

CONSOLIDATED BALANCE SHEETS

<i>(US Millions, except per share amounts)</i>	September 30, 2013	December 31, 2012
Assets		
Investment properties		
Commercial properties	\$ 22,673	\$ 22,442
Commercial developments	1,524	1,138
Equity accounted investments ⁽¹⁾	2,609	2,562
Receivables and other assets	662	734
Restricted cash and deposits	109	103
Cash and cash equivalents	436	362
Assets held for sale	-	138
Total assets	\$ 28,013	\$ 27,479
Liabilities		
Commercial property debt	\$ 11,772	\$ 11,448
Accounts payable and other liabilities	1,188	1,399
Deferred tax liabilities	910	732
Liabilities associated with assets held for sale	-	70
Capital securities	644	866
Total liabilities	\$ 14,514	\$ 14,515
Equity		
Preferred equity	1,542	1,345
Common equity	10,753	10,086
Total shareholders' equity	12,295	11,431
Non-controlling interests	1,204	1,533
Total equity	13,499	12,964
Total liabilities and equity	\$ 28,013	\$ 27,479
Common equity per share ⁽²⁾	\$ 21.03	\$ 19.80
Common equity per share (pre-tax) ⁽²⁾	\$ 22.76	\$ 21.19

⁽¹⁾ Includes properties and entities held through joint ventures and associates

⁽²⁾ Non-IFRS measure. See definition under "Basis of Presentation"

CONSOLIDATED STATEMENTS OF INCOME

(US Millions)	Three Months Ended		Nine Months Ended	
	09/30/13	09/30/12	09/30/13	09/30/12
Commercial property revenue	\$ 574	\$ 559	\$ 1,709	\$ 1,616
Direct commercial property expense	230	214	672	617
Interest and other income	12	21	76	63
Interest expense				
Commercial property debt	156	166	467	456
Capital securities	9	12	27	38
Administrative expense	39	45	137	126
Income (loss) from continuing operations before fair value gains, share of net earnings from equity accounted investments and income taxes	152	143	482	442
Fair value gains (losses), net	105	306	568	766
Share of net earnings from equity accounted investments ⁽¹⁾	39	33	129	101
Income (loss) from continuing operations before income taxes	296	482	1,179	1,309
Income taxes	46	62	144	219
Income (loss) from continuing operations	250	420	1,035	1,090
Income (loss) from discontinued operations	-	5	-	3
Net income (loss)	250	425	1,035	1,093
Non-controlling interests	27	49	96	148
Net income (loss) attributable to common shareholders	\$ 223	\$ 376	\$ 939	\$ 945

⁽¹⁾ Includes valuation gains of \$14 million and \$4 million, respectively, for the three months ended September 30, 2013 and September 30, 2012, and gains of \$54 million and \$20 million, respectively, for the nine months ended September 30, 2013 and September 30, 2012

	Three Months Ended		Nine Months Ended	
	09/30/13	09/30/12	09/30/13	09/30/12
Net income (loss) per share attributable to common shareholders - basic				
Continuing operations	\$ 0.40	\$ 0.70	\$ 1.74	\$ 1.77
Discontinued operations	-	0.01	-	0.01
	\$ 0.40	\$ 0.71	\$ 1.74	\$ 1.78

	Three Months Ended		Nine Months Ended	
	09/30/13	09/30/12	09/30/13	09/30/12
Net income (loss) per share attributable to common shareholders - diluted				
Continuing operations	\$ 0.38	\$ 0.65	\$ 1.63	\$ 1.65
Discontinued operations	-	0.01	-	0.01
	\$ 0.38	\$ 0.66	\$ 1.63	\$ 1.66

RECONCILIATION TO FUNDS FROM OPERATIONS

(US Millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	09/30/13	09/30/12	09/30/13	09/30/12
Net income (loss) attributable to common shareholders	\$ 223	\$ 376	\$ 939	\$ 945
Add (deduct) non-cash and certain other items:				
Fair value and other (gains) losses	(105)	(306)	(568)	(766)
Fair value adjustments in net earnings from equity accounted investments	(14)	(4)	(54)	(20)
Amortization of lease incentives ⁽¹⁾	3	-	5	-
Non-controlling interests in above items	15	33	59	96
Income taxes	45	62	137	219
Discontinued operations ⁽²⁾	-	3	-	15
Funds from operations	\$ 167	\$ 164	\$ 518	\$ 489
Preferred share dividends	(21)	(17)	(61)	(50)
FFO attributable to common shareholders	\$ 146	\$ 147	\$ 457	\$ 439
Weighted average common shares outstanding - diluted	509.1	508.0	509.1	508.2
FFO per diluted share ⁽³⁾	\$ 0.29	\$ 0.29	\$ 0.90	\$ 0.86

⁽¹⁾ FFO definition has been revised on a prospective basis to include the add-back of lease incentive amortization in accordance with NAREIT and REALpac FFO definitions

⁽²⁾ Reflects fair value and other (gains) losses net of income taxes

⁽³⁾ The calculation of FFO per diluted share includes potential common shares at September 30, 2013, and September 30, 2012, from the exercise of options as well as restricted stock but excludes the effects of settling our capital securities in common shares as we intend to redeem our capital securities for cash prior to conversion

COMMERCIAL PROPERTY NET OPERATING INCOME

(US Millions)	Three Months Ended		Nine Months Ended	
	09/30/13	09/30/12	09/30/13	09/30/12
Commercial property revenue	\$ 574	\$ 559	\$ 1,709	\$ 1,616
Direct commercial property expense	(230)	(214)	(672)	(617)
Commercial property net operating income	\$ 344	\$ 345	\$ 1,037	\$ 999

TOTAL RETURN

(US Millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	09/30/13	09/30/12	09/30/13	09/30/12
Funds from operations	\$ 167	\$ 164	\$ 518	\$ 489
Fair value gains, net of non-controlling interests	104	277	563	690
Preferred share dividends	(21)	(17)	(61)	(50)
Total return	\$ 250	\$ 424	\$ 1,020	\$ 1,129
Total return per diluted share ⁽¹⁾	\$ 0.49	\$ 0.83	\$ 2.00	\$ 2.22

⁽¹⁾ The calculation of total return per diluted share includes potential common shares at September 30, 2013, and September 30, 2012, from the exercise of options as well as restricted stock but excludes the effects of settling our capital securities in common shares as we intend to redeem our capital securities for cash prior to conversion