Appendix 4E
Multiplex SITES Trust

For the year ended 31 December 2014

Name of entity:	Multiplex SITES Trust (MXU) ARSN 111 903 747
Details of reporting period	
Current reporting period:	1 January 2014 to 31 December 2014
Prior corresponding period:	1 January 2013 to 31 December 2013

Multiplex SITES Trust (Trust) was registered on 12 November 2004 and commenced operations upon listing for trading on the Australian Securities Exchange (ASX) on 20 January 2005.

This Appendix 4E should be read in conjunction with the Financial Report for the year ended 31 December 2014. It is also recommended that this Appendix 4E be considered together with any public announcements made by the Trust during the year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Results for announcement to the market	Year ended 31 December 2014 $'000	Year ended 31 December 2013 $'000
Total revenue and other income	29,430	30,330
Net profit before income tax	29,430	30,330
Net profit attributable to unitholders	29,430	30,330
Net tangible asset backing per unit ($)	100	100
Earnings per unit (cents per unit)	654.00	674.00

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 2014 to 31 March 2014 of 6.5050% per annum and paid on 15 April 2014	7,200
Quarterly distribution for the period from 1 April 2014 to 30 June 2014 of 6.5533% per annum and paid on 15 July 2014	7,335
Quarterly distribution for the period from 1 July 2014 to 30 September 2014 of 6.5750% per annum and paid on 16 October 2014	7,425
Quarterly distribution for the period from 1 October 2014 to 31 December 2014 of 6.5983% per annum and paid on 16 January 2015	7,470
Total	**29,430**

On 5 January 2015, the Trust announced to the ASX that the distribution rate for the period from 1 January 2015 to 31 March 2015 is 6.6467% 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 attached Multiplex SITES Trust ASX release dated 20th February 2015. This ASX release forms part of the Appendix 4E.

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 20th February 2015.

Multiplex SITES Trust
Financial Statements
for the year ended
31 December 2014

Step-up
Income-distributing
Trust-issued
Exchangeable
Securities

Multiplex SITES Trust

ARSN 111 903 747

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Multiplex SITES Trust

For the year ended 31 December 2014

Directory
Multiplex SITES Trust

For the year ended 31 December 2014

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 Russell T Proutt

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

Introduction

The Directors of Brookfield Funds Management Limited (ABN:15 105 371 917), the Responsible Entity of Multiplex SITES Trust (Trust) present their report together with the financial statements of the Trust for the year ended 31 December 2014 and the Independent Auditor's Report thereon.

Responsible Entity

The Responsible Entity is a wholly owned subsidiary of Brookfield Australia Investments Limited and forms part of the consolidated Brookfield Australia Investments Group (Group). The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney.

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 Russell T Proutt (appointed 17 March 2010)	Executive Director

Information on Directors

F. Allan McDonald (BEcon, FCPA, FAIM, FGIA), Non-Executive Independent Chairman

Mr McDonald was appointed to the Board on 22 October 2003 and was appointed Non-Executive Independent Chairman of Brookfield Funds Management Limited (BFML) in May 2005. Mr McDonald has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. Mr McDonald is also a director of Brookfield Capital Management Limited (BCML) (appointed January 2010), the Responsible Entity for listed funds Brookfield Prime Property Fund (BPA) and Multiplex European Property Fund (MUE). Mr McDonald's other directorships of listed companies is Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust) (appointed February 2005)

During the past four years, Mr McDonald has also served as a director of Ross Human Directions Limited (April 2000 to February 2011), Billabong International Limited (July 2000 to October 2012) and Brookfield Office Properties Inc. (May 2011 to June 2014).

Barbara K Ward, AM (BEcon, MPolEcon, MAICD), Non-Executive Independent Director and Chairperson of Audit Committee and Board Risk and Compliance Committee

Ms Ward was appointed as a Non-Executive Director of BFML on 22 October 2003. Ms Ward has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. Ms Ward is a Director of Qantas Airways Limited (appointed June 2008) and Sydney Children's Hospital Foundation (appointed November 2012). Ms Ward is also a director of BCML (appointed January 2010), the Responsible Entity for listed funds BPA, and MUE. During the past four years, Ms Ward has also served as a Director of Essential Energy (June 2001 to December 2012) and Ausgrid and Endeavour Energy (July 2012 to December 2012).

Russell T Proutt (BComm, CA, CBV), Executive Director

Mr Proutt is the Chief Financial Officer of Brookfield Australia Pty Ltd and was appointed as an Executive Director of BFML on 17 March 2010. Mr Proutt joined Brookfield Asset Management, the ultimate parent company of BFML, in 2006 and has held various senior management positions within Brookfield Asset Managment, including managing the Bridge Lending Fund, mergers and acquisitions involving subsidiaries as well as transactions involving Brookfield's restructuring fund, Tricap Partners. Mr Proutt is also a director of BCML (appointed January 2010), the Responsible Entity for listed funds BPA and MUE.

Neil Olofsson, Company Secretary

Mr Olofsson has over 17 years international company secretarial experience and has been with the Brookfield Australia group since 2005.

Directors' and executives' equity interests

	Multiplex SITES held at the start of the period	Changes during the period	Multiplex SITES held at the end of the period
Mr F. Allan McDonald	1,335	-	1,335

The number of Directors' meetings (including meetings of committees of Directors) for the Responsible Entity during the year, and the number of meetings attended by each of the Directors, are as follows:

	Board meetings		Audit Committee meetings		Board Risk and Compliance Committee meetings	
Director	Held	Attended	Held	Attended	Held	Attended
Mr F. Allan McDonald	4	4	2	2	2	2
Ms Barbara K Ward	4	4	2	2	2	2
Mr Russell T Proutt	4	4	0	0	0	0

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 year ended 31 December 2014 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 $29,430,000 for the year ended 31 December 2014 (year ended 31 December 2013: $30,330,000). Total quarterly distributions paid or payable in respect of the year ended 31 December 2014 were $29,430,000 (year ended 31 December 2013: $30,330,000). The carrying value of the Trust's net assets at the end of the year ended 31 December 2014 was $450,000,000 (year ended 31 December 2013: $450,000,000).

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

Corporate governance

Brookfield Funds Management Limited (the Company), in its capacity as Responsible Entity for the Multiplex SITES Trust (the Trust), is required under the ASX Listing Rules to prepare a Corporate Governance Statement (the Statement) and include the Statement in its Annual Report.

The Statement discloses the extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition), (the ASX Principles) during the reporting period. The ASX Principles are guidelines for businesses which set out eight core principles the Corporate Governance Council believes lie behind good corporate governance. The Company is committed to maintaining high standards of corporate governance. As a wholly owned subsidiary of Brookfield Australia Investments Limited (BAIL), the Company will, wherever possible, make use of the existing governance framework and expertise within the Brookfield Australia Investments Group (the Group) as it applies to the Trust's operations and will continue to review and update its governance practices and policies from time to time.

The Principles have been adopted by the Company, where appropriate, to ensure stakeholder interests are protected, however, some of the Principles are neither relevant nor practically applicable to the investment structure of the Trust. This Statement outlines the Company's main governance policies and practices, and the extent of its compliance with the ASX Principles for the reporting period 1 January 2014 to 31 December 2014.

Principle 1: Lay solid foundations for management and oversight

It is the Board's responsibility to ensure that the foundations for management and oversight of the Trust are established and documented appropriately.

Role and Responsibility of the Board & Management
The Board identifies the role of the Board and Management, its committees and the powers reserved to the Board in a charter. The Board Charter reserves the following powers for the Board:

- Approval of risk management strategy;
- Approval of financial statements and any significant changes to accounting policies;
- Approval of distribution payments;
- Consideration of recommendations from the Audit Committee and Board Risk and Compliance Committee; and
- Any matter which, according to law, is expressly reserved for Board determination.

A copy of the Board Charter is available on the Brookfield Australia website at www.au.brookfield.com.

In addition, the Board is responsible for:

- Monitoring the implementation of the financial and other objectives of the Trust;
- Overseeing and approving the risk, control and accountability systems;
- Monitoring compliance with legal, constitutional and ethical standards; and
- Ensuring there is effective communication with unit holders and other stakeholders of the Trust.

On appointment, each independent director of the Board receives a letter of appointment which details the key terms and expectations of their appointment.

Process for evaluating the performance of senior executives.
The Management team responsible for the operation of the Trust and the Company are employees of the Group and are subject to the Group's performance evaluation process.

All new employees, including senior executives, attend a formal induction which provides an overall introduction to the various business units within the Group.

Principle 2: Structure the Board to add value

Majority of independent Directors
Throughout the reporting period the Board had a majority of independent directors. The independent status of those directors was determined using the criteria set out in Recommendation 2.1 of the ASX Principles. The table below sets out the details of each of the directors including their independent status and length of tenure.

Name	Position Held	Independent Y/N	Date appointed to the Responsible Entity Board
Mr F. Allan McDonald	Non-Executive Chairman	Y	22 October 2003
Ms Barbara K Ward	Non-Executive Director	Y	22 October 2003
Mr Russell T Proutt	Executive Director	N	17 March 2010

The Board considers that collectively, the Directors have an appropriate mix of skills, experience and expertise which allow it to meet the Trust's objectives. The composition of the Board is subject to continuous review. Profiles of each of the Directors may be found on page 4.

Chairperson and Independence
The ASX Corporate Governance Council recommends that the Chairperson of the Board be independent.

Mr F. Allan McDonald, the Chairman of the Board, is an independent, non-executive Director.

Roles of the Chairman and CEO
The ASX Corporate Governance Council recommends that the roles of the Chairman and Chief Executive Officer be split and not exercised by the same individual.

Mr F. Allan McDonald, the Chairman of the Board, is an independent, non-executive Director.

Nomination Committee
The ASX Corporate Governance Council recommends that Boards establish a nomination committee to oversee the selection and appointment of directors. Ultimate responsibility for director selection rests with the full board.

The Company does not have a nomination committee. The nomination and appointment of Directors is undertaken by BAIL in consultation with the Board. This practice is in accordance with the Company's Charter and the Corporations Act.

Evaluation of the performance of the Board, its Committees and individual Directors
The Board is responsible for reviewing and monitoring its performance and the performance of its committees and directors. The Board undertakes an annual self-evaluation of its performance. The evaluation is conducted by way of a survey of each Director, followed by an analysis and discussion of the results. As part of the review, consideration is given to the existing skills and competency of the Directors to ensure there is an appropriate mix of skills for managing the Company and the Trust.

Induction and education
An induction programme for Directors is facilitated by the Company Secretary. The programme provides new directors with an understanding of the financial, strategic, operational and risk management position of the Company, the Trust and the Group.

Access to information
All Directors have unrestricted access to records of the Company and the Trust and receive regular financial and operational reports from senior management to enable them to carry out their duties.

The Board Charter grants the Board collectively, and each Director individually, the right to seek independent professional advice at the Company's expense to help them carry out their responsibilities.

The Board and the Company Secretary
All Directors have access to the Company Secretary. The Company Secretary is accountable to the Board on all governance matters and supports the Board by monitoring and maintaining Board policies and procedures, and coordinating the timely completion and dispatch of the Board agenda and briefing material.

The appointment and removal of the Company Secretary is a matter for BAIL in consultation with the Board.

Principle 3: Act ethically and responsibly

The Brookfield Group has a Code of Business Conduct and Ethics (the Code) which sets out the requirements for workplace and human resource practices, risk management and legal compliance.

Code of Business Conduct and Ethics
The Board acknowledges that all employees of the Group and Directors of the Company are subject to the Code and are required to act honestly and with integrity. The Code is designed to ensure that all directors, officers and employees conduct activities with the highest standards of honesty and integrity and in compliance with all legal and regulatory requirements. The Code is aligned to the Group's core values of teamwork, integrity and performance and is fully supported by the Company's Board.

A copy of the Code is available on the Brookfield Australia website at www.au.brookfield.com.

Diversity Policy
The ASX Corporate Governance Council recommends that Companies establish a policy concerning diversity.

The Company is not part of an ASX listed group of companies and does not directly employ staff. As a result, the Company has not developed a policy concerning diversity.

Principle 4: Safeguard integrity in corproate reporting
The approach adopted by the Board is consistent with the Principle. The Board requires the Chief Executive Officer and the Chief Financial Officer to provide a written statement that the financial statements of the Trust present a true and fair view, in all material aspects, of the financial position and operational results.

Audit Committee
The Board has established an Audit Committee to oversee the integrity of the financial reporting controls and procedures used by the Company when acting in its capacity as the Responsible Entity.

The Audit Committee is responsible for:
- Overseeing financial reporting to ensure balance, transparency and integrity; and
- Evaluating and monitoring the effectiveness of the external audit function.

The members of the Audit Committee throughout the reporting period were:

		Audit Committee meetings	
Name	Position	Held	Attended
Ms Barbara K Ward	Chairperson	2	2
Mr F. Allan McDonald	Member	2	2

Ms Barbara K Ward and Mr F. Allan McDonald are not substantial shareholders of the Company or the Trust or officers of, or otherwise associated directly with, a substantial shareholder of the Company or the Trust and therefore are deemed independent.

With two members, the Audit Committee does not satisfy all the requirements of ASX Recommendation 4.2 which suggests that an audit committee should have 'at least three members'. The structure of the Audit Committee satisfied the three other requirements of Recommendation 4.2.

The Board considers that during the reporting period the Audit Committee was of sufficient size, independence and technical expertise to discharge its mandate effectively.

Charter of the Audit Committee
The Audit Committee has adopted a formal Charter which sets out their responsibilities with respect to financial reporting, external audit (including procedures regarding appointment, removal of and term of engagement with the external auditor), and performance evaluation.
A copy of the Audit Committee's Charter is available on the Brookfield Australia website at www.au.brookfield.com.

Principle 5: Make timely and balanced disclosure
The Company is committed to complying with the continuous disclosure obligations contained in the ASX Listing Rules. The Board has adopted a Continuous Disclosure Policy which is designed to ensure that all unit holders have equal and timely access to material information concerning the Trust. The Continuous Disclosure Policy applies to all Directors, managers and employees involved in the operation of the Trust and the Company.

The Company Secretary is primarily responsible for the Trust's compliance with its continuous disclosure obligations and maintaining the Continuous Disclosure Policy. The Company Secretary is also the liaison between the Board and the ASX.

A copy of the Continuous Disclosure Policy is available on the Brookfield Australia website at www.au.brookfield.com.

Principle 6: Respect the rights of Multiplex SITES Trust Holders
The Company's communication strategy is incorporated into the Continuous Disclosure Policy.

The Company is committed to timely and ongoing communication with Trust unit holders. The Annual Report also provides an update to investors on major achievements and the financial results of the Trust.

Up to date information on the Trust, including any continuous disclosure notices given by the Trust, financial and Annual Reports, and distribution information is available on the Brookfield Australia website at www.au.brookfield.com.

Principle 7: Recognise and manage risk

Risk management and compliance framework
An important role of the Company is to effectively manage the risks inherent in its business while supporting the performance and success of the Trust. The Company is committed to ensuring that it has a robust system of risk oversight, management and internal control that complies with ASX Principle 7.

The Board has delegated responsibility for the oversight of the Company's compliance program to a Risk and Compliance Committee.

Risk management and compliance framework

The members of the Board Risk and Compliance Committee throughout the financial year were:

		Board Risk and Compliance Committee meetings	
Name	Position	Held	Attended
Ms Barbara K Ward	Chairperson	2	2
Mr F. Allan McDonald	Member	2	2

The Board Risk and Compliance Committee is governed by a formal Charter which is available on the Brookfield Australia website at www.au.brookfield.com.

The Board has adopted a Risk Management Strategy (RMS) and has assigned accountability and responsibility for the management of risk to Management. The RMS describes the key elements of the risk management framework that relates to the delivery of financial services by Australian Financial Services License Holders and their Authorised Representatives.

In addition to the RMS, Risk Registers are used by management to record and manage potential sources of material business risks that could impact upon the Company or the Trust.

Risk management and internal control system
The Board is ultimately responsible for overseeing and managing risks to the Company or the Trust. Management reports to the Board on risk management and compliance via a Board Risk and Compliance Committee. Financial risks are managed by the Audit Committee. Designated compliance staff assist the Company by ensuing that a robust system of compliance and risk management is in place. The Compliance Manager for the Group is responsible for reviewing and monitoring the efficiency of compliance systems on an ongoing basis. The Group has an internal audit function which may review aspects of the Company business and the Trust as part of its annual program.

A summary of the Company's policies on risk oversight and management is available on the Brookfield Australia website at www.au.brookfield.com.

Chief Executive Officer and Chief Financial Officer Assurance
The Board has received assurance from the Executive Director and Chief Financial Officer that the sign off of financial statements is based upon a sound system of risk management and that the internal compliance and control systems are operating efficiently in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly
The ASX Corporate Governance Council suggests that Companies should establish a dedicated Remuneration Committee. The Directors receive a fee for service, which is paid by Brookfield Australia Investments Limited, a parent entity of the company, and the Company does not directly employ staff, therefore no remuneration committee has been established.

Independent and non-executive Directors receive fees for serving as Directors. Director's fees are not linked to performance of the Company or the Trust.

Distributions

	Cents per unit	Total amount $'000	Date of payment
Year ended 31 December 2014			
Distributions for the period ended 31 March 2014	160.00	7,200	15 April 2014
Distributions for the period ended 30 June 2014	163.00	7,335	15 July 2014
Distributions for the period ended 30 September 2014	165.00	7,425	16 October 2014
Distributions for the period ended 31 December 2014	166.00	7,470	16 January 2015
Total distributions	**654.00**	**29,430**	
Year ended 31 December 2013			
Distributions for the period ended 31 March 2013	170.00	7,650	18 April 2013
Distributions for the period ended 30 June 2013	173.00	7,785	16 July 2013
Distributions for the period ended 30 September 2013	169.00	7,605	16 October 2013
Distributions for the period ended 31 December 2013	162.00	7,290	16 January 2014
Total distributions	**674.00**	**30,330**	

On 5 January 2015, the Trust announced to the ASX that the distribution rate for the period from 1 January 2015 to 31 March 2015 is 6.6467% per annum.

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

BAIL has entered into deeds of access and indemnity with each of its Directors, Company Secretary and other nominated Officers. The terms of the deeds are in accordance with the provisions of the Corporations Act 2001 and will indemnify these executives (to the extent permitted by law) for up to seven years after serving as an Officer against legal costs incurred in defending civil or criminal proceedings against the executives, except where proceedings result in unfavourable decisions against the executives, and in respect of reasonable legal costs incurred by the executives in good faith in obtaining legal advice in relation to any issue relating to the executives being an officer of the Group, including the Company.

Under the deeds of access and indemnity, BAIL has agreed to indemnify these persons (to the extent permitted by law) against:

- liabilities incurred as a director or officer of the Company or a company in the Group, 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 or alleged liability as a director or officer, except for costs incurred in relation to the matters set out in section 199A(3) of the Corporations Act 2001.

BAIL has also agreed to effect, maintain and pay the premium on a directors' and officers' liability insurance policy. This obligation is satisfied by BAIL being able to rely upon Brookfield's global directors' and officers' insurance policy, for which it pays a portion of the premium.

As is usual, this policy has certain exclusions and therefore 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 of 1933; and

- losses for which coverage under a different kind of insurance Policy is readily available such as, for example, 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 on a policy continues for a period of seven years after the director or officer has left office to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

Contract of insurance

The Group has paid or agreed to pay a portion of the premium in respect of a contract taken out by Brookfield Asset Management Inc. insuring the Directors and officers of Brookfield Asset Management Inc. and its subsidiaries, which include the Company, against a liability.

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 Company 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 Class Order 98/0100, dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and the financial statements. Amounts in the Directors' Report and the financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand or in certain cases, to the nearest dollar.

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

The lead auditor's independence declaration is set out on page 12 and forms part of the Directors' Report for the year ended 31 December 2014.

Signed in accordance with a resolution of the Directors, made pursuant to Section 298(2) of the *Corporations Act 2001*, on behalf of the Directors of Brookfield Funds Management Limited.

Dated at Sydney this 20th day of February 2015

F. Allan McDonald
Non-Executive Independent Chairman
Brookfield Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Deloitte.

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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

20 February 2015

Dear Board Members

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 audit of the financial statements of Multiplex SITES Trust for the financial year ended 31 December 2014, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountant

Statement of Profit or Loss and Other Comprehensive Income

Multiplex SITES Trust

For the year ended 31 December 2014

	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2013 $'000
Share of net profit of associates accounted for using the equity method	**29,430**	**30,330**
Net profit for the period from continuing operations	29,430	30,330
Other comprehensive income for the period	-	-
Total comprehensive income for the period attributable to SITES unitholders	**29,430**	**30,330**
Earnings per unit		
Basic and diluted earnings per ordinary unit (cents)	654.00	674.00

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 31 December 2014

	Note	31 Dec 2014 $'000	31 Dec 2013 $'000
Non-current assets			
Investments accounted for using the equity method	5	457,470	457,290
Total non-current assets		**457,470**	**457,290**
Total assets		**457,470**	**457,290**
Current liabilities			
Distributions payable	7	7,470	7,290
Total current liabilities		**7,470**	**7,290**
Total liabilities		**7,470**	**7,290**
Net assets		**450,000**	**450,000**
Equity			
Units on issue	8	450,000	450,000
Total equity		**450,000**	**450,000**

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

For the year ended 31 December 2014

	Note	Units on issue $'000	Accumulated profit/ (losses) $'000	Total equity $'000
Opening equity – 1 January 2014		450,000	-	450,000
Net profit		-	29,430	29,430
Other comprehensive income		-	-	-
Total comprehensive income		-	**29,430**	**29,430**
Distributions to unitholders	7	-	(29,430)	(29,430)
Total transactions with unitholders in their capacity as unitholders		-	(29,430)	(29,430)
Closing equity – 31 December 2014		450,000	-	**450,000**
Opening equity – 1 January 2013		450,000	-	450,000
Net profit		-	30,330	30,330
Other comprehensive income		-	-	-
Total comprehensive income		-	30,330	30,330
Distributions to unitholders	7	-	(30,330)	(30,330)
Total transactions with unitholders in their capacity as unitholders		-	(30,330)	(30,330)
Closing equity – 31 December 2013		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

For the year ended 31 December 2014

	Note	Year ended 31-Dec 2014 $	Year ended 31-Dec 2013 $
Cash flows from operating activities			
Net cash inflows from operating activities	10	-	-
Cashflows from investing activities			
Dividends and distributions received		29,250	31,185
Net cash inflows from investing activities		**29,250**	**31,185**
Cash flows from financing activities			
Distributions paid to Multiplex SITES holders		(29,250)	(31,185)
Net cash outflows from financing activities		**(29,250)**	**(31,185)**
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of financial period		-	-
Cash and cash equivalents at end of financial period		-	-

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

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 12 November 2004.

The annual financial statements of the Trust for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 19th February 2015.

2 Basis of preparation

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 Australian Accounting Standards. Accounting standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with Australian equivalents to IFRS ensures that the financial statements and notes of the Trust comply with IFRS.

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 Class Order 98/0100 dated 10 July 1998 relating to the "rounding off" of amounts in the annual financial statements. In accordance with that Class Order amounts in the annual financial statements have been rounded off to the nearest thousand dollars or in certain cases, to the nearest dollar, unless stated otherwise.

Due to the classification of distributions payable as current liabilities at 31 December 2014, the Trust is in a net current liability position of $7.470 million. The Trust has non-current assets of $457.470 million and a net asset position of $450.000 million. In accordance with AASB 101, 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.

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

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. 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. 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.

3 Significant accounting policies continued

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.

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

New standards and interpretations not yet adopted

In the current year, the Company 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.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

IFRS 9	Financial Instruments: effective 1 January 2018;
IFRS 15	Revenue from Contracts with Customers: effective 1 January 2017;
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27): effective 1 January 2016;
IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture: effective 1 January 2016;
IAS 19 and IAS 37	Annual Improvements to IFRS 2012 – 2014 cycle: effective 1 July 2016;
IFRS 5 and IFRS 7	Annual Improvements to IFRS 2012 – 2014 cycle: effective 1 July 2016

The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

4 Segment reporting

AASB 8 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 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.

	31-Dec-14 $'000	31-Dec-13 $'000
5 Investments accounted for using the equity method		
Non-current		
Units in unlisted associates	457,470	457,290
	457,470	**457,290**

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 (2013: $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 $29,430,000 for the year ended 31 December 2014 (year ended 31 December 2013: $30,330,000). 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 the trustee of MHIT is Level 22, 135 King Street, Sydney.

5 Investments accounted for using the equity method continued

Details of material interests in associates are as follows:

Name	Principal activities	Voting interest	Carrying value 31-Dec-14	Carrying value 31-Dec-13
		%	$'000	$'000
Multiplex Hybrid Investment Trust	Investment	25	457,470	457,290

	31-Dec-14	31-Dec-13
	$'000	$'000
Movement in the carrying value		
Carrying amount at the beginning of the period	457,290	458,145
Profit accounted for using the equity method	29,430	30,330
Distribution paid during the period	(29,250)	(31,185)
Carrying amount at the end of the period	**457,470**	**457,290**
Other disclosures		
Associates' revenues and profits		
Revenues and profit of associates	29,430	30,330
Associates' profit and other comprehensive income		
Profit or loss from continuing operations	29,430	30,330
Income tax expense attributable to net profit	-	-
Other comprehensive income	-	-
Total comprehensive income	29,430	30,330
Total associates' net profit after tax accounted for using the equity method	**29,430**	**30,330**

	31-Dec-14	31-Dec-13
	$'000	$'000
Associates' assets and liabilities		
Current assets	457,476	7,296
Non-current assets	-	450,000
Total Assets	**457,476**	**457,296**
Current liabilities	7,470	7,290
Non-current liabilities	-	-
Total Liabilities	7,470	7,290
Net Assets	**450,006**	**450,006**

6 Auditor's remuneration

During the current and prior periods, all amounts paid to the auditor of the Trust, Deloitte Touche Tohmatsu, were borne by the Responsible Entity in its capacity as responsible entity of Multiplex SITES Trust.

7 Distributions

	Cents per unit	Total amount $'000	Date of payment
Year ended 31 December 2014			
Distributions for the period ended 31 March 2014	160.00	7,200	15 April 2014
Distributions for the period ended 30 June 2014	163.00	7,335	15 July 2014
Distributions for the period ended 30 September 2014	165.00	7,425	16 October 2014
Distributions for the period ended 31 December 2014	166.00	7,470	16 January 2015
Total distributions	**654.00**	**29,430**	
Year ended 31 December 2013			
Distributions for the period ended 31 March 2013	170.00	7,650	18 April 2013
Distributions for the period ended 30 June 2013	173.00	7,785	16 July 2013
Distributions for the period ended 30 September 2013	169.00	7,605	16 October 2013
Distributions for the period ended 31 December 2013	162.00	7,290	16 January 2014
Total distributions	**674.00**	**30,330**	

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.

	31-Dec-14 $'000	31-Dec-14 Units	31-Dec-13 $'000	31-Dec-13 Units
8 Units on issue				
Units on issue				
Amounts owing to Multiplex SITES holders	450,000	4,500,000	450,000	4,500,000

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. As there is discretion not to pay particular distributions, the guarantee does not ensure that priority distribution payments will be paid in all circumstances.

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).

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.

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.

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.

Holder exchange

Holders have no right to request exchange.

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.

9 Financial instruments

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 Audit Committee and Risk and Compliance Committee. Management also reports to the Board through the Audit & Risk Committee 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.

	Year ended 31-Dec-14 $'000	Year ended 31-Dec-13 $'000
10 Reconciliation of cash flows from operating activities		
Reconciliation of net (loss) to net cash (outflow)/inflow from operating activities		
Profit/(Losses) from ordinary activities after income tax	-	-
Change in operating assets and liabilities:	-	-
Decrease/(Increase) in assets	180	855
(Decrease)/Increase in liabilities	(180)	(855)
Net cash inflow from operating activities	-	-

11 Related parties

Associates

Interests in associates are set out in note 5.

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 Responible Entity, including their personally related entities, is set out below:

	Year ended 31-Dec-14 $	Year ended 31-Dec-13 $
Mr F. Allan McDonald	1,335	1,335

Transactions with related parties

Transactions between Mulitplex SITES Trust and Multiplex Hybrid Investment Trust

- An investment in Multiplex Hybrid Investment Trust of $450,000,000 (2013: $450,000,000); and
- Distributions received/receivable of $29,430,000 for the year ended 31 December 2014 (year ended 31 December 2013: $30,330,000)

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 BHCA Pty Ltd, with the ultimate parent being Brookfield Asset Management Inc.

12 Contingent liabilities and assets

No contingent liabilities or assets existed 31 December 2014 (31 December 2013: nil).

13 Capital and other commitments

No capital or other commitment existed at 31 December 2014 (31 December 2013: nil).

14 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

For the year ended 31 December 2014

In the opinion of the Directors of Brookfield Funds Management Limited, the Responsible Entity of Multiplex SITES Trust:

a. The Financial Statements and notes set out on pages 13 to 22 are in accordance with the *Corporations Act 2001*, including:
   - i giving a true and fair view of the financial position of the Trust as at 31 December 2014 and of its performance for the year ended on that date; and
   - ii the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements; and
   - iii complying with Accounting Standards and the *Corporations Act 2001* in Australia and the Corporations Regulations 2001;

b. There are reasonable grounds to believe that the Trust will be abale to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors of Brookfield Funds Management Limited as required by Section 295A of the *Corporations Act 2001*.

Dated at Sydney this 20th day of February 2015

F. Allan McDonald
Non-Executive Independent Chairman
Brookfield Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Multiplex SITES Trust

We have audited the accompanying financial report of Multiplex SITES Trust, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the 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 13 to 23.

Directors' Responsibility for the Financial Report

The directors of the Brookfield Funds Management Limited, as responsible for Multiplex SITES Trust, are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Multiplex SITES Trust is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 20 February 2015

Brookfield Australia Property Trust and its controlled entities
Annual report for the financial year ended 31 December 2014

Brookfield Australia Property Trust

ARSN 106 643 387

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Brookfield Australia Property Trust and its controlled entities

For the year ended 31 December 2014

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For the year ended 31 December 2014

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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 Russell T Proutt

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
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Directors' Report

Brookfield Australia Property Trust and its controlled entities

For the year ended 31 December 2014

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 financial year ended 31 December 2014 and the Independent Audit Report thereon. Brookfield Australia Investments Limited (the Company), the Trust and their controlled entities are 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 inception of the Trust.

The registered office and principal place of business of the Responsible Entity is as follows:

Registered office	Level 22, 135 King Street, Sydney NSW 2000
Principal place of business	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 year ended 31 December 2014:

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 Russell T Proutt (Director since 17 March 2010)	Executive Director

Principal activities

The principal activity of the Consolidated Entity during the course of the financial year ended 31 December 2014 was the investment in income producing retail, commercial and industrial 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 year ended 31 December 2014.

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

During the financial year, a distribution of $115.2 million was paid to unitholders of the Trust (2013: $162.1 million). As at 31 December 2014, $nil of total distributions remained unpaid.

During the financial year ended 31 December 2014, the Trust returned $246.5 million of capital on a pro rata basis across all units to Brookfield Australia Pty Ltd (2013: $1,087.8 million). The units on issue are 837,402,185 at 31 December 2014 (2013: 837,402,185).

Review of operations and results

Operating results for the financial year

Set out below are the key financial results for the year ended 31 December 2014:

		Year ended 31-Dec-14	Year ended 31-Dec-13
Net profit after tax attributable to unitholders	($m)	165.4	250.2
Net profit per unit	(cents)	19.75	29.88
Distribution payable and paid	($m)	115.2	162.1
Distribution per unit	(cents)	13.76	19.36

Review of operations and results continued

Operating results for the financial year continued

The Consolidated Entity reported a net profit attributable to unitholders of $165.4 million for the financial year ended 31 December 2014 (2013: $250.2 million).

Financial condition

Total assets increased by $251.7 million to $3,985.4 million at 31 December 2014 compared to $3,733.7 million at 31 December 2013.

At 31 December 2014 existing debt facilities totalled $1,553.7 million (2013: $1,318.6 million) of which $1,497.7 million was drawn (2013: $1,288.6 million). At 31 December 2014 the Consolidated Entity had available $56.0 million (2013: $30.0 million) of undrawn committed borrowing facilities in respect of which all conditions precedent, other than, for example, incurrence of costs or project facilities, had been met.

Total equity (excluding non-controlling interests) decreased by $194.5 million to $1,602.2 million at 31 December 2014 compared to $1,796.7 million at 31 December 2013.

The Consolidated Entity's net debt gearing ratio (calculated as total interest bearing liabilities less cash assets, divided by total assets less cash assets) was 38.5% at 31 December 2014 compared to 34.2% at 31 December 2013.

Events subsequent to the reporting date

Other than as 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 financial year that has significantly affected, or may affect, the Consolidated Entity's operations in future financial years, the results of those operations or the Consolidated Entity's state of affairs in future financial years.

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 financial year ended 31 December 2014, been properly drawn up and maintained so as to give a true account of the unitholders of the Trust.

Indemnification and insurance of officers and auditors
During the financial year, the Company paid or agreed to pay a premium in respect of a contract insuring the Directors and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Under the deeds of access and indemnity, the Company has agreed to indemnify these persons (to extent permitted by law) against:

- liabilities incurred as a director or officer of the Company or a Company in the Consolidated Entity, 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 a director or officer, except for costs incurred in relation to matters set out in section 199A(3) of the Corporations Act 2001.

The Company has also agreed to effect, maintain and pay the premium on a directors' and officers' liability insurance policy. This obligation is satisfied by the Company being able to rely upon Brookfield Asset Management Inc.'s (the ultimate parent of the Consolidated Entity) global directors' and officers' insurance policy, for which it pays a portion of the premium.

As is usual, this policy has certain exclusions and therefore 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 of 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 on a policy continues for a period of seven years after the director or officer has left office to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

Contract of insurance
The Group has paid or agreed to a portion of the premium in respect of a contract taken out by Brookfield Asset Management Inc. insuring the Directors and officers of Brookfield and its subsidiaries, which include the Company, against a liability.

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 Company 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 Class Order 98/0100 (10 July 1998), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and the financial report. Amounts in the Directors' report and the financial report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, to the nearest dollar, unless otherwise indicated.

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 financial year ended 31 December 2014.

Signed in accordance with a resolution of the Directors of Brookfield Funds Management Limited made pursuant to Section 298(2) of the *Corporations Act 2001*.

Dated this 20th day of February 2015

Allan McDonald
Non-Executive Director
Brookfield Funds Management Limited

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Funds Management Limited
(as the Responsible Entity of Brookfield Australia Property Trust)
Level 22
135 King Street
SYDNEY, NSW 2000

20 February 2015

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 audit of the financial statements of Brookfield Australia Property Trust for the financial year ended 31 December 2014, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Brookfield Australia Property Trust and its controlled entities

For the year ended 31 December 2014

	Note	Consolidated Year ended 31-Dec-14 $m	Year ended 31-Dec-13 $m
Continuing operations			
Revenue	5	92.8	135.3
Cost of operations	5	(24.1)	(32.5)
Gross profit		**68.7**	**102.8**
Property finance income	10	164.9	233.7
Other income	5	15.5	8.0
Net gain/(loss) on revaluation of investment property and derivatives		15.4	25.1
Share of net (loss)/profit on investments accounted for using the equity method		-	(0.8)
Finance costs	5	(64.6)	(72.8)
Other expenses	5	(5.1)	(12.8)
Profit before income tax		194.8	283.2
Income tax expense	6	-	(3.0)
Net profit for the financial year from continuing operations		194.8	280.2
Profit attributable to:			
Unitholders of Brookfield Australia Property Trust		165.4	250.2
Non-controlling interests		29.4	30.0
Net profit for the financial year		**194.8**	**280.2**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss		-	-
Exchange differences on translating foreign operations		-	5.6
Net fair value loss on available-for-sale financial assets		-	(0.5)
Net fair value gain on hedging instruments entered into for cash flow hedges		1.8	11.9
Other comprehensive income for the financial year, net of income tax		1.8	17.0
Total comprehensive income, net of income tax for the financial year		196.6	297.2
Profit for the year attributable to:			
Unitholders of Brookfield Australia Property Trust		167.2	267.2
Non-controlling interests		29.4	30.0
Total comprehensive income, net of income tax for the financial year		**196.6**	**297.2**

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

Consolidated Statement of Financial Position

Brookfield Australia Property Trust and its controlled entities

As at 31 December 2014

	Note	Consolidated 31-Dec-14 $m	31-Dec-13 $m
Current assets			
Cash and bank balances		4.5	12.6
Trade and other receivables	8	528.0	283.7
Derivative financial instruments	9	1.5	0.8
Other assets	11	4.3	1.8
Total current assets		538.3	298.9
Non-current assets			
Interest bearing receivables	12	555.8	477.8
Derivative financial instruments	9	1.8	0.8
Other financial assets	10	1,811.1	1,830.1
Investment property	13	965.8	1,126.1
Total non-current assets		3,334.5	3,434.8
Total assets		**3,872.8**	**3,733.7**
Current liabilities			
Trade and other payables	14	21.7	20.1
Derivative financial instruments	9	9.5	9.0
Interest bearing loans and borrowings	15	-	194.5
Non-interest bearing loans and borrowings	16	285.8	165.0
Provisions	17	13.3	10.5
Total current liabilities		330.3	399.1
Non-current liabilities			
Derivative financial instruments	9	6.2	6.9
Interest bearing loans and borrowings	15	1,493.6	1,090.5
Total non-current liabilities		1,499.8	1,097.4
Total liabilities		1,830.1	1,496.5
Net assets		**2,042.7**	**2,237.2**
Equity			
Contributed equity	18	1,107.5	1,354.0
Reserves		(9.7)	(11.5)
Undistributed income	19	504.4	454.2
Total parent interests		1,602.2	1,796.7
Non-controlling interest	20	440.5	440.5
Total equity		**2,042.7**	**2,237.2**

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

Consolidated Statement of Changes in Unitholder Interests

Brookfield Australia Property Trust and its controlled entities

For the year ended 31 December 2014

	Attributable to Equityholders of the Parent							
	Contributed Equity (Note 18) $m	Undistributed Income (Note 19) $m	Foreign Currency Translation Reserve $m	Available for sale reserve $m	Cash flow Hedge Reserve $m	Total $m	Non-controlling interest (Note 20) $m	Total equity $m
As at 1 January 2014	1,354.0	454.2	-	-	(11.5)	1,796.7	440.5	2,237.2
Other Comprehensive income for the financial year	-	-	-	-	1.8	1.8	-	1.8
Profit for the financial year	-	165.4	-	-	-	165.4	29.4	194.8
Total comprehensive income	-	165.4	-	-	1.8	167.2	29.4	196.6
Transactions with equityholders in their capacity as equityholders:	(246.5)	-	-	-	-	(246.5)	-	(246.5)
Dividends/distributions	-	(115.2)	-	-	-	(115.2)	(29.4)	(144.6)
Total transactions with equityholders in their capacity as equityholders	(246.5)	(115.2)	-	-	-	(361.7)	(29.4)	(391.1)
As at 31 December 2014	1,107.5	504.4	-	-	(9.7)	1,602.2	440.5	2,042.7
As at 1 January 2013	2,441.8	366.1	(5.6)	0.5	(23.4)	2,779.4	561.6	3,341.0
Other Comprehensive income for the period	-	-	5.6	(0.5)	11.9	17.0	-	17.0
Profit for the financial period	-	250.2	-	-	-	250.2	30.0	280.2
Total comprehensive income	-	250.2	5.6	(0.5)	11.9	267.2	30.0	297.2
Transactions with equityholders in their capacity as equityholders:								
Return of capital	(1,087.8)	-	-	-	-	(1,087.8)	(121.1)	(1,208.9)
Dividends/distributions	-	(162.1)	-	-	-	(162.1)	(30.0)	(192.1)
Total transactions with equityholders in their capacity as equityholders	(1,087.8)	(162.1)	-	-	-	(1,249.9)	(151.1)	(1,401.0)
As at 31 December 2013	1,354.0	454.2	-	-	(11.5)	1,796.7	440.5	2,237.2

The Consolidated Statement of Changes in Unitholder Interests should be read in conjunction with the Notes to the consolidated financial statements.

Consolidated Statement of Cash Flows
Brookfield Australia Property Trust and its controlled entities
For the year ended 31 December 2014

	Note	Consolidated Year Ended 31-Dec-14 $m	 Year Ended 31-Dec-13 $m
Cash flows from operating activities			
Receipts from customers		102.9	137.3
Payments to suppliers and employees		(43.4)	(33.1)
		59.5	104.2
Property finance income		120.3	115.2
Distributions received		-	1.0
Interest received		17.6	13.2
Finance costs paid		(62.2)	(69.3)
Net cash inflow from operating activities	7	135.2	164.3
Cash flows from investing activities			
Proceeds from sale of investment properties		203.1	74.2
Payments for investment properties		(28.8)	(25.0)
Net proceeds from (acquisition)/sale of investments		(60.6)	1,394.6
Cash on deconsolidation of subsidiary		-	(17.1)
Net cash inflow from investing activities		113.7	1,426.7
Cash flows from financing activities			
Net drawdown/(repayment) of borrowings		206.2	(132.3)
Net repayment to related parties		(101.5)	(199.0)
Distributions paid to unitholders		(361.7)	(1,279.9)
Net cash (outflow) from financing activities		(257.0)	(1,611.2)
Net decrease in cash and cash equivalents held		(8.1)	(20.2)
Cash and cash equivalents at the beginning of the financial year		12.6	32.8
Cash and cash equivalents at the end of the financial year		4.5	12.6

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the consolidated financial statements.

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 referred to as the Group in this report.

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

This financial report comprises the results and operations of the Trust and its controlled entities (the Consolidated Entity) for the financial year ended 31 December 2014.

2 Basis of preparation

Statement of compliance

The consolidated entity, being the Trust and its controlled entities, is a for-profit entity.

The general-purpose financial report has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Corporations Act 2001. Accounting standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS).

Unless otherwise stated, the principal accounting policies adopted in the preparation of the financial report 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 20th February 2015.

Basis of measurement

The financial report has 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 available for sale, 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 Class Order 98/100, dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Changes in accounting policy

There are no new and revised accounting standards which became effective for the first time commencing on 1 January 2014.

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 10, Other financial assets, Note 13, Investment property and Note 17, Provisions.

3 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in this report.

a Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Consolidated Entity as at 31 December 2014 and the results of all controlled entities for the financial year then ended.

Controlled entities

Controlled entities are entities controlled by the Consolidated Entity. Control exists when the Consolidated Entity has power over an entity and is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect its returns. All three of these criteria must be met for the Trust to have control over an entity.

Investments in controlled entities are carried at their cost of acquisition in the Trust's financial statements, less impairment, if applicable.

Non-controlling interests

Non-controlling interests in the net assets (excluding goodwill) of consolidated controlled entities are identified separately from the Consolidated Entity's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest's interest in the controlled entities' equity are allocated against the interests of the Consolidated Entity except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Associates

The Consolidated Entity's investment in associates is accounted for using the equity method of accounting in the consolidated financial report. An associate is an entity in which the Consolidated Entity has significant influence over their financial and operating policies, not control.

Under the equity method, investments in associates are carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets, net profits and reserves of the associate. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any additional impairment loss with respect to the Consolidated Entity's net investment in an associate. The Statement of Profit or Loss and Other Comprehensive Income reflects the Consolidated Entity's share of the results of operations of an associate, after applying consistent accounting policies to the associate.

When the Consolidated Entity's share of losses exceeds its interest in an associate, the Consolidated Entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of an associate. Where there has been a change recognised directly in the associate's equity, the Consolidated Entity recognises its share of any changes and discloses this in the consolidated Statement of Changes in Unitholder Interests.

Joint ventures and jointly controlled operations

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Investments in joint ventures have been accounted for using the equity method. Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial reports of the Consolidated Entity.

b Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the entities of the Consolidated Entity are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. This financial report is presented in Australian dollars, which is the presentation currency of the Consolidated Entity and the functional currency of the Trust.

For the year ended 31 December 2014

3 Significant accounting policies continued

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the relevant exchange rates prevailing at the date of the transaction. At the end of each reporting period monetary items denominated in foreign currencies are translated into the functional currency using the relevant exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end of monetary items denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Translation of foreign operations

The results and financial position of all foreign operations in the Consolidated Entity that have a functional currency that is different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at an average rate for the period that approximates the rates at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the Statement of Changes in Unitholder Interests. When a foreign operation is sold, such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

c Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised. Where amounts do not meet the recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of goods and services tax, rebates and discounts and after sales within the Consolidated Entity are eliminated. Exchange of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Revenue is recognised for the major business activities as follows:

Property rental revenue

Rental income from investment property earned under an operating lease is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

In accordance with Interpretation 115 *Operating Leases – Incentives*, lease incentives granted are recognised by the Consolidated Entity as an integral part of the total rental income and are amortised on a straight-line basis and deducted from rental income over the term of the lease.

Contingent rents are recorded as income by the Consolidated Entity in the periods in which they are earned.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Dividends and distributions

Income from dividends and distributions is recognised when the right of the Consolidated Entity to receive payment is established. The Trust receives dividends and distributions out of post-acquisition profits from its controlled entities.

Dividends and distributions received from associates, where the equity method of accounting is used, reduce the carrying amount of the investment of the Consolidated Entity in that associate and are not recognised as revenue.

For the year ended 31 December 2014

3 Significant accounting policies continued

Property Finance Income

On 27 September 2010, a subsidiary of Brookfield Asset Management ("BAM") entered into a total return swap and option with a subsidiary of Brookfield Office Properties Inc. ("BPO") whereby BPO obtained the economic rights and obligations of several properties at a strike price which was calculated on the fair value of the assets less debt at that date.

On 15 April 2013 a BAM subsidiary entered into a total return swap and option with a Brookfield Property Partners ("BPY") subsidiary whereby BPY obtained the economic rights and obligations of several properties at a strike price which was calculated on the fair value of the assets less debt at that date.

BPO and BPY obtained the economic rights and obligations of several properties at a strike price which was calculated based on the fair value of the assets less debt at that date. As a result, a financial asset has been recorded in the Consolidated Entity. The value of this financial asset has been determined with reference to the fair value of the underlying properties with consideration to the asset's financing structure. No material gain or loss was recognised with respect to this transaction. The property financial assets are designated fair value through the profit and loss.

Property financial assets have a realised and unrealised portion of income attributable. Realised property finance income is the declared distributions of each underlying sub-trust/company that is party to the loan note arrangement. Distributions are declared and paid quarterly. Unrealised returns represent the underlying fair value movements within the property value for each of the assets.

d Expenses

Expenses including rates, taxes and other property outgoings are brought to account on an accruals basis, and any related payables are carried at amortised cost.

Finance costs

Finance costs are recognised as expensed using the effective interest method. Financing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of inventories or investment properties under development. Where borrowings are specific to particular inventory assets or investment properties under development, the rate at which borrowing costs are capitalised is determined by reference to the actual borrowing costs incurred.

Financing costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

e Trust income tax – Brookfield Australia Property Trust

On 1 January 2008, Brookfield Australia Property Trust and its resident Australian wholly owned controlled entities joined the Australian tax consolidated group of BHCA Pty Limited (BHCA).

On entry to the BHCA Australian tax consolidated group, Brookfield Australia Property Trust and its resident Australian wholly owned controlled entities entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of default by BHCA.

The tax sharing agreement also contains tax funding provisions. Pursuant to the tax funding provisions, Brookfield Australia Property Trust and its wholly owned Australian controlled entities are not required to compensate BHCA on the basis that all taxable income is distributed by Brookfield Australia Property Trust. Under current income tax legislation, the Trust and its controlled entities are not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each financial year, and any taxable capital gain derived from the sale of an asset acquired after 19 September 1985 is fully distributed to unitholders.

The Trust fully distributes its taxable income each financial year, calculated in accordance with the Trust Constitution and applicable legislation, to unitholders who are presently entitled to income under the Constitution. Realised capital losses and tax losses are not distributed to unitholders but are carried forward in the Trust to be offset against any future realised capital gains and taxable income of the Trust subject to Australian income tax legislation.

Tax allowances for building and plant and equipment depreciation may be distributed to unitholders in the form of a tax deferred component of distributions.

The New Zealand operations of the Consolidated Entity are subject to New Zealand tax on their taxable earnings.

For the year ended 31 December 2014

3 **Significant accounting policies** continued

f Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the respective Taxation Authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the respective Taxation Authority is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the respective Taxation Authority are classified as operating cash flows.

g Derivative financial instruments

The Consolidated Entity uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investing activities. In accordance with its treasury policy, which documents policies and limits approved by the Board of Directors in respect of the use of derivative financial instruments to hedge cash flows subject to interest rate and currency risks of the relevant entity, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as financial assets at fair value through profit or loss.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured on a fair value basis. The gain or loss on remeasurement to fair value is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Consolidated Entity would receive or pay to terminate the swap at the Statement of Financial Position date, taking into account current interest rates and the current creditworthiness of the swap counterparties and the Consolidated Entity. The fair value of forward exchange contracts is their quoted market price at the Statement of Financial Position date, being the present value of the quoted forward price, taking into account the creditworthiness of the counterparties and Consolidated Entity.

Embedded derivatives are derivative instruments that are embedded in another contract, they will be recognised as a financial asset or liability at fair value through the profit and loss unless the embedded derivative does not significantly modify the cashflow that otherwise would be required by the contract.

Hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Consolidated Entity enters into hedges of actual and highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedge transactions. The Consolidated Entity also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

The effective portion of changes in fair value of cash flow hedges is recognised directly in the Statement of Changes in Unitholder Interests. Movements in the hedging reserve are shown in the Statement of Changes in Unitholder Interests. The gain or loss relating to any ineffective portion is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Amounts deferred in equity are recycled to the Statement of Profit or Loss and Other Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit or Loss and Other Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Profit or Loss and Other Comprehensive Income.

For the year ended 31 December 2014

3 **Significant accounting policies** continued

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Financial guarantee contracts

For financial guarantee contract liabilities, the fair value at initial recognition is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payment that would be required without the guarantee. Where guarantees in relation to loans of controlled entities or associates are provided for no compensation, the fair values are accounted for as part of the cost of the investment.

h Cash and bank balances

For purposes of the Statement of Cash Flows, cash includes cash balances, deposits at call with financial institutions and other highly liquid investments, with short periods to maturity, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

i Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost less any identified impairment losses. Impairment charges are brought to account as described in Note 3p.

Non-current receivables are measured at amortised cost using the effective interest rate method.

j Investments and other financial assets

Financial instruments held by the Consolidated Entity classified as being available for sale are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses and, in the case of monetary items, foreign exchange gains and losses. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The fair value of exchange traded financial instruments is their quoted bid price at the reporting date.

Other investments are carried at the lower of cost and estimated recoverable amount.

Purchases and sales of financial assets that require delivery of assets are recognised on the trade date.

k Property Financial Asset

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 of, and the funds from operations generated from, the underlying properties with consideration to the asset's financing structure that are subject to the total return swap and option. Refer to Note 10 for further information.

l Leased assets

Lease payments made under operating leases are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease.

In accordance with Interpretation 115 *Operating Leases – Incentives* lease incentives received are recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis as they are an integral part of the total lease expense over the lease term.

m Sale of non-current assets

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale if the assets meet the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The assets are measured at the lower of their carrying amount and fair value less costs to sell, except for investment property which is measured at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell if applicable. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held for sale are presented separately from the other current assets in the Statement of Financial Position.

In the course of its ordinary activities, other transactions (including the sale of non-current assets such as investments and operating assets) may be undertaken that are incidental to the main revenue generating activities of the Consolidated Entity.

3 **Significant accounting policies** continued

m Sale of non-current assets continued
The results of such transactions are presented by netting the sale proceeds on disposal less selling costs and the carrying value of the asset at the date control of the asset passes to the buyer.

n Investment property
Investment property is property held to earn long-term rental yields and/or for capital appreciation.

Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than diminution in the value of the building component due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Investment properties acquired are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Investment properties are subsequently carried at fair value based on the principles outlined below.

The costs of assets constructed/redeveloped internally include the costs of materials, direct labour, directly attributable overheads, financing costs and other incidental costs.

Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Consolidated Entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

o Valuations
Investment properties are stated at their fair value at the Statement of Financial Position date.

The investment properties of the Consolidated Entity are internally valued at every reporting date and independently valued every three years or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. These valuations are considered by the Directors when determining fair value.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, and is determined:

- without any deduction for transaction costs the entity may incur on sale or other disposal;
- reflecting market conditions at the reporting date;
- reflecting rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property;
- assuming simultaneous exchange and completion of the contract for sale without any variation in price that might be made in an arm's length transaction between knowledgeable, willing parties if exchange and completion are not simultaneous;
- ensuring that there is no double counting of assets or liabilities that are recognised as separate assets or liabilities; and
- without inclusion of uncommitted future capital expenditure that will improve or enhance the property. The valuation does not reflect the related future benefits from this future expenditure.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

p Impairment
If any indication of impairment exists, the carrying amounts of the applicable assets of the Consolidated Entity, other than investment property, inventories, construction contracts and deferred tax assets are reviewed and the asset's recoverable amount is estimated.

For determining impairment of goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is reviewed annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in equity is recognised in the Statement of Profit or Loss and Other Comprehensive Income. The amount of the cumulative loss that is recognised in the Statement of Profit or Loss and Other Comprehensive Income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Profit or Loss and Other Comprehensive Income.

For the year ended 31 December 2014

3 Significant accounting policies continued

q Calculation of recoverable amount

The recoverable amount of loans and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows, discounted at the original effective interest rate (being the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that an impairment event has occurred. Significant receivables are individually assessed for impairment. Receivables that are not assessed as impaired or are not significant are placed into portfolios of assets with similar risk profiles and a collective assessment of impairment is performed.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

r Reversals of impairment

An impairment loss in respect of loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is reversed through the Statement of Changes in Unitholder Interests. If the fair value of a debt instrument classified as available for sale increases and the increase can be related to an event occurring after the impairment loss was recognised in the Statement of Profit or Loss and Other Comprehensive Income, the impairment loss shall be reversed, with the amount of the reversal recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

s Trade and other payables

Payables are stated at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

t Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings on an effective interest basis.

u Provisions

A provision is recognised if, as a result of a past event, the Consolidated Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

v Distributions

The Trust seeks to fully distribute its taxable income to its unitholders. Distributions may also include capital gains arising from the disposal of investments and tax deferred income. Unrealised gains and losses on investments that are recognised as income (for example, fair value adjustments relating to investment properties) are usually retained and are generally not assessable or distributed until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains.

A liability is recognised for the amount of any distribution declared by the Directors of Brookfield Funds Management Limited as the Responsible Entity of the Trust on or before the end of the reporting period but not distributed or paid at the reporting date.

w Issued equity

Units are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

Other instruments that were classified as equity instruments in accordance with AASB 132 *Financial Instruments: Disclosure and Presentation* are disclosed as other equity securities within contributed equity.

Non-controlling interests represents the portion of profit or loss and net assets in entities not wholly owned by the Consolidated Entity and are presented separately in the Statement of Profit or Loss and Other Comprehensive Income and within equity in the Statement of Financial Position.

For the year ended 31 December 2014

3 Significant accounting policies continued

x Reserves

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation, the translation of foreign currency monetary items forming part of the net investment in foreign operations and the Company's share of the foreign currency transaction reserves forming part of the Company's investment in associates.

Available-for-sale assets reserve

This reserve records fair value changes on available-for-sale investments.

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

y New standards and interpretations not yet adopted

In the current year, the Trust 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.

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 31 December 2014 but have not been applied preparing these financial statements:

- AASB 9 Financial Instruments and the relevant amending standards: effective 1 January 2018;
- AASB 15 Revenue from Contracts with Customers: effective 1 January 2017;
- AASB 2014.5 Amendments to Australian Accounting Standards arising from AASB 15: effective 1 January 2017;
- AASB 2014.9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements effective 1 January 2016;
- 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 2016;

z Comparatives

Where deemed necessary, the comparatives have been reclassified to achieve consistency with the current financial year.

For the year ended 31 December 2014

4 Parent Entity Disclosures

	Parent	
	31-Dec-14	31-Dec-13
	$m	$m
Assets		
Current assets	2,040.9	1,775.5
Non-current assets	3,728.1	3,764.9
Total assets	5,769.0	5,540.4
Liabilities		
Current liabilities	4,034.5	3,434.7
Non-current liabilities	235.8	244.6
Total liabilities	4,270.3	3,679.3
Equity		
Units on issue	1,107.5	1,354.0
Reserves	-	-
Undistributed income	391.2	507.1
Total Equity	1,498.7	1,861.1
Net profit for the financial year	94.7	298.3
Other Comprehensive income for the financial year	-	-
Total Comprehensive income for the financial year	94.7	298.3

For the year ended 31 December 2014

5 Revenue and expenses

Continuing operations	Year ended 31-Dec-14 $m	Year ended 31-Dec-13 $m
Revenues		
Property rental revenue	92.8	135.3
Total revenues	92.8	135.3
Other income		
Interest revenue – loans and receivables	17.6	13.2
(Loss) on disposal of asset	(2.1)	(6.2)
Dividends and distributions received	-	1.0
Total other income	15.5	8.0
Costs of operations		
Rental property rates, taxes and other property outgoings	(24.1)	(32.5)
Total cost of operations	(24.1)	(32.5)
Finance costs		
Interest and finance charges	(62.2)	(70.4)
Amortisation of borrowing costs	(2.4)	(2.4)
Total finance costs	(64.6)	(72.8)
Other expenses		
Amortisation	(4.7)	(7.8)
Realised foreign exchange gains/(losses)	-	(5.0)
Other impairments	-	0.8
Other expenses	(0.4)	(0.8)
Total other expenses	(5.1)	(12.8)

6 Income tax

	31-Dec-14 $m	31-Dec-13 $m
Income tax benefit		
Deferred income tax		
Relating to origination and reversal of temporary differences and tax losses	-	(3.0)
Income tax expense	-	(3.0)
Numerical reconciliation of income tax expense to prima facie tax payable		
Accounting profit before income tax from continuing operations	194.8	283.2
Prima facie income tax benefit/(expense) on loss using the domestic corporation tax rate of 30%	(58.4)	(85.0)
Tax effect of amounts which are not (deductible)/assessable in calculating taxable income:		
Non-taxable Trust profit and consolidation adjustments	58.4	82.0
Income tax expense	-	**(3.0)**

For the year ended 31 December 2014

7 Reconciliation of net profit to net cash flows from operating activities

	31-Dec-14 $m	31-Dec-13 $m
Reconciliation of net profit to net cash inflow from operating activities		
Profit from ordinary activities after income tax	194.8	280.2
Depreciation and amortisation	4.7	7.8
Fair value adjustments on investment properties and derivatives	(15.4)	(25.1)
Fair value adjustments on other financial assets	(44.6)	(118.5)
Share of profits of associates and joint venture entities	-	0.8
Other impairments	-	(0.8)
Loss on sale of assets	2.1	6.2
Unrealised foreign exchange losses	-	5.0
Amortisation of capitalised borrowing costs	2.4	2.4
Straight Lining	0.7	-
Change in operating assets and liabilities, net of effects from purchase and disposal of subsidiaries:		
(Increase) in trade receivables	(5.2)	-
(Increase)/decrease in other assets	(2.5)	2.0
Increase in provisions	2.8	0.6
Increase in trade and other payables	(4.6)	0.7
Increase in deferred tax liabilities	-	3.0
Net cash inflow from operating activities	135.2	164.3

8 Trade and other receivables

	31-Dec-14 $m	31-Dec-13 $m
Current		
Trade receivables[1]	7.2	1.9
Less: Allowance for doubtful debts	(0.4)	(0.3)
	6.8	1.6
Amounts due from related parties[2]	521.2	281.8
Amounts due from associates[3]	-	0.3
Total current trade and other receivables	528.0	283.7

[1] 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. An allowance of $0.4 million (2013: $0.3 million) has been recognised for specific trade receivables.
[2] Amounts classified as current receivables relating to amounts due from related parties are unsecured and are repayable when called.
[3] Represents distributions receivable from associates. No interest is charged and the amounts are due within the normal receivable terms.

8 Trade and other receivables continued

Movements in provision for the impairment of receivables are as follows:

	31-Dec-14 $m	31-Dec-13 $m
Balance at the beginning of the financial year	(0.3)	(0.4)
Impairment recognised during the financial year	(0.1)	-
Receivables written off during the financial year as uncollectable	-	0.1
Balance at the end of the financial year	(0.4)	(0.3)

In determining the recoverability of a trade receivable, the Consolidated Entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

9 Derivative financial instruments

	31-Dec-14 $m	31-Dec-13 $m
Current assets		
Interest rate swap contracts	1.5	0.8
Total current derivative assets	1.5	0.8
Non-current assets		
Interest rate swap contracts	1.8	0.8
Total non-current derivative assets	1.8	0.8
Total derivative assets	3.3	1.6
Current liabilities		
Interest rate swap contracts	9.5	9.0
Total current derivative liabilities	9.5	9.0
Non-current liabilities		
Interest rate swap contracts	6.2	6.9
Total non-current derivative liabilities	6.2	6.9
Total derivative liabilities	15.7	15.9

Refer to Note 27 for further information regarding derivative financial instruments.

For the year ended 31 December 2014

10 Other financial assets

	31-Dec-14 $m	31-Dec-13 $m
Property financial assets[1,2]		
Brookfield Prime Property Fund	238.8	226.9
King Street Wharf	42.0	90.0
World Square Retail	164.5	152.0
KMPG Tower[3]	131.1	57.8
Darling Park	367.8	360.3
Bourke Place Tower	195.6	191.3
Southern Cross East Tower	516.8	502.5
BAO Trust	18.7	32.1
Multiplex European Property Fund	5.4	1.5
Multiplex New Zealand Property Fund	15.7	34.5
324 Queen Street	27.7	22.3
240 Queen Street	87.0	112.9
JH Rosehill	-	46.0
Total non-current financial assets	1,811.1	1,830.1

[1] Properties from which property finance income is determined.

[2] During the financial year, sixteen of the underlying properties were externally valued, including five properties within Multiplex New Zealand Property Fund.

[3] The other 50% of KPMG Tower was acquired on 20 June 2014.

	31-Dec-14 $m	31-Dec-13 $m
Realised property finance income	120.3	115.2
Fair value gain on property financial asset	44.6	118.5
Total property finance income	164.9	233.7

11 Other assets

	31-Dec-14 $m	31-Dec-13 $m
Current		
Prepayments	4.3	1.8
Total other assets	4.3	1.8

12 Interest bearing receivables

	31-Dec-14 $m	31-Dec-13 $m
Non-current		
Interest bearing receivables from related parties	555.8	477.8
Total non-current interest bearing receivables from related parties	555.8	477.8
Total interest bearing receivables from related parties	555.8	477.8

For the year ended 31 December 2014

13 Investment property

Independent valuations

Investment properties in the tables below indicate the directly owned and partially owned investments held to either earn a rental income or for capital appreciation or for both.

	31-Dec-14 $m	31-Dec-13 $m
Consolidated (wholly owned)		
Fujitsu Centre, North Sydney, NSW	-	90.0
Jessie Street Centre, Parramatta, NSW	300.0	261.0
Luna Park Car Park, Sydney, NSW	6.6	6.6
Infrastructure House, Canberra, ACT	62.0	68.0
The Foundry, Melbourne, Vic	68.1	67.8
Peachy Quarry, Brisbane, Qld	11.3	11.3
Ernst & Young Building, Perth, WA	86.0	78.0
Wholly owned investment property	534.0	582.7
Consolidated (partial ownership)		
NAB House, Sydney, NSW (25%)	-	115.0
IAG House, Sydney, NSW (50%)	205.0	205.0
BankWest Tower, Perth, WA (50%)	168.0	170.0
Carillon & City Arcade, Perth, WA (50%)	58.8	53.4
Total partially owned investment property	431.8	543.4
Total investment property	965.8	1,126.1

Property valuations

Property investments are investments in properties which are held either to earn rental income or for capital appreciation or both. Property investments are stated at fair value. 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 a 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 year, the external valuations were performed by JLL and CBRE. External values are based on market values, being the estimated amount for which a 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 year four properties were externally valued. All other 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 property investments. 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 31 December 2014 valuations ranged from 6.75% to 8.00% (2013: 7.00% to 9.00%)

For the year ended 31 December 2014

13 Investment property continued

Property valuations continued

Any gain or loss from a change in fair value is recognised in the 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 property investments at the time of purchase to reflect the total acquisition cost in the Statement of Financial Position. Additions and other expenditure on property investments which are capital in nature are 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.

Reconciliation of the carrying amount of investment properties is set out below:	31-Dec-14 $m	31-Dec-13 $m
Carrying amount at beginning of the financial year	1,126.1	1,908.3
Capital expenditure	31.1	17.2
Disposals[1]	(205.0)	(76.0)
Transfers to financial assets[2]	-	(747.7)
Net gain/(loss) from fair value adjustments to investment properties	15.4	24.3
Change due to impact of straight-lining of rental income and other	(1.8)	-
Carrying amount at the end of the financial year	965.8	1,126.1

[1] Disposal relates to the sale of NAB House and Fujitsu Centre.
[2] Refer to Note 27 for further information regarding derecognition of these assets.

Leasing arrangements

Completed investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease receivables under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	31-Dec-14 $m	31-Dec-13 $m
Within one year	97.7	84.6
Later than one year but not later than five years	251.5	223.4
Later than five years	106.7	43.9
Total	455.9	351.9

Annual rent receivable by the Consolidated Entity under current leases from tenants is earned from commercial, industrial, retail and car park assets. Rent reviews are generally performed based on either market rent on an annual basis or fixed percentage increase in accordance with the lease agreements.

14 Trade and other payables

	31-Dec-14 $m	31-Dec-13 $m
Current		
Trade payables	0.6	0.3
Other creditors and accruals	20.9	19.6
Amounts due to joint ventures	0.2	0.2
Total current trade and other payables	21.7	20.1

The average credit period on trade payables is two months. No interest is charged on the trade payables from the first 60 days from the date of the invoice. The Consolidated Entity has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

For the year ended 31 December 2014

15 Interest bearing loans and borrowings

	31-Dec-14 $m	31-Dec-13 $m
Carrying amounts		
Current interest bearing loans and borrowings	-	194.8
Less: deferred borrowing costs	-	(0.3)
	-	194.5
Non-current interest bearing loans and borrowings	1,497.7	1,093.8
Less: deferred borrowing costs	(4.1)	(3.3)
	1,493.6	1,090.5
Total interest bearing loans and borrowings	1,493.6	1,285.0

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 31 December 2014 (2013: nil).

	31-Dec-14 $m	31-Dec-13 $m
Total financing facilities available		
Property facilities	1,321.6	1,086.5
Corporate facilities - related party	232.1	232.1
Total facilities available	1,553.7	1,318.6
Facilities utilised at reporting date		
Property facilities	1,265.6	1,056.5
Corporate facilities - related party	232.1	232.1
Total facilities utilised at end of the financial year	1,497.7	1,288.6
Facilities not utilised at reporting date		
Property facilities	56.0	30.0
Total facilities not utilised at end of the financial year	56.0	30.0

At 31 December 2014, the Consolidated Entity is in compliance with all of its debt covenants.

16 Non-interest bearing loans and borrowings

	31-Dec-14 $m	31-Dec-13 $m
Current		
Unsecured		
Amounts due to controlled entities and related parties	285.8	165.0
Total current non-interest bearing loans and borrowings	285.8	165.0

For the year ended 31 December 2014

17 Provisions

	31-Dec-14 $m	31-Dec-13 $m
Current		
Other provisions	13.3	10.5
Total provisions	13.3	10.5

Movement in provisions

	31-Dec-14 $m	31-Dec-13 $m
Carrying amount at the beginning of the financial year	10.5	11.6
Provisions utilised	-	(1.1)
Provisions recognised	2.8	-
Carrying amount at the end of the financial year	13.3	10.5

18 Contributed equity

	31-Dec-14 $m	31-Dec-13 $m
Issued and fully paid up capital		
Units issued	1,107.5	1,354.0

Units issued and fully paid up capital
During the financial year ended 31 December 2014, the Trust returned $246.5 million of capital on a pro rata basis across all units to Brookfield Australia Pty Ltd (2013: 1,087.8 million). Therefore, the units on issue remains same as 837,402,185 at 31 December 2014 (2013: 837,402,185).

Terms and conditions of units in the Trust
Ordinary units in the Trust are stapled with ordinary shares in the Company and are collectively known as Brookfield Australia Investments Group. Ordinary units in Brookfield Australia Property Trust entitles holders to participate in distributions as declared and, in the event of winding up the Trust, 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.

19 Undistributed income

	31-Dec-14 $m	31-Dec-13 $m
Undistributed income at the beginning of the financial year	454.2	366.1
Net profit attributable to unitholders	165.4	250.2
Distributions recognised during the financial year	(115.2)	(162.1)
Undistributed income at the end of the financial year	504.4	454.2

For the year ended 31 December 2014

20 Non-controlling interest

	31-Dec-14 $m	31-Dec-13 $m
Interest in:		
Multiplex Hybrid Investment Trust		
Issued equity	430.7	430.7
	430.7	430.7
Multiplex MPT CMBS Investment Trust		
Issued equity	9.8	9.8
	9.8	9.8
Total non-controlling interests	440.5	440.5

21 Distributions

During the financial year ended 31 December 2014, a distribution of $115.2 million (13.76 cents per unit) was paid to unitholders of the Trust (2013: $162.1 million; 19.36 cents per unit). As at 31 December 2014, $nil million of total distributions remained unpaid.

22 Auditor's remuneration

The auditor of the Consolidated Entity is Deloitte Touche Tohmatsu. During the financial year, all amounts paid to the auditor of the Consolidated Entity were borne by the Company.

23 Contingent liabilities and contingent assets

Details and estimated maximum amounts of contingent assets and liabilities (for which no amounts are recognised in the financial statements) are as follows:

- Contingent liabilities and contingent assets exist as a consequence of the arrangements contained in the Stapling Deed between the Company and Brookfield Funds Management Limited, as the Responsible Entity of the Brookfield Australia Property Trust. The Stapling Deed is described further in Note 28.
- The Trust is called upon to give, in the ordinary course of business, guarantees and indemnities in respect of the performance of controlled entities, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities is indeterminate in amount. Any known losses have been brought to account.
- In the ordinary course of business, the Group, the Consolidated Entity, its controlled entities and associates may become involved in litigation, the majority of which falls within the Trust's insurance arrangements. Whilst the outcomes of these proceedings are uncertain, contingent liabilities exist in respect of amounts not specifically provided for, which, based on legal advice, should not be material either individually or in the aggregate.

Controlled entities of the Consolidated Entity have entered into joint venture arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the joint venture arrangement. The assets of each partnership or joint venture vehicle are anticipated to be sufficient to meet any such liabilities.

For the year ended 31 December 2014

24 Capital and other commitments

	Consolidated		Trust	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	$m	$m	$m	$m
Commitments for the acquisition of capital expenditure contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	6.3	2.0	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total capital commitments	6.3	2.0	-	-

25 Related party disclosure

The Responsible Entity of the Trust is Brookfield Funds Management Limited (ACN 105 371 917) whose immediate and ultimate parent entity is Brookfield Australia Investments Limited (ABN 96 008 687 063). Accordingly transactions with entities related to Brookfield Australia Investments Limited are disclosed below. Brookfield Funds Management Limited also acts as the Manager of the Trust.

Transactions with related parties have taken place and in the ordinary course of business.

Fees payable to the Responsible Entity

Under the terms of the Trust Constitution and subject to the Corporations Act, the Responsible Entity is entitled to be:

- Paid an application fee by the applicant of 2% in respect of each application for units in the Trust;
- Paid a management fee by the Trust equal to the Responsible Entity's reasonable estimate of its costs in providing its services as the Responsible Entity;
- Paid an acquisition fee by the Trust of 1.5% of the acquisition price of properties acquired by the Trust; and
- Reimbursed by the Trust for all expenses incurred in relation to the performance of its duties.

The Responsible Entity has waived its fees as the Trust and its controlled entities form part of the Group. During the financial year, the Responsible Entity did not charge the Trust any fees (2013: nil).

Key management personnel

The Trust does not employ key management personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Consolidated Entity.

Key management personnel compensation

Key management personnel are paid by the parent of the Responsible Entity for services provided to the Group.

Related party investments held by the trust

During or since the end of the financial year, none of the key management personnel held units in the Trust, either directly, indirectly, or beneficially.

Directors' loans

No loans were made by the Trust to the key management personnel and/or their related parties.

Transactions with related parties

(a) Transactions with the Consolidated Entity and the Group

All transactions between the Trust and its controlled entities have been eliminated in full. Details of dealings with entities within the Group are set out below:

For the year ended 31 December 2014

25 Related party disclosure continued

Transactions with related parties continued

	31-Dec-14 $m	31-Dec-13 $m
Provision of services to the Consolidated Entity by Brookfield Australia Investments Limited and its controlled entities		
Property management expense	2.1	1.8
Leasing fee	0.2	0.3

(b) Transactions with the Consolidated Entity and other related parties

	31-Dec-14 $m	31-Dec-13 $m
Income received by the Conslidated Entity from Brookfield Office Properties and its controlled entities		
Property finance income	120.3	115.2
Total income	120.3	115.2

Entities controlled by Brookfield Office Properties Limited (BPO) had unsecured interest bearing loans payable to the Trust of $182.0 million (2013: $71.8 million).

Entities controlled by Brookfield Property Partners (BPY) had unsecured interest bearing loans payable to the Trust of $141.7 million (2013: $173.9 million).

As at 31 December 2014, receivable from Brookfield Australia Pty Limited was $232.1 million (2013: $232.1 million).

Distributions paid or payable to Brookfield Australia Pty Limited during the current financial year was $115.2 million (2013: $162.1 million). As at 31 December 2014, $nil million of total distributions remained unpaid (2013: nil).

26 Significant controlled entities

Significant controlled entities

The Trust's significant investments in controlled entities are in legal entities that are the key holding and operating entities within the business segments and the geographical segments in which the Consolidated Entity has a significant presence. At 31 December 2014, the significant controlled entities are shown below:

Entity name	31-Dec-14 %	31-Dec-13 %	Country of incorporation
Brookfield Foundry Landowning Trust	100.0	100.0	Australia
Brookfield City Arcade Landowning Trust	100.0	100.0	Australia
Brookfield PCEC Office Landowning Trust	100.0	100.0	Australia
Brookfield Onyx Property Trust	100.0	100.0	Australia
Multiplex MPT CMBS Issuer Pty Ltd[1]	50.0	50.0	Australia

[1]In accordance with the Company's Constitution, Multiplex MPT CMBS Issuer Pty Ltd shares issued are 50% Class A shares and 50% Class B shares. Class B shares are specified to have no right to vote on any resolution of the company. The Class A shareholder, being a wholly owned subsidiary of the Trust, has control over the financing and operating policies of the company and consolidates 100% of the results.

For the year ended 31 December 2014

27 Financial instruments and fair value disclosures

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses derivative financial instruments such as interest rate swaps to manage the interest rate risks arising from the Consolidated Entity's sources of finance. It is the Consolidated Entity's policy that no trading in financial instruments shall be undertaken nor will the Consolidated Entity enter into transactions that could be construed as speculative.

The Consolidated Entity's principal financial instruments, other than derivatives, comprise receivables, property financial assets, bank loans, cash and short-term deposits.

The main purpose of these financial instruments is to provide investments and funds for the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Consolidated Entity's financial instruments are cash flow interest rate risk, liquidity risk, and credit risk. These financial risks are the responsibility of the following groups and policies in the context outlined below:

- Group Treasury – responsible for centrally managing the above risks both on a regional and global basis in accordance with the Group Policy, which contains the written principles for management of the above risks. Transactions relating to debt funding, bonding facilities or exposures to other material financial risks should be signed off by Group Treasury.
- Signing Authorities and Delegation Policy (SADP) – this policy aims to regulate the risk and expenditure approval framework for the Group by setting approval levels for all expenditures and represents the minimum required approvals that have been delegated to the employees of the Group.
- Credit risk is actively managed as detailed within the 'credit risk' section of this note.

The Consolidated Entity's investments held as property financial assets are exposed to market risk from changes in fair value of investment properties, as they are designated at fair value through profit and loss and the asset value is determined with reference to the underlying properties with consideration to the asset's financing structure.

Details of the significant accounting policies and methods, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Market risk

Interest rate risk contracts – financial assets

The income and associated operating cash flows of the Consolidated Entity's assets are substantially independent of changes in market interest rates. The Consolidated Entity's loans are primarily provided to related parties. The Consolidated Entity does not undertake any specific hedging of loan receivables except to monitor the loan outstanding to strategies in the underlying investment portfolio and the cash flow at risk as a result of interest rate fluctuations on scheduled interest rate resets for the next reporting period.

Interest rate risk contracts – financial liabilities

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity's debt obligations that are often subject to floating interest rates. The Consolidated Entity maintains a practice of hedging between 50% to 100% of its exposure to changes in interest rates for drawn debt where term is certain. The Consolidated Entity has entered into various interest rate swap agreements (in which the Consolidated Entity agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount) used primarily to convert certain variable interest rate borrowings to fixed rates. The swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings.

The Consolidated Entity seeks to minimise interest within approved risk profiles whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. Interest rate exposure is analysed and measured by the effect of interest rate movements on the total portfolio of current and forecast debt (comprising estimated drawdown schedules), and interest rate hedging transactions.

The Consolidated Entity's exposure to interest rate risk at the reporting date and the periods in which they mature or, if earlier, reprice, for classes of financial assets and financial liabilities is set out below:

For the year ended 31 December 2014

27 Financial instruments and fair value disclosures continued

		Fixed interest maturing in			
	Floating interest rate	Less than 1 year	Between 1 – 5 years	Over 5 years	Total
Consolidated - 31 December 2014	$m	$m	$m	$m	$m
Financial assets					
Cash and bank balances	4.5		-	-	4.5
Receivables	555.8	-	-	-	555.8
Total financial assets	**560.3**	**-**	**-**	**-**	**560.3**
Financial liabilities					
Interest-bearing liabilities	1,493.6	-	-	-	1,493.6
Effect of interest rate swaps	(692.0)	277.0	415.0	-	-
Total financial liabilities	**801.6**	**277.0**	**415.0**	**-**	**1,493.6**
Consolidated – 31 December 2013					
Financial assets					
Cash and bank balances	12.6	-	-	-	12.6
Receivables	477.8	-	-	-	477.8
Total financial assets	**490.4**	**-**	**-**	**-**	**490.4**
Financial liabilities					
Interest-bearing liabilities	1,285.0	-	-	-	1,285.0
Effect of interest rate swaps	(692.0)	-	692.0	-	-
Total financial liabilities	**593.0**	**-**	**692.0**	**-**	**1,285.0**

Interest rate sensitivity

The Consolidated Entity's sensitivity to a 1% movement in Australian dollars (AUD) in relation to cash and cash equivalents, receivables, derivatives, and interest bearing loans and borrowings:

	31 Dec 2014				31 Dec 2013			
	Impact on Profit		Impact on Equity		Impact on Profit		Impact on Equity	
	+100 bps	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps
Consolidated								
AUD	(8.0)	8.0	7.4	(7.5)	(5.9)	5.9	13.9	(14.2)

Set out below is the notional principal of interest rate swaps and the outstanding principal of fixed rate loans in their local currency, and the weighted average interest rate of those contracts in each currency:

	Total	1 year	1-2 years	2-3 years	3-4 years	4-5 years	5 years
31 December 2014	$m	$m	$m	$m	$m	$m	$m
AUD							
Interest rate swaps	692.0	277.0	415.0	-	-	-	-
Total	692.0	277.0	415.0	-	-	-	-
Weighted average fixed rate	**3.86%**	**3.82%**	**3.89%**	**-**	**-**	**-**	**-**
31 December 2013							
AUD							
Interest rate swaps	692.0	-	277.0	415.0	-	-	-
Total	692.0	-	277.0	415.0	-	-	-
Weighted average fixed rate	**3.86%**	**-**	**3.82%**	**3.89%**	**-**	**-**	**-**

For the year ended 31 December 2014

27 **Financial instruments and fair value disclosures** continued

Foreign currency risk

Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Consolidated Entity's foreign exchange risk arises primarily from:

- borrowings denominated in foreign currencies;
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign operations.

The Consolidated Entity operates in New Zealand and is exposed to foreign exchange risk arising from the New Zealand dollar.

The risk is measured by projecting the net foreign currency flows of each currency to which the Consolidated Entity has an exposure for a minimum period of two years. Beyond two years, exposures will be recognised on a case by case basis by analysing the cash flows attached to the projects.

Foreign exchange transaction exposure arises from the transfer of funds from one currency to another as a result of working capital funding requirements, purchase or sale of property, payment of fees, return of profits or equity and intercompany loans.

Foreign exchange transactional risk

The Consolidated Entity's foreign exchange transaction exposure arises from the operations held in New Zealand relating to property financial assets.

Net investment in a foreign operation

The Consolidated Entity manages its foreign currency risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge against any foreign currency fluctuations as well as using forward exchange contracts where funds were borrowed in the local currency.

For accounting purposes, net foreign operations are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. Refer to accounting policy Note 3.The Consolidated Entity's exposure to foreign currency risk at the reporting date was as follows:

	31 Dec 2014 NZD $m	31 Dec 2013 NZD $m
Consolidated		
Financial assets		
Other financial assets	16.4	37.5
Total financial assets	**16.4**	**37.5**

Commodity and equity price risk

The Consolidated Entity's exposure to commodity price risk and equity price risk is minimal.

Credit risk

Credit risk represents the loss that would be recognised if a counterparty failed to perform as contracted. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposures to business customers, including outstanding receivables and committed transactions.

The Consolidated Entity manages this risk by:

- establishing credit limits for customers that the Consolidated Entity trades with and managing its exposure to individual entities (it is the Consolidated Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures).
- transacting with multiple derivative counterparties that have a long term credit rating of at least an "A" from S&P, or as otherwise approved by the Board.
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity.
- regularly monitoring loans and receivables balances on an ongoing basis, including tenant related receivables; and
- obtaining collateral as security (where appropriate).

For the year ended 31 December 2014

27 Financial instruments and fair value disclosures continued

Credit risk continued

At the reporting date, the Consolidated Entity had no significant concentration of credit risk outside of the Group with any single counterparty or group of counterparties other than with related parties. In accordance with the policies determined by the Board of Directors, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments consist of a number of prime financial institutions.

The Consolidated Entity's maximum exposure to credit risk at the reporting date, in relation to each recognised financial asset, is the carrying value of the asset recognised in the Statement of Financial Position. The Consolidated Entity and the Trust hold no significant collateral as security and the credit quality of all financial assets that are neither past due or impaired is constantly monitored in order to identify any potential adverse changes in the credit quality.

Liquidity and capital risk management

Capital risk management

The Consolidated Entity's objective when managing capital and risk is to optimise the cost of capital having regard to the markets in which it operates.

Capital management is monitored in four main ways:

- Statement of financial position management – fundamentally concerned with the capital mix of equity and debt maintaining appropriate levels of gearing.
- Protection of the Consolidated Entity's foreign denominated financial assets and liabilities is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against foreign currency fluctuations or by using forward foreign exchange contracts where funds are borrowed in a different currency.
- The Consolidated Entity also protects its equity in assets by taking out insurance cover with credit worthy insurers.
- Income Statement management – principally concerned with supporting the delivery of financial targets by protecting the Consolidated Entity's exposure to net foreign income and interest rate volatility through the use of forward foreign exchange contracts and interest rate swaps.

As part of the Consolidated Entity's strategy to maintain its capital strength, the Consolidated Entity is committed to ensuring:

- a maximum of 50% of interest bearing net debt to total assets. At 31 December 2014, the percentage of interest bearing net debt to total assets is 37.4% (2013: 26.0%).

Liquidity risk

The Consolidated Entity is exposed to liquidity risk, being the risk of encountering difficulties in meeting obligations relating to the Consolidated Entity's financial liabilities. The Consolidated Entity's main liquidity risk is its ability to refinance its current borrowings. The Consolidated Entity is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Consolidated Entity manages this risk by spreading maturities of borrowings and interest rate swaps, using interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the Consolidated Entity's liquidity.

As part of its liquidity risk management, the Consolidated Entity is also required to obtain sufficient cash resources to maintain operations, meet its financial obligations and liabilities in a timely manner and provide funds for capital expenditure and investment opportunities as they arise.

The Consolidated Entity measures liquidity risk by comparing net projected debt levels for the next two years against total committed facilities. Projected net debt levels take into account: existing debt; operating cash flows including interest payments; committed and forecast project/investment capital expenditure; and dividend, tax and distribution payments. The level of cash and undrawn but committed facilities projected over time is used to indicate the Consolidated Entity's liquidity position going forward.

Maturities of financial liabilities

The tables below analyse the Consolidated Entity's and the Trust's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using current interest rates applicable at the reporting date. The table includes both interest and principal cash flows.

For the year ended 31 December 2014

27 Financial instruments and fair value disclosures continued

Maturities of financial liabilities continued

Consolidated – 31 December 2014	Less than 1 year $m	Between 1 – 2 years $m	Between 2 – 3 years $m	Between 3 – 4 years $m	Between 4 – 5 years $m	Over 5 years $m	Total $m
Non-derivatives							
Payables	21.7	-	-	-	-	-	21.7
Interest bearing loans and borrowings	80.2	682.3	431.8	20.6	473.1	-	1,688.0
Non-interest bearing loans and borrowings	285.8	-	-	-	-	-	285.8
Total non derivatives	**387.7**	**682.3**	**431.8**	**20.6**	**473.1**	**-**	**1,995.5**
Derivatives							
Net settled – interest rate swaps[1]	8.6	4.5	-	-	-	-	13.1
Total derivatives	**8.6**	**4.5**	**-**	**-**	**-**	**-**	**13.1**

Consolidated – 31 December 2013	Less than 1 year $m	Between 1 – 2 years $m	Between 2 – 3 years $m	Between 3 – 4 years $m	Between 4 – 5 years $m	Over 5 years $m	Total $m
Non-derivatives							
Payables	20.1	-	-	-	-	-	20.1
Interest bearing loans and borrowings	256.7	261.1	586.7	327.0	-	-	1,431.5
Non-interest bearing loans and borrowings	165.0	-	-	-	-	-	165.0
Total non derivatives	**441.8**	**261.1**	**586.7**	**327.0**	**-**	**-**	**1,616.6**
Derivatives							
Net settled – interest rate swaps[1]	8.8	5.1	1.3	-	-	-	15.2
Total derivatives	**8.8**	**5.1**	**1.3**	**-**	**-**	**-**	**15.2**

[1] This includes both interest rate swap assets and liabilities.

Fair value

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Trade and other receivables

Fair value, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of interest rate swaps is estimated by discounting future cash flows based on the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties and the Consolidated Entity.

Other investments

The fair value of quoted investments in A-REITs are based on current bid prices. The fair value of investments in unlisted property trust securities are based on the latest published NTA of the Trust.

The fair value of loans and other financial assets have been calculated using market interest rates, where applicable.

Fair values of financial assets and liabilities in the Consolidated Entity and Trust approximate carrying value.

The fair value of property financial assets are calculated with reference the fair value of, and the funds from operations generated from, the underlying properties with consideration to the asset's financing structure.

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.

For the year ended 31 December 2014

27 Financial instruments and fair value disclosures continued

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

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 is 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).

Consolidated - 31 December 2014	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial and non - financial assets				
Derivative instruments – interest rate swaps	-	3.3	-	3.3
Investments				
- Property financial assets	-	-	1,811.1	1,811.1
- Investment property	-	-	965.8	965.8
Total financial and non - financial assets	**-**	**3.3**	**2,776.9**	**2,780.2**
Financial liabilities				
Derivative instruments – interest rate swaps	-	(15.7)	-	(15.7)
Total financial liabilities	**-**	**(15.7)**	**-**	**(15.7)**
Total net financial and non - financial (liabilities)/assets	**-**	**(12.4)**	**2,776.9**	**2,764.5**

Consolidated - 31 December 2013	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial and non - financial assets				
Derivative instruments – interest rate swaps	-	1.6	-	1.6
Investments				
- Property financial assets	-	-	1,830.1	1,830.1
- Investment property	-	-	1,126.1	1,126.1
Total financial and non - financial assets	**-**	**1.6**	**2,956.2**	**2,957.8**
Financial liabilities				
Derivative instruments – interest rate swaps	-	(15.9)	-	(15.9)
Total financial liabilities	**-**	**(15.9)**	**-**	**(15.9)**
Total net financial and non - financial (liabilities)/assets	**-**	**(14.3)**	**2,956.2**	**2,941.9**

There have been no transfers between levels during the year. The carrying value of investments and interest bearing loans and 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 (per Note 13), 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 13. 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 31 December 2014 valuations of the underlying properties of the property financial assets ranged from 8.00% to 9.00% and 6.50% to 9.00% respectively.

For valuation methodology of investment property, refer to Note 13. The discount rates and terminal capitalisation rates utilised in the 31 December 2014 valuations of investment properties ranged from 8.25% to 9.25% and 6.75% to 8.00% respectively.

An investment property and 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 1.68% decrease in the investment property value, while a 25bps decrease in the discount rate is estimated to cause a 1.98% increase in the investment property value. A 25bps increase in the

For the year ended 31 December 2014

27 Financial instruments and fair value disclosures continued

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

terminal capitalisation rate is estimated to cause a 2.25% decrease in the investment property value, while a 25bps decrease in the terminal capitalisation rate is estimated to cause a 2.23% increase in the investment property value.

A 25bps increase in the discount rate is estimated to cause 2.83% decrease in property financial asset value, while a 25bps decrease in the discount rate is estimated to cause a 1.92% increase in the property financial asset value. A 25bps increase in the terminal capitalisation rate is estimated to cause a 3.98% decrease in the property financial asset value, while a 25bps decrease in the terminal capitalisation rate is estimated to cause a 3.97% increase in the property financial asset value.

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

Reconciliation of level 3 fair value measurements:

Consolidated - 31 December 2014	Property financial assets $m	Investment in unlisted securities $m	Investment property $m	Total $m
Opening balance	1,830.1	-	1,126.1	2,956.2
Capital expenditure	-	-	31.1	31.1
Dispositions	(45.5)	-	(205.0)	(250.5)
Acquisition	137.8	-	-	137.8
Debt drawdown	(123.7)	-	-	(123.7)
Fair value gain on property financial asset	44.6	-	15.4	60.0
Capital return	(32.2)	-	(1.8)	(34.0)
Closing balance	**1,811.1**	**-**	**965.8**	**2,776.9**

Consolidated - 31 December 2013	Property financial assets $m	Investment in unlisted securities $m	Investment property $m	Total $m
Opening balance	1,483.0	69.4	1,908.3	3,460.7
Capital expenditure	-	-	17.2	17.2
Dispositions	(73.6)	-	(76.0)	(149.6)
Addition	323.2	-	-	323.2
Transfer to financial assets	-	(69.4)	(747.7)	(817.1)
Fair value gain on property financial asset	118.5	-	24.3	142.8
Realised property finance income earned	115.2	-	-	115.2
Realised property finance income received	(115.2)	-	-	(115.2)
Other	(21.0)	-	-	(21.0)
Closing balance	**1,830.1**	**-**	**1,126.1**	**2,956.2**

28 Stapling arrangements

The Stapling Deed between Brookfield Funds Management Limited, as the Responsible Entity of the Trust, and the Company is dated 8 October 2003. It sets out the terms of the relationship between the Responsible Entity and the Company in respect of the units in the ordinary Trust and the ordinary shares in the Company that comprise the Securities. The aspects of that relationship include the following:

– Stapling: the units and shares will remain stapled unless special resolutions of stapled securityholders approve unstapling or unless stapling becomes unlawful or prohibited by the Listing Rules;
– Co-operation and consultation: the Responsible Entity and the Company agree to share accounting and other information, and to co-operate in operating the Trust and Company in providing information to investors, valuing assets, preparing financial reports, holding meetings, issuing securities and making distributions;
– Dealings in securities: units and shares may only be issued or transferred as part of securities;

28 Stapling arrangements continued

- Acquisitions, disposals and borrowings: these require consultation procedures between the Responsible Entity and the Company to be followed;
- Sale of assets: the Company agrees to notify the Responsible Entity of any assets that it intends to sell which are within the investment criteria of the Trust and will reasonably consider any proposals put to it by the Responsible Entity to purchase these assets;
- Allocation of issue price: the Responsible Entity and the Company must agree what proportion of the issue price of a security is allocated to each of the Trust and Company. Generally, this is by reference to the respective market values of the units and the shares (as determined by agreement between the Responsible Entity and the Company);
- Financial benefits: the Trust and the Company must provide to the other or its controlled entities upon request any financial benefit which is requested;
- Registers: these are to be kept jointly;
- Duties: when carrying out their duties, the Responsible Entity and the Company may consider the interests of holders of securities as a whole, not only the interests of the members of the Trust and Company separately; and
- Dispute resolution: if there are disagreements about stapling issues, the Responsible Entity and the Company must use their best efforts to resolve them and negotiate in good faith before instituting proceedings.

The stapled security structure will cease to operate on the first to occur of:
- either of the Company or the Trust resolving by special resolution in general meeting and in accordance with its Constitution to terminate the stapling provisions; or
- the winding up of either the Company or the Trust.

29 Events occurring after the reporting date

Other than as 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 financial period 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 year ended 31 December 2014

In the opinion of the directors of Brookfield Funds Management Limited, the Responsible Entity of Brookfield Australia Property Trust:

a the financial statements and notes set out on pages 8 to 40 are in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2014 and its performance for the financial year ended on that date; and

ii the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements; and

iii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 295A of the *Corporations Act 2001*.

Dated this 20th day of February 2015.

Allan McDonald
Non-Executive Director
Brookfield Funds Management Limited

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the unitholders of Brookfield Australia Property Trust

We have audited the accompanying financial report of Brookfield Australia Property Trust, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in unitholder interests for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 8 to 41.

Directors' Responsibility for the Financial Report

The directors of the Brookfield Funds Management Limited, as the responsible entity of Brookfield Australia Property Trust, are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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, Brookfield Australia Property Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Brookfield Australia Property Trust is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 20 February 2015