**	**$ 20.56**	19,915,189	$ 20.58	13,836,213	$ 20.56

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, 2020, 2019 and 2018 is as follows:

	Dec. 31, 2020		Dec. 31, 2019		Dec. 31, 2018	
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	**603,891**	**$ 21.55**	7,331,416	$ 20.38	$ 7,144,871	$ 20.30
Granted	—	—	—	—	—	—
Exercised	—	—	(19,400)	12.63	(3,770)	19.51
Expired/forfeited	**(30,201)**	**18.09**	—	—	(246,836)	21.87
Reclassified[1]	—	—	(6,708,125)	20.20	437,151	22.48
Outstanding, end of year	**573,690**	**$ 21.75**	603,891	$ 21.55	7,331,416	$ 20.38
Exercisable, end of year	**573,690**	**$ 21.75**	505,092	$ 21.48	5,627,610	$ 20.17

(1) *Relates to the reclassification of cash-settled options for employees in Canada to equity-settled options subsequent to the amendment of the BPY Plan, which was amended on September 30, 2019. 2018 relates to the reclassification of equity-settled options for employees in Brazil to cash-settled options subsequent to the amendment of the BPY Plan, which was amended on February 7, 2018.*

The following table sets out details of options issued and outstanding at December 31, 2020, 2019 and 2018 under the cash-settled BPY Awards by expiry date:

	Dec. 31, 2020		Dec. 31, 2019		Dec. 31, 2018	
Expiry date	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
2020	—	—	—	—	69,000	13.07
2021	—	—	24,000	17.44	172,800	17.44
2022	**22,200**	**17.93**	22,200	17.93	515,800	18.09
2023	**28,800**	**16.80**	28,800	16.80	519,000	16.80
2024	**175,415**	**20.59**	175,416	20.59	4,278,663	20.59
2025	**213,038**	**25.18**	213,038	25.18	831,834	25.18
2026	**134,237**	**19.51**	140,437	19.51	944,319	19.51
Total	**573,690**	**$ 21.75**	603,891	$ 21.55	7,331,416	$ 20.38

b) Restricted BPY LP Unit Plan

The Brookfield Property Group Restricted BPY LP Unit Plan provides for awards to participants of LP Units purchased on the Nasdaq ("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.

During 2020, the partnership granted 123,628 Restricted Units (2019 - 297,804) with a weighted average exercise price of $18.56 (2019 - $19.93).

As of December 31, 2020, the total number of Restricted Units outstanding was 523,573 (December 31, 2019 - 403,695) with a weighted average exercise price of $19.87 (December 31, 2019 - $20.29).

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 Nasdaq.

As of December 31, 2020, the total number of Canadian Restricted Units outstanding was 482,464 (December 31, 2019 - 393,980) with a weighted average exercise price of C$25.38 (December 31, 2019 - C$25.59).

d) Restricted BPYU Unit Plan

The Brookfield Property Group Restricted BPYU Class A Stock Plan provides for awards to participants of BPYU Units purchased on the Nasdaq ("Restricted BPYU Units"). Under the Restricted BPYU Unit Plan, units awarded generally vest over a period of five years, except as otherwise determined or for Restricted BPYU 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, 2020, the total number of Restricted BPYU Units outstanding was 1,808,765 (December 31, 2019 - 357,313) with a weighted average exercise price of $18.82 (December 31, 2019 - $19.22).

e) BPY FV LTIP Unit Plan

The partnership issued units of the operating partnership pursuant to the Brookfield Property L.P. FV LTIP Unit Plan to certain participants. Each FV LTIP Unit will vest over a period of five years and is redeemable for LP Units, BPYU Units or a cash payment subject to a conversion adjustment.

As of December 31, 2020, the total number of FV LTIP Units outstanding was 1,899,661 (December 31, 2019 - 1,156,117) with a weighted average exercise price of $18.74 (December 31, 2019 - $18.87) to employees.

f) Deferred Share Unit Plan

In addition, BPO has a deferred share unit plan, the terms of which were amended to substitute LP Units for BPO common shares subject to such deferred shares. At December 31, 2020, BPO had 267,534 deferred share units (December 31, 2019 - 1,514,124) outstanding and vested.

g) GGP LTIP Plans

In connection with the GGP acquisition, the partnership issued options under the Brookfield Property Partners BPY Unit Option Plan (GGP) ("GGP Options") and Appreciation Only LTIP Units ("GGP AO LTIP") to certain GGP employees. Each GGP Option will vest within ten years following the original grant date and is redeemable for LP Units or a cash payment equal to the amount by which the fair market value of an LP Unit at the date exceeds the exercise price of the BPY Option. Each GGP AO LTIP will vest within ten years of its original grant date and is redeemable for LP Units or a cash payment subject to a conversion adjustment.

As of December 31, 2020, the total number of GGP Options outstanding was 136,662 (December 31, 2019 - 237,881) with a weighted average exercise price of $26.05 (December 31, 2019 - $25.39).

As of December 31, 2020, the total number of GGP AO LTIP outstanding was 1,079,069 (December 31, 2019 - 1,657,948) with a weighted average exercise price of $22.54 (December 31, 2019 - $22.51).

NOTE 30. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive (loss) income consists of the following:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
Items that may be reclassified to net income:			
Foreign currency translation			
Unrealized foreign currency translation gains (losses) in respect of foreign operations	**$ 87**	$ 207	$ (1,193)
Reclassification of realized foreign currency translation gains to net income on disposition of foreign operations	**—**	26	19
Gains (losses) on hedges of net investments in foreign operations, net of income tax expense (benefit) of nil (2019 - $2 million; 2018 - $10 million)	**650**	(176)	386
Reclassification of hedges of net investment in foreign operations (losses) to net income on disposition of foreign operations	**—**	6	—
	737	63	(788)
Cash flow hedges			
Gains (losses) on derivatives designated as cash flow hedges, net of income tax expense (benefit) of $4 million (2019 - $4 million; 2018 - $25 million)	**116**	21	34
	116	21	34
Equity accounted investments			
Share of unrealized foreign currency translations gains (losses) in respect of foreign operations	**4**	—	(9)
Reclassification gains from hedges of net investment in foreign operation to net income on disposition of foreign operations	**—**	1	—
Share of (losses) gains on derivatives designated as cash flow hedges, net of income tax expense (benefit) of nil (2019 - nil; 2018 – nil)	**(62)**	(51)	1
	(58)	(50)	(8)
Items that will not be reclassified to net income:			
Unrealized gains (losses) on securities - FVTOCI, net of income tax benefit of $11 million (2019 - $6 million; 2018 - $2 million)	**17**	(7)	(2)
Share of (losses) revaluation surplus on equity accounted investments, net of income tax expense (benefit) of nil (2019 - nil; 2018 - $(5) million)	**(206)**	16	92
Net remeasurement gains (losses) on defined benefit plan, net of income tax expense of nil (2019 – nil; 2018 – nil)	**(1)**	(1)	2
(Losses) Revaluation surplus, net of income tax expense of $49 million (2019 – $22 million; 2018 – $1 million)	**(191)**	281	254
	(381)	289	346
Total other comprehensive income (loss)	**$ 414**	$ 323	$ (416)

NOTE 31. 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, 2020, the partnership had commitments totaling:

- approximately $1,661 million for the development of Manhattan West in Midtown New York, Greenpoint Landing in Brooklyn, 755 Figueroa in Los Angeles and Halley Rise in Washington, D.C. as well as the redevelopment of One Allen Center, Two Allen Center, and Three Allen Center in Houston; and

- approximately A$1,049 million ($807 million) for the development of 1 The Esplanade in Sydney, 405 Bourke Street in Melbourne; and Elizabeth Quay in Perth.

During 2013, Brookfield Asset Management announced the final close on the $4.4 billion first BSREP fund ("BSREP I"), 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, 2020, there remained approximately $160 million of uncontributed capital commitments.

In April 2016, Brookfield Asset Management announced the final close on the $9.0 billion second BSREP fund ("BSREP II") to which the partnership had committed $2.3 billion as lead investor. As of December 31, 2020, there remained approximately $825 million of uncontributed capital commitments.

In November 2017, Brookfield Asset Management announced the final close on the $2.9 billion fifth Brookfield Real Estate Finance Fund ("BREF") to which the partnership had committed $400 million as lead investor. As of December 31, 2020, there remained approximately $175 million of uncontributed capital commitments.

In September 2018, Brookfield Asset Management announced the final close of the $1.0 billion third Brookfield Fairfield U.S. Multifamily Value Add Fund ("VAMF") to which the partnership had committed $300 million. As of December 31, 2020, there remained approximately $150 million of uncontributed capital commitments.

In January 2019, Brookfield Asset Management announced the final close on the $15.0 billion third BSREP fund to which the partnership has committed $1.0 billion. As of December 31, 2020, there remained approximately $520 million of uncontributed capital commitments.

In October of 2020, Brookfield Asset Management announced the final close on the €619 million ($756 million) Brookfield European Real Estate Partnership fund to which the partnership has committed €100 million ($122 million). As of December 31, 2020, there remained approximately €91 million ($110 million) of uncontributed capital commitments.

The partnership maintains insurance on its properties in amounts and with deductibles that it believes are in line with what owners of similar properties carry. The partnership maintains all risk property insurance and rental value coverage (including coverage for the perils of flood, earthquake and named windstorm). The partnership does not conduct its operations, other than those of equity accounted investments, through entities that are not fully or proportionately consolidated in these financial statements, and has not guaranteed or otherwise contractually committed to support any material financial obligations not reflected in these financial statements.

NOTE 32. 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, 2020, capital totaled $99 billion (December 31, 2019 - $103 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:
    - Fulfilling the partnership's capital commitments to various funds;
    - 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, preferred equity and Redeemable/Exchangeable Partnership Units, to the public in private placements in certain circumstances to provide financing for significant transactions.

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, 2020. 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 generally believes that it will be able to either extend the maturity date, repay, or refinance the debt that is scheduled to mature in 2021 to 2022, however, approximately 3% of its debt obligations represent non-recourse mortgages where the partnership has suspended contractual payment, and is currently engaging in modification or restructuring discussions with the respective creditors. The partnership is generally seeking relief given the circumstances resulting from the current economic slowdown, and may or may not be successful with these negotiations. If the partnership is unsuccessful, it is possible that certain properties securing these loans could be transferred to the lenders.

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, primarily held in the LP Investments segment. 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, potential property acquisitions, capital contributions to operating subsidiaries impacted by the shutdown and the partnership's capital commitments to various funds. 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, 2020:

(US$ Millions)		Payments due by period					
Dec. 31, 2020	**Total**	< 1 Year	1 Year	2 Years	3 Years	4 Years	> 5 Years
Debt obligations[1]	**$ 54,592**	$ 13,123	$ 8,170	$ 5,592	$ 11,084	$ 6,677	$ 9,946
Capital securities	**3,033**	649	181	865	556	244	538
Lease obligations	**3,160**	48	48	44	45	46	2,929
Commitments[2]	**2,883**	1,839	963	81	—	—	—
Interest expense[3]:							
Debt obligations	**6,667**	1,685	1,369	1,118	789	556	1,150
Capital securities	**585**	152	113	105	105	66	44
Interest rate swaps	**119**	43	41	32	3	—	—

(1) *Debt obligations excludes deferred financing costs of $258 million and other accounting adjustments.*
(2) *Primarily consists of construction commitments on commercial developments.*
(3) *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 33. FINANCIAL INSTRUMENTS

a) Derivatives and hedging activities

The partnership and its operating entities use derivative and non-derivative instruments to manage financial risks, including interest rate, commodity, equity price and foreign exchange risks. The use of derivative contracts is governed by documented risk management policies and approved limits. The partnership does not use derivatives for speculative purposes. The partnership and its operating entities use the following derivative instruments to manage these risks:

- foreign currency forward contracts to hedge exposures to Canadian Dollar, Australian Dollar, British Pound, Euro, Chinese Yuan, Brazilian Real, Indian Rupee and South Korean Won denominated net investments in foreign subsidiaries and foreign currency denominated financial assets;
- interest rate swaps to manage interest rate risk associated with planned refinancings and existing variable rate debt;
- interest rate caps to hedge interest rate risk on certain variable rate debt; and
- cross currency swaps to manage interest rate and foreign currency exchange rates on existing variable rate debt.

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, 2020 and 2019:

(US$ Millions)	Hedging item	Notional	Rates	Maturity dates	Fair value
Dec. 31, 2020	**Interest rate caps of US$ LIBOR debt**	**$ 8,371**	**2.5% - 5.5%**	**May. 2021 - Sep. 2023**	**$ —**
	Interest rate swaps of US$ LIBOR debt	**2,380**	**1.0% - 2.6%**	**Nov. 2022 - Feb. 2024**	**(112)**
	Interest rate caps of £ LIBOR debt	**3,198**	**2.0% - 2.5%**	**Jan. 2021 - Jan. 2022**	**—**
	Interest rate caps of € EURIBOR debt	**119**	**1.3%**	**Apr. 2021**	**—**
	Interest rate caps of C$ LIBOR debt	**189**	**3.0%**	**Oct. 2021 - Oct. 2022**	**—**
	Interest rate swaps of AUD BBSW/BBSY debt	**447**	**0.8% - 1.6%**	**Apr. 2023 - Apr. 2024**	**(11)**
Dec. 31, 2019	Interest rate caps of US$ LIBOR debt	$ 7,774	2.7% - 6.0%	May. 2020 - Sep. 2023	$ —
	Interest rate swaps of US$ LIBOR debt	2,877	1.4% - 2.7%	Feb. 2020 - Feb. 2024	(57)
	Interest rate caps of £ LIBOR debt	3,096	2.0% - 2.5%	Jan. 2021 - Jan. 2022	—
	Interest rate swaps of £ LIBOR debt	74	1.5%	Apr. 2020	—
	Interest rate caps of € EURIBOR debt	109	1.3%	Apr. 2021	—
	Interest rate caps of C$ LIBOR debt	184	3.0%	Oct. 2020 - Oct. 2022	—
	Cross currency swaps of C$ LIBOR Debt	600	4.3% - 5.0%	Oct. 2021 - Mar. 2024	(95)

For the year ended December 31, 2020, the amount of hedge ineffectiveness recorded in earnings in connection with the partnership's interest rate hedging activities was nil (December 31, 2019 - $22 million).

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, 2020 and 2019:

(US$ Millions)	Hedging item		Net Notional	Rates	Maturity dates		Fair value
Dec. 31, 2020	**Net investment hedges**	**€**	**—**	**€0.87/$- €0.88/$**	**Sep. 2021 - Sep. 2021**		**1**
	Net investment hedges	**£**	**201**	**£0.50/$ - £1.08/$**	**Mar. 2021 - Dec. 2021**		**5**
	Net investment hedges	**A$**	**240**	**A$1.34/$ - A$1.52/$**	**Jun. 2021 - Dec. 2021**		**3**
	Net investment hedges	**C¥**	**813**	**C¥4.02/$ - C¥7.43/$**	**Mar. 2021 - Sep. 2021**		**(11)**
	Net investment hedges	**R$**	**620**	**R$5.20/$- R$5.20/$**	**Mar. 2021 - Mar. 2021**		**(3)**
	Net investment hedges	**₩**	**720,095**	**₩914.84/$ -- ₩1,169.58/$**	**Mar. 2021 - Jun. 2022**		**(54)**
	Net investment hedges	**Rs**	**4,703**	**Rs76.28/$ - Rs76.28/$**	**Jun. 2021 - Jun. 2021**		**(2)**
	Net investment hedges	**£**	**90**	**£0.89/€ - £0.93/€**	**Apr. 2021 - Apr. 2021**		**—**
	Cross currency swaps of C$ LIBOR debt	**C$**	**2,400**	**C$0.81/$ -C$1.70/$**	**Oct. 2021 - Jan. 2027**		**66**
Dec. 31, 2019	Net investment hedges	€	245	€0.85/$ - €0.91/$	Mar. 2020 - Jul. 2020	$	7
	Net investment hedges	£	2,444	£0.74/$ - £0.85/$	Jan. 2020 - Sep. 2021		(247)
	Net investment hedges	A$	238	A$1.38/$ - A$1.48/$	Mar. 2020 - Mar. 2021		(5)
	Net investment hedges	C¥	962	C¥6.75/$ - C¥7.16/$	Apr. 2020 - Jun. 2021		—
	Net investment hedges	C$	355	C$1.31/$ - C$1.33/$	Jun. 2020 - Sep. 2021		—
	Net investment hedges	R$	1,582	R$4.16/$ - R$4.16/$	Jun. 2020 - Jun. 2020		(10)
	Net investment hedges	₩	720,095	₩1,149.50/$ - ₩1,174.30/$	Mar. 2020 - Mar. 2021		(7)
	Net investment hedges	Rs	—	Rs71.78/$ - Rs73.01/$	Mar. 2020 - Apr. 2020		—
	Net investment hedges	£	77	£0.88/€ - £0.93/€	Jan. 2020 - Apr. 2021		—
	Cross currency swaps of C$ LIBOR debt	C$	800	C$1.29/$ - C$1.33/$	Oct. 2021 - Jul. 2023		(8)

For the years ended December 31, 2020 and 2019, 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, not designated as hedges for accounting purposes, that have been entered into to manage financial risks as of December 31, 2020 and 2019:

(US$ millions)	Derivative type		Notional	Rates	Maturity dates		Fair value
Dec. 31, 2020	**Interest rate caps**	**$**	**3,560**	**3.0% - 5.0%**	**Jan. 2021 - Feb. 2027**	**$**	**—**
	Interest rate swaps on forecasted fixed rate debt		**1,285**	**2.7% - 6.4%**	**Mar. 2021 - Jun. 2030**		**(308)**
	Interest rate swaps of US$ debt		**1,746**	**0.8% - 5.1%**	**Jun. 2021 - Mar. 2024**		**(32)**
	Interest rate swaptions		**350**	**2.0%**	**Mar. 2031 - Mar. 2031**		**—**
Dec. 31, 2019	Interest rate caps	$	5,663	2.5% - 5.0%	Mar. 2020 - Nov. 2021	$	—
	Interest rate swaps on forecasted fixed rate debt		1,285	1.1% - 6.4%	Jun. 2020 - Sep. 2031		(149)
	Interest rate swaps of US$ debt		2,003	1.7% - 4.6%	Nov. 2020 - Sep. 2023		(14)

The partnership recognized fair value losses of approximately $45 million (December 31, 2019 - losses of $70 million) related to the settlement of certain forward starting interest rate swaps that have not been designated as hedges.

b) Measurement and classification of financial instruments

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:

		Dec. 31, 2020		Dec. 31, 2019	
(US$ Millions)	Classification and measurement basis	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets					
Loans and notes receivable	Amortized cost	**216**	**216**	329	329
Other non-current assets					
Securities - FVTPL	FVTPL	**1,612**	**1,612**	1,250	1,250
Derivative assets	FVTPL	**72**	**72**	10	10
Securities - FVTOCI	FVTOCI	**86**	**86**	121	121
Restricted cash	Amortized cost	**241**	**241**	154	154
Current assets					
Securities - FVTPL	FVTPL	**107**	**107**	—	—
Derivative assets	FVTPL	**164**	**164**	80	80
Accounts receivable[1]	Amortized cost	**758**	**674**	514	514
Restricted cash	Amortized cost	**292**	**292**	239	239
Cash and cash equivalents	Amortized cost	**2,473**	**2,473**	1,438	1,438
Total financial assets		**$ 6,021**	**$ 5,937**	$ 4,135	$ 4,135
Financial liabilities					
Debt obligations[2]	Amortized cost	**$ 54,717**	**$ 54,897**	$ 55,528	$ 56,112
Capital securities	Amortized cost	**2,170**	**2,170**	2,153	2,160
Capital securities - fund subsidiaries	FVTPL	**863**	**863**	922	922
Other non-current liabilities					
Loan payable	FVTPL	**—**	**—**	—	—
Accounts payable	Amortized cost	**437**	**437**	778	778
Derivative liabilities	FVTPL	**272**	**272**	413	413
Accounts payable and other liabilities					
Accounts payable and other[3]	Amortized cost	**2,110**	**2,110**	2,539	2,539
Loans and notes payable	Amortized cost	**1,062**	**1,062**	172	172
Derivative liabilities	FVTPL	**416**	**416**	289	289
Total financial liabilities		**$ 62,047**	**$ 62,227**	$ 62,794	$ 63,385

(1) *Includes other receivables associated with assets classified as held for sale on the consolidated balance sheets in the amounts of $5 million and $4 million as of December 31, 2020 and December 31, 2019, respectively.*

(2) *Includes debt obligations associated with assets classified as held for sale on the consolidated balance sheets in the amount of $380 million and $138 million as of December 31, 2020 and December 31, 2019, respectively.*

(3) *Includes accounts payable and other liabilities associated with assets classified as held for sale on the consolidated balance sheets in the amount of $16 million and $2 million as of December 31, 2020 and December 31, 2019, 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, 2020 Level 1	Dec. 31, 2020 Level 2	Dec. 31, 2020 Level 3	Dec. 31, 2020 Total	Dec. 31, 2019 Level 1	Dec. 31, 2019 Level 2	Dec. 31, 2019 Level 3	Dec. 31, 2019 Total
Financial assets								
Securities designated as FVTPL	**—**	**123**	**1,596**	**1,719**	—	—	1,250	1,250
Securities designated as FVTOCI	**—**	**—**	**86**	**86**	—	—	121	121
Derivative assets	**—**	**236**	**—**	**236**	—	90	—	90
Total financial assets	**$ —**	**$ 359**	**$ 1,682**	**$ 2,041**	$ —	$ 90	$ 1,371	$ 1,461
Financial liabilities								
Capital securities - fund subsidiaries	**$ —**	**$ —**	**$ 863**	**$ 863**	$ —	$ —	$ 922	$ 922
Derivative liabilities	**—**	**688**	**—**	**688**	—	702	—	702
Total financial liabilities	**$ —**	**$ 688**	**$ 863**	**$ 1,551**	$ —	$ 702	$ 922	$ 1,624

There were no transfers between levels during the years ended December 31, 2020 and 2019. 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**
Securities - FVTPL/ FVTOCI	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

The following table presents the change in the balance of financial assets and financial liabilities classified as Level 3 as of December 31, 2020 and 2019:

	Dec. 31, 2020		Dec. 31, 2019	
(US$ Millions)	**Financial assets**	**Financial liabilities**	Financial assets	Financial liabilities
Balance, beginning of year	**$ 1,371**	**$ 922**	$ 767	$ 838
Additions	**324**	**—**	950	—
Dispositions	**(10)**	**—**	(125)	—
Fair value (losses) gains, net and OCI	**(3)**	**(59)**	206	8
Other	**—**	**—**	(427)	76
Balance, end of year	**$ 1,682**	**$ 863**	$ 1,371	$ 922

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, 2020**	Dec. 31, 2019
Variable rate property debt	**$ 236**	$ 250
Fixed rate property debt due within one year	**30**	7
Total	**$ 266**	$ 257

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, 2020					
(Millions)		**Equity attributable to Unitholders**		**OCI**		**Net income**
Canadian Dollar[(1)]	**C$**	**521**	**$**	**(41)**	**$**	**—**
Australian Dollar	**A$**	**2,056**		**(158)**		**—**
British Pound	**£**	**4,206**		**(575)**		**—**
Euro	**€**	**328**		**(40)**		**—**
Brazilian Real	**R$**	**3,364**		**(65)**		**—**
Indian Rupee	**Rs**	**28,281**		**(39)**		**—**
Chinese Yuan	**C¥**	**1,084**		**(17)**		**—**
South Korean Won	**₩**	**204,795**		**(19)**		**—**
United Arab Emirates Dirham	**AED**	**708**		**(19)**		**—**
Czech Koruna	**CZK**	**8**		**—**		**—**
Hungarian Forint	**HUF**	**334**		**—**		**—**
Poland Zloty	**PLN**	**3**		**—**		**—**
Total			**$**	**(973)**	**$**	**—**

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

	Dec. 31, 2019					
(Millions)		Equity attributable to Unitholders		OCI		Net income
Canadian Dollar[(1)]	C$	377	$	(29)	$	—
Australian Dollar	A$	2,154		(151)		—
British Pound	£	3,275		(434)		—
Euro	€	339		(38)		—
Brazilian Real	R$	3,310		(82)		—
Indian Rupee	Rs	26,628		(37)		—
Chinese Yuan	C¥	933		(13)		—
South Korean Won	₩	160,969		(14)		—
United Arab Emirates Dirham	AED	683		(19)		—
Czech Koruna	CZK	10		—		—
Hungarian Forint	HUF	314		—		—
Poland Zloty	PLN	3		—		—
Total			$	(817)	$	—

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

	Dec. 31, 2018					
(Millions)		Equity attributable to Unitholders		OCI		Net income
Canadian Dollar[(1)]	C$	58	$	(4)	$	—
Australian Dollar	A$	2,977		(210)		—
British Pound	£	3,965		(506)		—
Euro	€	505		(58)		—
Brazilian Real	R$	2,823		(73)		—
Indian Rupee	Rs	25,022		(36)		—
Hong Kong Dollar	HK$	(75)		1		—
Chinese Yuan	C¥	1,593		(23)		—
South Korean Won	₩	245,507		(22)		—
United Arab Emirates Dirham	AED	451		(12)		—
Total			$	(943)	$	—

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

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 tenants 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.

The global economic shutdown has increased the risk in the near-term of tenants' ability to fulfill lease commitments, which has been materially impacted by retail store closures, quarantines and stay-at-home orders. Many of the partnership's tenants could declare bankruptcy or become insolvent and cease business operations as a result of prolonged mitigation efforts. The retail and hospitality assets are experiencing the most immediate impact. Office asset tenants, while facing hardships from stay-at-home orders, do not presently have as acute difficulty in fulfilling lease commitments in near-term, but they could face increased difficulty if prolonged mitigation efforts material impact their business.

Currently no one tenant represents more than 10% of operating property revenue.

NOTE 34. 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, the partnership pays a base management fee ("base management fee"), to the service providers equal to 0.5% of the total capitalization of the partnership, subject to an annual minimum of $50 million, plus annual inflation adjustments. The calculation of the equity enhancement distribution is reduced by the amount by which the base management fee is greater than $50 million per annum, plus annual inflation adjustments ("equity enhancement adjustment"), to maintain a fee level in aggregate that would be the same as prior to the amendment. In connection with the GGP acquisition, the Master Services Agreement was amended so that the base management fee took into account any management fee payable by BPYU under its master services agreement with Brookfield Asset Management and certain of its subsidiaries.

The following table calculates base management fees and equity enhancement fees:

	Twelve months ended December 31,		
(US$ Millions)	**2020**	2019	2018
Base fee amount at 0.125% of current capitalization	**$ 81**	$ 100	$ 93
Fee on increased market capitalization (.3125%)	**57**	107	88
Total calculated fees	**138**	207	181
Less credits:			
Equity enhancement adjustment	**(24)**	(45)	(38)
Creditable operating payments and other adjustments	**(35)**	(29)	(57)
Total fee, subject to minimum adjusted for inflation	**79**	133	86
Total fee, by component:			
Base fee	**73**	107	86
Equity enhancement adjustment	**6**	26	—
Total fee	**$ 79**	$ 133	$ 86

In connection with the issuance of Preferred Equity Units to the Class A Preferred Unitholder in 2014, Brookfield Asset Management contingently agreed to acquire the seven-year and ten-year tranches of Preferred Equity Units from the Class A Preferred Unitholder 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, 2020**	Dec. 31, 2019
Balances outstanding with related parties:		
Net (payables)/receivables within equity accounted investments	**(91)**	(81)
Loans and notes receivable	**50**	102
Receivables and other assets	**59**	17
Deposit payable to Brookfield Asset Management[1]	**(754)**	—
Loans and notes payable and other liabilities	**(313)**	(196)
Preferred shares held by Brookfield Asset Management	**(15)**	(15)

[1] As of December 31, 2020, a $754 million on-demand deposit was payable to Brookfield Asset Management, provided for in the deposit agreement between the partnership and Brookfield Asset Management. The deposit agreement provides for a deposit limit of $2.0 billion. Subsequent to year-end, an additional $525 million was drawn and payable to Brookfield Asset Management.

(US$ Millions) Years ended Dec. 31,		**2020**		2019		2018
Transactions with related parties:						
Commercial property revenue[1]	**$**	**32**	$	26	$	22
Management fee income		**32**		35		5
Participating loan interests (including fair value gains, net)[2]		**—**		50		53
Interest expense on debt obligations		**19**		48		44
Interest on capital securities held by Brookfield Asset Management		**—**		8		64
General and administrative expense[2]		**164**		198		192
Construction costs[3]		**265**		411		397
Incentive Fees[4]		**16**		104		—

(1) *Amounts received from Brookfield Asset Management and its subsidiaries for the rental of office premises.*
(2) *Includes amounts paid to Brookfield Asset Management and its subsidiaries for management fees, management fees associated with the partnership's investments in Brookfield-sponsored real estate funds, and administrative services.*
(3) *Includes amounts paid to Brookfield Asset Management and its subsidiaries for construction costs of development properties.*
(4) *Represents incentive fees the partnership is obligated to pay to the general partner of the partnership's various fund investments.*

On January 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own, refer to *Note 38, Subsequent Events* for further information.

During the year ended December 31, 2020, the partnership issued 9,416,816 LP units at $11.36 per unit, 2,696,841 LP units at $12.00 per unit, 5,967,063 LP units at $12.65 per unit, 13,392,277 LP Units at $13.92 per unit, and 18,715,912 Redeemable/ Exchangeable Partnership Units at $12.00 per unit to Brookfield Asset Management.

During the third quarter of 2020, the partnership completed the recapitalization of the Atlantis with an investment from a Brookfield Asset Management affiliate. Refer to *Note 5, Equity Accounted Investments* and *Note 8, Property, Plant And Equipment* for further detail.

During the fourth quarter of 2019, the partnership converted its economic interest, through its participating loan agreements, in a portfolio of properties in Australia owned by Brookfield Asset Management into direct ownership interests

During the third and fourth quarters of 2019, the partnership sold partial interest in two multifamily developments in Brooklyn, NY and a retail development in Connecticut into the Brookfield Opportunity Zone fund ("BOZ fund"). Upon the final close of BOZ fund in the fourth quarter of 2019, the partnership's interests in these development assets were diluted, which resulted in the deconsolidation of the assets and accounting for them as a financial asset.

NOTE 35. 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.

In April 2018, the partnership formed two subsidiaries, Brookfield Property Finance ULC and Brookfield Property Preferred Equity Inc. to act as issuers of debt and preferred securities, respectively. The partnership and certain of its related entities have agreed to guarantee securities issued by these entities.

The following table provides consolidated summary financial information for the partnership, BOP Split, BPO, Brookfield Property Finance ULC, Brookfield Property Preferred Equity Inc. and the holding entities:

(US$ Millions) Year ended December 31, 2020	Brookfield Property Partners L.P.	BOP Split Corp.	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Holding Entities[2]	Additional holding entities and eliminations[3]	Consolidating Adjustments[4]	Brookfield Property Partners L.P. consolidated
Revenue	**$ —**	**$ 205**	**$ 215**	**$ —**	**$ 68**	**$ 836**	**$ 126**	**$ 5,143**	**$ 6,593**
Net income attributable to unitholders[1]	**(1,178)**	**274**	**102**	**—**	**(44)**	**(2,358)**	**153**	**693**	**(2,358)**
Year ended December 31, 2019									
Revenue	$ —	$ 32	$ 163	$ —	$ 43	$ 1,767	$ 392	$ 5,806	$ 8,203
Net income attributable to unitholders[1]	967	386	767	—	(41)	1,956	688	(2,767)	1,956
Year ended December 31, 2018									
Revenue	$ —	$ 27	$ 166	$ —	$ 8	$ 1,192	$ 167	$ 5,679	$ 7,239
Net income attributable to unitholders[1]	767	417	(1,419)	—	—	1,978	(34)	269	1,978

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

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

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

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

(US$ Millions) As of Dec. 31, 2020	Brookfield Property Partners L.P.	BOP Split Corp.	BPO	Brookfield Property Preferred Equity Inc.	Brookfield Property Finance ULC	Holding Entities[2]	Additional holding entities and eliminations[3]	Consolidating Adjustments[4]	Brookfield Property Partners L.P. consolidated
Current assets	**$ —**	**$ 545**	**$ 171**	**$ —**	**$ 1,457**	**$ 8,780**	**$ 196**	**$ (6,728)**	**$ 4,421**
Non-current assets	**12,628**	**30,137**	**23,542**	**—**	**438**	**38,142**	**2,227**	**(4,172)**	**102,942**
Assets held for sale	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**588**	**588**
Current liabilities	**—**	**3,595**	**678**	**—**	**336**	**7,587**	**1,356**	**4,272**	**17,824**
Non-current liabilities	**—**	**4,542**	**5,270**	**—**	**1,571**	**13,499**	**531**	**22,795**	**48,208**
Liabilities associated with assets held for sale	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**396**	**396**
Preferred equity	**699**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**699**
Equity attributable to interests of others in operating subsidiaries and properties	**—**	**—**	**2,686**	**—**	**—**	**—**	**—**	**13,001**	**15,687**
Equity attributable to unitholders[1]	**$ 11,929**	**$ 22,545**	**$15,079**	**$ —**	**$ (12)**	**$ 25,836**	**$ 536**	**$ (50,776)**	**$ 25,137**
As of Dec. 31, 2019									
Current assets	$ —	$ 12	$ 127	$ —	$ 673	$ 8,436	$ 176	$ (6,522)	$ 2,902
Non-current assets	14,517	11,739	23,830	—	429	29,367	2,049	26,423	108,354
Assets held for sale	—	—	—	—	—	—	—	387	387
Current liabilities	—	995	131	—	15	5,981	1,129	4,075	12,326
Non-current liabilities	—	6,173	6,744	—	1,078	2,871	519	36,857	54,242
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	140	140
Preferred equity	420	—	—	—	—	—	—	—	420
Equity attributable to interests of others in operating subsidiaries and properties	—	—	2,284	—	—	—	—	13,701	15,985
Equity attributable to unitholders[1]	$ 14,097	$ 4,583	$14,798	$ —	$ 9	$ 28,951	$ 577	$ (34,485)	$ 28,530

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

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

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

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

NOTE 36. 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 partnership's general partner incurs director fees, a portion of which are charged to the partnership in accordance with the limited partnership agreement.

NOTE 37. SEGMENT INFORMATION

a) Operating segments

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

b) Basis of measurement

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

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

b) Reportable segment measures

The following summaries present certain financial information regarding the partnership's operating segments for the year ended December 31, 2020, 2019, and 2018.

(US$ Millions)	Total revenue			FFO		
Years ended Dec. 31,	**2020**	2019	2018	**2020**	2019	2018
Core Office	**$ 2,049**	$ 2,149	$ 2,105	**$ 495**	$ 582	$ 520
Core Retail[1]	**1,612**	1,589	584	**521**	707	552
LP Investments	**2,920**	4,452	4,544	**64**	268	228
Corporate	**12**	13	6	**(373)**	(410)	(434)
Total	**$ 6,593**	$ 8,203	$ 7,239	**$ 707**	$ 1,147	$ 866

(1) *Represents revenue from Core Retail subsequent to the acquisition of GGP on August 28, 2018, when the partnership started consolidating Core Retail's results. The prior periods presented represent the partnership's equity accounted interest in GGP prior to the acquisition, 34% as of December 31, 2017.*

The following summary presents the detail of total revenue from the partnership's operating segments for the year ended December 31, 2020, 2019 and 2018:

(US$ Millions) Year ended Dec. 31, 2020	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	**Total revenue**
Core Office	$ 1,429	$ 446	$ 6	$ 168	**$ 2,049**
Core Retail	1,166	284	—	162	**1,612**
LP Investments	1,805	267	696	152	**2,920**
Corporate	—	—	—	12	**12**
Total	**$ 4,400**	**$ 997**	**$ 702**	**$ 494**	**$ 6,593**

(US$ Millions) Year ended Dec. 31, 2019	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	**Total revenue**
Core Office	$ 1,426	$ 477	$ 12	$ 234	**$ 2,149**
Core Retail	1,082	312	—	195	**1,589**
LP Investments	2,077	317	1,897	161	**4,452**
Corporate	—	—	—	13	**13**
Total	**$ 4,585**	**$ 1,106**	**$ 1,909**	**$ 603**	**$ 8,203**

(US$ Millions) Year ended Dec. 31, 2018	Lease revenue	Other revenue from tenants	Hospitality revenue	Investment and other revenue	**Total revenue**
Core Office	$ 1,604	$ 358	$ 17	$ 126	**$ 2,105**
Core Retail	400	111	—	73	**584**
LP Investments	2,233	337	1,896	78	**4,544**
Corporate	—	—	—	6	**6**
Total	**$ 4,237**	**$ 806**	**$ 1,913**	**$ 283**	**$ 7,239**

The following summary presents information about certain consolidated balance sheet items of the partnership, on a segmented basis, as of December 31, 2020 and 2019:

	Total assets		Total liabilities	
(US$ Millions)	**Dec. 31, 2020**	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Core Office	**$ 36,547**	$ 36,758	**$ 17,439**	$ 17,592
Core Retail	**31,466**	32,921	**17,429**	16,996
LP Investments	**39,609**	41,838	**25,076**	27,457
Corporate	**329**	126	**6,484**	4,663
Total	**$ 107,951**	$ 111,643	**$ 66,428**	$ 66,708

The following summary presents a reconciliation of FFO to net income for the years ended December 31, 2020, 2019, and 2018:

(US$ Millions) Years ended Dec. 31,	**2020**	2019	2018
FFO[(1)]	**$ 707**	$ 1,147	$ 866
Depreciation and amortization of real estate assets	**(249)**	(283)	(264)
Fair value (losses) gains, net	**(1,322)**	596	2,466
Share of equity accounted (losses) income - non-FFO	**(1,403)**	1,055	114
Income tax (expense)	**(220)**	(196)	(81)
Non-controlling interests of others in operating subsidiaries and properties - non-FFO	**129**	(363)	(1,123)
Net (loss) income attributable to unitholders[(2)]	**(2,358)**	1,956	1,978
Non-controlling interests of others in operating subsidiaries and properties	**300**	1,201	1,676
Net (loss) income	**$ (2,058)**	$ 3,157	$ 3,654

(1) *FFO represents interests attributable to GP Units, LP Units, Exchange LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units and BPYU Units. The interests attributable to Exchange LP Units, Redeemable/Exchangeable Units, Special LP Units, FV LTIP Units and BPYU Units are presented as non-controlling interests in the consolidated statements of income.*

(2) *Includes net income attributable to general partner, limited partners, Exchange LP Units, Redeemable/Exchangeable Partnership Units, Special LP Units, FV LTIP Units and BPYU Units. The interests attributable to Exchange LP Units, Redeemable/Exchangeable Units, Special LP Units, FV LTIP Units and BPYU 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:

(US$ Millions)	Total revenue for the years ended Dec. 31,			Total non-current assets as at Dec. 31,	
	2020	2019	2018	**2020**	2019
United States	**$ 4,743**	$ 5,926	$ 4,914	**$ 68,769**	$ 75,118
Canada	**424**	536	563	**5,461**	5,157
Australia	**182**	210	240	**3,765**	3,316
Europe	**592**	901	944	**15,724**	15,412
Brazil	**82**	117	113	**1,396**	2,121
China	**94**	6	7	**91**	94
India	**287**	288	247	**4,045**	3,880
South Korea	**189**	219	211	**3,518**	3,089
United Arab Emirates	**—**	—	—	**173**	167
Total	**$ 6,593**	$ 8,203	$ 7,239	**$ 102,942**	$ 108,354

NOTE 38. SUBSEQUENT EVENTS

On January 4, 2021, Brookfield Asset Management announced a proposal to acquire 100% of the LP Units that it does not already own for a price of $16.50 per LP Unit, or $5.9 billion in total value. The proposal provides that each holder of LP Units can elect to receive consideration per LP Unit of a combination of (i) 0.4 class A limited voting shares of Brookfield Asset Management ("Brookfield Shares"), (ii) $16.50 in cash, and/or (iii) 0.66 preferred units of our partnership with a liquidation preference of $25.00 per unit ("New Preferred Units"), subject in each case to pro-ration based on a maximum of 59.5 million Brookfield Shares (42% of the total value of the LP Units), maximum cash consideration of $2.95 billion (50% of the total value of the LP Units), and a maximum value of $500 million in New Preferred Units (8% of the total value of the LP Units). If holders of LP Units collectively elect to receive in excess of $500 million in New Preferred Units, the amount of New Preferred Units can increase to a maximum of $1 billion, offset against the maximum amount of Brookfield Shares. The maximum amount of cash consideration would not be affected. The board of directors of the BPY General Partner has established a committee of independent directors to review and consider the proposal.

On February 1, 2021, the board of directors declared a quarterly distribution on the partnership's LP Units of $0.3325 per unit ($1.33 on an annualized basis) payable on March 31, 2021 to unitholders of record at the close of business on February 28, 2021.

On February 17, 2021, BSREP I and BSREP II co-sponsored the launch of the Brookfield India Real Estate Trust ("India REIT") initial public offering. The India REIT was seeded with three assets from an investment in BSREP I and an asset from an investment in BSREP II. BSREP I and BSREP II have an approximate 54% controlling interest in the India REIT. The partnership will continue to consolidate its investment in the assets seeded into the India REIT, as the partnership retains a controlling interest via its investment in BSREP I and BSREP II.

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 asset class as of December 31, 2020.

	Dec. 31, 2020				
(US$ millions, except where noted)	Number of properties	Fair value[(1)]	Debt[(2)]	Weighted average year of acquisition[(3)]	Weighted average year of construction[(3)]
Core Office					
United States	38	$ 14,358	$ 8,088	2004	1986
Canada	24	4,639	2,161	2002	1993
Australia	9	2,366	1,451	2009	2006
Europe	3	2,495	1,430	2020	2019
Brazil	2	309	57	2014	2014
	76	24,167	13,187	2006	1993
Core Retail	63	20,293	10,179	2018	1975
Opportunistic Office	111	7,946	4,950	2016	1993
Opportunistic Retail	34	2,384	1,521	2016	1978
Multifamily	38	2,355	1,978	2016	1994
Triple Net Lease	216	3,582	2,698	2015	1992
Student Housing	53	2,757	1,675	2017	2013
Manufactured Housing	136	2,718	1,195	2017	1974
Mixed-Use	7	2,999	1,937	2016	2010
Total	**734**	**69,201**	**39,320**	**2013**	**1988**

(1) *Excludes right-of-use assets, development properties and land/parking lots with a fair value of $3,409 million.*

(2) *Excludes debt related to development properties and land in the amount of $676 million, unsecured and corporate facilities of $9,900 million, debt on hospitality assets of $4,699 million and deferred financing costs of $258 million.*

(3) *Weighted against the fair value of the properties at December 31, 2020.*

Board of Directors

CAROLINE ATKINSON

Independent Director, Senior Advisor to
Rock Creek Investment Firm

JEFFREY BLIDNER

Vice Chair of Brookfield Asset Management

SOON YOUNG CHANG

Director of Dubai World, Senior Advisor of
Investment Corporation of Dubai

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

DOUG MCGREGOR

Independent Director

LARS RODERT

Independent Director, Founder and
Chief Executive Officer of ÖstVäst Capital Management

MICHAEL WARREN

Independent Director
Managing Director of Albright Stonebridge Group

Officers

BRIAN KINGSTON

Chief Executive Officer,
Brookfield Property Group

BRYAN DAVIS

Chief Financial Officer,
Brookfield Property Group

Brookfield Property Partners Corporate Information

HEAD OFFICE

73 Front Street, 5th Floor
Hamilton, Bermuda HM 12
Tel: +441 294.3309
bpy.brookfield.com

TRANSFER AGENT

AST Trust Company (Canada)
P.O. Box 700
Station B
Montreal, Quebec H3B 3K3
Tel: +1 877.715.0498 or 416.682.3860
Fax: +1 888.249.6189
www.astfinancial.com/ca
inquiries@astfinancial.com

Stock Exchange Listing

SYMBOL	EXCHANGE
BPY	NASDAQ
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 Matt 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, AST Trust Company (Canada) as listed above.

BROOKFIELD PROPERTY PARTNERS L.P.

bpy.brookfield.com

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