

# Appendix 4D

## Multiplex SITES Trust

For the half-year ended 30 June 2018

<b>Name of entity</b>	Multiplex SITES Trust (MXU) ARSN 111 903 747
<b>Details of reporting period</b>	
<b>Current reporting period</b>	1 January 2018 to 30 June 2018
<b>Prior corresponding period</b>	1 January 2017 to 30 June 2017

Multiplex SITES Trust (Trust) was registered on 25 November 2004 and commenced operations upon listing for trading on the Australian Securities Exchange (ASX) on 20 January 2005.

This Appendix 4D should be read in conjunction with the Financial Report for the half-year ended 30 June 2018. It is also recommended that this Appendix 4D be considered together with any public announcements made by the Trust during the half-year ended 30 June 2018 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

<b>Results for announcement to the market</b>	Half-year ended 30 June 2018 \$'000	Half-year ended 30 June 2017 \$'000
Total revenue and other income	12,915	12,645
Net profit before income tax	12,915	12,645
Net profit attributable to unitholders	12,915	12,645
Net tangible asset backing per unit (\$)	100	100
Earnings per unit (cents per unit)	287	281

### Distributions

#### Multiplex SITES unitholders

Distributions to Multiplex SITES unitholders paid or declared by the Trust during the current period were as follows:

	\$'000
Quarterly distribution for the period from 1 January 2018 to 31 March 2018 of 5.69% per annum and paid on 17 April 2018	6,300
Quarterly distribution for the period from 1 April 2018 to 30 June 2018 of 5.935% per annum and paid on 16 July 2018	6,615
<b>Total</b>	<b>12,915</b>

On 2 July 2018, the Trust announced to the ASX that the distribution rate for the period from 1 July 2018 to 30 September 2018 is 6.00% per annum.

This preliminary final report is given to the ASX in accordance with Listing Rule 4.2A.

Commentary and analysis of the result for the current period can be found in the forthcoming Multiplex SITES Trust ASX release.

The Trust has a formally constituted Audit Committee and Board Risk & Compliance Committee of the Board of Directors of the Responsible Entity. The release of this report was approved by resolution of the Board of Directors of the Responsible Entity on 28th August 2018.

Multiplex SITES Trust  
Financial Statements  
for the half year ended  
30 June 2018

Step-up  
Income-distributing  
Trust-issued  
Exchangeable  
Securities

# Multiplex SITES Trust

ARSN 111 903 747

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# Directory

## Multiplex SITES Trust

For the half year ended 30 June 2018

### **Responsible Entity**

Brookfield Funds Management Limited  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: (02) 9322 2000  
Facsimile: (02) 9322 2001

### **Directors of Brookfield Funds Management Limited**

Mr F Allan McDonald  
Ms Barbara K Ward  
Mr Shane A Ross

### **Registered Office of Brookfield Funds Management Limited**

Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: (02) 9322 2000  
Facsimile: (02) 9322 2001

### **Auditor**

Deloitte Touche Tohmatsu  
Grosvenor Place, 225 George Street  
Sydney NSW 2000  
Telephone: (02) 9322 7000  
Facsimile: (02) 9322 7001

# Directors' Report

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### Introduction

The Directors of Brookfield Funds Management Limited (ABN: 15 105 371 917), the Responsible Entity of Multiplex SITES Trust (ARSN 111 903 747) (Trust) present their report together with the financial statements of the Trust for the half year ended 30 June 2018 and the Independent Auditor's Report thereon.

### Responsible Entity

The Responsible Entity of the Trust is Brookfield Funds Management Limited (BFML). The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney.

The Responsible Entity's immediate parent company is Brookfield Australia Investments Limited (BAIL). Both the Responsible Entity and BAIL are part of the Brookfield Australia Investments Group (the Group). The ultimate Australian parent of the Responsible Entity is Brookfield Holdings (Australia) Pty Ltd, with the ultimate parent being Brookfield Asset Management Inc. (BAM).

### Directors

The following persons were Directors of the Responsible Entity at any time during or since the end of the half year:

Name	Capacity
Mr F Allan McDonald (appointed 22 October 2003)	Non-Executive Chairman
Ms Barbara K Ward (appointed 22 October 2003)	Non-Executive Director
Mr Shane A Ross (appointed 6 May 2015)	Executive Director

### Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and the Step-up Income-distributing Trust-issued Exchangeable Securities (Multiplex SITES) are listed on the Australian Securities Exchange.

The investment activities of the Trust continue to be in accordance with the policies outlined in the original Product Disclosure Statement for the Trust dated 29 November 2004. During the half year ended 30 June 2018 the Trust's sole activity was holding units in Multiplex Hybrid Investment Trust and the payment of distributions to unitholders.

The Trust did not have any employees during the year.

### Review of operations

The Trust earned a net profit attributable to unitholders of \$12,915,000 for the half year ended 30 June 2018 (half year ended 30 June 2017: \$12,645,000). Total quarterly distributions paid or payable in respect of the half year ended 30 June 2018 were \$12,915,000 (half year ended 30 June 2017: \$12,645,000). The carrying value of the Trust's net assets at the end of the year ended half year ended 30 June 2018 was \$450,000,000 (half year ended 30 June 2017: \$450,000,000).

The Trust's only activity is an investment in units in Multiplex Hybrid Investment Trust.

### Distributions

	Cents per unit	Total amount \$'000	Date of payment
<b>Half year ended 30 June 2018</b>			
Distributions for the period ended 31 March 2018	140.00	6,300	17 April 2018
Distributions for the period ended 30 June 2018	147.00	6,615	16 July 2018
<b>Total distributions</b>	<b>287.00</b>	<b>12,915</b>	
<b>Half year ended 30 June 2017</b>			
Distributions for the period ended 31 March 2017	140.00	6,300	19 April 2017
Distributions for the period ended 30 June 2017	141.00	6,345	17 July 2017
<b>Total distributions</b>	<b>281.00</b>	<b>12,645</b>	

On 2 July 2018, the Trust announced to the ASX that the distribution rate for the period from 1 July 2018 to 30 September 2018 is 6.00% per annum.

# Directors' Report continued

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### Events subsequent to the reporting date

Other than the above and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the year that has significantly affected, or may affect, the Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

### Indemnification and insurance of officers and auditors

Under deeds of access and indemnity, Brookfield Australia Investments Limited or Brookfield Australia Pty Ltd has agreed to indemnify the Directors and Company Secretary of BFML, to the extent permitted by law, against:

- liabilities incurred as Director or Company Secretary of BFML, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the Corporations Act 2001; and
- reasonable legal costs incurred in defending an action for a liability as Director or Company Secretary of BFML, except for costs incurred in relation to matters set out in section 199A(3) of the Corporations Act 2001 (the "Indemnity").

The Indemnity is satisfied by maintenance of a global directors' and officers' insurance policy, which policy prohibits certain disclosures in relation to the nature of the liability covered and the amount of the premium, however, it can be disclosed that the policy does not insure against liabilities arising out of matters including, but not limited to:

- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage;
- violation of US Securities Act 1993;
- losses for which coverage under a different kind of insurance policy is readily available such as, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures); and
- claims made by a major shareholder (threshold is ownership of 10% or greater).

The obligation to effect, maintain and pay the premium of the global director's and officers' insurance policy continues for a period of seven years after the Director or Company Secretary of BFML has left office, to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

### Contract of insurance

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

### Rounding of amounts

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

# Directors' Report continued

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### **Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001***

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 30 June 2018.

Signed in accordance with a resolution of the Directors, made pursuant to section 306(3) of the *Corporations Act 2001*, on behalf of the Directors of Brookfield Funds Management Limited.

Dated at Sydney this 28th day of August 2018



**Shane A Ross**

**Executive Director**

Brookfield Funds Management Limited  
as Responsible Entity for Multiplex SITES Trust

Deloitte Touche Tohmatsu  
A.C.N. 74 490 121 060

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225 George Street  
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The Board of Directors  
Brookfield Funds Management Limited  
(as Responsible Entity for Multiplex SITES Trust)  
Level 22, 135 King Street  
SYDNEY, NSW 2000

28 August 2018

Dear Directors

**Auditor's Independence Declaration to  
Brookfield Funds Management Limited as Responsible Entity of Multiplex SITES Trust**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Funds Management Limited as responsible entity for Multiplex SITES Trust.

As lead audit partner for the review of the interim financial statements of Multiplex SITES Trust for the financial half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU

*A. COLEMAN.*

Andrew J Coleman  
Partner  
Chartered Accountants



# Statement of Profit or Loss and Other Comprehensive Income

## Multiplex SITES Trust

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For the half year ended 30 June 2018

	Note	Half-year ended 30 Jun 2018 \$'000	Half-year ended 30 Jun 2017 \$'000
<b>Share of net profit of associates accounted for using the equity method</b>	6	12,915	12,645
Net profit for the period		12,915	12,645
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period attributable to SITES unitholders</b>		12,915	12,645
<b>Earnings per unit</b>			
Basic and diluted earnings per ordinary unit (cents)	6	287.00	281.00

The Statement of Profit or Loss and Other Comprehensive income should be read in conjunction with the Notes to the financial statements.

# Statement of Financial Position

## Multiplex SITES Trust

As at 30 June 2018

	Note	30 Jun 2018 \$'000	31 Dec 2017 \$'000
<b>Non-current assets</b>			
Investments accounted for using the equity method	5	456,615	456,345
<b>Total non-current assets</b>		<b>456,615</b>	<b>456,345</b>
<b>Total assets</b>		<b>456,615</b>	<b>456,345</b>
<b>Current liabilities</b>			
Distributions payable	6	6,615	6,345
<b>Total current liabilities</b>		<b>6,615</b>	<b>6,345</b>
<b>Total liabilities</b>		<b>6,615</b>	<b>6,345</b>
<b>Net assets</b>		<b>450,000</b>	<b>450,000</b>
<b>Equity</b>			
Units on issue	7	450,000	450,000
<b>Total equity</b>		<b>450,000</b>	<b>450,000</b>

The Statement of Financial Position should be read in conjunction with the Notes to the financial statements.

# Statement of Changes in Equity

## Multiplex SITES Trust

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For the half year ended 30 June 2018

	Note	Units on issue \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
<b>Opening equity – 1 January 2018</b>		450,000	-	450,000
Net profit		-	12,915	12,915
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		-	12,915	12,915
Distributions to unitholders	6	-	(12,915)	(12,915)
<b>Total transactions with unitholders in their capacity as unitholders</b>		-	(12,915)	(12,915)
<b>Closing equity – 30 June 2018</b>		450,000	-	450,000
<b>Opening equity – 1 January 2017</b>		450,000	-	450,000
Net profit		-	12,645	12,645
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		-	12,645	12,645
Distributions to unitholders	6	-	(12,645)	(12,645)
<b>Total transactions with unitholders in their capacity as unitholders</b>		-	(12,645)	(12,645)
<b>Closing equity – 30 June 2017</b>		450,000	-	450,000

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

# Statement of Cash Flows

## Multiplex SITES Trust

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For the half year ended 30 June 2018

	Half-year ended 30 Jun 2018	Half-year ended 30 Jun 2017
	\$	\$
<b>Cash flows from operating activities</b>		
<b>Net cash inflows from operating activities</b>	-	-
<b>Cashflows from investing activities</b>		
Dividends and distributions received	12,645	12,645
Net cash inflows from investing activities	12,645	12,645
<b>Cash flows from financing activities</b>		
Distributions paid to Multiplex SITES holders	(12,645)	(12,645)
<b>Net cash outflows from financing activities</b>	(12,645)	(12,645)
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of financial period	-	-
<b>Cash and cash equivalents at end of financial period</b>	-	-

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

# Notes to the Financial Statements

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### 1 Reporting entity

Multiplex SITES Trust (Trust) is a unit trust domiciled in Australia and is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Funds Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The units of the Trust have been listed on the Australian Securities Exchange (ASX) and are guaranteed on a subordinated and unsecured basis by Brookfield Australia Investments Limited and Brookfield Funds Management Limited (Guarantors). The Trust was registered on 25 November 2004.

The interim financial statements of the Trust for the half year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 28th August 2018.

### 2 Basis of preparation

#### a Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars. The Trust is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars or in certain cases, to the nearest dollar.

Due to the classification of distributions payable as current liabilities at 30 June 2018, the Trust is in a net current liability position of \$6,615,000. The Trust has non-current assets of \$456,615,000 and a net asset position of \$450,000,000. In accordance with AASB 101 *Presentation of Financial Statements*, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. The accounts of the Trust have been prepared on a going concern basis as the net current asset deficiency is due to the classification of distributions payable as current liabilities. There are agreements in place that ensure the receipt of distributions by the Trust occur at the same time as the payment of their distributions to unitholders, and hence the classification of the distributions payable as current do not impact the ability of the Trust to continue as a going concern.

#### b Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

### 3 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted in the Trust's 2017 annual report for the financial year ended 31 December 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Trust has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year including:

AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018) addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment.

AASB 15 *Revenue from Contracts with Customers* (and applicable amendments), (effective from 1 January 2018) is a new standard for the recognition of revenue. This will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

Management has assessed the impacts of the above new standards and there are no material impacts to the financial statement.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

# Notes to the Financial Statements continued

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### 3 Significant accounting policies continued

#### a Investments in associates

An associate is an entity over which the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the Statement of Financial Position at cost and adjusted thereafter to recognise the Trust's share of the profit or loss and other comprehensive income of the associate. When the Trust's share of losses of an associate exceeds the Trust's interest in that associate (which includes any long-term interests that, in substance, form part of the Trust's net investment in the associate), the Trust discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Trust has incurred legal or constructive obligations or made payments on behalf of the associate.

The Trust discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Trust retains an interest in the former associate and the retained interest is a financial asset, the Trust measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Trust accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Trust reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

#### b Distributions

A payable for distribution is recognised in the Statement of Financial Position if the distribution has been declared prior to balance date. Distributions paid are included in cash flows from financing activities and distributions received are included in cash flows from investing activities in the Statement of Cash Flows.

#### c Units on Issue

Issued and paid up units are recognised at face value, being the consideration of \$100 received by the Trust for each unit on issue.

### 4 Segment reporting

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Trust that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Trust operates in a single segment, being an investment in Multiplex Hybrid Investment Trust in Australia. All items of the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position are derived from this single segment. The chief operating decision maker of the Trust, the Board of Directors of the Responsible Entity, reviews and assesses performance using information displayed as set out in these statements.

# Notes to the Financial Statements continued

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### 5 Investments accounted for using the equity method

	30 Jun 2018 \$'000	31 Dec 2017 \$'000
<b>Non-current</b>		
Units in unlisted associates	456,615	456,345
	<b>456,615</b>	<b>456,345</b>

#### Relationship with Multiplex Hybrid Investment Trust

Multiplex SITES Trust has an investment (100% of the Class A units and 25% of the voting rights) in Multiplex Hybrid Investment Trust (MHIT) of \$450,000,000 (year ended 31 December 2017: \$450,000,000), and are entitled to quarterly distributions on this investment. Distributions paid or payable to Multiplex SITES Trust (the Class A unitholder) totalled \$12,915,000 for the half year ended 30 June 2018 (half year ended 30 June 2017: \$12,645,000). The activities of MHIT and its relationship with the Trust is strategic to the operations of the Trust. The registered office and principal place of business of MHIT is Level 22, 135 King Street, Sydney.

#### Details of material interests in associates are as follows:

Name	Principal activities	Voting interest %	Carrying value 30 Jun 2018 \$'000	Carrying value 31 Dec 2017 \$'000
			Multiplex Hybrid Investment Trust	Investment

### 6 Distributions

	Cents per unit	Total amount \$'000	Date of payment
<b>Half year ended 30 June 2018</b>			
Distributions for the period ended 31 March 2018	140.00	6,300	17 April 2018
Distributions for the period ended 30 June 2018	147.00	6,615	16 July 2018
<b>Total distributions</b>	<b>287.00</b>	<b>12,915</b>	
<b>Half year ended 30 June 2017</b>			
Distributions for the period ended 31 March 2017	140.00	6,300	19 April 2017
Distributions for the period ended 30 June 2017	141.00	6,345	17 July 2017
<b>Total distributions</b>	<b>281.00</b>	<b>12,645</b>	

Distributions are payable at the discretion of the Responsible Entity at the three month bank bill rate on the issue date plus a margin of 3.90%. The rate is determined on the first business day of each quarter.

# Notes to the Financial Statements continued

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### 7 Units on Issue

	30 Jun 2018 \$'000	30 Jun 2018 Units	31 Dec 2017 \$'000	31 Dec 2017 Units
<b>Units on issue</b>				
Amounts owing to Multiplex SITES holders	450,000	4,500,000	450,000	4,500,000

#### a Terms and conditions

Multiplex SITES is a fully paid unit issued by the Trust and is entitled to income that is derived by the Trust.

Multiplex SITES rank in priority to other units in the Trust, but behind creditors of the Trust.

The Responsible Entity, in its capacity as responsible entity of Brookfield Australia Property Trust and Brookfield Australia Investments Limited, guarantee the face value and unpaid distribution amount on redemption (being not more than the distribution payments for the four preceding but unpaid distributions). In addition, while the Responsible Entity of the Trust is a member of Brookfield Australia Investments Group, the Responsible Entity in its capacity as responsible entity of Brookfield Australia Property Trust and Brookfield Australia Investments Limited guarantee any distributions which have been declared payable by the Trust.

Under the guarantee, Multiplex SITES rank in priority to units in Brookfield Australia Property Trust and shares in Brookfield Australia Investments Limited but are subordinated to senior creditors of Brookfield Australia Property Trust and Brookfield Australia Investments Limited.

Multiplex SITES have an unsecured and subordinated guarantee of the face value and unpaid distribution amount (not being more than the distribution payments for the four preceding but unpaid distributions).

#### b Assets pledged as security

The guarantee, which ranks in priority to units in Brookfield Australia Property Trust and shares in Brookfield Australia Investments Limited, is subordinated to senior creditors of Brookfield Australia Property Trust and Brookfield Australia Investments Limited and ranks equally with other creditors of Brookfield Australia Property Trust and Brookfield Australia Investments Limited who are not senior creditors.

#### c Holder redemption

Holders have the right to initiate redemption of Multiplex SITES, by issue of a holder realisation notice, in the following limited circumstances:

- where a priority distribution payment to Multiplex SITES Trust is not paid in full; or
- the occurrence of a winding-up event, with respect to either of the Guarantors, Multiplex SITES Trust (for as long as the responsible entity of Multiplex SITES Trust is a member of Brookfield Australia Investments Group) or Multiplex Hybrid Investment Trust (MHIT) (for as long as the trustee of MHIT is a member of Brookfield Australia Investments Group).

The request for redemption is effective and will be implemented if made by holders who cumulatively hold 5% or more of Multiplex SITES on issue.

Upon redemption, holders will receive the aggregate of \$100 plus the unpaid distribution amount, not being more than the distribution payments for the four preceding but unpaid distributions.

#### d Issuer redemption

Subject to approval of the Responsible Entity and Brookfield Australia Investments Limited, the Trust may initiate redemption of all or some of the Multiplex SITES for cash, by sending a realisation notice to holders, in the following circumstances:

- the step-up date or the last day of each distribution period after the step-up date;
- an increased costs event;
- an accounting event;
- where the responsible entity of the Trust is no longer a member of Brookfield Australia Investments Limited;
- a change of control event; or
- there are less than \$50 million of Multiplex SITES remaining on issue.



# Notes to the Financial Statements continued

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### 7 Units on issue *continued*

#### e Holder exchange

Holders have no right to request exchange.

#### f Issuer exchange

Brookfield Australia Investments Group was delisted on 20 December 2007. For so long as Brookfield Australia Investments Group is not listed, the Responsible Entity will not be entitled to exercise its option to exchange Multiplex SITES for Brookfield Australia Investments Group stapled securities.

### 8 Financial instruments

#### a Financial risk management

The Trust has responsibility for the establishment and monitoring of a risk management framework. This framework seeks to minimise the potential adverse impact of the above risks on the Trust's financial performance.

The Board regularly reviews procedures in respect of compliance with the maintenance of statutory, legal, ethical and environmental obligations through the Compliance Committee. Management also reports to the Board as to the effectiveness of the Trust's management of its material business risks. As risks are primarily concerned with compliance rather than an operational nature, the existing risk management approach will continue to be enforced.

### 9 Reconciliation of cash flows from operating activities

	Half-year ended 30 Jun 2018 \$'000	Half-year ended 31 Dec 2017 \$'000
<b>Reconciliation of net (loss) to net cash (outflow)/inflow from operating activities</b>		
Profit/(Losses) from ordinary activities after income tax	-	-
<i>Change in operating assets and liabilities:</i>		
(Increase) in assets	(270)	-
Increase in liabilities	270	-
<b>Net cash inflow from operating activities</b>	<b>-</b>	<b>-</b>

### 10 Related Parties

#### a Associates

Interests in associates are set out in note 5.

#### b Key management personnel

No compensation is paid by the Trust or the Responsible Entity to Directors or directly to any of the key management personnel of the Responsible Entity. Compensation is paid by entities within the Brookfield Australia Investments Group.

The number of Multiplex SITES units held by key management personnel of the Responsible Entity, including their personally related entities, is set out below:

	Units held at 30 Jun 2018	Units held at 31 Dec 2017
Mr F Allan McDonald	1,335	1,335

#### c Transactions with related parties

Transactions between Multiplex SITES Trust and Multiplex Hybrid Investment Trust:

- An investment in Multiplex Hybrid Investment Trust of \$450,000,000 (year ended 31 December: \$450,000,000); and
- Distributions received/receivable of \$12,915,000 for the half year ended 30 June 2018 (half year ended 30 June 2017: \$12,645,000).

#### d Responsible Entity

The Responsible Entity of the Trust is Brookfield Funds Management Limited, whose immediate parent company is Brookfield Australia Investments Limited. The ultimate Australian parent of the Responsible Entity is Brookfield Holdings (Australia) Pty Ltd, with the ultimate parent being Brookfield Asset Management Inc.

# Notes to the Financial Statements continued

## Multiplex SITES Trust

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For the half year ended 30 June 2018

### **11 Contingent liabilities and assets**

No contingent liabilities or assets existed 30 June 2018 (30 June 2017: nil).

### **12 Capital and other commitments**

No capital or other commitment existed at 30 June 2018 (30 June 2017: nil).

### **13 Events subsequent to the reporting date**

Other than matters previously disclosed in this report and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the year that has significantly affected, or may affect, the Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

# Directors' Declaration

## Multiplex SITES Trust

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For the half year ended 30 June 2018

The directors of the Responsible Entity of Multiplex SITES Trust (Brookfield Funds Management Limited) declare that:

- a in the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- b in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Trust.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.

Dated at Sydney this 28th day of August 2018



**Shane A Ross**  
**Executive Director**  
Brookfield Funds Management Limited  
as Responsible Entity for Multiplex SITES Trust

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

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## **Independent Auditor's Review Report to the unitholders of Multiplex SITES Trust**

We have reviewed the accompanying half-year financial report of Multiplex SITES Trust, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 18.

### *Director's Responsibility for the Half-Year Financial Report*

The directors of Brookfield Funds Management Limited as responsible entity for Multiplex SITES Trust, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Multiplex SITES Trust's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Multiplex SITES Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Brookfield Funds Management Limited as the Responsible Entity for Multiplex SITES Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Multiplex SITES Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Multiplex SITES Trust's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman  
Partner  
Chartered Accountants  
Sydney, 28 August 2018

Brookfield Australia Property Trust and its controlled entities

Half-year financial report for the half-year ended 30 June 2018

# Brookfield Australia Property Trust

ARSN 106 643 387

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# Directory

## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### **Responsible Entity**

Brookfield Funds Management Limited  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 (0) 2 9322 2000  
Facsimile: +61 (0) 2 9322 2001

### **Directors of Brookfield Funds Management Limited**

Mr F Allan McDonald  
Ms Barbara K Ward  
Mr Shane A Ross

### **Registered Office of Brookfield Funds Management Limited**

Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 (0) 2 9322 2000  
Facsimile: +61 (0) 2 9322 2001

### **Auditor**

Deloitte Touche Tohmatsu  
Grosvenor Place, 225 George Street  
Sydney NSW 2000  
Telephone: + 61 (0) 2 9322 7000



# Directors' Report

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### Introduction

The Directors of Brookfield Funds Management Limited (BFML), the Responsible Entity of Brookfield Australia Property Trust (the Trust), present their report together with the financial report of the Consolidated Entity, being the Trust and its controlled entities, for the half-year ended 30 June 2018 and the Independent Auditor's Review Report thereon.

Brookfield Australia Investments Limited (the Company), the Trust and their controlled entities are collectively referred to as Brookfield Australia Investments Group (the Group) in this report.

### Responsible Entity

The Responsible Entity of the Trust is Brookfield Funds Management Limited, which has been the Responsible Entity since the inception of the Trust.

The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney, NSW 2000.

### Directors

The following persons were Directors of the Responsible Entity at any time during or since the end of the half-year ended 30 June 2018:

Name	Capacity
Mr F Allan McDonald (Director since 22 October 2003)	Non-Executive Chairman
Ms Barbara K Ward (Director since 22 October 2003)	Non-Executive Director
Mr Shane A Ross (Director since 06 May 2015)	Executive Director

### Principal activities

The principal activity of the Consolidated Entity during the course of the half-year ended 30 June 2018 was the investment in income producing retail and commercial properties. The Consolidated Entity principally operates in Australia and New Zealand.

There has been no significant change in the nature of the activities of the Consolidated Entity during the half-year ended 30 June 2018.

### Group structure

Ordinary shares in the Company and ordinary units in the Trust are stapled together so that neither can be dealt without the other. A transfer, issue or reorganisation of an ordinary share or an ordinary unit in one of the component parts is accompanied by a transfer, issue or reorganisation of an ordinary share or ordinary unit in the other component part.

### Distributions

For the half-year ended 30 June 2018, distributions of \$85.7 million were declared to unitholders of the Trust (half-year ended 30 June 2017: \$85.8 million).

### Review of operations and results

#### Operating results for the financial period

The Consolidated Entity reported a net profit attributable to equityholders of \$210.5 million for the half-year ended 30 June 2018 (half-year ended 30 June 2017: \$206.0 million).

Brookfield Place Tower 1 and Tower 2 debt facilities were refinanced and \$871.4m fully repaid in June 2018. The new debt pool facility is \$880m principal with a 18 months loan term. \$650m and \$230m was allocated to Tower 1 and Tower 2 respectively.

# Directors' Report continued

## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the net current asset deficiency of the Consolidated Entity at the reporting date. The ability of the Consolidated Entity to continue as a going concern is dependent upon the continuing financial support of various related parties. The Directors have received a letter of loan subordination from Brookfield Australia Investments Limited confirming their intentions to not require repayment of loans owed by the Consolidated Entity of \$327.2 million to enable the Consolidated Entity to continue as a going concern and meet its financial obligations as and when they fall due, for at least 12 months from the date of signing of the Consolidated Entity's financial statements for the half-year ended 30 June 2018.

### Events subsequent to the reporting date

After the date of this report the following events have occurred:

On 31 July 2018, a contract was settled for the sale of 50% of the investment property, Jessie St Centre.

On 31 July 2018, the property financial asset, Brookfield Place Tower 2 was transferred from Brookfield Australia Investments Limited to the Trust for \$201.0 million.

Other than as disclosed in this report and to the knowledge of the Directors, there has been no other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Consolidated Entity's operations in future financial periods, the results of those operations or the Consolidated Entity's state of affairs in future financial periods.

### Indemnification and insurance of officers and auditors

Under deeds of access and indemnity, Brookfield Australia Investments Limited or Brookfield Australia Pty Ltd has agreed to indemnify the Directors and Company Secretary of BFML, to the extent permitted by law, against:

- liabilities incurred as Director or Company Secretary of BFML, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the Corporations Act 2001; and
- reasonable legal costs incurred in defending an action for a liability as Director or Company Secretary of BFML, except for costs incurred in relation to matters set out in section 199A(3) of the Corporations Act 2001 (the "Indemnity").

The Indemnity is satisfied by maintenance of a global directors' and officers' insurance policy, which policy prohibits certain disclosures in relation to the nature of the liability covered and the amount of the premium, however, it can be disclosed that the policy does not insure against liabilities arising out of matters including, but not limited to:

- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage;
- violation of US Securities Act 1993;
- losses for which coverage under a different kind of insurance policy is readily available such as, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures); and
- claims made by a major shareholder (threshold is ownership of 10% or greater).

The obligation to effect, maintain and pay the premium of the global director's and officers' insurance policy continues for a period of seven years after the Director or Company Secretary of BFML has left office, to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

### Likely developments and expected results of operations

It is envisaged that the Consolidated Entity will continue to operate in its current form.

### Environmental regulation

The Trust has systems in place to manage its environmental obligations.

### Register of unitholders

The register of unitholders has, during the half-year ended 30 June 2018, been properly drawn up and maintained so as to give a true account of the unitholders of the Trust.

### Rounding of amounts

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

## Directors' Report continued

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### Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

**Auditor's independence declaration under Section 307C of the *Corporations Act 2001***

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half-year ended 30 June 2018.

Signed in accordance with a resolution of the Directors of Brookfield Funds Management Limited made pursuant to section 306(3) of the *Corporations Act 2001*.

Dated at Sydney this 28th day of August 2018.



**Shane A Ross**  
**Executive Director**  
**Brookfield Funds Management Limited**

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
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Sydney NSW 1220 Australia

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The Board of Directors  
Brookfield Funds Management Limited  
as Responsible Entity for Brookfield Australia Property  
Trust  
Level 22, 135 King Street  
SYDNEY, NSW 2000

28 August 2018

Dear Directors

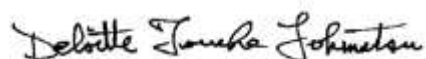
### **Brookfield Australia Property Trust**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Brookfield Funds Management Limited as responsible entity for Brookfield Australia Property Trust.

As lead audit partner for the review of the financial statements of Brookfield Australia Property Trust for the half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Glen Mitchell  
Partner  
Chartered Accountants

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

	Note	Consolidated Half-year ended 30-Jun-18 \$m	Half-year ended 30-Jun-17 \$m
<b>Continuing operations</b>			
Revenue	4	52.4	35.4
Cost of operations	5	(24.3)	(8.0)
<b>Gross profit</b>		<b>28.1</b>	<b>27.4</b>
Property finance income	6	181.8	172.6
Other income		38.9	21.0
Net gain on revaluation of investment property and derivatives		13.1	20.3
Finance costs		(50.7)	(32.3)
Other expenses		(0.7)	(3.0)
<b>Profit before income tax</b>		<b>210.5</b>	<b>206.0</b>
Income tax expense		-	-
<b>Profit from continuing operations for the year</b>		<b>210.5</b>	<b>206.0</b>
<b>Profit attributable to:</b>			
Unitholders of Brookfield Australia Property Trust		197.6	193.2
Non-controlling interests		12.9	12.8
<b>Profit for the year</b>		<b>210.5</b>	<b>206.0</b>
<b>Other comprehensive income, net of income tax</b>			
Net fair value gain on hedging instruments entered into for cash flow hedges		-	0.3
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>0.3</b>
<b>Total comprehensive income for the year</b>		<b>210.5</b>	<b>206.3</b>
<b>Total comprehensive income attributable to:</b>			
Unitholders of Brookfield Australia Property Trust		197.6	193.5
Non-controlling interests		12.9	12.8
<b>Total comprehensive income for the year</b>		<b>210.5</b>	<b>206.3</b>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

# Condensed Consolidated Statement of Financial Position 9

## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

	Note	Consolidated	
		30-Jun-18	31-Dec-17
		\$m	\$m
<b>Current assets</b>			
Cash and bank balances		37.8	11.4
Trade and other receivables	7	430.7	448.2
Interest bearing receivables	8	793.2	-
Other financial assets	6	175.3	-
Assets held for sale	9	184.3	-
Other assets		4.8	2.4
<b>Total current assets</b>		<b>1,626.1</b>	<b>462.0</b>
<b>Non-current assets</b>			
Interest bearing receivables	8	1,141.4	1,057.5
Derivative financial instruments		-	0.1
Other financial assets	6	2,405.6	2,462.3
Investment property	10	732.8	894.1
<b>Total non-current assets</b>		<b>4,279.8</b>	<b>4,414.0</b>
<b>Total assets</b>		<b>5,905.9</b>	<b>4,876.0</b>
<b>Current liabilities</b>			
Trade and other payables		35.3	30.0
Interest bearing loans and borrowings	11	884.0	-
Non-interest bearing loans and borrowings	12	825.1	790.7
<b>Total current liabilities</b>		<b>1,744.4</b>	<b>820.7</b>
<b>Non-current liabilities</b>			
Trade and other payables		3.9	3.0
Interest bearing loans and borrowings	11	1,617.4	1,624.0
<b>Total non-current liabilities</b>		<b>1,621.3</b>	<b>1,627.0</b>
<b>Total liabilities</b>		<b>3,365.7</b>	<b>2,447.7</b>
<b>Net assets</b>		<b>2,540.2</b>	<b>2,428.3</b>
<b>Equity</b>			
Contributed equity	13	1,047.1	1,047.1
Undistributed income		1,052.6	940.7
<b>Total parent interests</b>		<b>2,099.7</b>	<b>1,987.8</b>
Non-controlling interest		440.5	440.5
<b>Total equity</b>		<b>2,540.2</b>	<b>2,428.3</b>

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

# Condensed Consolidated Statement of Changes in Unitholder Interests

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

	Attributable to Equityholders of the Parent					
	Contributed Equity (Note 13) \$m	Undistributed Income \$m	Cash flow Hedge Reserve \$m	Total \$m	Non-controlling interest \$m	Total equity \$m
<b>As at 1 January 2018</b>	1,047.1	940.7	-	1,987.8	440.5	2,428.3
Other Comprehensive income for the financial year	-	-	-	-	-	-
Profit for the financial year	-	197.6	-	197.6	12.9	210.5
Total comprehensive income	-	197.6	-	197.6	12.9	210.5
Transactions with equityholders in their capacity as equityholders:						
Dividends/distributions	-	(85.7)	-	(85.7)	(12.9)	(98.6)
Total transactions with equityholders in their capacity as equityholders	-	(85.7)	-	(85.7)	(12.9)	(98.6)
<b>As at 30 June 2018</b>	<b>1,047.1</b>	<b>1,052.6</b>	<b>-</b>	<b>2,099.7</b>	<b>440.5</b>	<b>2,540.2</b>
<b>As at 1 January 2017</b>	1,107.5	757.3	(0.3)	1,864.5	440.5	2,305.0
Other Comprehensive income for the year	-	-	0.3	0.3	-	0.3
Profit for the financial period	-	193.2	-	193.2	12.8	206.0
Total comprehensive income	-	193.2	0.3	193.5	12.8	206.3
Transactions with equityholders in their capacity as equityholders:						
Redemption of share capital	(124.7)	-	-	(124.7)	-	(124.7)
Issuance of share capital	64.3	-	-	64.3	-	64.3
Dividends/distributions	-	(85.8)	-	(85.8)	(12.8)	(98.6)
Total transactions with equityholders in their capacity as equityholders	(60.4)	(85.8)	-	(146.2)	(12.8)	(159.0)
<b>As at 30 June 2017</b>	<b>1,047.1</b>	<b>864.7</b>	<b>-</b>	<b>1,911.8</b>	<b>440.5</b>	<b>2,352.3</b>

The Condensed Consolidated Statement of Changes in Unitholder Interests should be read in conjunction with the Notes to the Condensed Consolidated Financial Statements.

# Condensed Consolidated Statement of Cash Flows

## Brookfield Australia Property Trust and its controlled entities

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For the half-year ended 30 June 2018

	Note	Consolidated	
		Half-year ended 30-Jun-18 \$m	Half-year ended 30-Jun-17 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		58.4	43.2
Payments to suppliers and employees		(23.8)	(7.6)
Realised property finance income	6	65.5	66.1
Interest received		0.1	0.2
Finance costs paid		(50.4)	(32.4)
<b>Net cash inflow from operating activities</b>		<b>49.8</b>	<b>69.5</b>
<b>Cash flows from investing activities</b>			
Payment for acquisition of Property Financial Assets		-	(84.4)
Investment property capital expenditure		(10.4)	(11.2)
Investment in property financial assets		(5.3)	-
Other		3.0	1.6
<b>Net cash outflow from investing activities</b>		<b>(12.7)</b>	<b>(94.0)</b>
<b>Cash flows from financing activities</b>			
Net drawdown of borrowings <sup>1</sup>		8.6	230.1
Net proceeds from related parties		(6.7)	(127.2)
Issuance of capital		-	64.3
Return of capital		-	(124.7)
Payments to other minority equityholders		(12.6)	(12.8)
<b>Net cash outflow from financing activities</b>		<b>(10.7)</b>	<b>29.7</b>
Net increase in cash and cash equivalents held		26.4	5.2
Cash and cash equivalents at the beginning of the financial year		11.4	15.3
<b>Cash and cash equivalents at the end of the financial year</b>		<b>37.8</b>	<b>20.5</b>

<sup>1</sup> Brookfield Place Tower 1 and Tower 2 debt facilities were refinanced and \$871.4m fully repaid in June 2018. The new debt pool facility is \$880.0m.

<sup>2</sup> Significant non-cash transaction: Distributions to unitholders of \$85.7m (2017: \$85.8m) were declared for the period.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Consolidated Financial Statements.



# Notes to the Condensed Consolidated Financial Statements

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2017

### 1 Reporting entity

Brookfield Australia Property Trust, (the Trust) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Funds Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia.

Brookfield Australia Investments Limited (the Company), the Trust and their controlled entities are collectively referred to as Brookfield Australia Investments Group (the Group) in this report.

Brookfield Australia Pty Ltd (BAPL) is the immediate parent of the Group. BHCA1 Pty Ltd (BHCA1) is the ultimate Australian parent of the Group. Brookfield Asset Management Inc. (BAM) is the ultimate parent of the Group and is domiciled in Canada.

A Group stapled security consists of one ordinary unit in the Trust and one ordinary share in the Company. The stapled securities cannot be traded or dealt with separately. A transfer, issue or reorganisation of an ordinary unit or an ordinary share in one of the component parts is accompanied by a transfer, issue or reorganisation of an ordinary unit or ordinary share in the other component part.

This half-year financial report comprises the results and operations of the Trust and its controlled entities (the Consolidated Entity) for the half-year ended 30 June 2018.

### 2 Basis of preparation

#### Statement of compliance

The condensed consolidated financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* (AASB 134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. For the purposes of preparing the financial statements, the Consolidated Entity is a for-profit entity.

The financial statements do not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Unless otherwise stated, the principal accounting policies adopted in the preparation of the financial statements are consistent with those applied to all periods presented.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 28th August 2018.

#### Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are stated at fair value: derivative financial instruments, financial instruments classified as property financial assets and investment property. Any non-current assets which are held for sale are stated at the lower of carrying amount and fair value less costs to sell, except investment property.

The financial report is presented in Australian dollars.

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

#### Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the net current asset deficiency of the Consolidated Entity at the reporting date. The ability of the Consolidated Entity to continue as a going concern is dependent upon the continuing financial support of various related parties. The Directors have received a letter of loan subordination from Brookfield Australia Investments Limited confirming their intentions to not require repayment of loans owed by the Consolidated Entity of \$327.2 million to enable the Consolidated Entity to continue as a going concern and meet its financial obligations as and when they fall due, for at least 12 months from the date of signing of the Consolidated Entity's financial statements for the half-year ended 30 June 2018.

#### Changes in accounting policy

The following standards and interpretations have become effective for the first time commencing on 1 January 2018.

AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018) addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment.

AASB 15 *Revenue from Contracts with Customers* (and applicable amendments), (effective from 1 January 2018) is a new standard for the recognition of revenue. This replaces AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. The new standard is based on the principle that

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 2 Basis of preparation continued

#### Changes in accounting policy continued

revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

Management has assessed the impacts of the above new standards and there are no material impacts to the financial statement.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Consolidated entity in the current or future reporting periods and on foreseeable future transactions.

#### Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in Note 6 Other financial assets and Note 10 Investment property.

#### Comparatives

Where deemed necessary, the comparatives have been reclassified to achieve consistency with the half-year ended 30 June 2018.

#### New standards and interpretations not yet adopted

In the half-year ended 30 June 2018, the Consolidated Entity has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new accounting standards did not have any material impact on the disclosures or the amounts recognised in the financial statements.

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2018 but have not been applied when preparing these financial statements:

- AASB 16 Leases: effective 1 January 2019;
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: effective 1 January 2022;
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128: effective 1 January 2022;
- AASB 2017-17 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation;
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures;
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle; and
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement.

The potential effect of the above standards/interpretations on the Trust's financial statements is being assessed by management. The Trust does not intend to adopt any of these pronouncements before their effective dates.

### 3 Distributions

For the half-year ended 30 June 2018, distributions of \$85.7 million were declared to unitholders of the Trust (half-year ended 30 June 2017: \$85.8 million).

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 4 Revenue

	Consolidated	
	Year ended 30-Jun-18	Year ended 30-Jun-17
	\$m	\$m
Property rental revenue	33.4	34.6
Development revenue	18.2	-
Asset Management Fee	0.8	0.8
<b>Total revenues</b>	<b>52.4</b>	<b>35.4</b>

During the half year ended 30 June 2018, the Trust earned development revenue of \$18.2m on the 405 Bourke Street development asset which is 50% held by a subsidiary of the Trust (the "Developer") and 50% held by a third party (the "Investor").

In December 2017, following the Developer securing an Agreement for Lease with a lessee for the asset once completed, 50% of the development asset was sold to the Investor. As a part of the Investor Development Agreement (the "Agreement") between the Developer and the Investor, an option was granted for the Investor to sell back the asset to the Developer if any of the following conditions arise:

1. The Agreement for Lease is invalidly terminated due to the Developer breaching or repudiating its obligations under the lease agreement or if an insolvency event occurs in relation to the Developer; or
2. The date of practical completion has not been reached within 24 months after the Practical Completion Date defined in the Agreement for Lease, estimated and intended by management to occur in 2021.

If the Investor exercises this right, the Developer must within 30 days buy back the asset from the Investor at a price equal to the aggregate amount paid by the Investor from time to time under the Agreement, the Contract of Sale for the land, the due diligence costs on the transaction and any coupon that has accrued on the fund initially provided by the Investor under the Agreement.

As at 30 June 2018, management has assessed the likelihood of this event occurring to be remote.

### 5 Cost of operations

	Consolidated	
	Year ended 30-Jun-18	Year ended 30-Jun-17
	\$m	\$m
Property rental expense	(8.1)	(8.0)
Development expense	(16.2)	-
<b>Total cost of operations</b>	<b>(24.3)</b>	<b>(8.0)</b>

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 6 Other financial assets

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Property financial assets<sup>1</sup></b>		
<b>Current</b>		
52 Goulburn St <sup>2,3</sup>	95.8	-
240 Queen Street <sup>2,3</sup>	51.3	-
235 St Georges Terrace <sup>2,3</sup>	28.2	-
<b>Total current financial assets</b>	<b>175.3</b>	<b>-</b>
<b>Non-current</b>		
Brookfield Prime Property Fund <sup>2</sup>	434.9	416.7
10 Shelley Street <sup>2</sup>	235.0	222.0
Darling Park <sup>2</sup>	536.4	507.3
Southern Cross East Tower <sup>2</sup>	474.0	469.0
BAO Trust	0.5	2.4
Multiplex European Property Fund	2.0	2.0
Multiplex New Zealand Property Fund	-	1.1
240 Queen Street <sup>2,3</sup>	51.4	98.0
52 Goulburn St <sup>2</sup>	-	72.8
235 St Georges Terrace <sup>2</sup>	-	24.8
Southern Cross West Tower <sup>2</sup>	129.4	119.7
Brookfield Place Perth <sup>2</sup>	542.0	526.5
<b>Total non-current financial assets</b>	<b>2,405.6</b>	<b>2,462.3</b>
<b>Total financial assets</b>	<b>2,580.9</b>	<b>2,462.3</b>

<sup>1</sup> Properties from which property finance income is determined.

<sup>2</sup> During the half-year, eleven of the underlying properties were externally valued, including four properties from Brookfield Prime Property Fund ("BPPF").

<sup>3</sup> Moved to current financial assets as expected to be sold within twelve months after the reporting period. Only 50% of 240 Queen Street is expected to be sold with 50% to remain within the Trust.

	Consolidated	
	30-Jun-18	30-Jun-17
	\$m	\$m
<b>Property financial income</b>		
Realised property finance income	65.5	66.1
Fair value gain on property financial asset	116.3	106.5
<b>Total property finance income</b>	<b>181.8</b>	<b>172.6</b>

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 7 Trade and other receivables

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Current</b>		
Trade receivables <sup>1</sup>	5.2	9.9
<i>Less: Allowance for doubtful debts</i>	(0.1)	-
	5.1	9.9
Amounts due from related parties <sup>2</sup>	425.6	438.3
<b>Total current trade and other receivables</b>	<b>430.7</b>	<b>448.2</b>

<sup>1</sup> Trade receivables are non-interest bearing and generally on 30 day terms. An allowance for impairment is made when there is objective evidence that a trade receivable is impaired.

<sup>2</sup> Amounts classified as current receivables relating to amounts due from related parties are unsecured and are repayable when called.

### 8 Interest bearing receivables

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Current</b>		
Interest bearing receivables from related parties	793.2	-
<b>Total current interest bearing receivables from related parties</b>	<b>793.2</b>	<b>-</b>
<b>Non-current</b>		
Interest bearing receivables from related parties	1,141.4	1,057.5
<b>Total non-current interest bearing receivables from related parties</b>	<b>1,141.4</b>	<b>1,057.5</b>
<b>Total interest bearing receivables from related parties</b>	<b>1,934.6</b>	<b>1,057.5</b>

### 9 Assets classified as held for sale

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Current</b>		
Investment properties held for sale	184.3	-
<b>Total assets held for sale</b>	<b>184.3</b>	<b>-</b>

As at 30 June 2018, 50% of Jessie St Centre at 2-12 Macquarie Street was transferred from an investment property to an asset held for sale. On 31 July 2018, 50% of the property was sold to a core fund which when fully initiated will be sold down to third party investors and BAM subsidiaries Brookfield Office Properties Pty Ltd (BPO) and Brookfield Property Partners (Australia) Pty Ltd (BPY).

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 9 Assets classified as held for sale continued

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment property classified as held for sale is measured at fair value in accordance with the fair value model in AASB 140 *Investment Property*.

### 10 Investment property

	Consolidated	
	30 June 18	31-Dec-17
	\$m	\$m
<b>Reconciliation of the carrying amount of investment properties is set out below:</b>		
<b>Carrying amount at beginning of the financial year</b>	894.1	871.9
Capital expenditure	10.4	21.7
Disposals	-	(40.0)
Transferred to assets held for sale	(184.3)	-
Net gain from fair value adjustments to investment properties	13.1	44.8
Change due to impact of straight-lining of rental income and other items	(0.5)	(4.3)
<b>Carrying amount at the end of the financial year</b>	<b>732.8</b>	<b>894.1</b>

### Property valuations

An external valuation company, having an appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the portfolio whenever it is believed that the fair value of an investment property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. In the current financial period, these external valuations were performed by Savills, CBRE and Jones Lang LaSalle. External values are based on market values, being the estimated amount for which an investment property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after appropriate marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. During the current financial period, five properties were externally valued.

All other investment properties were valued using internal valuations. Valuations reflect, where appropriate, the type of tenants, future rent reviews and market conditions. A change in any of these factors could have a significant impact on the value of the Consolidated Entity's investment properties. Internal valuations have been undertaken using a discounted cash flow approach and a capitalisation method. The key assumptions adopted under these methods include assessment of the capitalisation rate, discount rate, terminal yield, current passing/market rent and forecast net annual cash flows receivable from properties. The terminal capitalisation rates utilised in the 30 June 2018 valuations ranged from 5.65% to 7.00% (2017: 5.75% to 7.00%).

Any gain or loss from a change in fair value is recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. All property acquisition costs in respect of properties acquired are capitalised into the value of the investment property at the time of purchase to reflect the total acquisition cost in the Condensed Consolidated Statement of Financial Position. Additions and other expenditure on investment property which is capital in nature is capitalised as incurred. Where independent valuations are undertaken prior to the reporting date, the assumptions on which the valuation is based are reviewed in light of the prevailing market conditions at the reporting date to ensure that any material change is reflected in the valuation.

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 11 Interest bearing loans and borrowings

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Carrying amounts</b>		
Current interest bearing loans and borrowings	884.3	-
<i>Less: deferred borrowing costs</i>	(0.3)	-
	884.0	-
Non-current interest bearing loans and borrowings	1,623.8	1,628.1
<i>Less: deferred borrowing costs</i>	(6.4)	(4.1)
	1,617.4	1,624.0
<b>Total interest bearing loans and borrowings</b>	<b>2,501.4</b>	<b>1,624.0</b>

#### Summary of borrowing arrangements

All debt facilities are bilateral and are secured by relevant mortgages and charges directly relating to specific investment properties. The Consolidated Entity has bank loans denominated in Australian dollars. Interest on bank loans is charged at the prevailing market rate. There were no overdraft facilities in place at 30 June 2018 (2017: \$NIL).

At 30 June 2018, the Consolidated Entity is in compliance with all of its debt covenants.

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Total financing facilities available</b>		
Property facilities	2,280.7	1,449.3
Corporate facilities - related party	232.1	232.1
<b>Total facilities available</b>	<b>2,512.8</b>	<b>1,681.4</b>
<b>Facilities utilised at reporting date</b>		
Property facilities	2,269.3	1,391.9
Corporate facilities - related party	232.1	232.1
<b>Total facilities utilised at end of the financial year</b>	<b>2,501.4</b>	<b>1,624.0</b>
<b>Facilities not utilised at reporting date</b>		
Property facilities	4.7	53.3
<b>Total facilities not utilised at end of the financial year</b>	<b>4.7</b>	<b>53.3</b>

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 12 Non-interest bearing loans and borrowings

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Current</b>		
<b>Unsecured</b>		
Amounts due to related parties	825.1	790.7
<b>Total current non-interest bearing loans and borrowings</b>	<b>825.1</b>	<b>790.7</b>

### 13 Contributed equity

	Consolidated	
	30-Jun-18	31-Dec-17
	\$m	\$m
<b>Issued and fully paid up units</b>		
Units issued	1,047.1	1,047.1

#### Terms and conditions of units in the Trust

Ordinary units in the Trust are stapled with ordinary shares in the Company. Ordinary units in the Trust entitles holders to participate in distributions as declared and, in the event of the Trust winding up, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on units held. Each unit entitles the holder to one vote either in person or by proxy, at a meeting of the Trust.

### 14 Related parties

Related party loans and receivables that are not intended to be called within 12 months have been classified as non-current.

### 15 Property financial assets

On 27 September 2010, Brookfield Holdings (Australia) Limited (BHAL) entered into a total return swap and option with Brookfield Office Properties Pty Ltd (BPO), a subsidiary of BAM, over the shares of several of the legal subsidiaries of the Consolidated Entity whereby BPO obtained the economic rights and obligations of those entities at a strike price which was calculated on the fair value of the net assets at that date.

On 15 April 2013, BHAL entered into a total return swap and option with Brookfield Property Partners (Australia) Pty Ltd (BPY), a subsidiary of BAM, over the shares of several of the legal subsidiaries of the Consolidated Entity whereby BPY obtained the economic rights and obligations of those entities at a strike price which was calculated on the fair value of the net assets at that date.

As a result, financial assets have been recorded in the Consolidated Entity and classified as property financial assets.

Property financial assets are designated at fair value through profit and loss. The fair value of property financial assets are determined with reference to the fair value and financing structures of, as well as the funds from operations generated from, the underlying investment properties that are subject to the total return swap and option. Refer to Note 6 for further information.



# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 16 Financial instruments and fair value disclosures

#### Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of all financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed investments); and
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The carrying value of property financial assets, investment property, derivative instruments and interest bearing loans & borrowings approximates their fair value.

Property financial assets are financial assets recognised at fair value through profit and loss. The fair value of the property financial assets is determined with reference to the fair value of, and the funds from operations generated from, the underlying investment properties, less any external debt related to that property. External debt is held at amortised cost and is refinanced at regular intervals at market rates. The carrying value of the external debt is equivalent to its fair value. The underlying properties are valued in accordance with the methodology described in the investment property note as per Note 10. Management performs a discounted cash flow calculation on each investment property to determine its fair value each quarter, and the unobservable inputs deemed to be significant in these calculations are the discount rates and terminal capitalisation rates used in determining the fair value of the underlying properties. The discount rates and terminal capitalisation rates utilised in the 30 June 2018 valuations of the underlying properties of the property financial assets ranged from 6.50% to 7.50% and 5.50% to 7.37% respectively (2017: 6.50% to 8.00% and 5.50% to 7.00% respectively).

A property financial asset sensitivity assessment has been performed by considering the movement in the fair value of the underlying properties if the discount rate and terminal capitalisation rate were to increase or decrease by 25bps. A 25bps increase in the discount rate is estimated to cause a 1.92% decrease in the property financial asset value, while a 25bps decrease in the discount rate is estimated to cause a 1.99% increase in the property financial asset value. A 25bps increase in the terminal capitalisation rate is estimated to cause a 2.97% decrease in the property financial asset value, while a 25bps decrease in the terminal capitalisation rate is estimated to cause a 3.26% increase in the property financial asset value.

For valuation methodology of investment property, refer to Note 10. The discount rates and terminal capitalisation rates utilised in the 30 June 2018 valuations of investment properties ranged from 7.25% to 7.50% and 5.65% to 7.00% respectively (2017: 7.25% to 7.75% and 5.75% to 7.00% respectively).

An investment property sensitivity assessment has been performed by considering the movement in the fair value of the underlying properties if the discount rate and terminal capitalisation rate were to increase or decrease by 25bps. A 25bps increase in the discount rate is estimated to cause a 2.16% decrease in the investment property value, while a 25bps decrease in the discount rate is estimated to cause a 1.90% increase in the investment property value. A 25bps increase in the terminal capitalisation rate is estimated to cause a 3.11% decrease in the investment property value, while a 25bps decrease in the terminal capitalisation rate is estimated to cause a 3.05% increase in the investment property value.

The finance department of the Trust includes a team that perform the fair value assessment of investment properties required for financial reporting purposes. This team reports to the chief financial officer (CFO), the valuation committee and the Directors. Discussions of valuation processes and results are held between the CFO and the valuation committee at least once every six months, in line with the Trust's half-yearly reporting dates.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value inputs are observable.

- level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 16 Financial instruments and fair value disclosures continued

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
<b>Consolidated - 30 June 2018</b>				
<b>Financial and non - financial assets</b>				
Investments				
- Property financial assets	-	-	2,580.9	2,580.9
- Assets classified as held for sale	-	-	184.3	184.3
- Investment property	-	-	732.8	732.8
<b>Total financial and non - financial assets</b>	<b>-</b>	<b>-</b>	<b>3,498.0</b>	<b>3,498.0</b>
<b>Financial liabilities</b>				
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net financial and non - financial assets/(liabilities)</b>	<b>-</b>	<b>-</b>	<b>3,498.0</b>	<b>3,498.0</b>
<b>Consolidated - 31 December 2017</b>				
<b>Financial and non - financial assets</b>				
Derivative instruments – interest rate swaps	-	0.1	-	0.1
Investments				
- Property financial assets	-	-	2,462.3	2,462.3
- Investment property	-	-	894.1	894.1
<b>Total financial and non - financial assets</b>	<b>-</b>	<b>0.1</b>	<b>3,356.4</b>	<b>3,356.5</b>
<b>Financial liabilities</b>				
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net financial and non - financial assets/(liabilities)</b>	<b>-</b>	<b>0.1</b>	<b>3,356.4</b>	<b>3,356.5</b>

# Notes to the Condensed Consolidated Financial Statements continued

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## Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

### 16 Financial instruments and fair value disclosures continued

#### Valuation techniques and assumptions applied for the purposes of measuring fair value continued

Reconciliation of level 3 fair value measurements:

	Property financial assets \$m	Assets classified as held for sale \$m	Investment property \$m	Total \$m
<b>Consolidated - 30 June 2018</b>				
Opening balance	2,462.3	-	894.1	3,356.4
Capital expenditure	-	-	10.4	10.4
Transferred to assets held for sale	-	184.3	(184.3)	-
Acquisitions / investment	5.3	-	-	5.3
Fair value gain	116.3	-	13.1	129.4
Capital return	(3.0)	-	-	(3.0)
Other	-	-	(0.5)	(0.5)
<b>Closing balance</b>	<b>2,580.9</b>	<b>184.3</b>	<b>732.8</b>	<b>3,498.0</b>

	Property financial assets \$m	Investment property \$m	Total \$m
<b>Consolidated - 31 December 2017</b>			
Opening balance	2,328.1	871.9	3,200.0
Capital expenditure	-	21.7	21.7
Disposals	-	(40.0)	(40.0)
Acquisitions / investment	101.1	-	101.1
Change due to impact of straight-lining of rental income and other	-	(4.3)	(4.3)
Fair value gain	175.3	44.8	220.1
Capital return	(3.3)	-	(3.3)
Debt repayment	(138.9)	-	(138.9)
<b>Closing balance</b>	<b>2,462.3</b>	<b>894.1</b>	<b>3,356.4</b>

### 17 Events occurring after the reporting date

After the date of this report the following events have occurred:

On 31 July 2018, a contract was settled for the sale of 50% of the investment property, Jessie St Centre.

On 31 July 2018, the property financial asset, Brookfield Place Tower 2 was transferred from Brookfield Australia Investments Limited to the Trust for \$201.0 million.

Other than as disclosed in this report and to the knowledge of the Directors, there has been no other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Consolidated Entity's operations in future financial periods, the results of those operations or the Consolidated Entity's state of affairs in future financial periods.

## Directors' Declaration

### Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2018

The Directors of the Responsible Entity declare that:

- a. in the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and
- b. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001* on behalf of the Directors of the Responsible Entity, Brookfield Funds Management Limited.

Dated at Sydney, this 28th day of August 2018.



**Shane Ross**  
**Executive Director**  
**Brookfield Funds Management Limited**

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## **Independent Auditor's Review Report to the unitholders of Brookfield Australia Property Trust**

We have reviewed the accompanying half-year financial report of Brookfield Australia Property Trust, which comprises the condensed consolidated statement of financial position as at 30 June 2018, the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of changes in unitholder interests and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' report of the consolidated entity comprising Brookfield Australia Property Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 23.

### *Directors' Responsibility for the Half Year Financial Report*

The Directors of Brookfield Funds Management Limited as the responsible entity of Brookfield Australia Property Trust ("directors"), are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Brookfield Australia Property Trust financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Brookfield Australia Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Brookfield Funds Management Limited, as the responsible entity of Brookfield Australia Property Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brookfield Australia Property Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Brookfield Australia Property Trust financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Glen Mitchell  
Partner  
Chartered Accountants  
Sydney, 28 August 2018