

Appendix 4D – Additional Disclosure

Brookfield Prime Property Fund

For the half year ended 31 December 2012

Name of Fund:	Brookfield Prime Property Fund (BPA or Fund)
Details of reporting period	
Current reporting period:	1 July 2012 to 31 December 2012
Prior corresponding period:	1 July 2011 to 31 December 2011

This Financial Report should be read in conjunction with the Financial Report for the half year ended 31 December 2012. It is also recommended that the Financial Report be considered together with any public announcements made by the Fund during the half year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Results for announcement to the market

	Half year ended 31 December 2012 \$'000	Half year ended 31 December 2011 \$'000	Movement \$'000	Movement %
Total revenue and other income	51,200	38,213	12,987	34%
Total expenses	(30,760)	(43,630)	12,870	29%
Net profit/(loss) attributable to the unitholders of BPA	20,440	(5,417)	25,857	477%
Property fair value adjustments included in the above from				
Direct property investments	11,253	(1,161)	12,414	1,069%
Investments accounted for using the equity method	4,467	(4,073)	8,540	210%
Earnings per unit (cents)	41.60	(10.82)	52.42	484%

Distributions

Distributions paid/payable to ordinary unitholders were as follows:

	Cents per unit	Total amount \$'000	Date of payment
Ordinary units			
September 2012 distribution	2.0	983	19 October 2012
December 2012 distribution	2.0	981	31 January 2013
Total distribution for the half year ended 31 December 2012	4.0	1,964	
Ordinary units			
September 2011 distribution	2.0	1,009	26 September 2011
December 2011 distribution	2.0	1,001	31 January 2012
Total distribution for the half year ended 31 December 2011	4.0	2,010	

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

Commentary and analysis of the result for the current period can be found in the attached Brookfield Prime Property Fund ASX release dated 22nd February 2013. This ASX release forms part of the Appendix 4D.

The Fund has a formally constituted Audit Committee of the Board of Directors. The release of the report was approved by resolution of the Board of Directors on 22nd February 2013.

Brookfield Prime Property Fund
Interim financial report
For the half year ended
31 December 2012

Brookfield Prime Property Fund

ARSN 110 096 663

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Brookfield Prime Property Fund

For the half year ended 31 December 2012

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Directory

Brookfield Prime Property Fund

For the half year ended 31 December 2012

Responsible Entity

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

Directors of Brookfield Capital Management Limited

F. Allan McDonald
Brian Motteram
Barbara Ward
Russell Proutt
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Neil Olofsson

Registered Office of Brookfield Capital Management Limited

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

Custodian

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

Stock Exchange

The Fund is listed on the Australian Securities Exchange (ASX Code: BPA). The Home Exchange is Sydney.

Location of Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Telephone: +61 2 8280 7111
Facsimile: +61 2 9287 0303

Auditor

Deloitte Touche Tohmatsu
Eclipse Tower
Level 19, 60 Station Street
Parramatta NSW 2150
Telephone: +61 2 9840 7000
Facsimile: +61 2 9840 7001

Directors' Report

Brookfield Prime Property Fund

For the half year ended 31 December 2012

Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), the Responsible Entity of Brookfield Prime Property Fund (ARSN 110 096 663) (Fund), present their report together with the condensed consolidated interim financial statements of the Consolidated Entity, being the Fund and its subsidiaries and the Consolidated Entity's interest in associates for the six months ended 31 December 2012 and the Independent Auditor's Review Report thereon.

The Fund was constituted on 16 July 2004 and was registered as a Managed Investment Scheme on 30 July 2004.

Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). BCML became the Responsible Entity on 5 July 2005. The registered office and principal place of business of the Responsible Entity and the Fund is Level 22, 135 King Street, Sydney NSW 2000.

Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	Executive Director

Principal activities

The principal activity of the Consolidated Entity is the investment in a portfolio of CBD office assets and listed property trusts.

Review of operations

The Consolidated Entity has recorded a net profit of \$20,440,000 for the six month period ended 31 December 2012 (2011: net loss of \$5,417,000). The reported net profit includes \$11,253,000 in unrealised gains on revaluations of investment properties held directly by the Consolidated Entity (2011: unrealised losses \$1,161,000). The Consolidated Entity's associates recognised an unrealised gain on underlying investment properties, of which the Consolidated Entity's share was \$4,467,000 (2011: unrealised losses \$4,073,000)

Some of the significant events during the period are as follows:

- total revenue and other income of \$51,200,000 (2011: \$38,213,000);
- net profit of \$20,440,000 (2011: net loss \$5,417,000);
- earnings (loss) per unit (EPU) of 41.60 cents (2011: (10.82) cents);
- net assets of \$247,720,000 (30 June 2012: \$229,140,000) and net assets per unit of \$5.05 (30 June 2012: \$4.65);
- interest rate swap liability of \$43,380,000 (30 June 2012: \$44,322,000). The change in fair value of \$942,000 from June 2012, has contributed to an increase in the NTA of the Fund by 0.02 cents per unit.
- property portfolio value of \$851,250,000 as at 31 December 2012 (30 June 2012: \$825,250,000), including \$15,720,000 in net gains on revaluations of investment properties recorded during the period (including investment properties held by associates) (2011: net losses on revaluation of \$5,234,000).
- no acquisitions or disposals were made during the period. (2011: acquisition of 108 St George's Terrace and Southern Cross West Tower).
- no property selling fees were incurred. (2011: \$2,711,000 in respect to sale of Defence Plaza).
- portfolio occupancy at 98%, (2011: 97%) with a weighted average lease expiry by income and by ownership of 5.47 years (2011: 7.67 years) as at 31 December 2012.

The strategy of the Fund is to invest in prime commercial office properties in Australia. Consistent with the strategy, the Fund continues to take advantage of opportunities that arise in the sector to grow the Fund through the acquisition of quality assets.

Directors' Report continued

Brookfield Prime Property Fund

For the half year ended 31 December 2012

Rounding of amounts

The Consolidated Entity 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 thousand dollars, unless otherwise stated.

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

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2012.

Dated at Sydney this 22nd day of February 2013

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



Shane Ross

Director

Brookfield Capital Management Limited

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for Brookfield Prime Property Fund)
Level 22, 135 King St
Sydney NSW 2000

22 February 2013

Dear Directors

Brookfield Prime Property Fund

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 Capital Management Limited as the Responsible Entity of Brookfield Prime Property Fund.

As lead audit partner for the review of the financial statements of Brookfield Prime Property Fund for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants

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

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Brookfield Prime Property Fund

For the half year ended 31 December 2012

	Note	Consolidated	
		Half year ended 31 December 2012 \$'000	Half year ended 31 December 2011 \$'000
Revenue and other income			
Share of net profit of investments accounted for using the equity method		18,181	11,675
Property rental income		21,544	25,701
Net gain on revaluation of investment properties	7	11,253	–
Interest income		218	832
Other income		4	5
Total revenue and other income		51,200	38,213
Expenses			
Property expenses		5,128	5,955
Finance costs to external parties		22,426	25,701
Net loss on revaluation of financial derivatives		–	4,731
Net loss on revaluation of investment properties	7	–	1,161
Management fees		2,850	3,150
Property selling expenses		–	2,711
Other expenses		356	221
Total expenses		30,760	43,630
Net profit/(loss) for the period		20,440	(5,417)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in cash flow hedge reserve		942	(16,385)
Changes in fair value of available for sale financial assets		13	(8)
Other comprehensive income/(loss) for the period		955	(16,393)
Total comprehensive income/(loss) for the period		21,395	(21,810)
Net profit/(loss) attributable to ordinary unitholders		20,440	(5,417)
Total comprehensive income/(loss) attributable to ordinary unitholders		21,395	(21,810)
Earnings per unit			
Basic and diluted earnings per ordinary unit (cents)		41.60	(10.82)

The Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Financial Position

Brookfield Prime Property Fund

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As at 31 December 2012

	Note	Consolidated 31 December 2012 \$'000	30 June 2012 \$'000
Assets			
Current assets			
Cash and cash equivalents		13,805	17,866
Trade and other receivables		1,589	889
Total current assets		15,394	18,755
Non-current assets			
Investments accounted for using the equity method	6	415,185	410,149
Investment properties	7	436,000	414,500
Total non-current assets		851,185	824,649
Total assets		866,579	843,404
Liabilities			
Current liabilities			
Trade and other payables		18,563	16,548
Total current liabilities		18,563	16,548
Non-current liabilities			
Fair value of financial derivatives	8	43,380	44,322
Interest bearing liabilities	8	556,916	553,394
Total non-current liabilities		600,296	597,716
Total liabilities		618,859	614,264
Net assets		247,720	229,140
Equity			
Units on issue	9	302,048	302,899
Reserves		(25,714)	(26,669)
Undistributed losses		(28,614)	(47,090)
Total equity		247,720	229,140

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

Condensed Consolidated Interim Statement of Changes in Equity

Brookfield Prime Property Fund

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For the half year ended 31 December 2012

Consolidated Entity	Attributable to unitholders of the Fund			Total \$'000
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	
Opening equity - 1 July 2012	302,899	(47,090)	(26,669)	229,140
Change in cash flow hedge reserve	-	-	942	942
Changes in fair value of available for sale financial assets	-	-	13	13
Other comprehensive income for the period	-	-	955	955
Net profit for the period	-	20,440	-	20,440
Total comprehensive income for the period	-	20,440	955	21,395
Transactions with unitholders in their capacity as unitholders:				
Units reacquired	(851)	-	-	(851)
Distributions paid / payable	-	(1,964)	-	(1,964)
Total transactions with unitholders in their capacity as unitholders	(851)	(1,964)	-	(2,815)
Closing equity - 31 December 2012	302,048	(28,614)	(25,714)	247,720

Consolidated Entity	Attributable to unitholders of the Fund			Total \$'000
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	
Opening equity - 1 July 2011	307,610	(41,143)	19	266,486
Change in cash flow hedge reserve	-	-	(16,385)	(16,385)
Changes in fair value of available for sale financial assets	-	-	(8)	(8)
Other comprehensive loss for the period	-	-	(16,393)	(16,393)
Net loss for the period	-	(5,417)	-	(5,417)
Total comprehensive loss for the period	-	(5,417)	(16,393)	(21,810)
Transactions with unitholders in their capacity as unitholders:				
Units reacquired	(1,386)	-	-	(1,386)
Distributions paid / payable	-	(2,010)	-	(2,010)
Total transactions with unitholders in their capacity as unitholders	(1,386)	(2,010)	-	(3,396)
Closing equity - 31 December 2011	306,224	(48,570)	(16,374)	241,280

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

Condensed Consolidated Interim Statement of Cash Flows

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Brookfield Prime Property Fund

For the half year ended 31 December 2012

	Consolidated	
	Half year ended 31 December 2012 \$'000	Half year ended 31 December 2011 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	22,769	28,164
Cash payments in the course of operations	(10,027)	(9,663)
Interest received	195	851
Financing costs paid	(18,831)	(20,416)
Net cash flows used in operating activities	(5,894)	(1,064)
Cash flows from investing activities		
Purchase of investment property	–	(250,817)
Capital expenditure	(10,110)	(4,598)
Distributions received from investments in ASX listed property trusts	4	4
Distributions received from associates	14,758	14,061
Net cash flows from/(used in) investing activities	4,652	(241,350)
Cash flows from financing activities		
Proceeds of final equity call	–	741
Payment for units bought back	(851)	(1,386)
Proceeds from interest bearing liabilities	–	626,000
Debt establishment fees paid	–	(3,006)
Repayments of interest bearing liabilities	–	(363,014)
Distributions paid	(1,968)	(1,009)
Net cash flows (used in)/from financing activities	(2,819)	258,326
Net (decrease)/increase in cash and cash equivalents	(4,061)	15,912
Cash and cash equivalents at beginning of period	17,866	17,890
Cash and cash equivalents at 31 December	13,805	33,802

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

Notes to the Condensed Consolidated Interim Financial Statements Brookfield Prime Property Fund

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For the half year ended 31 December 2012

1 Reporting entity

Brookfield Prime Property Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial statements of the Fund as at and for the six months ended 31 December 2012 comprise the Fund and its subsidiaries and the Consolidated Entity's interest in associates.

2 Significant accounting policies

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The consolidated interim financial report does not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2012.

Basis of preparation

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation and functional currency.

The Consolidated Entity 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 thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the consolidated financial report as at and for the year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income' introduces new terminology for the statement of comprehensive income and income statement and groups items in other comprehensive income and associated tax on the basis of whether items are potentially reclassifiable to profit and loss subsequently. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss.

The adoption of the above revised Standards and Interpretations has not resulted in any changes to the accounting policies and has no effect on the amounts reported for the current or prior periods. However, the application of AASB 2011-9 has resulted in changes to the presentation and disclosure.

3 Segment reporting

Management have identified the Chief Operating Decision Maker function is performed by the Board of Directors of the Responsible Entity (Board). The Board assesses the performance of the Consolidated Entity in its entirety. The allocation of resources is not performed in separate segments by the Board. The Board reviews and assesses the information in relation to the performance of the Consolidated Entity as set out in the condensed consolidated Statement of Profit or Loss and Other Comprehensive Income and condensed consolidated Statement of Financial Position, therefore no further segment reporting is required. All property income is derived from entities domiciled in Australia.

4 Estimates

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

5 Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount \$'000	Date of payment
Ordinary units			
September 2012 distribution	2.0	983	19 October 2012
December 2012 distribution	2.0	981	31 January 2013
Total distribution for the six months ended 31 December 2012	4.0	1,964	
Ordinary units			
September 2011 distribution	2.0	1,009	26 September 2011
December 2011 distribution	2.0	1,001	31 January 2012
Total distribution for the six months ended 31 December 2011	4.0	2,010	

Notes to the Condensed Consolidated Interim Financial Statements continued Brookfield Prime Property Fund

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For the half year ended 31 December 2012

6 Investments accounted for using the equity method

	Consolidated	
	31 December 2012 \$'000	30 June 2012 \$'000
Brookfield Developments No. 6A Unit Trust	158,666	155,810
Latitude Landowning Trust	256,519	254,339
Total investments accounted for using the equity method	415,185	410,149

7 Investment properties

The Consolidated Entity holds the following categories of investment properties at the reporting date:

Description	Latest external valuation	Consolidated	
		31 December 2012 book value \$'000	30 June 2012 book value \$'000
American Express Building, Sydney	Dec-12	137,000	130,000
108 St Georges Terrace, Perth	Dec-12	162,000	147,500
Southern Cross West Tower, Melbourne	Dec-12	137,000	137,000
Total investment properties held directly		436,000	414,500

The Consolidated Entity owns 50% of Latitude Landowning Trust and 25% of Brookfield Developments No. 6A Unit Trust. These investments are accounted for using the equity method. The Consolidated Entity's proportionate value ownership of properties held through these associates is as follows:

Description	Latest external valuation	Consolidated	
		31 December 2012 book value \$'000	30 June 2012 book value \$'000
Ernst & Young Centre and 50 Goulburn St, Sydney	Dec-12	256,500	255,000
Southern Cross East Tower, Melbourne	Dec-12	158,750	155,750
Total investment properties held by associates		415,250	410,750

Independent valuations

The investment properties of the Consolidated Entity are internally valued at each reporting date. The Consolidated Entity's policy is to obtain external valuations when internal valuations performed indicate the property value has changed by more than 5%, 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. An external valuation is obtained at least every 3 years.

At 31 December 2012, the property portfolio (including properties held through associates) comprised five assets of which all properties were externally valued. The American Express Building, Southern Cross East and Southern Cross West were independently valued by Jones Lang LaSalle. The E&Y Centre was independently valued by CBRE Valuations, whilst 108 St Georges Terrace was independently valued by Savills. They have been valued in accordance with the Australian Property Institute's Code of Professional Practice 2002.

The valuations have been undertaken using a discounted cash flow (DCF) approach. The key assumptions adopted under these methods include assessment of the capitalisation rate, discount rate, terminal yield, current passing/market rental and forecast net annual cash flows receivable from the properties. The capitalisation rates in the 31 December 2012 valuations range from 6.75% to 7.75%.

	Consolidated Half year ended 31 December 2012 \$'000
Reconciliation of carrying amount of investment properties is set out below:	
Carrying amount at beginning of period – 1 July 2012	414,500
Impact of straight-lining and amortisation	575
Capital expenditure	9,672
Net gain on fair value adjustment of investment property	11,253
Carrying amount at period end	436,000

Notes to the Condensed Consolidated Interim Financial Statements continued

Brookfield Prime Property Fund

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For the half year ended 31 December 2012

8 Interest bearing liabilities

	Consolidated	
	31 December 2012 \$'000	30 June 2012 \$'000
Non-current		
Secured bank debt	478,800	478,800
Subordinated debt	79,613	76,596
Capitalised borrowing costs	(1,497)	(2,002)
Total non-current interest bearing liabilities	556,916	553,394
Total interest bearing liabilities	556,916	553,394

	Expiry Date	Consolidated	
		31 December 2012 \$'000	30 June 2012 \$'000
Finance arrangements			
Facilities available			
Bank debt facilities			
- Senior debt facility	30 June 2014	478,800	478,800
- Subordinated debt facility	30 June 2014	130,000	130,000
Total available interest bearing liabilities		608,800	608,800
Less: facilities utilised			
- Senior debt facility		478,800	478,800
- Subordinated debt facility		79,613	76,596
Total facilities utilised		558,413	555,396
Unused facilities at reporting date			
- Senior debt facility		-	-
- Subordinated debt facility		50,387	53,404
Total unused facilities		50,387	53,404

Senior Debt Facility

The Fund has a debt facility with its financiers for \$478,800,000. The key terms of this 3 year bullet non-revolving facility are:-

- repayment of the debt by 30 June 2014;
- covenants to reflect 65% LVR requirements;
- Interest cover (ratio of EBIT to total interest expense) covenant requirement at least 1.4 times for the preceding 6 month period.
- Margin 2.15% above Bank Bill Rate (BBR)
- Establishment fee of 0.5% of facility limit.
- Unused/Commitment Fee of 50% of the margin per year calculated on the daily balance of the available facility

Subordinated Debt Facility

A subordinated bridge facility agreement was entered into on 29 June 2011 between the Fund and a related entity of the parent, BPPF Financier Pty Ltd, with a total facility limit of \$130,000,000. On 29th June 2012 the facility was extended until 1 July 2013 and an option has been granted to the Fund to enable this to be extended for a further period of up to 12 months until 1 July 2014. The key terms of the facility are:-

- the debt is subordinated behind the Senior Debt Facility;
- the repayment of the debt is due by 1 July 2014, should the unconditional option held by the Fund be exercised;
- Margin of 4.15% above Bank Bill Rate (BBR); and
- A default under the terms of the Senior Debt Facility also causes the Subordinated Debt Facility to be in default.

Notes to the Condensed Consolidated Interim Financial Statements continued

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Brookfield Prime Property Fund

For the half year ended 31 December 2012

8 Interest bearing liabilities continued

Derivatives

The Fund and Consolidated Entity have entered into interest rate swaps to hedge the interest rate risk on the floating rate interest bearing liabilities above. Fair value movements of the interest rate swap assets are recognised in the Statement of Other Comprehensive Income. The Fund's and Consolidated Entity's holdings in derivatives are detailed below.

Type of contract	Expiration	Underlying instrument	Fixed rate %	Notional amount of contracts outstanding \$'000	Fair value (liabilities) \$'000
As at 31 December 2012	July 2016	Floating to fixed	5.88	429,570	43,380
As at 30 June 2012	July 2016	Floating to fixed	5.88	429,570	44,322

9 Units on issue

	31 December 2012 \$'000	31 December 2012 Units	30 June 2012 \$'000	30 June 2012 Units
Units on issue				
Opening balance	327,337	49,252,677	332,038	50,435,806
Units reacquired	(850)	(223,527)	(4,701)	(1,183,129)
Closing balance	326,487	49,029,150	327,337	49,252,677
Unit issue costs				
Opening balance	(24,438)	–	(24,428)	–
Unit buyback costs	(1)	–	(10)	–
Closing balance	(24,439)	–	(24,438)	–
Total units on issue	302,048	49,029,150	302,899	49,252,677

Unit buyback

As advised to the Australian Securities Exchange on 2 September 2011, the Directors of BCML, as Responsible Entity of the Fund, commenced a buyback program of up to 10% of the Fund's issued units. During the period ended 31 December 2012, 223,527 units at a cost of \$850,000 were redeemed.

10 Related parties

There have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2012. A subordinated debt facility remains in place between the Consolidated Entity and a related party BPPF Financier Pty Ltd. See interest bearing liabilities (Note 8) for further details.

11 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2012 (30 June 2012: nil).

12 Capital and other commitments

No capital or other commitments existed at 31 December 2012 (30 June 2012: nil).

13 Events subsequent to the reporting date

There are no matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

Directors' Declaration

Brookfield Prime Property Fund

For the half year ended 31 December 2012

In the opinion of the Directors of Brookfield Capital Management Limited, as Responsible Entity of Brookfield Prime Property Fund:

- a The condensed consolidated interim financial statements and notes, set out in pages 7 to 14, 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 2012 and of its performance for the six month period ended on that date; and
 - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Brookfield Capital Management Limited.

Dated at Sydney this 22nd day of February 2013



Shane Ross
Director
Brookfield Capital Management Limited

Independent Auditor's Review Report to the Unitholders of Brookfield Prime Property Fund

We have reviewed the accompanying half-year financial report of Brookfield Prime Property Fund ("the Fund"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2012, and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 22 February 2013