Brookfield

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Brookfield Prime Property Fund
ARSN 110 096 663

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ASX Announcement

18 May 2017

Brookfield Prime Property Fund (ASX: BPA)
Notice of Meeting and Explanatory Memorandum

Brookfield Capital Management Limited, the responsible entity of Brookfield Prime Property Fund, today lodges a Notice of Meeting and Explanatory Memorandum for a meeting of Unitholders.

The meeting will take place as follows:

Date:	14 June 2017
Time:	2.30pm meeting registration 3.00pm meeting commences
Venue:	The Pavilion Darling Park 201 Sussex Street Sydney NSW 2000

Unitholders are advised that ASX Limited ("**ASX**") has confirmed that:

- subject to the resolutions as set out in the Notice of Meeting and Explanatory Memorandum being passed and receipt of a de-listing application prior to 28 July 2017, it is likely to agree to BPA's removal from the official list of ASX;
- it does not object to the amendments to BPA's constitution as provided for the purposes of Listing Rules 15.1.1 and 6.12; and
- a timetable that reflects the Key Dates set out in Section 2 of the Notice of Meeting and Explanatory Memorandum is acceptable to the ASX.

Additional information about BPA and its assets can be found at www.au.brookfield.com.

For more information about the Unitholder meeting, please contact the meeting information line on 1800 685 455 (within Australia) or +61 1800 685 455 (outside Australia).

--ends--

May 2017

Brookfield Prime Property Fund (ASX: BPA)

Notice of Meeting and Explanatory Memorandum

Brookfield

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

A proposal for the acquisition of Units by Brookfield BPPF Investments Pty Limited (ACN 110 184 006), as trustee for Brookfield BPPF Investments Trust, at $8.89 per Unit (less the amount of any distributions paid or payable by the Fund on or after 28 March 2017 and prior to the Scheme Implementation Date; and prior to any applicable withholding being made). On 28 April 2017 the Fund paid a 7.5 cents per Unit distribution and therefore the Adjusted Offer Price, as at the date of this Notice of Meeting and Explanatory Memorandum, is $8.815 per Unit.

The Independent Directors unanimously recommend that you vote in favour of the Resolutions, in the absence of an alternative proposal which is considered to be superior and in the best interests of Unitholders.

Issued by Brookfield Capital Management Limited (ABN 32 094 936 866, AFSL No. 223809) as responsible entity for Brookfield Prime Property Fund (ARSN 110 096 663).

The meeting of Unitholders will be held at:

The Pavilion
Darling Park
201 Sussex Street
Sydney NSW 2000

Date: 14 June 2017

Meeting registration: 2.30pm AEST

Meeting commences: 3.00pm AEST

Additional information about the Fund and its assets can be found at www.au.brookfield.com.

For more information about the Unitholder meeting, please contact the meeting information line on

1800 685 455 (within Australia) or +61 1800 685 455 (outside Australia).

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IMPORTANT NOTICE

WHAT IS THIS DOCUMENT?

This Explanatory Memorandum provides Unitholders of Brookfield Prime Property Fund (ARSN 110 096 663) (**Fund**) with an explanation of, and information about, a proposal for the acquisition of Units by Brookfield BPPF Investments Pty Limited (ACN 110 184 006) as trustee for the Brookfield BPPF Investments Trust.

Please note, the Notice of Meeting is included at Section 3.

PERSONAL INVESTMENT ADVICE

The information contained in this Explanatory Memorandum and recommendation of the Independent Directors to vote in favour of the Resolutions is not personal financial product advice. It has been prepared without reference to your particular investment objectives, financial situation, taxation position or needs. It is important that you read this Explanatory Memorandum in its entirety and consider your own objectives, financial situation and needs before making any decision on how to vote on the Resolutions set out in the Notice of Meeting. If you are in any doubt in relation to these matters, you should consult your investment, financial, tax, legal or other professional adviser.

PRIVACY

Brookfield Capital Management Limited (ABN 32 094 936 866) (**BCML** or **Manager**) as responsible entity of the Fund may collect personal information in the process of conducting the Meeting and implementing the Resolutions, if approved.

Such information may include the Unitholder's name, contact details and Unitholding, and the name of persons they have appointed to act as a proxy, corporate representative or attorney at the Meeting. The primary purpose of collecting personal information is to assist the Manager to conduct the Meeting and implement the Resolutions, if approved. Personal information collected will not be used for any other purpose. Personal information of the type described above may be disclosed to print, mail and other service providers and related bodies corporate of the Manager.

Unitholders and persons appointed to act as a proxy, corporate representative or attorney at the Meeting have certain rights to access their personal information that has been collected and may contact the Manager in the first instance if they wish to access their personal information.

KEY DATES

Date of issue of this Explanatory Memorandum:
18 May 2017

Meeting Record Date:
7.00pm on 12 June 2017

Latest date and time for receipt of Proxy Forms (with any power of attorney) for the Meeting:
3.00pm on 12 June 2017

Unitholders meeting to be held at:
3.00pm on 14 June 2017

The Pavilion
Darling Park
201 Sussex Street
Sydney, NSW 2000

FORWARD LOOKING STATEMENTS

This Explanatory Memorandum contains historical and forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. All forward looking statements in this Explanatory Memorandum reflect the current expectations of the Manager and its directors concerning future results and events. The statements contained in this Explanatory Memorandum about the impact that the Resolutions may have on the Fund's operations, and the advantages and disadvantages which may result should the Resolutions be passed, are forward looking statements. These forward looking statements and the financial performance of the Fund are subject to various risks which may be beyond the control of the Fund or the Manager. As a result, the Fund's actual results of operations and earnings following implementation or rejection of the proposed changes set out in this Explanatory Memorandum may differ significantly from those that are identified, in respect of timing, amount or nature, and may never be achieved.

Various business risks could affect future results of the Fund following implementation or rejection of the proposed changes set out in this Explanatory Memorandum, causing these results to differ materially from those expressed, implied or projected in any forward looking statements. Further, any number of unknown or unpredictable facts also could have material adverse effects on future results of the Fund following implementation or rejection of the proposed changes set out in this Explanatory Memorandum.

Any forward looking statements included in this Explanatory Memorandum are made only as at the date of this Explanatory Memorandum. The Manager cannot assure Unitholders that forward looking statements or implied results or events will be achieved. Subject to any continuing obligations under the Corporations Act or at law, the Manager does not give any undertaking to update or revise any change in expectation or any change in events, conditions or circumstances on which any such statement is based.

DISCLAIMER

Information concerning the Fund and the intentions, views and opinions of the Manager contained in this Explanatory Memorandum have been prepared by the Manager and are the responsibility of the Manager.

The historical information is derived from sources believed to be accurate at the date of this Explanatory Memorandum. However, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of any information, opinion or conclusion contained in this Explanatory Memorandum. To the maximum extent permitted by law, neither the Manager nor any of its directors, officers, employees, agents, advisers or intermediaries, nor any other person, accepts any liability for any loss arising from the use of this Explanatory Memorandum or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence on their part.

The historical information in this Explanatory Memorandum is, or is based upon, information that has been released to the market. It should be read in conjunction with the Fund's other periodic and continuous disclosure announcements, including the Fund's half year financial results for the period ended 31 December 2016, lodged with ASX Limited (ASX) on 24 February 2017, and announcements to ASX available at www.asx.com.au.

The information in this Explanatory Memorandum remains subject to change without notice. The Manager reserves the right to withdraw or vary the timetable for implementing the Resolutions without notice. Any pro forma financial information provided in this Explanatory Memorandum is for illustrative purposes only and is not represented as being indicative of the Manager's views on the future financial condition and/or performance of the Fund.

ASIC AND ASX INVOLVEMENT

A copy of this Explanatory Memorandum has been lodged with ASIC and provided to ASX. Neither ASIC nor ASX nor any of their officers take any responsibility for the contents of this Explanatory Memorandum.

RESPONSIBILITY FOR INFORMATION

Except as outlined below and subject to the disclaimer above, the information contained in this Explanatory Memorandum has been prepared by the Manager and is the responsibility of the Manager.

The Independent Expert, BDO Corporate Finance (East Coast) Pty Ltd (ACN 050 038 170) (**Independent Expert**), has provided and is responsible for the information contained in Section 8 of this Explanatory Memorandum. None of the Manager or any of its respective directors, officers, employees, agents, advisers or intermediaries assumes any responsibility for the accuracy or completeness of the information contained in Section 8. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Explanatory Memorandum other than that contained in Section 8.

Brookfield has provided and is responsible for the information contained in Sections 5.2.1, 5.2.2 and 5.2.3 of this Explanatory Memorandum. None of the Manager or any of its respective directors, officers, employees, agents, advisers or intermediaries assumes any responsibility for the accuracy or completeness of the information contained in Sections 5.2.1, 5.2.2 and 5.2.3. Brookfield does not assume any responsibility for the accuracy or completeness of the information contained in this Explanatory Memorandum other than that contained in Sections 5.2.1, 5.2.2 and 5.2.3.

DEFINED TERMS

Capitalised terms used in this document have the meaning given to them in the Glossary, as set out in Section 9 of this Explanatory Memorandum.

CURRENCY AND FINANCIAL DATA

Unless stated otherwise, all dollar values are in Australian dollars (A$) and financial data is presented as at the date stated.

TIME

Unless stated otherwise, all references to time are to Australian Eastern Standard Time (**AEST**).

DATE

This Explanatory Memorandum is dated 18 May 2017.

1. CHAIRMAN'S LETTER

Dear Unitholder

SCHEME PROPOSAL
On 7 April 2017, the Manager, in its capacity as responsible entity of the Fund, announced that it had entered into an Implementation Deed with Brookfield to implement a trust scheme whereby Brookfield will acquire all of the Units in the Fund not currently owned by the Brookfield Group (**Proposal**) subject to certain conditions as outlined in Sections 6.3 and 6.4, including Unitholder approval. After deducting distributions made since the Proposal was announced, the cash consideration payable by Brookfield under the Proposal is $8.815 per Unit (**Adjusted Offer Price**).

The Notice of Meeting for the Proposal is set out in Section 3.

UNANIMOUS RECOMMENDATION
The Independent Directors unanimously recommend that Unitholders vote in favour of the Proposal in the absence of a superior proposal. Unitholders are being presented with the opportunity to monetise the value of their Units at a premium to both the most recent trading price of the Units and the highest historic trading price of the Units prior to announcement of the Proposal. The Proposal is attractive when considered against the trading performance of the Units and the alternatives currently available to the Fund.

INDEPENDENT EXPERT
The Independent Directors appointed the Independent Expert to assess the merits of the Proposal.

The Independent Expert has concluded the Proposal is fair and reasonable, and in the best interests of Unitholders. The Independent Expert Report is set out in full in Section 8 of this Explanatory Memorandum.

UNITHOLDER SUPPORT
As announced on 7 April 2017 (**ASX Announcement**), certain non-Brookfield Group Unitholders holding relevant interests in approximately 10.4% of the Units as at the date of the ASX Announcement indicated their current intention to vote in favour of the Proposal in the absence of a superior proposal. However, they reserved the right to change this intention (including if the Independent Directors do not unanimously recommend the Proposal, if the valuation of the Fund's Portfolio materially improves, or if the Proposal is to be implemented after 30 June 2017). This indication of current intention was based on the information available to those Unitholders at the date of the announcement, ahead of the release of the Explanatory Memorandum and Independent Expert Report on which their final decision will be based. For details, please refer to the full text of the ASX Announcement available at www.au.brookfield.com.

ALTERNATIVES CONSIDERED
The Independent Directors have assessed the Proposal against alternatives presently available to the Fund and have carefully considered the potential value outcome for Unitholders and the risks involved in pursuing each of the following alternatives:

- continuing the Fund in its current form;
- sale of properties and winding up the Fund; and
- seeking alternative proposals to acquire the Fund.

Please refer to Section 4.1.5 of the Explanatory Memorandum for more details on these alternatives.

REASONS YOU MIGHT VOTE FOR THE RESOLUTIONS
The Independent Directors unanimously recommend that Unitholders vote **FOR** the Resolutions in the absence of a superior proposal because:

- The Adjusted Offer Price represents a significant premium to the trading price of the Units immediately prior to the ASX Announcement and is greater than the highest price which Units have traded at any time prior to the ASX Announcement ($8.50 per Unit).
- The Adjusted Offer Price reflects a:
  - 18% premium to the closing price of $7.50 per Unit on 6 April 2017, the last trading day prior to the ASX Announcement;
  - 16% premium to the 30-day volume weighted average price (**VWAP**) of $7.59 per Unit up to 6 April 2017; and
  - 32% premium to the 90-day VWAP of $6.69 per Unit to 6 April 2017.
- The Adjusted Offer Price of $8.815 per Unit is above the estimated wind up value of the Fund of $8.66 per Unit, based on the current Adjusted NAV.
- The Proposal presents Unitholders with certainty of value for their Units through 100% cash consideration which is proposed to be paid within 15 Business Days of approval of the Proposal. Unitholders will not pay brokerage fees in connection with the disposal of their Units pursuant to the Proposal.

- The Independent Expert has determined that the Proposal is fair and reasonable, and in the best interests of Unitholders.
- The Proposal provides superior value compared to other identified alternatives. It should be noted that the Units have traded at an average 43% discount to the Fund's net asset value over the past four years and, if the Proposal is not accepted, it is considered likely that the Units will continue to trade at a significant discount to net asset value in the immediate future.
- There are risks associated with not accepting the Proposal including that the trading price of the Units may fall and Unitholders may have limited opportunity to exit given low liquidity in trading of the Units.

REASONS WHY YOU MIGHT NOT VOTE FOR THE PROPOSAL

The Independent Directors acknowledge that there may be disadvantages with accepting the Proposal which may include:

- Units may increase in value in the future, including if the Portfolio increases in value; and
- a superior offer may emerge at a future date.

These potential disadvantages are considered in further detail in Section 4 of the Explanatory Memorandum. However, the Fund has historically traded at a considerable discount to net asset value, as outlined above, and as the Brookfield Group already holds more than 80% of the Fund, the Independent Directors believe a superior offer is unlikely.

The Independent Directors have given careful consideration to the advantages and disadvantages in providing their recommendation. These are set out further in detail in section 4 of the Explanatory Memorandum.

MEETING PROCESS

The Proposal requires Unitholder approval at a Meeting proposed to be held on 14 June 2017 at The Pavilion, Darling Park, 201 Sussex Street, Sydney, NSW 2000. The Notice of Meeting is included in Section 3 of the Explanatory Memorandum.

To proceed with implementation of the Scheme, Unitholders must pass two resolutions. Details of the Resolutions are contained in Section 5 of the Explanatory Memorandum. If the Resolutions are passed and the Scheme implemented, the Manager intends to seek immediate removal of the Fund from the official list of ASX in accordance with the key dates set out in Section 2.1 of the Explanatory Memorandum.

Details on how to vote on the Resolutions are contained in Section 2 of the Explanatory Memorandum.

The Explanatory Memorandum contains important information relating to the Proposal and should be read carefully before making your decision and voting at the Meeting.

If you have any questions in relation to the Proposal, please contact the Brookfield Prime Property Fund Information Line on 1800 685 455 (within Australia) or +61 1800 685 455 (from outside Australia) between 8.00am and 7.30pm (AEST) Monday to Friday.

I look forward to your participation at the Meeting on 14 June 2017 and encourage you to vote in favour of the Resolutions. Meanwhile, thank you for your ongoing support of the Fund.

Yours faithfully

Allan McDonald
Chairman

2. INFORMATION FOR UNITHOLDERS

2.1 KEY DATES

Key Dates Relevant to the Meeting

Latest date and time for receipt of Proxy Forms (with any power of attorney) for the Meeting	12 June 2017 at 3.00 pm
Meeting Record Date	12 June 2017 at 7.00 pm
Unitholders' Meeting to be held at The Pavilion Darling Park, 201 Sussex Street Sydney, NSW 2000	14 June 2017 at 3.00 pm

Key Dates if the Resolutions are Approved at the Meeting

Last day of trading in Units of ASX	14 June 2017 at 4.00 pm
Settlement of final trades of Units	16 June 2017 at 7.00 pm
Implementation of Scheme, payment of Adjusted Offer Price to Unitholders and transfer of Units from Unitholders to Brookfield	30 June 2017
Date the Fund will delist from ASX	3 July 2017 at 4.00pm

2.2 WHAT YOU NEED TO DO

Step 1 – Read this Explanatory Memorandum

This Explanatory Memorandum sets out information relating to the Meeting of Unitholders to consider the Resolutions and includes the Notice of Meeting.

Information contained in this Explanatory Memorandum and Notice of Meeting is important. Please read this document carefully and if necessary seek your own independent advice on any aspects about which you are not certain.

If you have sold all your Units, please disregard this document.

The full text of the proposed changes to the Constitution is available:

- for inspection at the Manager's registered office at Level 22, 135 King Street, Sydney NSW 2000 between 9:00am and 5:00pm on Business Days until the time of the Meeting;
- by viewing at www.au.brookfield.com; or
- by requesting a copy, free of charge, by calling the Brookfield Prime Property Fund Information Line on 1800 685 455 (within Australia) or +61 1800 685 455 (from outside Australia).

Step 2 – Vote

The Meeting is scheduled for 3.00pm (AEST) on 14 June 2017 at the The Pavilion, Darling Park, 201 Sussex Street Sydney, NSW 2000.

You can vote on the Resolutions by attending the Meeting (or having an attorney or, in the case of a body corporate, corporate representative attend on your behalf) or by completing and returning the Proxy Form accompanying this Explanatory Memorandum.

For details on how to complete and lodge the Proxy Form, or having your corporate representative or attorney attend the Meeting, please see below.

Step 3 – Notify bank account details

On the Scheme Implementation Date, the Adjusted Offer Price will be paid to non-Brookfield Group Unitholders to the nominated bank account recorded with the Fund Registry and Units will be transferred to Brookfield.

If you have not previously notified your nominated bank account, please contact the Fund's Registry, Link Market Services on 1800 685 455 (within Australia) or +61 1800 685 455 (outside Australia) before the Implementation Record Date to provide payment directions.

If a Unitholder's whereabouts is unknown as at the Scheme Implementation Date and no bank account has been nominated by the Unitholder, the Adjusted Offer Price payable to such Unitholders will be paid into a separate bank account and held by BCML until claimed or applied under laws dealing with unclaimed money.

2.3 QUORUM REQUIREMENTS

The quorum requirement for the Meeting is at least two Unitholders present in person or by attorney, representative or proxy.

If a quorum is not present within 15 minutes after the scheduled Meeting time, the Meeting will be adjourned as the Chair of the meeting directs.

2.4 VOTING DETAILS

Voting Eligibility

All Unitholders on the Fund Register as at 7.00 pm (AEST) on 12 June 2017 are eligible to vote unless they are otherwise excluded from voting on the basis set out in the Notice of Meeting.

In order for the Scheme to be implemented, the Resolutions must be approved by the requisite majorities as specified in Section 3.

The Notice of Meeting is set out in Section 3 of this Explanatory Memorandum. A personalised Proxy Form is enclosed with this Explanatory Memorandum.

Voting

The Chair of the Meeting has advised that he intends to demand a poll so that all the Resolutions are decided on a poll. On a poll, each Unitholder has one vote for each dollar of the value of Units held by the Unitholder. Each person present as proxy, attorney or representative of a Unitholder has one vote for each dollar of the value of Units held by the Unitholder that person represents. Your Unit value will be calculated by reference to the last sale price of Units on ASX on the last trading day before the Meeting (Tuesday 13 June 2017).

You are not required to exercise all your votes in the same way, or to cast all your votes.

Jointly Held Units

If your Units are jointly held, only one of the joint holders is entitled to vote. If both joint holders are present at the Meeting, only the vote of the person named first in the Fund Register counts.

Individuals

If you plan to attend the Meeting, we ask you to arrive at the venue 30 minutes prior to the designated Meeting time so that we may check your Units against the Fund Register and note your attendance.

Corporations

In order to vote at the Meeting, a corporation that is a Unitholder may appoint a proxy or may appoint a person to act as its representative. The appointment of a representative must comply with section 253B of the Corporations Act. The representative should bring evidence of his or her appointment to the Meeting, including any authority under which it is signed.

Appointing a Proxy

If you are entitled to attend and vote at the Meeting, you can appoint a proxy to attend and vote on your behalf. You may nominate one or two persons to vote on your behalf at the Meeting. A proxy need not be a Unitholder.

If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

To ensure that all Unitholders can exercise their rights to vote on the proposed resolution, a Proxy Form is enclosed which includes information on what you need to do to lodge a valid proxy.

A Proxy Form may be returned in the reply paid envelope provided. Alternatively, you may deliver your completed Proxy Form by any of the mechanisms set out in the Notice of Meeting.

The Proxy Form must be received no later than 48 hours before the Meeting, failing which the Proxy Form will be disregarded for the purpose of the Meeting.

Voting intentions of Chairman

The Manager has appointed Allan McDonald, or failing him, Barbara Ward to Chair the Meeting. If the Chair of the Meeting is your proxy and you do not specifically direct how your proxy is to vote on the Resolutions, you will be taken to have directed the Chair of the Meeting to vote in favour of the Resolutions and the Chair of the Meeting will exercise your votes in favour of the Resolutions.

2.5 ENQUIRIES

If you have questions about the Resolutions, attending the Meeting, how to vote or the Proxy Forms, please contact the information line on 1800 685 455 (if you are in Australia) or on +61 1800 685 455 (if you are outside Australia) Monday to Friday between 8.00am and 7.30pm (AEST) or consult your financial or other professional advisers.

3. NOTICE OF MEETING

NOTICE OF MEETING
Notice is hereby given by Brookfield Capital Management Limited (ABN 32 094 936 866) as responsible entity for the Brookfield Prime Property Fund (ARSN 110 096 663) that a meeting of Unitholders (**Meeting**) will be held at:

Place:
The Pavilion
Darling Park, 201 Sussex Street
Sydney, NSW 2000

Date:
14 June 2017

Time:
Registration 2.30pm (AEST)
Meeting commencing at 3.00pm (AEST).

In accordance with section 252S of the *Corporations Act 2001* (Cth), Brookfield Capital Management Limited has appointed Mr Allan McDonald, or failing him, Barbara Ward to act as Chair.

BUSINESS OF THE MEETING
The business of the Meeting will consist of the following:

Resolution 1: Constitutional Amendment
To consider, and if thought fit, pass the following resolution as a special resolution:

"That, subject to the passing of Resolution 2, the constitution of Brookfield Prime Property Fund be modified (in accordance with section 601GC(1)(a) of the *Corporations Act 2001* (Cth)) as marked in the draft constitution submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification, with effect on and from the time at which the modified constitution is lodged with the Australian Securities and Investments Commission."

This resolution requires approval by 75% or more of votes cast by Unitholders entitled to vote on the resolution.

Resolution 2: Approval of Acquisition of Units
To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to the passing of Resolution 1, for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth) and for all other purposes, approval is granted for the acquisition by Brookfield BPPF Investments Pty Limited (ACN 110 184 006) as trustee for Brookfield BPPF Investments Trust (**Brookfield**) of all of the Units in Brookfield Prime Property Fund which are not already held by Brookfield and its associates (such that Brookfield and its associates will have a relevant interest in 100% of the voting interests in Brookfield Prime Property Fund), on the terms described in the Explanatory Memorandum accompanying this Notice."

This resolution requires approval by more than 50% of votes cast by Unitholders entitled to vote on the resolution.

Proxy Voting
A Unitholder who is entitled to attend and vote at the Meeting may appoint a proxy using the enclosed Proxy Form to attend and vote on their behalf. A proxy may but need not be a Unitholder and may be an individual or body corporate.

A Unitholder who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes the proxy is appointed to exercise. If a Unitholder appoints two proxies but does not specify a proportion or number, each proxy may exercise half of the votes.

You can lodge your Proxy Form by:

Mailing it to:
Brookfield Prime Property Fund
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235;

lodging it online at:
www.linkmarketservices.com.au;

faxing it to:
+61 2 9287 0309; or

delivering it by hand to:
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

To ensure the appointment of a proxy is effective, you must ensure that your Proxy Form (as well as any attorney under which it is signed) is received by **no later than 3:00pm (AEST) on Monday 12 June 2017**. Proxy Forms received after this time will be disregarded for the purpose of the Meeting.

Please note 12 June 2017 is a public holiday in New South Wales so post or other delivery services may not operate on that day. Unitholders wishing to appoint a proxy should ensure Proxy Forms are delivered in time to allow for this.

Corporate securityholders

Corporate securityholders who wish to appoint an individual as a representative to attend the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative. A form can be obtained from Link Market Services Limited for this purpose.

Voting at the Meeting

Voting will be conducted by poll on all resolutions. On a poll, a Unitholder (or their nominated proxy, attorney or representative) has one vote for each dollar of the value of the total interests they have in Brookfield Prime Property Fund. In accordance with section 253F of the Corporations Act, the value of a Unitholder's total interest in Brookfield Prime Property Fund will be calculated by reference to the last sale price of Units in Brookfield Prime Property Fund on the ASX on Tuesday 13 June 2017.

Voting Exclusions

Section 253E of the Corporations Act provides that a responsible entity of a managed investment scheme and its associates are not entitled to vote their interest on any resolutions if they have an interest in the resolution other than as a member, unless the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

In addition, in accordance with item 7 of section 611 of the Corporations Act, no votes may be cast in favour of the Resolutions by the person proposing to make the acquisition or any of its associates (unless the associate is a custodian, nominee, trustee, responsible entity or other fiduciary which has received a specific instruction from a third party beneficiary, who is not an associate of the person, directing the associate how to vote).

As a consequence of the above voting exclusions, the Manager has determined that BCML and its associates (which will include any Brookfield Group Unitholders) will not be able to vote on the Resolutions unless they are voting as proxy for a person entitled to vote, in accordance with the directions on the Proxy Form.

If the Resolutions are passed and the Scheme implemented, the Manager intends to seek immediate removal of the Fund from the official list of ASX in accordance with the key dates set out in Section 2.1 of the Explanatory Memorandum.

COMPANY SECRETARY
18 May 2017

The accompanying Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. Unless otherwise defined, this Notice and terms used in this Notice have the same meaning as set out in the Glossary in Section 9 of the Explanatory Memorandum.

4. EVALUATION OF THE PROPOSAL

The Independent Directors unanimously recommend you vote **FOR** the Proposal, in the absence of a superior proposal which is in the best interest of Unitholders. The reasons for this recommendation may be summarised as follows:

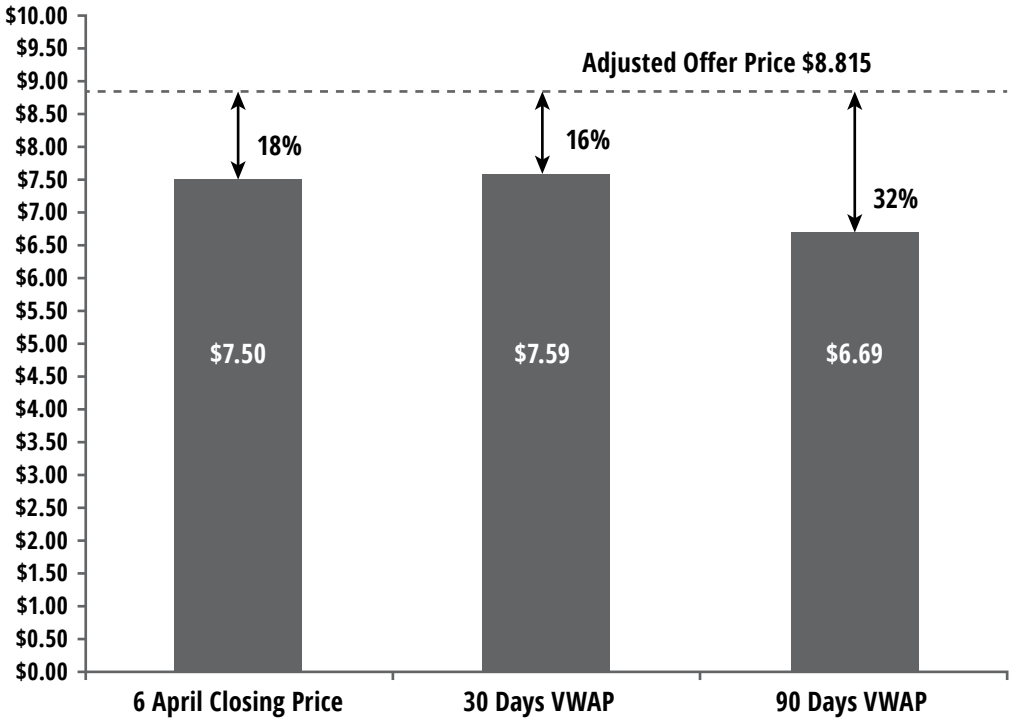
- **Premium to market price:** The Adjusted Offer Price of $8.815 represents a significant premium to the closing price on 6 April of $7.50 per Unit, the last trading day prior to the ASX Announcement and is greater than the highest price which Units have traded at any time on the ASX ($8.50 per Unit) prior to the ASX Announcement.
- **Premium to wind-up value:** The Adjusted Offer Price is above the estimated current wind up value of the Fund of $8.66 per Unit, based on the Adjusted NAV.
- **Certainty:** The Proposal presents Unitholders with certainty of value for their Units through 100% cash consideration which is proposed to be paid within 15 Business Days of approval of the Proposal[1].
- **Independent Expert conclusions:** The Independent Expert has concluded that the Proposal is fair and reasonable and in the best interests of Unitholders.
- **Superior to alternatives:** The Proposal provides superior value compared to other alternatives. It should be noted that the Units have traded at an average 43% discount to the Fund's net asset value over the past four years and, if the Proposal is not accepted, it is likely that the Units will continue to trade at a significant discount to net asset value in the immediate future.
- **Risk management:** There are risks associated with not voting for the Proposal and continued ownership of the Units including that the trading price of the Units may fall and that Unitholders may have limited opportunities to exit given low levels of liquidity of the Units.

These reasons are discussed in greater detail below.

[1]Subject to satisfaction of all the Conditions as set out in section 6.3. Unitholders will not pay brokerage fees in connection with the disposal of their Units.

4.1.1 THE ADJUSTED OFFER PRICE IS AT A PREMIUM TO THE MARKET TRADING PRICE

The Adjusted Offer Price of $8.815 per Unit represents an 18% premium to the closing price of $7.50 per Unit and represents a significant premium to the 30 day VWAP and 90 day VWAP of Units leading up to the ASX Announcement on 7 April 2017.



Comparable market transactions

The table below summarises certain information in relation to the Proposal and a number of recently announced transactions on ASX with transaction structures similar to the Proposal for the purposes of comparison.

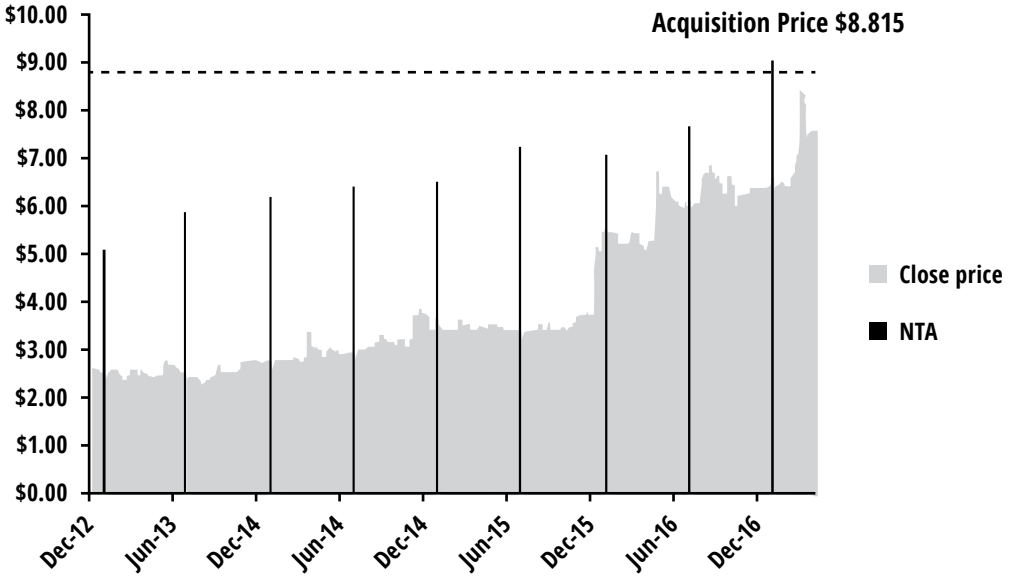
DATE	ACQUIROR	TARGET	DEAL STRUCTURE	OFFER PRICE	PREMIUM / (DISCOUNT) [5]			
					Last Close (a)	1 month VWAP (b)	90 Days VWAP (c)	Stated Net Asset Value (d)
Apr 17	Brookfield Group	Brookfield Prime Property Fund	Scheme of arrangement	$8.815 [4]	18.0%	16.0%	32.0%	(0.3)%/(d) (2.6)%(e)
Apr 17 [1]	Cromwell Property Group	Investa Office Fund	Scheme of arrangement	$4.85	13.3%	14.9%	11.0%	8.0%
Nov 16[2]	Centuria Capital Group	360 Capital Office	Acquisition of 28.8% stake of the Office Fund and funds management platform	$2.25	4.2%	2.7%	1.2%	0.0%
Mar 16[3]	Dexus Property Group	Investa Office Fund	Scheme of arrangement	$4.18	9.3%	8.5%	8.4%	5.1%

Source: ASX

1. Cromwell Property Group's Proposal for Investa Office Fund lodged with ASX on 7 December 2016 and 4 April 2017 (Consideration: 100% cash)
2. 360 Capital Office Fund's Explanatory Memorandum lodged with ASX on 7 December 2016 (Consideration $2.25 per unit adjusted as appropriate for the accrued distribution entitlement at completion)
3. Investa Office Fund's Supplementary Explanatory Memorandum lodged with ASX on 31 March 2016 (Consideration: 20% cash and 80% scrip)
4. Adjusted Offer Price
5. Premium / Discount over Offer Price compared to:
   a. The last trading day prior to the announcement of Proposal;
   b. 1 month VWAP to announcement date of Proposal;
   c. 90 day VWAP is calculated for the 90 day period up to the trading day before each relevant transaction was announced on ASX;
   d. Net Asset Value as stated in the respective transaction documents (Investa Office Fund's as at 31 December 2015, $3.98 and as at 30 June 2016, $4.23; 360 Capital Office Fund as at 30 June 2016, $2.25; and Brookfield Prime Property Fund of $8.84 per Unit)
   e. Adjusted NAV as at 31 March 2017 of $9.04 per Unit.

HISTORICAL COMPARISON

The Proposal represents an attractive value proposition for Unitholders when considered against the historic trading performance of the Fund. The Unit price over the past four years shows trading within a range of $2.25 to $8.50 per Unit. During that period, the closing trading price traded at an average 43% discount to the Fund's net asset value. The Adjusted Offer Price of $8.815 per Unit is above the highest trading price of $8.50 which Units have traded at any time on ASX prior to the ASX Announcement.



The Adjusted Offer Price of $8.815 per Unit is well above the quoted market price valuation range of $6.90 to $7.70 per Unit (without control premium) and $7.31 to $8.16 per Unit (with control premium) set out in the Independent Expert Report.

While the Independent Expert Report favours other valuation methodologies for the purpose of its technical assessment of "fairness", the quoted market price valuation in the report analyses the historical market performance of the Units, and highlights as one of the factors the ongoing lack of liquidity in the Units. The Manager considers this is likely to be an ongoing factor affecting market performance of the Units if the Proposal is rejected, based on the historical discount in the trading price of Units relative to net asset value.

4.1.2 THE ADJUSTED OFFER PRICE OF $8.815 IS AT A PREMIUM TO THE CURRENT WIND UP VALUE OF THE FUND OF $8.66

As disclosed in the Fund's interim report as at 31 December 2016, all the Fund's properties were independently valued at $716.0 million including the American Express House Inc. lease renewal announced on the ASX on 8 February 2017.

The Independent Directors have obtained updated independent property valuations for all the Fund's properties as at 31 March 2017 to take into account changes in market conditions and/or leasing status since the Fund released its interim report on the ASX on 24 February 2017. The 31 March 2017 valuations resulted in a decrease in total Portfolio value of $1.5 million to $714.5 million.

An outline of the Portfolio and the Fund's interest in the properties is set out below:

PROPERTY	LOCATION	FUND SHARE %	VALUE AS AT 31 MARCH 2017 $ M
680 George Street and 50 Goulburn Street	Sydney	50	365.5
American Express House, 12 Shelley Street	Sydney	100	187.0
108 St Georges Terrace	Perth	50	162.0
Total Portfolio			**714.5**

The NAV as at 31 December 2016 has been adjusted to allow for the recent 31 March 2017 independent valuations and material movements in assets and liabilities of the Fund for quarter to arrive at an Adjusted NAV as at 31 March 2017. A summary of the adjustments is provided in the table below:

PRO-FORMA NAV ADJUSTMENTS	NOTES	$'000	$ / UNIT
Net Asset Value as at 31 December 2016		**433,353**	**8.84**
American Express House	**1**	9,000	0.18
NAV subsequent to 31 December 2016		**442,353**	**9.02**
Adjustments			
108 St Georges Terrace	**2**	(4,000)	(0.08)
Changes in Equity accounted Investments	**3**	7,081	0.14
31 March 2017 Distributions declared	**4**	(3,677)	(0.07)
Unaudited undistributed earnings	**5**	1,314	0.03
Adjusted NAV as at 31 March 2017		**443,071**	**9.04**

Notes

Note 1:	Subsequent to 31 December 2016, American Express International Inc. renewed its lease at American Express House, Sydney for a 10 year term. An updated independent valuation was obtained in February 2017 to take account of the lease renewal, and resulted in uplift in value of $9.0 million from $178 million to $187 million. The property was independently valued as at 31 March 2017 at $187 million.
Note 2:	108 St Georges Terrace, Perth was independently valued as at March 2017 at $162 million. This is a $4 million reduction compared to the 31 December 2016 independent valuation of $166 million.
Note 3:	BPA's 50% interest in 680 George St and 50 Goulburn St, Sydney was independently valued as at 31 March 2017 at $365.5 million, an increase of $2.5 million compared to the independent valuation as at 31 December 2016 of $363 million. The adjustment also includes BPA's 50% interest in the share of earnings for the March 2017 quarter from its equity accounted investments.
Note 4:	Distribution declared for the March 2017 quarter.
Note 5:	Unaudited undistributed earnings

On a wind up of the Fund at the Adjusted NAV, it is anticipated the Fund would realise approximately $8.66 per Unit in value for Unitholders after fees and transaction costs. The net realisable value valuation in the Independent Expert Report supports these conclusions. The Adjusted Offer Price of $8.815 per Unit is at a premium to this net realisable value and provides more certainty in value for Unitholders compared to a wind up scenario. A wind up of the Fund at the Adjusted NAV would result in Unitholders receiving less in value for their Units compared to the Proposal.

The net realisable value of $8.66 per Unit is calculated based on the Adjusted NAV of $9.04 per Unit, less wind up costs and fees payable to the Brookfield Group on a sale of the properties as provided for in the Constitution. Further detail is set out in section 4.1.5(b).

The Independent Expert Report also puts forward a NAV valuation based on a hypothetical scenario where the Fund's assets are not realised but the Units in Fund are sold as a going concern, potentially to another listed property fund, without any consideration payable in respect of a termination of the ongoing management services agreement summarised in Section 3.6 of the Independent Expert Report.

Given Brookfield's current 80.47% holding in the Fund, the Manager considers such a scenario is highly unlikely as a practical matter.

However, even in the hypothetical scenario outlined above (where the Units in the Fund are sold without consideration payable in respect of the management services agreement), the Independent Expert Report concludes that the Adjusted Offer Price of $8.815 per Unit would exceed the Independent Expert's NAV valuation range of $8.71 to $8.74 per Unit.

4.1.3 THE PROPOSAL PROVIDES CERTAINTY OF VALUE THROUGH 100% CASH CONSIDERATION

The Adjusted Offer Price of $8.815 cash per Unit provides Unitholders with certainty of timing and value. Unitholders will not incur brokerage if the Proposal is implemented.

If the Proposal is implemented, Unitholders will cease to be exposed to the risks associated with an investment in the Fund, including the low level of liquidity in the stock and the trading price of Units consistently trading below the net assets of the Fund.

4.1.4 THE INDEPENDENT EXPERT'S CONCLUSION

The Independent Expert has concluded that the proposal is fair and reasonable, and in the best interests of Unitholders.

The Independent Expert has assessed the value of a Unit to be in the range of $8.66 to $8.74 per Unit, with the higher end of this range based on a hypothetical scenario which the Manager believes is highly unlikely for the reasons discussed in Section 4.1.2.

The Independent Expert has determined that the Proposal is fair and reasonable as the Adjusted Offer Price exceeds the assessed value range of the Units.

The Independent Expert Report is included in Section 8.

4.1.5 THE PROPOSAL PROVIDES SUPERIOR VALUE COMPARED TO OTHER IDENTIFIED ALTERNATIVES FOR THE FUND

The Independent Directors have reviewed the alternatives available to the Fund. In assessing those options, the Independent Directors have considered the potential value outcome for Unitholders and the risk involved in pursuing each option. The Independent Directors have considered the following alternatives:

- continuing the Fund in its current form;
- sale of properties and winding up the Fund; and
- seeking alternative proposals to acquire the Fund.

The Independent Directors believe the alternatives considered are either not viable, contain higher risk or, if executed, are not expected to provide a more compelling proposition than the Proposal.

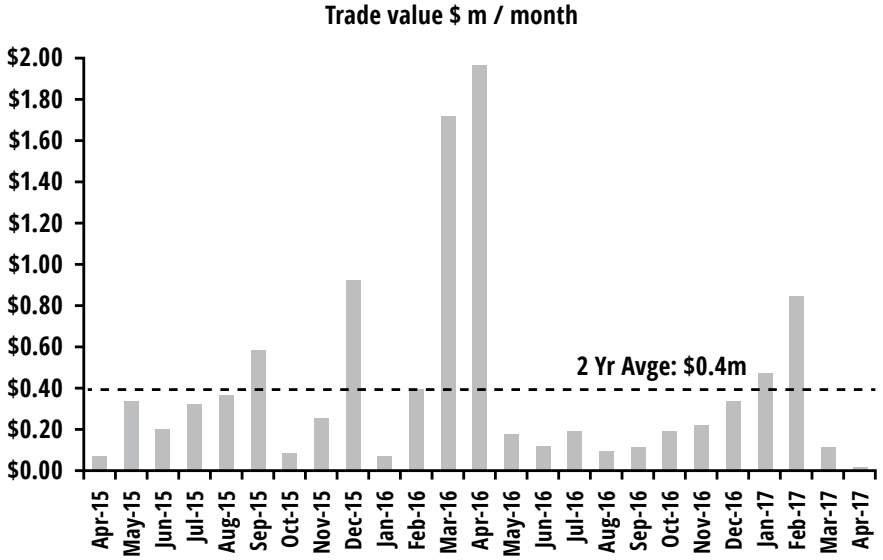
(a) Continuing the Fund in its current form:

If the Proposal is not accepted by the Unitholders, the Fund will continue its strategy which is focused on enhancing the performance of the Portfolio through asset management initiatives.

Recent distributions have been in the range of 3-4% yield against current security price and are not expected to increase in the immediate future. The capacity to increase the distribution rate is constrained by cashflow management requirements referable to leasing risks and required upcoming capital expenditure estimated in excess of $60 million over the next 3 years.

Unitholders will continue to face limited liquidity in the Fund. The Brookfield Group currently holds 80.47% of the Units, severely limiting liquidity in trading and making it likely that the Units will continue to trade at a significant discount to NAV.

The Independent Directors do not believe any increase in liquidity is currently likely. This limits the capacity for Unitholders to sell their Units when desired. The average trading value in Units over the last two years has been minimal - approximately $0.4 million over the two year period to 6 April 2017 representing approximately 0.56% of the market capitalisation of the Fund (excluding the Units held by the Brookfield Group).



If Unitholders do not approve the Proposal and the Scheme is not implemented, Unitholders will lose the certain opportunity to exit the Fund at a premium to both the closing price of the Units prior to announcement of the Proposal and the highest historic Unit price. The Units are likely to continue to trade at a discount to NAV

(b) Sale of properties and winding up the Fund

Assuming the Fund's property interests are realised in line with the 31 March 2017 independent property valuations adopted in the Fund's Adjusted NAV and allowing for the estimated fees associated with the wind up of the Fund, the Fund's net realisable value on wind up has been estimated at $8.66 per Unit. This is less than the Adjusted Offer Price of $8.815 per Unit.

If sale prices in excess of current valuations were achieved, this may result in a higher realised wind-up value. The Brookfield Group has indicated it would not currently support a wind-up of the Fund.

Assuming a wind-up was available, there are a number of risk factors that may result in the amount realised on a wind-up being less than $8.66 per Unit. These include:

- The net sale prices realised from disposals may be less than the properties' independent property valuations. This risk is considered to be particularly relevant to 108 St Georges Terrace, due to the property's relatively large 24% vacancy rate at 31 March 2017 and the impact of continued challenging conditions within the Perth commercial leasing market.

  If the net sale price realised from the disposal of 108 St Georges Terrace was 5% below its 31 March 2017 independent valuation, the Fund's Adjusted NAV would decline to $8.87 per Unit. Estimated net proceeds on wind up would decline to $8.50 per Unit. It remains possible that asset sales may exceed most recent valuations. However, this is uncertain.

- The co-owners of 680 George Street, 50 Goulburn Street and 108 St Georges Terrace have rights of pre-emption to purchase those assets. The Brookfield Group also holds rights of first and last refusal over 680 George Street and 50 Goulburn Street (through the untiholding of Latitude Landowning Trust) and American Express House. These arrangements may adversely impact on the properties' disposal values due to the possible reduction in competitive tension and an increase in time required to dispose of the assets.

(c) No superior proposal has emerged

- As at the date of this Explanatory Memorandum, the Fund has not received any alternative superior proposal from a third party. Given that the Brookfield Group holds 80.47% of the Units, the Independent Directors believe that a superior proposal is unlikely to emerge.

4.1.6 THE PROPOSAL HAS THE UNANIMOUS SUPPORT OF THE INDEPENDENT DIRECTORS

Having carefully considered the terms of the Proposal against available alternatives for the Fund, the Independent Directors unanimously recommend that you vote **FOR** the Proposal, in the absence of a superior proposal.

4.1.7 RISKS ASSOCIATED WITH NOT VOTING FOR THE PROPOSAL

In the absence of the Proposal, there is a risk that the trading price of the Fund may fall if the Proposal is not implemented. Historically Units have traded at a considerable discount to the net asset value of the Portfolio. There is also the risk that Unitholders may not have the opportunity in the future to monetise their Units at a price greater than or equal to the Adjusted Offer Price.

4.2 REASONS WHY YOU MIGHT VOTE AGAINST THE PROPOSAL

The Independent Directors acknowledge that there may be reasons why Unitholders may consider voting against the Proposal.

4.2.1 UNITS MAY INCREASE IN VALUE IN THE FUTURE

The Proposal will result in Unitholders disposing of all of their Units. As a result, Unitholders will not have exposure to any potential increase in the value of the Fund's Portfolio in the future. If the Proposal is not approved and implemented Units may return greater value over time through better market conditions (particularly increases in property value) and improved trading price. However, as indicated above, the Units have over the last 4 years traded at a significant average discount to the Fund's net asset value.

The table below sets out some sensitivities demonstrating the impacts on Adjusted NAV of movements (upwards or downwards) in the value of the Portfolio and impacts on trading price assuming the recent discount of 30% (being the price differential between 30 December 2016 closing price of $6.33 and Adjusted NAV of $9.04) and the continuance of the average trading price discount to net asset value of 43% which has applied over the past 4 years. Increases and decreases in property values may differ according to the location of the properties, recognising the different markets in Sydney and Perth.

MOVEMENTS IN ASSET VALUE	IMPACT ON ADJUSTED NAV	IMPLIED TRADING PRICE RECENT - DISC. TO NAV (a)	IMPLIED TRADING PRICE LONG TERM AVERAGE - DISC. TO NAV (b)
+5%	9.77	6.84	5.57
+3%	9.47	6.63	5.40
+1%	9.18	6.43	5.23
0%	9.04	6.33	5.15
-1%	8.89	6.22	5.07
-3%	8.60	6.02	4.90
-5%	8.31	5.82	4.74

(a) Adopts discount amount of 30% being the price differential between 30 Dec 16 closing price and Adjusted NAV
(b) Adopts long term average discount between Trading Price and NAV (43%)

4.2.2 BCML MAY IMPLEMENT STRATEGIES IN THE FUTURE THAT YOU VIEW AS FAVOURABLE

BCML may undertake one or more transactions or alternative proposals may emerge at some future time that might result in favourable outcomes for Unitholders. Having considered currently available alternatives, the Independent Directors do not believe that any of them are preferable to the certain outcome provided by the Proposal.

4.2.3 YOU MAY DISAGREE WITH THE INDEPENDENT DIRECTORS' RECOMMENDATION OR THE INDEPENDENT EXPERTS' CONCLUSION

Notwithstanding the Independent Directors' unanimous recommendation and the Independent Expert's opinion that the Proposal is fair and reasonable and in the best interests of Unitholders, you may consider based on your own circumstances that the Proposal is not in your best interests.

4.3 WHAT HAPPENS IF THE PROPOSAL DOES NOT PROCEED?

4.3.1 IMPLICATIONS FOR UNITHOLDERS

If the Proposal does not proceed, Unitholders will not receive the offered cash payment of $8.815 per Unit. Unitholders will retain their Units in the Fund, which has very low liquidity, and continue to be exposed to the risk that the trading price may trade at below the net asset value of the Fund. Unitholders may not have the opportunity in the future to monetise their Units at a price greater than or equal to the Adjusted Offer Price.

4.3.2 STRATEGY FOR THE FUND IF THE PROPOSAL DOES NOT PROCEED

If the Proposal is not implemented, the Fund will continue to be listed on ASX and will continue to be managed by BCML. Investors will continue to have exposure to the risks currently facing the Fund.

BCML will continue to explore opportunities to enhance value for Unitholders.

Should it wish to do so (and subject to availability of Units for purchase) the Brookfield Group would be able to acquire up to 3% of Units on issue every six months in compliance with requirements under the Corporations Act. Subject to compliance with requirements of the Corporations Act, once the Brookfield Group obtains a holding of 90% of Units on issue, the Brookfield Group may be able to compulsorily acquire the remaining Units. The Brookfield Group has not acquired any Units in the six months prior to the date of this Explanatory Memorandum.

4.3.3 DISTRIBUTIONS AND DISTRIBUTION POLICY

Cash distributions in relation to the Fund are discussed in Section 4.1.5(a)

Future distributions will be dependent on the performance of the properties, costs associated with the debt facilities (which are presently unhedged) and the capital structure of the Fund. There is no guarantee that an increase in distributions would result in a significant increase in the Fund's market trading price.

4.3.4 BUYBACK OF UNITS BY THE FUND

In view of the upcoming capital expenditure requirements of the Fund, it is anticipated that existing cash reserves of the Fund will need to be retained to fund these requirements and it is unlikely that the Fund would have sufficient surplus cash to implement a buyback of securities of the Fund.

4.3.5 RISKS ASSOCIATED WITH THE FUND IF THE PROPOSAL DOES NOT PROCEED

The Fund Product Disclosure Statement dated 22 June 2006 (available at www.au.brookfield.com labelled under the date 28 April 2016) sets out at Section 7 risks associated with investing in the Fund and in properties generally. Many of the risks outlined there (other than in respect of partly paid securities) remain generally applicable. For example, if the Fund continues, Unitholders should be aware of potential investment risks which may be associated with:

- potential falls in property values, either across the market generally or in relation to the Fund's assets in particular;
- adverse impacts arising from potential tenant defaults and leasing vacancies or other leasing issues;
- potential for default in repayments of debt facilities if for any reason there is insufficient income to service debt (leading to a possible foreclosure by financiers with adverse impacts on the Fund);
- potential inability to refinance debt when this becomes due in 2020, leading to the need to sell assets in adverse circumstances;
- potential interest rate rises and unforeseen expenses such as expenses of a capital nature or the need for lease incentives;
- trading and stock market risks particular to the Fund's securities or across the market; and
- market conditions and factors affecting the economy generally or the market for office buildings.

In particular the following should be noted as particular on-going risks of the Fund if the Proposal does not proceed:

a. **Trading price and liquidity**
   - Low liquidity to investors may weigh on the trading price in the event that the proposal did not proceed where no other proposal for the Fund was forthcoming. Historical performance of trading price against net asset value is outlined above.

b. **Leasing and capital expenditure requirements**
   - Leasing risk at American Express House was alleviated after the major tenant renewed its lease for 10 years from 1 January 2019. Leasing risk at 680 George Street was also mitigated as asset management and leasing initiatives led to the re-lease of a substantial portion of the space vacated by EY on expiry of their lease at 31 December 2016.

   - The vacancy rate at 108 St Georges Terrace was 24% at 31 March 2017 and is expected to remain the major contributor to the Portfolio vacancy rate over the short to medium term. The Fund remains active in seeking to address the current vacancies.

   - It is estimated that more than $60 million will be required to meet the capital expenditure requirements of the Fund in the short to medium term. It is expected that these cash requirements will limit the amount of cash available for distribution.

   - Incentive allowances and leasing up periods appropriate to the level of vacancy within the Portfolio and specifically 108 St Georges Terrace have been factored into the Portfolio's 31 March 2017 independent property valuations. There can be no guarantee that the valuation assumptions will eventuate and if these do not ultimately materialise then income and property values may be adversely impacted.

c. **Property valuations and the risk of market movements**
   - The Portfolio was independently valued at 31 December 2016 and again at 31 March 2017. In arriving at an opinion of value, the valuers have adopted the capitalisation of net income and discounted cash flow approaches. Both valuation methodologies involve the forward projection of a number of assumptions including capitalisation rates, discount rates, future rental rates, rental growth and time required to lease up vacant space. These assumptions are sensitive to changes in market conditions and a variation in one or more assumptions may significantly affect property values.

   - In particular, the valuation of 108 St Georges Terrace is dependent on re-leasing assumptions made at the time of the property's valuation. If these prove inadequate, the valuation will be adversely impacted. This would occur if more challenging than anticipated conditions within the Perth commercial property market were to eventuate. Recent press reports suggest that leasing in the Perth commercial property market may be showing some signs of recovery. However, it is not clear if, or to what extent, this will materialise, or over what time period. The Proposal provides current certainty at a significant premium to historical market values.

4.4 CONCLUSION

Having weighed up the various considerations outlined above, the Independent Directors unanimously **RECOMMEND** the Proposal. Unitholders have the certain opportunity to monetise the value of their Units at an attractive premium. The Independent Directors consider the Proposal to be in the best interests of Unitholders.

5. DETAILS OF THE RESOLUTIONS

5.1 RESOLUTION 1 – CONSTITUTIONAL AMENDMENT

In order for the Proposal to be approved, Unitholders must approve amendments to the Constitution as required by section 601GC of the Corporations Act to authorise the transfer of all of the Units to Brookfield. This resolution approves the amendments as set out in the amended Constitution put to the Meeting.

5.1.1 TRANSFER AND UNITHOLDER WARRANTIES

On passing of both Resolutions, Units held by Unitholders (other than the Brookfield Group Unitholders) will be transferred to Brookfield.

Amendments to the Constitution provide for each Unitholder to appoint BCML as attorney and agent to take all steps necessary to give effect to the Scheme, including the transfer of Units to Brookfield. The appointment is made by all Unitholders who are on the register on the Implementation Record Date. The Constitution will also provide that each such Unitholder warrants that:

a. their Units are, on the transfer date, fully paid and free from encumbrances and restrictions on transfer; and
b. they have full power and capacity to transfer their Units.

5.2 RESOLUTION 2 - APPROVAL OF ACQUISITION OF UNITS BY BROOKFIELD

5.2.1 ACQUISITION OF RELEVANT INTEREST BY THE BROOKFIELD GROUP

The Brookfield Group currently holds a relevant interest in 80.47% of Units on issue in the Fund.

In order for the Proposal to be approved, Unitholders must approve acquisition of the Units by Brookfield for the purposes of item 7 of section 611 of the Corporations Act by an ordinary resolution.

Brookfield Group Unitholders will not vote on either of the Resolutions.

If the Resolutions are passed by Unitholders, Brookfield together with other members of the Brookfield Group will own 100% of the Units on issue and have 100% of the voting interests in the Fund (representing a 19.53% increase in the voting interests of the Brookfield Group members). The voting interests of Brookfield (together with its associates, being the other members of the Brookfield Group) will increase from 80.47% to 100%. The voting interests of Brookfield and its associates following implementation of the Proposal would be:

ENTITY	CAPACITY	UNITS HELD ON IMPLEMENTATION OF PROPOSAL	RELEVANT INTEREST (%) ON IMPLEMENTATION OF PROPOSAL
Brookfield Capital Securities Limited as trustee for Brookfield Multiplex PPF Investment No 2 Trust	Trustee	25,895,419	52.82%
Brookfield BPPF Investments Pty Limited as trustee for Brookfield BPPF Investments Trust	Trustee (held by Trust Company Limited as Custodian)	10,893,945	22.22%
Brookfield BPPF Investments Pty Limited as trustee for Brookfield BPPF Investments Trust	Trustee	9,576,713	19.53%
Brookfield Securities (Australia) Pty Limited	Owner	2,663,073	5.43%

5.2.2 SECTION 611(7) REQUIREMENTS

In addition to the information contained in Section 5.2.1, item 7 of section 611 of the Corporations Act and ASIC's Regulatory Guide 74 require that the Explanatory Memorandum set out certain prescribed information for Unitholders.

Brookfield's reason for acquiring Units	The Brookfield Group, of which Brookfield is a member, wishes to have 100% control of the Fund's properties and flexibility to manage the Portfolio in the future.
When the acquisition is to be completed	It is anticipated that acquisition of the relevant Units will occur 12 Business Days following the Meeting of Unitholders approving the Resolutions as set out in the key dates in Section 2 (assuming all Conditions are then satisfied or waived).

Terms of acquisition and any other relevant agreement conditional on Unitholder approval	The Offer Price under the Proposal is $8.89 per Unit less the amount of any distributions paid or payable on or after 28 March 2017. On 22 March 2017, BCML announced a distribution of 7.5 cents per Unit which was paid to Unitholders on 28 April 2017 and accordingly the Adjusted Offer Price, as at the date of this Notice of Meeting and Explanatory Memorandum is $8.815. Other material terms of the acquisition of the relevant Units are set out in the summary of the Implementation Deed in Section 6. Brookfield will source the funds required for the acquisition from the existing cash resources of the Brookfield Group. Under the Implementation Deed, BAIL, an Australian holding company within the Brookfield Group, has agreed to guarantee the obligations of Brookfield. BAIL has sufficient resources from cash and readily available debt facilities to meet its obligations in relation to the Proposal.
Intentions of the Brookfield Group	Brookfield (and its associates) intend to hold the Units as a long term investment. As the Fund will be wholly owned it will be deregistered as a managed investment scheme. The Brookfield Group does not currently intend: • to inject additional equity into the Fund; • that any major changes be made to the business of the Fund; • to support a wind up of the Fund; or • to significantly change the distribution policies of the Fund. The Fund does not currently have any employees and there is no intention to change this position. Following implementation of the Scheme, Brookfield Group Unitholders will have flexibility to consider options for managing or disposing the properties over time.
Interests of directors in the Resolutions	No director of BCML owns any Units or has an interest in the Resolutions. Mr Shane Ross is a director of Brookfield and an executive of the Brookfield Group but has no personal interest in the outcome of the Resolutions.
Identity, association and qualification of intended director(s) of BCML if the Resolutions are passed	There are no additional persons intended to become directors of BCML if the Resolutions are approved. As the Fund would no longer be required to be a registered managed investment scheme if the Resolutions are passed and the proposal implemented, the Fund may be deregistered and the responsible entity/trustee of the Fund may be changed.
Recommendation of Directors	Each of the Independent Directors recommends that Unitholders vote in favour of the Resolutions. Reasons for the recommendation are set out in Sections 2 and 7. Mr Shane Ross is an executive of the Brookfield Group and a director of Brookfield and did not participate in the BCML Board deliberations as to whether to put the Resolutions to Unitholders. As a result, he does not make any recommendation on how Unitholders should vote on the Resolutions.
Independent Expert's Report	The Independent Expert's Report is in Section 8 of this Explanatory Memorandum. Unitholders should read this prior to voting in respect of the Resolutions. The Independent Expert's Report concludes that the Proposal is fair and reasonable, and in the best interests of Unitholders.

5.2.3 NO BENEFIT OR INDUCEMENT

During the period of four months prior to the date of this Explanatory Memorandum, neither Brookfield nor any of its associates (as defined in subsection 12(2) of the Corporations Act) have given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate (as defined in subsection 12(2) of the Corporations Act) to:

(i) vote in favour of the Resolutions to approve the Proposal; nor

(ii) dispose of Units, and where the benefit was not offered to all Unitholders.

6. DETAILS OF THE PROPOSAL

6.1 INFORMATION IN RELATION TO BROOKFIELD BPPF INVESTMENTS

Brookfield is a wholly-owned subsidiary of Brookfield Australia Pty Limited and is ultimately controlled by Brookfield Asset Management Inc.

The directors of Brookfield are:

- Mr Shane Ross; and
- Ms Claire Bibby.

Brookfield is a special purpose entity, incorporated for the purpose of holding Units.

6.2 BACKGROUND TO THE PROPOSAL

On 7 April 2017, BCML announced that it had entered into an Implementation Deed with Brookfield.

The Implementation Deed sets out terms and conditions of the Proposal by Brookfield to acquire by way of trust scheme all of the Units in the Fund not currently owned by members of the Brookfield Group.

The Offer Price is $8.89 per Unit less the amount of any distributions paid or payable by the Fund on or after 28 March 2017 and prior to the Scheme Implementation Date. On 28 April 2017 the Fund paid a distribution of 7.5 cents per Unit and therefore the Adjusted Offer Price, as at the date of this Notice of Meeting and Explanatory Memorandum is $8.815 per Unit.

The Brookfield Group, which currently holds the remaining 80.47% of Units on issue, will hold all of the Units in the event that the Resolutions are approved by Unitholders.

The Implementation Deed was attached to the Fund's ASX announcement of 7 April 2017 and is available at www.au.brookfield.com. It sets out the obligations of BCML and Brookfield in relation to the Scheme.

The Implementation Deed includes conditions to which the Scheme is subject (being the **Conditions**). The Conditions are summarised below.

6.3 SCHEME APPROVAL

One of the Conditions is that both Resolutions must be approved by the requisite Unitholder majorities at the Meeting.

Subject to satisfying the remaining Conditions, the Scheme will become effective upon approval of the Resolutions by Unitholders and lodgment of the amended Constitution with ASIC. BCML and Brookfield will then become bound to implement the Scheme in accordance with the terms of the Implementation Deed.

Each Unitholder registered as a holder of the relevant Units on the Fund's register at the Implementation Record Date (other than Brookfield Group Unitholders) will be paid the Adjusted Offer Price per Unit on the Scheme Implementation Date.

6.4 OTHER CONDITIONS

Other than approval of the Resolutions, the Conditions that remain outstanding under the Implementation Deed as at the date of this Explanatory Memorandum can be summarised as follows:

a. **(ASIC and ASX):** ASIC and ASX issue or provide such consents, waivers and approvals or do such other acts that are necessary to implement the Scheme;
b. **(Financier consent):** the Fund's Financier has given all necessary consents to the implementation of the Scheme and such consents remain in full force and effect;
c. **(third party consents):** all other third party consents, approvals and waivers which are necessary to implement the Scheme have been obtained;
d. **(no regulatory action):** between 7 April 2017 and the Scheme Implementation Date:
    1. there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
    2. no action or investigation is announced, threatened or commenced by a Government Agency; and
    3. no application is made to any public authority (other than by Brookfield or any of its related bodies corporate), (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Scheme) that restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon any of the Scheme proposal, the acquisition of Units under the Scheme or any transaction contemplated by the Explanatory Memorandum or the Scheme or the rights of Brookfield or any of its related bodies corporate in respect of the Units, or requires the divestiture by Brookfield of any Units or by the Fund of any assets;

e. **(no Material Adverse Change):** no Material Adverse Change occurs between 7 April 2017 and 10:00 am on the Meeting date;
f. **(no Material Acquisition, Material Disposal or Material Commitment):** no Material Acquisition, Material Disposal or Material Commitment is made between 7 April 2017 and the Scheme Implementation Date;
g. **(No distributions):** no distribution, (other than the distribution of 7.5 cents per Unit announced by BCML on 22 March 2017), has been made declared or determined to be payable by BCML between 7 April 2017 and the Meeting Date, and if the Resolutions are approved by Unitholders, no distribution has been made, declared or determined to be payable by BCML between the Meeting Date and the Scheme Implementation Date, whether by way of dividend, capital reduction or otherwise and whether in cash or in specie;
h. **(no Prescribed occurrence):** no Prescribed Occurrence occurs between 7 April 2017 and the Scheme Implementation Date; and
i. **(restraints):** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Scheme is in effect at 8:00am on the Meeting Date.

The Conditions relating to Unitholder approval of the Resolutions and ASIC and ASX waivers/consents referred to in (a) cannot be waived. If those Conditions are not satisfied, then the Scheme cannot proceed.

The Conditions referred to in (e), (f), (g) and (h) are for the benefit of Brookfield and may only be waived in writing by Brookfield in its absolute and unfettered discretion.

The other Conditions are for the benefit of Brookfield and BCML and cannot be waived except by agreement of both parties in their absolute and unfettered discretion.

Waiver of the breach or non-fulfillment of a Condition does not affect a party's right to bring a claim against any other party for breach of the Implementation Deed.

As at the date of this Explanatory Memorandum, BCML is not aware of any reason why any Condition referred to in paragraphs (a) – (i) above is not likely to be satisfied in the time required by the Implementation Deed.

6.5 TERMINATION RIGHTS AND END DATE

If a Condition is not satisfied or waived or becomes incapable of being satisfied and is not waived on or by the End Date, the parties must consult in good faith to determine whether the Scheme may proceed by alternative means and whether or not to extend the End Date.

Either BCML or Brookfield may terminate the Implementation Deed at any time with immediate effect by written notice to the other party if:

a. a Condition is not satisfied or waived or becomes incapable of being satisfied by the End Date; and
b. the Parties do not agree to extend the End Date as set out above; or
c. the Meeting is held and the Unitholders fail to pass any Resolution put to them; or
d. ASIC, the ASX, a court or other government agency has issued an order, decree or ruling or taken other action which materially restrains or prohibits the Scheme.

BCML may terminate the Implementation Deed by written notice at any time before the Meeting Date if:

(i) Brookfield is in material breach of the Implementation Deed or if a warranty given by Brookfield is, or becomes, materially inaccurate or misleading and the matter remains unremedied for seven days after BCML provides Brookfield with written notice of such matter; or

(ii) between 7 April 2017 and 6.00pm on the day before the Meeting Date, BCML receives an alternative proposal which it has determined is superior to the Scheme and in the best interests of the Unitholders.

Brookfield may terminate the Implementation Deed by written notice at any time before the Meeting Date if BCML is in material breach of the Implementation Deed or a warranty given by BCML is, or becomes, materially inaccurate or misleading and the matter remains unremedied for seven days after Brookfield provides BCML with written notice of such matter.

6.6 PAYMENT TO UNITHOLDERS

If the Resolutions are approved at the Meeting and the remaining Conditions are satisfied or waived, then Unitholders on the register at 5.00pm on the Implementation Record Date (other than Brookfield Group Unitholders) will be entitled to be paid the Adjusted Offer Price (less any applicable withholding) by Brookfield.

On the Scheme Implementation Date, the Adjusted Offer Price (less any applicable withholding) will be paid to each non-Brookfield Group Unitholder's nominated bank account recorded with the Fund Registry and Units will be transferred to Brookfield.

Under the Australian foreign resident capital gains tax withholding rules, Brookfield must withhold, and pay to the ATO, 10% of the Adjusted Offer Price, (or 12.5%, if the Scheme Implementation Date is on or after 1 July 2017, in accordance with the announcement made as part of the 2017/18 Federal Budget on 9 May 2017) payable to a Unitholder if:

- Brookfield considers, or reasonably believes that the Unitholder is a foreign resident or not an Australian resident; and
- the Unitholder and its associates own or owned, throughout a 12 month period during the two years preceding the Scheme Implementation Date, 10% or more of all the Units in the Fund.

For this reason, Brookfield will seek a declaration from each relevant Unitholder confirming that either it is an Australian resident, or that it and its associates have not owned 10% or more of the Fund's Units over any 12 month period in the two years before implementation of the Proposal. If the declaration is not provided, Brookfield may withhold, and pay to the ATO, 10% of the Adjusted Offer Price otherwise payable to the Unitholder.

Declaration forms must be signed and returned by 3:00pm on 16 June 2017 to ensure that the Unitholder's status is correctly reflected and to prevent withholding tax being deducted from the Adjusted Offer Price, (or 12.5%, if the Scheme Implemented Date is on or after 1 July 2017, as noted above) otherwise payable to the Unitholder for capital gains tax purposes.

If for whatever reason a Unitholder thinks that they are a foreign resident but does not receive a relevant declaration form, they should contact the Fund's Registry, Link Market Services on 1800 685 455 (within Australia) or +61 1800 685 455 (outside Australia) to request a declaration form.

If you have not previously notified your nominated bank account, please contact the Fund's Registry, Link Market Services, on 1800 685 455 (within Australia) or +61 1800 685 455 (outside Australia) before the Implementation Record Date to provide payment directions.

If a Unitholder's whereabouts is unknown as at the Scheme Implementation Date and no bank account has been nominated by the Unitholder, the Adjusted Offer Price payable to such Unitholders will be paid into a separate bank account and held by BCML until claimed or applied under laws dealing with unclaimed money.

7. ADDITIONAL INFORMATION

7.1 ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

BCML is the responsible entity of the Fund and a wholly owned indirect subsidiary of BAIL. The Board of BCML consists of three directors, one of whom (Mr Shane Ross) is a director of Brookfield, giving rise to a conflict of interest in connection with the Proposal.

Recognising this, the Board of BCML established the Independent Board Committee comprising the two independent BCML directors, Mr Allan McDonald and Ms Barbara Ward and excluding Mr Shane Ross. The Board also adopted protocols and procedures to ensure that the development and consideration of the Proposal by BCML, in its capacity as responsible entity of the Fund, was undertaken independently.

The Independent Board Committee was responsible for all recommendations and decisions of BCML in relation to the Proposal.

Specific procedures adopted by the Independent Board Committee include:

- certain members of BCML management were allocated exclusively to assist with developing and considering the Proposal for BCML;
- the Independent Directors took responsibility for the negotiation of the terms of the Proposal and the ultimate decision to enter into the Implementation Deed and commit BCML to the Proposal;
- the appointment of independent legal advisors to act on behalf of BCML, as responsible entity of the Fund, in relation to the Proposal; and
- the appointment of an Independent Expert.

7.2 TAX IMPLICATIONS FOR UNITHOLDERS

The tax information that follows is general in nature and is not exhaustive of all taxation implications which could apply in the circumstances of any given Unitholder. Therefore, it is recommended that all Unitholders consult with their own independent taxation advisers in relation to their own positions.

This summary is based on the relevant Australian tax legislation and administrative practice of the ATO in effect as at the date of this Explanatory Memorandum and Notice of Meeting. The following information applies to Unitholders who hold their Units as a long-term investment on capital account. The comments that follow may not be applicable to all Unitholders, particularly Unitholders who:

- carry on a business in dealing with trust units and shares and are assessed on their dealings other than under the capital gains tax (**CGT**) provisions; or
- have made an election under the taxation of financial arrangement rules that affects the recognition of gains and losses in respect of their Units.

7.2.1 AUSTRALIAN-RESIDENT UNITHOLDERS

If Australian resident Unitholders dispose of their Units, the Australian tax implications are as follows:

- a capital gain may arise if the Offer Price exceeds the cost base of the Units held in the Fund;
- a capital loss may arise if the reduced cost base of the Units held in the Fund exceeds the Offer Price received on sale of the Units.

In calculating capital gains and losses, the Offer Price should not be adjusted so as to include the distribution received in relation to the quarter ended 31 March 2017. Rather, Unitholders who receive the distribution from the Fund in respect of the quarter ended 31 March 2017 will be advised of the income tax implications of this distribution by the Manager after 30 June 2017 in a similar manner to previous income years.

Generally, the CGT cost base and reduced cost base for a Unit will be the amount the Unitholder paid to acquire the Unit together with certain incidental costs of acquisition, for example, stamp duty and brokerage and certain incidental costs of disposal. Also, the calculation of the cost base or reduced cost base in the Units must take account of tax deferred distributions that have been paid by the Fund since acquisition by the Unitholder, including current year tax deferred distributions. These tax deferred distributions will reduce the tax cost base and reduced cost base of Units. Details of distributions made by the Fund can be found at the Fund website www.au.brookfield.com.

The precise amount to be included in a Unitholder's taxable income will be determined by total capital gains and losses derived in the financial year and the availability or otherwise of capital losses carried forward from prior years. Unitholders who are individuals or trustees of trusts or complying superannuation funds, and who have held the Units for 12 months or more, may benefit from the discount capital gains provisions such that a lesser amount is included in assessable income. Where the CGT discount applies, the capital gain will be reduced by 50% for an individual or a trust or 33.3% for a complying superannuation fund. The net capital gain after application of capital losses and CGT discount will be included in the Unitholder' taxable income for the year.

7.2.2 FOREIGN OR NON-RESIDENT UNITHOLDERS

The taxation consequences discussed in section 7.1.1 above apply also to Unitholders that are non-residents of Australia.

However, any capital gain or loss that is made by a non-resident Unitholder on the disposal of Units should be disregarded provided that the Units are not "taxable Australian property".

A Unit will not be "taxable Australian property" if:

- the Units have never been used by the Unitholder in carrying on a business through a permanent establishment in Australia;
- the Unitholder did not make an election to treat the Units as taxable Australian property at the time they ceased to be an Australian resident (if the Unitholder was ever an Australian resident); and
- broadly, the non-resident Unitholder (together with any associates) does not hold 10% or more of the Units in the Fund at the Scheme Implementation Date, or did not hold 10% or more of the Units in the Fund throughout a 12 month period that began no earlier than 24 months before that time.

If a Unit is "taxable Australian property" and a non-resident Unitholder makes a capital gain as a result of disposal of the Unit, the Unitholder will not be entitled to any CGT discount.

7.2.3 FOREIGN RESIDENT CAPITAL GAINS TAX WITHHOLDING

Under the Australian foreign resident capital gains tax withholding rules, Brookfield must withhold, and pay to the ATO, 10% of the Adjusted Offer Price (or 12.5%, if the Scheme Implementation date is on or after 1 July 2017, in accordance with the announcement made as part of the 2017/18 Federal Budget on 9 May 2017), payable to a Unitholder if:

- Brookfield considers, or reasonably believes that the Unitholder is a foreign resident or not an Australian resident; and
- the Unitholder and its associates own or owned, throughout a 12 month period during the two years preceding the Scheme Implementation Date, 10% or more of all the Units in the Fund.

For this reason, Brookfield will seek a declaration from each relevant Unitholder confirming that either it is an Australian resident (residency declaration), or that it and its associates have not owned 10% or more of the Fund's Units over any 12 month period in the two years before implementation of the Proposal (interest declaration).

Unless a signed declaration form regarding a Unitholder's residency or interest is provided to Brookfield by 3:00pm on 16 June 2017, Brookfield will withhold and remit 10% of the Adjusted Offer Price, (or 12.5%, if the Scheme Implementation Date is on or after 1 July 2017, as noted above) payable to the Unitholder, to the ATO prior to, or on Scheme Implementation Date.

If a signed residency declaration or an interest declaration form is received by Brookfield by the required time, Brookfield does not intend to withhold any amount from the Adjusted Offer Price payable to you.

7.3 ASIC RELIEF

ASIC has provided relief from the provisions of section 611(7)(a) of the Corporations Act. The restrictions in this section would otherwise provide that no votes may be cast in favour of Resolution 2 by Unitholders. ASIC has also provided an exemption from:

- Division 2 of Part 7.7 of the Corporations Act in relation to any general financial product advice given by BCML to Unitholders in this explanatory memorandum; and
- Division 5A of Part 7.9 of the Corporations Act in relation to any unsolicited offer or invitation made by Brookfield to Unitholders to acquire Units under the Proposal.

7.4 ASX CONFIRMATIONS

ASX has confirmed that it does not object to the amendments to the Fund's Constitution as provided for the purposes of Listing Rules 15.1.1 and 6.12.3, and that a timetable that reflects the Key Dates set out in Section 2 is acceptable. ASX has also confirmed that, if the Resolutions are approved, it is likely to agree to de-list the Fund.

7.5 CONSENTS TO BE NAMED

The following persons have given and have not, before the date of this Explanatory Memorandum, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- Brookfield Australia Pty Ltd (on behalf of the Brookfield Group including Brookfield and BAIL).
- BDO Corporate Finance (East Coast) Pty Ltd as the Independent Expert.

BDO Corporate Finance (East Coast) Pty Ltd has given, and has not withdrawn, its written consent to the inclusion of the Independent Expert's Report and the references to that report in the form and context in which they are included in this Explanatory Memorandum.

Brookfield Australia Pty Ltd has given, and has not withdrawn, its written consent to the inclusion of the Brookfield Group Information in Section 5 and the references to that information in the form and context in which they are included in this Explanatory Memorandum.

8. INDEPENDENT EXPERT'S REPORT

INDEPENDENT EXPERT'S REPORT
Brookfield Prime Property Fund

In relation to a proposal
for the acquisition of units at an
Adjusted Offer Price of $8.815 per Unit
by Brookfield BPPF Investments Pty
Limited as trustee for the Brookfield
BPPF Investments Trust.

12 May 2017

BDO

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Level 11, 1 Margaret St
SYDNEY NSW 2000
Australia

This Financial Services Guide is issued in relation to an independent expert's report (**Report** or **IER**) prepared by BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**) at the request of the independent directors (**Directors**) of Brookfield Capital Management Limited as responsible entity for Brookfield Prime Property Fund (**BPA** or **the Fund**).

Engagement

The IER is intended to accompany the Notice of meeting and Explanatory Memorandum (**Transaction Document**) that is to be provided by the Directors of Brookfield Capital Management Limited as responsible entity for BPA to assist the Unitholders of BPA (**BPA Unitholders)** in determining whether to approve the proposed acquisition by Brookfield BPPF Investments Pty Limited as trustee for the Brookfield BPPF Investments Trust (**Brookfield)** of 100% of BPA Units not currently held by the Brookfield Group (**Proposed Transaction**).

Financial Services Guide

BDOCF holds an Australian Financial Services Licence (License No: 247420) (**Licence**). As a result of our IER being provided to you BDOCF is required to issue to you, as a retail client, a Financial Services Guide (**FSG**). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services BDOCF is licensed to provide

The Licence authorises BDOCF to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

BDOCF provides financial product advice by virtue of an engagement to issue the IER in connection with the acquisition of securities by another person.

Our IER includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our IER (as a retail client) because of your connection with the matters on which our IER has been issued.

Our IER is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IER.

General financial product advice

Our IER provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to voting on the Proposed Transaction described in the Transaction Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that BDOCF may receive

BDOCF will receive a fee based on the time spent in the preparation of the IER in the amount of approximately $80,000 (plus GST and disbursements). BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDOCF or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IER was provided.

Referrals

BDOCF does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDOCF is licensed to provide.

Associations and relationships

BDOCF is the licensed corporate finance arm of BDO East Coast Partnership, Chartered Accountants and Business Advisers. The directors of BDOCF may also be partners in BDO East Coast Partnership, Chartered Accountants and Business Advisers.

BDO East Coast Partnership, Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

BDOCF's contact details are as set out on our letterhead.

BDOCF is unaware of any matter or circumstance that would preclude it from preparing the IER on the grounds of independence under regulatory or professional requirements. In particular, BDOCF has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and the Australian Securities and Investments Commission (**ASIC**).

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDO Corporate Finance (East Coast) Pty Ltd, Level 11, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited (**FOS**). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDOCF is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited

GPO Box 3, Melbourne VIC 3001

Toll free: 1300 78 08 08

Email: info@fos.org.au

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Level 11, 1 Margaret St
SYDNEY NSW 2000
Australia

The Independent Directors
Brookfield Capital Management Limited as responsible entity
for Brookfield Prime Property Fund
Level 22, 135 King St
Sydney NSW 2000

12 May 2017

Dear Directors

INDEPENDENT EXPERT'S REPORT IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE BPA UNITS NOT CURRENTLY HELD BY THE BROOKFIELD GROUP BY BROOKFIELD BPPF INVESTMENTS PTY LIMITED AS TRUSTEE FOR THE BROOKFIELD BPPF INVESTMENTS TRUST

Proposed Transaction

On 7 April 2017 Brookfield Capital Management Limited (BCML), as responsible entity for Brookfield Prime Property Fund (BPA or the fund), announced a proposal from Brookfield BPPF Investments Pty Limited, as trustee for Brookfield BPPF Investments Trust (Brookfield), to buy the remaining Units in BPA which are not currently owned by the Brookfield Group (the Proposed Transaction). If the Proposed Transaction is implemented, the acquisition of the remaining 19.6% of Units on issue will give Brookfield Group 100% ownership of BPA.

The offer price is a cash consideration of $8.89 per Unit less the amount of any distributions paid or payable on or after 28 March 2017 and prior to the Scheme Implementation Date (SID). BCML announced on 22 March 2017 a 7.5 cents per Unit distribution which was paid to the unitholders of BPA (BPA Unitholders) on 28 April 2017. Therefore, the Adjusted Offer Price is $8.815 per Unit (Adjusted Offer Price).

Full details of the Proposed Transaction including the conditions of the proposal are set out in the Notice of Meeting and Explanatory Memorandum (Transaction Document) to be sent to the BPA Unitholders in respect of a Unitholder meeting to be convened.

This Report sets out our opinion as to whether the Proposed Transaction is fair and reasonable and in the best interests of BPA Unitholders.

Introduction

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (BDOCF, we, us or our) has been engaged by the Independent Directors (Directors) of BCML as responsible entity for BPA to prepare an independent expert's report (Report or IER). The Directors have requested that our Report sets out our opinion as to whether the proposal from Brookfield to acquire the remaining Units in BPA not currently held by the Brookfield Group, which represent 19.6% of all Units, is fair and reasonable and in the best interests of the BPA Unitholders.

Summary of Opinion

We have considered the terms of the Proposed Transaction, as outlined in the body of this Report, and have concluded that the Proposed Transaction is fair and reasonable and in the best interests of BPA Unitholders.

A summary of our analysis in forming the above opinion is provided below.

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Fairness Assessment

In undertaking our fairness opinion we have had regard to the Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 111 *Content of expert reports* (**RG 111**).

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming:

- A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

In relation to the interpretation of RG111.11, ASIC has advised that the appropriate assessment is to compare:

- The fair market value of a Unit pre-transaction on a control basis (being the value of the securities the subject of the offer, per RG111.11); and
- The fair market value of the offer price.

The basis for the above form of comparison is to ensure our analysis is in line with RG111.5 to RG111.7 which include statements as follows:

- The main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Transaction; and
- The form of analysis an expert uses to evaluate a transaction should address the issues faced by security holders.

If the Proposed Transaction is approved and implemented, Brookfield Group will hold 100% of the BPA Units.

We have formed our opinion in relation to fairness by comparing the:

- Fair market value of a BPA Unit before the Proposed Transaction (including a premium for control); and
- The cash consideration offered by Brookfield.

The Proposed Transaction will be fair if the cash consideration offered by Brookfield is equal to or greater than the fair market value of a BPA Unit before the Proposed Transaction (including a premium for control).

Accordingly, to undertake this comparison we have undertaken an assessment of the value of a BPA Unit before the Proposed Transaction.

The result of our fairness analysis is summarised below.

Table 1: Fairness assessment

A$	Low	High
Net asset value (NAV) valuation method	8.71	8.74
Net tangible assets on a realisation basis (NRV) valuation method	8.66	8.66
Quoted market prices (QMP) valuation method	7.31	8.16
Adopted equity value range of BPA per Unit (control)	**8.66**	**8.74**
Adjusted Offer Price	**8.815**	**8.815**
Adjusted Offer price % value variance to adopted equity value	**2.1%**	**1.1%**

Source: BDOCF analysis

As described in section 8.1 of this report, BPA's Units are subject to relatively low trading activity, largely reflecting the small free float of the Fund. The low level of liquidity likely impacts the Unit price observed in the market, and thereby limits the reliability of the market price comparison.

We have adopted an equity value range utilising both the NRV (low value) and NAV valuation (high value) methodologies. We note that BPA can only be wound up once all properties are sold. The realisation of the NRV value has some inherent risks associated with the timing of the sale of the properties, and realisation of the values ascribed to each property by the independent valuers.

The Adjusted Offer Price of $8.815 exceeds our valuation of BPA Units on a control basis under all adopted valuation methodologies. We have concluded that the Proposed Transaction is fair to BPA Unitholders.

Reasonableness Assessment

In accordance with RG 111 an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for BPA Unitholders to accept the offer in the absence of a superior offer.

Whilst the Proposed Transaction is fair, we have assessed the reasonableness of the Proposed Transaction by considering the factors arising thereto. Set out below is a summary of factors we have considered in our reasonableness assessment.

Table 2: Summary of factors considered in the reasonableness assessment

Advantages	
Fairness	As discussed at Section 9.3 of our report, the Proposed Transaction is fair to BPA Unitholders. The Adjusted Offer Price of $8.815 per Unit exceeds our valuation of BPA Units on a control basis under the following valuation methodologies: • NAV (Valuation range of $8.71 to $8.74) • NRV (Valuation of $8.66) • QMP (Valuation range of $7.31 to $8.16) We consider the fact that the proposed consideration is higher than our assessed value of a BPA Unit on a control basis to be an advantage of the Proposed Transaction.
Adjusted Offer Price above historic price levels	The Adjusted Offer Price is above the historic VWAP. However if BPA Unitholders reject the Proposed Transaction it is possible that the trading price per Unit may revert back to the historic price levels (refer to section 8.4 for further detail on the price analysis).
Liquidity	Although BPA is listed on the ASX, we note that there is relatively little trade of BPA Units on the exchange. It may be difficult for BPA Unitholders to sell their Units as and when they wish (Refer Section 8 for discussion regarding trading of BPA).
Certainty of cash	If the Proposed Transaction is approved, BPA Unitholders will receive cash. BPA Unitholders will no longer be exposed to fluctuations in BPA's Unit price. If Unitholders prefer the exposure to the risks and rewards associated with a BPA Unit, they have the opportunity to reinvest the proceeds (after any tax liabilities) in similar investments.
No brokerage	Unitholders would most likely be liable for brokerage if they disposed of their Units on the ASX. If the Proposed Transaction is approved, BPA Unitholders would not pay any brokerage.
Alternative bidder unlikely	BPA Unitholders may reject the Proposed Transaction and wait for a higher offer from an alternative party. We consider an alternative offer from a third party to be unlikely as the Brookfield Group holds approximately 80.4% of BPA Units.
Disadvantages	
Exposure to the Australian commercial property market	A BPA Unit provides investors with exposure to the risks and rewards associated with the Australian commercial property market, the Sydney and Perth markets in particular. If the Proposed Transaction is approved, Unitholders will no longer hold BPA Units and may no longer be exposed to the Australian commercial property market, including any potential capital gains or increase in distributions. If Unitholders prefer the exposure to the risks and rewards associated with a BPA Unit, they have the opportunity to reinvest the proceeds (after any tax liabilities) in similar investments.
Crystalize tax liability	If the Proposed Transaction is approved, BPA Unitholders will dispose of their BPA Units. This may result in tax consequences for Unitholders. Tax may be payable in the short term which would otherwise have been deferred until Unit disposal by each Unitholder. The tax outcome will vary between individuals based on their own particular circumstances. Unitholders should seek the advice of their own professional advisor.

Source: BDOCF analysis

Based on the above, we are of the opinion that the Proposed Transaction is reasonable to the BPA Unitholders.

Unitholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the Proposed Transaction on the particular circumstances of individual BPA Unitholders. Some individual BPA Unitholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in this IER. Accordingly, individual BPA Unitholders may reach different conclusions as to whether or not the Proposed Transaction is fair and reasonable in their individual circumstances.

The decision of an individual BPA Unitholder in relation to the Proposed Transaction may be influenced by their particular circumstances and accordingly BPA Unitholders are advised to seek their own independent advice.

Approval or rejection of the Proposed Transaction is a matter for individual BPA Unitholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. BPA Unitholders should carefully consider the Transaction Document. BPA Unitholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional adviser.

Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in light of material information existing at the date of this IER that subsequently becomes known to us.

Sources of Information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by BPA.

Under the terms of our engagement, BPA agreed to indemnify the partners, directors and staff (as appropriate) of BDO East Coast Partnership and BDOCF and their associated entities, against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided by BPA which is false or misleading or omits any material particulars, or arising from failure to supply relevant information.

Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Directors and BPA Unitholders to assist them in their decision to approve or reject the Proposed Transaction. This IER is to accompany the Transaction Document to be sent to BPA Unitholders to consider the Proposed Transaction and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and BPA Unitholders without our written consent. We accept no responsibility to any person other than the Directors and Unitholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER within the Transaction Document. Apart from this IER, we are not responsible for the contents of the Transaction Document or any other document associated with the Proposed Transaction. We acknowledge that this IER may be lodged with regulatory authorities.

Summary

This summary should be read in conjunction with the attached IER that sets out in full, the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this IER is set out in **Appendix 1**.

Financial Services Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or Unit issues. A financial services guide is attached to this IER.

Yours faithfully

BDO CORPORATE FINANCE (EAST COAST) PTY LTD

Sebastian Stevens
Director

David McCourt
Director

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1. PURPOSE AND BACKGROUND

1.1. Purpose

We have been engaged by the Directors of BCML to prepare an IER setting out our opinion as to whether the Proposed Transaction is fair and reasonable to BPA Unitholders.

This IER is to accompany the Transaction Document required to be provided to BPA Unitholders. It has been prepared to assist and enable the BPA Unitholders to assess the merits of the Proposed Transaction and to decide whether to approve the Proposed Transaction.

A summary of the background to the terms of the Proposed Transaction are set out below.

1.2. Background to the Proposed Transaction

On 7 April 2017 Brookfield Capital Management Limited (BCML), as responsible entity for Brookfield Prime Property Fund (BPA), announced it had entered into an Implementation Deed with Brookfield BPPF Investments Pty Limited as trustee for Brookfield BPPF Investments Trust (Brookfield) to buy the remaining Units in BPA which Brookfield Group does not own, representing 19.6% of all Units (Proposed Transaction).

If the Proposed Transaction is implemented, the acquisition of the remaining 19.6% of Units on issue will give Brookfield Group 100% ownership of BPA.

BPA is a unit trust listed on the Australian Securities Exchange (ASX). BPA holds a portfolio of interests in four A-grade office buildings in the central business district (CBD) of Sydney and Perth, in Australia.

The offer price under the Proposed Transaction is a cash consideration of $8.89 per Unit less the amount of any distributions paid or payable on or after 28 March 2017 and prior to the SID date.

BCML announced on 22 March 2017 a 7.5 cent per Unit distribution which was paid to Unitholders by 28 April 2017. Therefore, the Adjusted Offer Price, as at the date of the Transaction Document, is $8.815 per Unit.

1.3. Conditions precedent

The Implementation Deed (clause 3.1) sets out the conditions precedent to the Proposed Transaction. We refer to section 5.3 and 5.4 of the Transaction Document where all these conditions to the Proposed Transaction are noted in detail.

2. SCOPE AND LIMITATIONS

2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Transaction is fair and reasonable and in the best interests of BPA Unitholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value of various securities, assets and liabilities. For the purposes of our opinion, the term fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.2. Summary of regulatory requirements

There is no statutory requirement for the preparation of this report. However, the Takeovers Panel has issued Guidance Note 15 (GN15) outlining recommended procedures for a trust scheme. GN15 suggests that the scheme notice should contain a report by an independent expert that states whether, in the expert's opinion, the terms of the trust scheme are fair and reasonable.

In addition, ASIC's Regulatory Guide 74 (RG74) "Acquisitions approved by members" requires that non-associated Unitholders (Non-associated Unitholders) be supplied with all information that is material to the decision on how to vote on the acquisition.

The Directors of BCML have engaged BDO to prepare an IER to provide an opinion as to whether the Proposed Transaction is fair and reasonable, and in the best interests of BPA Unitholders.

2.3. Basis of assessment

The Corporations Act is applicable for schemes of arrangement in relation to corporations. Although not directly applicable to trusts and trust schemes, we have referred to the Corporations Act for guidance as to how to assess the Proposed Transaction. Where relevant, we have quoted directly from the Corporations Act and RG 111 (which provides guidance for independent experts as to how to assess schemes of arrangement). We have retained the references to "company" in our extracts from the Corporations Act and RG 111, although BPA is a trust.

The Corporations Act requires the independent expert to opine as to whether the proposed scheme is 'in the best interests of the members of the company'.

In determining whether the Proposed Transaction is fair and reasonable and in the best interests of BPA Unitholders, we have had regard to:

- RG 111 'Content of expert reports'
- Regulatory Guide 112 'Independence of experts' (RG 112).

In particular, RG 111 establishes guidelines in respect of independent expert reports under the Corporations Act.

RG 111 establishes two distinct criteria for an expert analysing a control transaction. The tests are:

- Is the offer 'fair'?
- Is it 'reasonable'?

If an expert would conclude that a proposal was 'fair and reasonable', if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.

If an expert would conclude that the proposal was 'not fair but reasonable', it is still open to the expert to also conclude that the scheme is 'in the best interests of the members of the company'. The expert should clearly say that the consideration is not equal to or greater than the value of the securities the subject of the scheme, but there are sufficient reasons for security holders to vote in favour of the scheme in the absence of a higher offer.

If an expert concludes that a scheme proposal is 'not fair and not reasonable', then the expert would conclude that the scheme is not in the best interests of the members of the company.

Fair

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The value of the securities the subject of the offer is determined assuming:

- A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

If the Proposed Transaction is approved and implemented, Brookfield and other members of the Brookfield Group will hold 100% of BPA's Units.

In relation to the interpretation of RG111.11, the appropriate assessment is to compare:

- The fair market value of a Unit pre-transaction on a control basis (being the value of the securities the subject of the offer per RG111.11); and
- The cash consideration offered by Brookfield.

The basis for the above form of comparison is to ensure our analysis is in line with RG111.5 to RG111.7 which includes statements as follows:

- The main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Transaction.
- The form of analysis an expert uses to evaluate a transaction should address the issues faced by security holders.

The Proposed Transaction is fair if the cash consideration offered by Brookfield is equal to or greater than the fair market value of a BPA Unit before the Proposed Transaction (including a premium for control).

Reasonable

In accordance with paragraph 12 of RG 111, an offer is 'reasonable' if it is 'fair'. An offer could be considered 'reasonable' if there are valid reasons to approve it (in the absence of any higher bid before the close of the offer), notwithstanding that it may not be regarded as 'fair'.

RG 111.13 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer, including:

- The bidder's pre-existing voting power in securities in the target.
- Other significant security holding blocks in the target.
- The liquidity of the market in the target's securities.
- Taxation losses, cash flow or other benefits through achieving 100% ownership of the target.
- Any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc.
- The likely market price if the offer is unsuccessful.
- The value to an alternative bidder and likelihood of an alternative offer being made.

General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Transaction. In preparing the IER we considered the necessary legal requirements and guidance of the Corporations Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- Particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO East Coast Partnership or BDOCF and any of the parties to the Proposed Transaction.
- The nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER.
- We have been appointed as independent expert for the purposes of providing an IER for the Transaction Document.
- That we have relied on information provided by the Directors and management of BPA and that we have not carried out any form of audit or independent verification of the information provided.
- That we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.4. Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

2.5. Reliance on information

This IER is based upon financial and other information provided by the Directors and management of BPA. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, BPA has agreed to indemnify BDOCF and BDO East Coast Partnership, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.6. Limitations

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Transaction Document to be sent to the BPA Unitholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Transaction Document and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, including as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of BPA. We understand that the Directors have been advised by legal, accounting, tax and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of BPA Unitholders and no opinion has been provided in relation to same. Some individual BPA Unitholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable. An individual BPA Unitholder's decision in relation to the Proposed Transaction may be influenced by their particular circumstances and, therefore, BPA Unitholders are advised to seek their own independent advice.

Apart from the IER, we are not responsible for the contents of the Transaction Document or any other document. We have provided consent for inclusion of the IER in the Transaction Document. Our consent and the Transaction Document acknowledge that we have not been involved with the issue of the Transaction Document and that we accept no responsibility for the Transaction Document apart from the IER.

2.7. Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- Assumptions outlined in the valuation sections.
- That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed.
- Information sent out in relation to the Proposed Transaction to BPA Unitholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects.
- Publicly available information relied on by us is accurate, complete and not misleading.
- If the Proposed Transaction is implemented, that it will be implemented in accordance with the stated terms.
- The legal mechanisms to implement the Proposed Transaction are correct and effective.
- The terms and conditions of the Proposed Transaction are as set out in the Transaction Document.

3. PROFILE OF BPA

3.1. Overview

BPA is a Unit trust which listed on the ASX on 15 September 2006. BPA holds a portfolio of interests in four office buildings in the CBD of Sydney and Perth in Australia. The strategy of the Fund is to invest in prime A grade commercial office properties with the management of the properties being performed by Brookfield Multiplex Capital Pty Limited.

Per the reviewed 31 December 2016 half year accounts, BPA's property portfolio:

- was valued at $707 million;
- was 91% occupied; and
- had a weighted average lease expiry by income and by ownership of 4.7 years.

Subsequent to 31 December 2016, on 8 February 2017 American Express International Inc. renewed its lease at American Express House for a further 10 years, commencing 1 January 2019.

3.2. Property portfolio

3.2.1. 50 Goulburn Street Sydney

50 Goulburn Street is an A Grade commercial office building located on the corner of George and Goulburn Streets, incorporating a ground floor cafe, four levels of office accommodation, a rooftop terrace and car parking for 28 vehicles. The property's services are integrated with 680 George Street.

Property Details	
Location	50 Goulburn Street, NSW
Metro Area	Sydney CBD
Building Type	A Grade
Year Built/Refurbished	2004
Site Area	2,076 sqm (22,346 sqft)
Lettable Area	5,748 sqm (61,867 sqft)
Typical Floor Area	1,385 sqm (14,900 sqft)
Car Parking Spaces	28
Ownership	50% (BPA)
Weighted average lease expiry (WALE)	4.0 years (income) 4.0 years (area)

Source: Independent property valuations of BPA's property assets as at 31 March 2017.

3.2.2. 680 George Street Sydney

680 George Street is a landmark commercial office tower in the southern periphery of the midtown precinct of Sydney's CBD.

The property comprises a substantial lobby with retail area and 35 upper levels of office accommodation. The property is well serviced by public transport facilities.

Property Details	
Location	680 George Street, Sydney
Metro Area	Sydney CBD
Building Type	Prime Grade
Year Built/Refurbished	2004
Site Area	3,746 sqm (40,322 sqft)
Lettable Area	62,235 sqm (669,892 sqft)
Typical Floor Area	1,875 sqm (20,182 sqft)
Car Parking Spaces	345
Ownership	50% (BPA)
WALE	6.3 years (income) 6.3 years (area)

Source: Independent property valuations of BPA's property assets as at 31 March 2017.

3.2.3. American Express House, 12 Shelley Street

American Express House is an A Grade commercial office building with 10 levels of office, ground floor retail and underground parking. The property is located in the western corridor of the Sydney CBD with frontage onto Shelley Street.

Property Details	
Location	12 Shelley Street, Sydney
Metro Area	Sydney CBD
Building Type	A Grade
Year Built/Refurbished	2008
Site Area	3,355 sqm (36,113 sqft)
Lettable Area	14,969 sqm (161,126 sqft)
Car Parking Spaces	69
Ownership	100% (BPA)
WALE	11.5 years (income) 11.4 years (area)

Source: Independent valuations of BPA's property assets as at 31 March 2017.

3.2.4. 108 St Georges Terrace

108 St Georges Terrace is an A Grade property with 49 levels of office accommodation and includes the four level heritage listed Palace Building.

The building is prominently located in the core of Perth's CBD and has expansive city and river views from the upper floors.

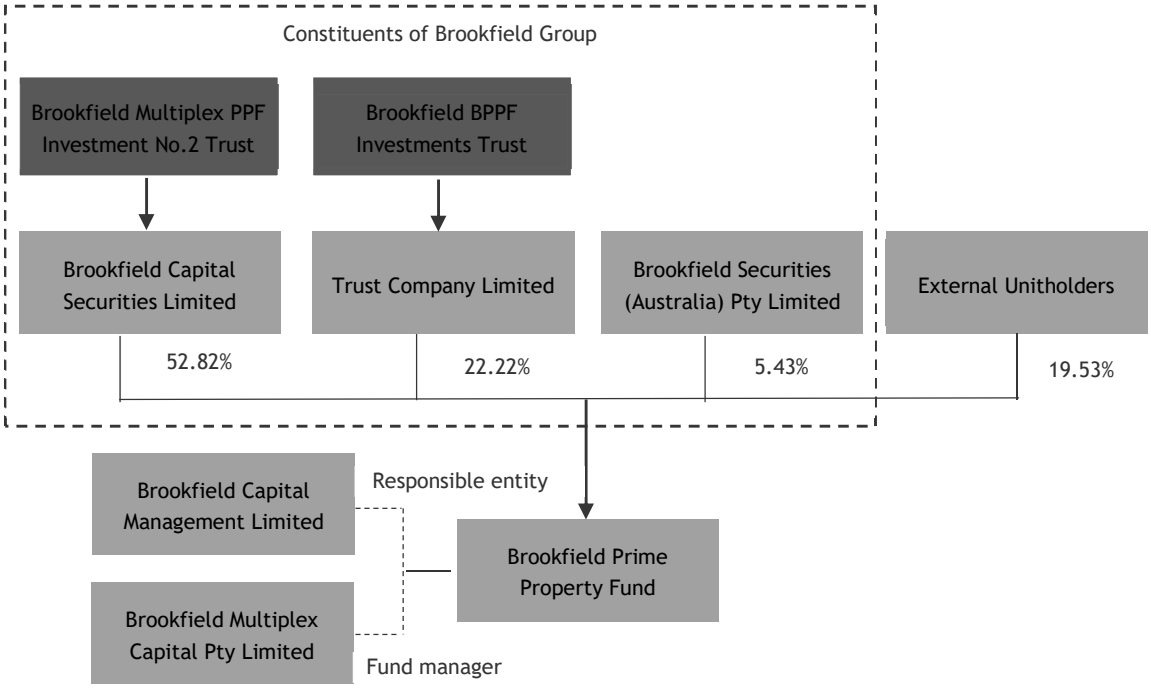
Property Details	
Location	108 St Georges Terrace, WA
Metro Area	Perth CBD
Building Type	A Grade
Year Built/Refurbished	1988/in progress
Site Area	3,891 sqm (41,882 sqft)
Lettable Area	38,427 sqm (413,625 sqft)
Typical Floor Area	820 to 860 sqm (8,826 to 9,257 sqft)
Car Parking Spaces	116
Ownership	50% (BPA)
WALE	4.7 years (income) 4.8 years (area)

Source: Independent Valuations of BPA's property assets as at 31 March 2017.

3.3. Structure

As summarised in figure 1 below, as at 4 April 2017, Brookfield Group owned approximately 80.47% of the Fund's issued Units.

Figure 1: Corporate structure



Source: Management information

3.4. Directors and management

The current board of directors consists of three members, two of which are non-executive and one is an executive. We have listed key personnel below.

Table 3: Directors and key management personnel

Director name	Capacity
F. Allan McDonald	Non-Executive Independent Chairman
Barbara Ward	Non-Executive Independent Director
Shane Ross	Executive Director
Neil Olofsson / Men "Mandy" Chiang	Company Secretaries

Source: Half year report for the period ended 31 December 2016

3.5. Management and other fees

The responsible entity and manager are both entitled to management fees under the management services agreement (MSA). We have provided a summary of the fees payable and key terms below.

Table 4: Summary of Management and other fees payable

Fee type	Fee calculation	Payee and timing
Base fee	0.715% (including GST) per annum based on the gross value of the Fund's assets. This is before the reduction due to input tax credits.	Payable to the responsible entity or the fund manager quarterly in arrears
Performance fee	5.5% - 16.5% (including GST) of the Fund's outperformance over a benchmark index (UBS Commercial Property Accumulation 200 Index). This is before the reduction due to input tax credits. The fee is calculated on a two tier basis.	Payable to the responsible entity or the fund manager half yearly
Leasing fee	9.35% (including GST) of the gross rent for the first year of any new or extended term of a lease.	Payable to the responsibly entity on entering or extending the lease
Acquisition fee - property	5.5% (including GST) of the value of assets acquired.	Payable to the responsible entity at the time of acquisition or agreement to acquire
Disposal fee - property	2.2% - 4.4% (including GST) of the gross sale price of the property. Refer to 7.3 for more information.	Payable to the responsible entity at the time of sale
Ongoing expenses	Expenses (including GST) relating to the proper performance of the responsible entity's duties in connection with Fund.	Paid to the responsible entity or other third parties as incurred

Source: Constitution of BPA, Amending Deed - Management Services Agreement dated 1 September 2006 (MSA)

We note that the initial term of the MSA expired on 16 September 2016, after which the agreement continues subject to the provision that the manager may be removed by an ordinary resolution of BPA Unitholders or by the responsible entity if any of the following circumstances occur:

- The fund manager goes into liquidation, or is placed in administration or official management.
- A receiver or receiver and manager is appointed of the property of the fund manager and not withdrawn or removed within 30 days of the appointment.
- The fund manager ceases to carry on business.
- The fund manager fails or neglects to carry out or satisfy any obligation imposed by the MSA and does not remedy the same within 21 days of time upon being required to do so by notice in writing.
- The responsible entity becomes aware that the Manager has ceased to be a wholly-owned subsidiary of Brookfield Australia Investments Limited.

The MSA otherwise continues. The manager may terminate the MSA without cause by giving the responsible entity not less than 90 days notice in writing. The MSA can also be terminated at any time by the manager if the responsible entity is insolvent or if the responsible entity has breached the MSA and does not remedy the breach within 21 days of notice in writing specifying such breach.

3.6. Historical financial information

3.6.1. Financial performance

The historical income statements of BPA are set out in the table below. We note that the income statements for the financial years ended 30 June 2014 (**FY14**), 30 June 2015 (**FY15**) and 30 June 2016 (**FY16**) are audited results. The half year ended 31 December 2016 (**HY17)** is reviewed.

Table 5: Statements of financial performance of BPA

$000	Notes	FY14	FY15	FY16	HY17
Property rental income	1	44,444	39,493	33,490	14,248
Net gain on sale of assets	2		-	100,740	100
Share of net profit of investments accounted for using the equity method	3	34,775	56,029	44,076	62,490
Gain on financial derivatives	4	-	-	17,637	-
Net gain on revaluation of investment properties	5	1,310	-	4,065	1,449
Interest income		404	535	961	482
Other income		645	6	6	193
Total income		**81,578**	**96,063**	**200,975**	**78,962**
Property expenses	6	(11,213)	(11,197)	(9,263)	(3,364)
Net loss on revaluation of investment properties	5	-	(2,660)	-	-
Management fees	7	(6,068)	(6,258)	(5,125)	(2,466)
Other expenses	8	(358)	(388)	(411)	(143)
Total expenses		**(17,639)**	**(20,503)**	**(14,799)**	**(5,973)**
Finance costs	9	(43,999)	(41,253)	(36,396)	(7,316)
Net profit		**19,940**	**34,307**	**149,780**	**65,673**
KPIs					
Units on issue		49,029,150	49,029,150	49,029,150	49,029,150
Net profit per Unit ($)		0.41	0.70	3.05	1.34
Growth in total income			17.8%	109.2%	(21.4%)[1]
Net profit % total income		24.4%	35.7%	74.5%	83.2%

Source: Audited annual reports FY14, FY15 and FY16. Reviewed half year report HY17

1 Total income for HY17 has been annualised in calculating the growth/(reduction) in the total income.

Notes to the above income statements are detailed below:

1. Property rental income relates to rental income from investment properties leased under an operating lease calculated on a straight line basis over the term of the lease, from which the lease incentives are deducted. Property rental income has declined from FY15 to FY16 due to the sale of BPA's 50% share in the Southern Cross West Tower. The sale was for a gross contract price of $218 million.
2. The net gain on sale of assets in FY16 relates mainly to the sale of BPA's 25% share in the Southern Cross East Tower and 50% share of the Southern Cross West Tower.
3. The share of net profit of investments accounted for using the equity method declined from FY15 to FY16, due to BPA's disposal of its 25% share of the Southern Cross East property. The movement between FY16 and HY17 was due largely to the increase in the underlying property values in 680 George Street and 50 Goulburn Street in which BPA has a 50% interest held through the Latitude Landowning Trust. A summary of the Latitude Landowning Trust's (at 100%) assets and liabilities is provided in Table 6 below.
4. Subsequent to the partial repayment of borrowings in December 2015 from the proceeds of BPA's interests in the Southern Cross East and West properties, the interest rate swaps ceased to be considered effective for accounting purposes. As a result mark-to-market movements in the value of the interest rate swaps were recognised in the statement of financial performance and not directly to the reserves in the statement of financial position. On 28 June 2016, BPA terminated the interest rate swaps.

Table 6: Summary of the Latitude Landowning Trust (assets and liabilities)

$000	31-Dec-16	30-Jun-16	Movement
Current assets	24,630	15,634	8,996
Non-current assets/Investment properties	726,000	610,000	116,000
Total assets	**750,630**	**625,634**	**124,996**
Current liabilities	13,820	13,803	17
Total liabilities	**13,820**	**13,803**	**17**
Net assets	**736,810**	**611,831**	**124,979**
KPIs			
BPA's share of the movement (50%)			62,490

Source: Reviewed half year report HY17

5. The gain or loss on the revaluation of investment properties represents the adjustment required to revalue the property portfolio to market value at each financial period end. For the HY17 the investment properties (American Express House and 108 St George Terraces) were valued by Savills Valuations Pty Ltd and Colliers International. The valuations were based on a number of different methods including discounted cash flow, capitalisation approach and direct comparison. The adopted capitalisation rates applied for directly held properties ranged between 5.75% and 7.25%.
6. Property expenses declined in FY15 and FY16 due to BPA's disposal of its 50% share in the Southern Cross West property. Costs relating to a lease renewal are capitalised and amortised over the lease term in proportion to the rental revenue recognised.
7. The base management fee is calculated as circa 0.72% (including GST) per annum based on the gross value of the BPA's assets. This is rate is prior to the reduction for input tax credits and is payable quarterly in arrears to the responsible entity or manager of the Fund.
8. Other expenses mainly relate to share registry costs, ASX listing costs, company filing, legal fees and bank charges.
9. Finance costs have reduced substantially from FY15 to FY16 because of reduced borrowing. In FY16, BPA disposed of its interest in both the Southern Cross East and West properties, the proceeds from the sale were used to repay the outstanding amount of the subordinated loan facility and part of the senior debt facility. HY17, BPA benefited from no further costs from the interest rate swaps as they were terminated at the end of FY16, thus reducing financing costs.

3.6.2. Historical statements of financial position

The historical statements of financial position of BPA are set out in the table below. We note that the statements of financial position for the financial years ended FY14 to FY16 are audited results while the half year ended HY17 has been reviewed.

Table 7: Statements of financial position of BPA

$000	Notes	30-Jun-14	30-Jun-15	30-Jun-16	31-Dec-16
Cash and cash equivalents	1	23,585	17,117	50,763	42,447
Trade and other receivables	2	1,303	3,315	5,819	6,043
Total current assets		24,888	20,432	56,582	48,490
Investment properties	3	458,500	482,300	339,500	344,000
Investments accounted for using the equity method	4	433,863	463,758	305,915	368,405
Total non-current assets	5	**892,363**	**946,058**	**645,415**	**712,405**
Total assets		**917,251**	**966,490**	**701,997**	**760,895**
Trade and other payables		(9,971)	(24,722)	(10,432)	(14,488)
Fair value of financial derivatives	6	(27,996)	(17,962)	-	-
Interest bearing liabilities	7	-	-	(317,991)	-
Total current liabilities		**(37,967)**	**(42,684)**	**(328,423)**	**(14,488)**
Interest bearing liabilities	7	(566,784)	(570,876)	-	(313,054)
Total non-current liabilities		**(566,784)**	**(570,876)**	**-**	**(313,054)**
Total liabilities		**(604,751)**	**(613,560)**	**(328,423)**	**(327,542)**
Net assets		**312,500**	**352,930**	**373,574**	**433,353**
Units on issue (value)		302,047	302,047	179,474	179,474
Reserves		(10,334)	(289)	12	2
Undistributed profits		20,787	51,172	194,088	253,877
Total equity		**312,500**	**352,930**	**373,574**	**433,353**
KPIs					
Number of Units in issue		49,029,150	49,029,150	49,029,150	49,029,150
NAV per Unit ($)		6.37	7.20	7.62	8.84
Return on equity (net profit/total equity)**		6.4%	9.7%	40.1%	30.3%

*Note:** Annualised on a straight line basis for HY17*
Source: Audited annual reports FY14, FY15 and FY16. Reviewed half year report HY17

Notes to the above statements of financial position are detailed below:

1. The increase in the cash balance in FY16 was due to the cash retained from the sale of the Southern Cross East Tower and Southern Cross West Tower properties after the repayment of debt and distributions.
2. The increase in trade receivables mainly relates to an increased distribution receivable from the 50% equity accounted for investment.
3. Investment properties as at 31 December 2016 are recorded at fair value and relate to the American Express House (100% owned) and 108 St Georges Terrace (50% owned) properties.

   On 18 December 2015, BPA sold its 50% interest in the Southern Cross West Tower. Hence the reduction in the net book value of investment properties held at 30 June 2016.
4. Investments accounted for using the equity method as at 31 December 2016 comprise BPA's 50% share in Latitude Landowning Trust, which owns the 680 George Street and 50 Goulburn Street properties. The net assets of Latitude Landowning Trust were circa $736 million as at 31 December 2016 which equates to a circa $368 million investment value (50% share).

   On 18 December 2015, BPA sold its 25% interest in the Southern Cross East Tower, Melbourne. The property ownership was held through a trust entity and accounted for using the equity method. Hence the reduction in the net book value of investments accounted for using the equity method held at 30 June 2016.

5. Non-current assets represent the direct investment property holdings as well as the investments accounted for using the equity method. We have summarized the non-current assets below.

Table 8: Summary of investment properties and equity accounted investments (EAI)

$000	31-Dec-16 As reported
Direct property interests:	
Property - American Express House, 12 Shelley Street	178,000
Property - 108 St. George Terrace	166,000
EAI Shareholding in Latitude Landowning Trust (50% ownership)	
Property - 680 George Street and 50 Goulburn Street	363,000
Other EAI net assets	5,405
Total	**712,405**

Source: Reviewed half year report HY17

6. Fair value of financial derivatives relates to interest rate swaps. Previously, BPA was required to hedge the interest rate risk on floating rate interest bearing liabilities per the debt facility agreement in place. On 8 July 2016, BPA refinanced its debt facility and there is no requirement under the new facility to hedge interest rate exposure. Management will continue to monitor this position. As such, BPA terminated its interest rate swaps used to hedge the interest rate risk on its floating rate interest bearing liabilities on the 28 June 2016.
7. In December 2015, BPA sold its interest in Southern Cross East Tower and West Tower. BPA then fully repaid its subordinate debt facility and the senior debt facility was partially repaid.

   On 8 July 2016, BPA refinanced its senior debt facility. Key terms of the new $340 million finance facility include a maturity date of 8 July 2020, a loan to value ratio (LVR) of no more than 60%, an interest cover ratio (ICR) of at least 1.60 on a 12 month rolling basis, a base (interest) rate equal to the Australian Bank Bill Swap Reference Rate and a margin of 1.90% above the base rate.

3.7. Capital structure and ownership

3.7.1. Ownership

As of 4 April 2017, BPA had 49,029,150 Units on issue. The top 10 Unitholders as at that date are as follows:

Table 9: Top 10 Unitholders

Rank	Unitholder	Securities Outstanding	% Ownership
1	Brookfield Capital Securities Limited	25,895,419	52.8%
2	Trust Company Limited	10,893,945	22.2%
3	Brookfield Securities (Australia) Pty Ltd	2,625,701	5.4%
	Brookfield Group subtotal	**39,415,065**	**80.4%**
4	JP Morgan Nominees Australia Limited	2,586,509	5.3%
5	Horrie Pty Ltd	1,045,000	2.1%
6	Henoch Investments Pty Ltd	400,000	0.8%
7	Hillmorton Custodians Pty Ltd	303,921	0.6%
8	Farcrest Holdings Pty Ltd	268,500	0.6%
9	Stilwood Pty Ltd	223,707	0.5%
10	BNP Paribas Noms (NZ) Ltd	165,835	0.3%
Top ten subtotal		**44,408,537**	**90.6%**
Other Unitholders		4,620,613	9.4%
Total securities outstanding		**49,029,150**	**100.0%**

Source: BPA top holders as at 4 April 2017

The top 10 Unitholders own a total equity interest of approximately 90.6%. Brookfield Group holds approximately 80.4%.

3.7.2. Interest bearing liabilities

On 8 July 2016, BPA refinanced its existing senior debt facility with a new $340 million senior debt facility. The new senior debt facility comprises of two tranches. Tranche A of $300 million is fully drawn and Tranche B of $40 million is drawn to $15 million, with the balance to be drawn as and when required to fund capital expenditure. Further, BPA has refinanced its subordinated debt facility with a related party (BPPF Financier Pty Ltd) to a $50 million facility on substantially the same terms as the existing facility. As at 31 December 2016, no amounts were drawn on the subordinate facility.

Key terms of the interest bearing debt facilities are as follows:

Table 10: Debt facility terms

	Senior Debt Facility	Subordinated Loan Facility
Facility size	$340 million	$50 million
Maturity date	8 July 2020	9 July 2020
Interest rate	Australian Bank Bill Swap (BBR) Reference Rate (Bid) plus a 1.9% margin	BBR plus a margin (as defined in the senior debt facility agreement), plus a margin of 2% per annum
ICR required	ICR of at least 1.60 on a 12 month rolling basis	
LTV required	LTV of no more than 60%	

Source: Reviewed half year report HY17

4. INDUSTRY OVERVIEW

4.1. Industry description

According to IBISWorld (IBISWorld Report: Office Property Operators in Australia, December 2016), the Office Property Operators industry recorded significant annual revenue growth ranging between an estimated 10.1% and 19.8% over the four years ended 2015. Industry growth has been impacted by the following:

- Australia's growing white-collar employment which has driven tenant demand;
- Foreign investors have stabilised the industry's operating environment;
- Interest from pension funds, sovereign wealth funds and local superannuation funds; and
- Low lending costs

4.2. Industry characteristics

Competition in the office property operators industry is high, particularly in relation to the leasing of real estate.

- Competition in this industry is largely based on property location, rental costs, services provided and the quality of design and improvements.
- Internal competition in this industry stems from providing suitable properties that meet the demands of the market and adopting favourable terms for tenants such as rent.
- External competition in this industry comes from acquiring desirable real estate with competition from other institutions such as real estate investment trusts, pension trusts, life insurance companies, partnerships and financial institutions. With a growing demand for residential spaces, landlords are increasingly transforming their property to capitalise on this trend.

Barriers to entry are primarily contingent on an individual's ability to identify profitable property investments and having the time and resources to manage office properties. Existing long-term lease agreements and high vacancy rates will also prevent the introduction of new buildings in certain markets.

4.3. Key players

The industry is still considered to be highly fragmented and as a result it does not have any major players. Some of the office property operators in Australia include real estate investment trusts (A-REITs), insurance companies, superannuation funds, private offshore investors, small businesses and local private syndicates. The majority of the market is dominated by individual investors who own most of the office spaces in Australia.

According to IBISWorld, the top three operators include Dexus Property Group, AMP Limited and Mirvac Group which have an estimated market share of 3.0%, 1.8% and 1.7%, respectively, as set out in Table 11 below.

Table 11: Australian Office Property Operators

Company	Estimated Market Share (IBISWorld)	IBISWorld Comments
Dexus Property Group	3.0%	• Dexus is a diversified property trust with both domestic and international investments. • Their current property portfolio in Australia has a value of c$9 billion. • Dexus acquired Commonwealth Property Office Fund in April 2014 which increased the company's revenue and market share by almost two-fold.
AMP Limited	1.8%	• AMP is an international financial services company with a specialisation in wealth management. • AMP operates in the industry through AMP Capital which manages office properties across Australia.
Mirvac Group	1.7%	• MIRVAC is an Australian integrated real estate group listed on the ASX. • The company manages and develops properties throughout Australia with a focus in the office, retail and industrial sectors.

Source: IBISWorld

4.4. Industry performance and outlook

Until recently, the office property operators industry has experienced substantial growth over the last five years as a result of strong demand from the Sydney and Melbourne markets. According to IBISWorld, the expected growth in white-collar employment will drive demand for rented office space over 2017.

Slowing growth in traditional investments such as the share market and bonds has seen investors shift towards commercial property as an investment option. Over the past five years, interest rates have also fallen, allowing property to become more affordable. According to IBISWorld, more than $25 billion of commercial property sales occurred in the year 2015-16.

Foreign interest also plays a significant role in driving the health of the Australian property market with offshore investor purchases making up 40% of office property sales in the first half of 2014. These have largely come from Asian entities with a number of acquisitions made by US and European investors.

The vacancy rate in this industry has also increased dramatically and is particularly widespread across Brisbane and Perth while Sydney and Melbourne have remained steady with a downward trend. With a shift in demand from office space to residential Units, property operators face the challenge of retaining and attracting tenants in the long term.

Despite this, IBISWorld forecasts industry revenue to increase moderately at an annualised 2.1% over the five years through 2021-22 to $36.6 billion. Industry growth will be underpinned by improving vacancy rates and a greater demand for prime office spaces.

The key external drivers of the industry performance according to IBISWorld are set out in Table 12 below.

Table 12: Drivers of Office Property Operators Industry Performance

Drivers	IBISWorld Comments
Capital expenditure by the private sector	• Private capital expenditure drives the creation of new jobs and activity in the economy. According to IBISWorld this is expected to decrease in 2016-17 and dampen revenue growth.
Cash rate	• Low interest rates will increase the development and supply of office properties as a result of cheaper financing costs.
Total number of non-manual employees in the workforce	• With a shift towards professional services industries, there will be higher demand for office space. • According to IBISWorld, this number is forecast to rise in 2016-17.
Demand from superannuation funds	• Superannuation funds are major investors in this industry. With growing contributions made to superannuation funds, demand is expected to rise during 2016-17.

Source: IBISWorld

5. VALUATION METHODOLOGY

5.1. Fairness assessment overview

The Proposed Transaction is fair if the fair market value of the cash consideration offered by Brookfield is equal to or greater than the fair market value of a BPA Unit before the Proposed Transaction (including a premium for control).

Accordingly, to undertake this comparison we have undertaken an assessment of the value of a BPA Unit before the Proposed Transaction.

The valuation methods for the above analyses are considered below.

5.2. Valuation methods

Details of common methodologies for valuing businesses and assets are included at **Appendix 3**.
The principal methodologies which can be used are as follows:

- Discount cash flow (DCF)
- Capitalisation of maintainable earnings (COE)
- Net asset value (NAV)
- Net tangible assets on a realisation basis (NRV)
- Quoted market price basis (QMP).

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our valuation assessment of BPA.

5.3. Selected valuation methods for BPA

In accordance with RG 111.15, we have considered the fair market value of a BPA Unit on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the bid.

We have assessed the equity value of a BPA Unit using the NAV method, NRV method and QMP analysis. We have chosen these methodologies for the following reasons:

- The principal assets of BPA are investment properties and future rental income streams relating to these properties. BPA has no intangible assets to realise such as management rights, intellectual property or goodwill.
- The limitations of the NAV and NRV methods are that they imply that the maximum value of the Fund is its realisable value. These methods do not recognise the value of intangible assets such as management rights, intellectual property and goodwill. Given that there are no material intangible assets in BPA, this risk is mitigated.

- As described in section 8.1 of this report, the Units of BPA are thinly traded on the market. Due to the low volume of trading the Unit price may not reflect the underlying fundamentals of BPA. The QMP valuation method therefore is of limited use however serves as a useful crosscheck for valuation purposes.

5.4. NAV method

The NAV approach is considered appropriate where the majority of assets consist of cash or passive investments such as property. The assets and liabilities of the relevant entity under this approach are valued at fair market value and the net value forms the basis for the entity's value.

We have assessed the fair market value of BPA's net assets based on a "sum-of-parts" approach starting with the assets and liabilities set out in BPA's reviewed statement of financial position as at 31 December 2016 and adjusting for significant movements for the period ended 31 March 2017 (Pro Forma).

The following assets and liabilities have been assessed independently and then aggregated to arrive at the equity value (on a control basis) of BPA:

- We have assessed the fair market value of assets and liabilities of BPA and, where applicable, adjusted the 31 December 2016 balance of certain assets and liabilities where there have been material movements to the period ended 31 March 2017. The adjustments have been based on analysis of unaudited management accounts for the period ended 31 March 2017 and the independent property valuation reports dated 31 March 2017; and
- The capitalised cost of the ongoing operating and overhead costs that would be incurred in relation to the management of the Fund.

5.5. NRV method

This asset based valuation method involves the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of orderly realisation or liquidation basis.

As BPA is not in financial distress we have used the orderly realisation method which estimates fair market value by determining the net assets of the underlying business (including an allowance for the reasonable costs of carrying out the sale of assets) assuming the business is wound up in an orderly manner.

This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value.

Applying the above approach we have calculated a pre-tax equity valuation on a control basis.

We note that BPA can only be wound up once all properties are sold. The realisation of the NRV value has some inherent risks associated with the timing of the sale of the properties, and realisation of the values ascribed to each property by the independent valuers.

5.6. QMP analysis

BPA is listed on the ASX and has sufficient market history for an ASX market price valuation. However as described in section 8 of this report, the Units of BPA are thinly traded on the market. Due to the low volume of trading the Unit price may not reflect the underlying fundamentals of BPA.

After analysis of the ASX quoted market price we derived a fair market value range, which reflects a minority interest price for BPA Units. A control premium is applied to the minority value to arrive at a control value of a BPA Unit. A detailed presentation of the daily movement in BPA's Unit price and volumes traded during the past year is outlined in Section 8.

In assessing BPA's Unit price performance on the ASX we have had particular regard to the following:

- The level of trading activity of the BPA Units (i.e. the volume of trades in the market as a percentage of the total Units and the frequency of the trades);
- The value of the trading activity and number of days of trading activity; and
- Recent key developments and market announcements.

We have reviewed the following factors relating to the trading activity of BPA Units on the ASX:

- The daily high, low and closing Unit price of trades;
- The daily volume of the trades;
- The Volume weighted average price(VWAP); and
- The total value of Units traded.

5.7. Other valuation considerations

5.7.1. Future events

The business of BPA to be considered in this valuation is that which exists at the current date.

Future growth which arises from an increase of income generated by each property asset has been considered in this valuation through our consideration of the fair market value of each property.

Other growth potentials, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of this valuation.

5.7.2. Control premium

We note that the NAV and NRV method are inherently control valuations while the QMP valuation method assesses the value of minority interest. Therefore we applied a premium for control in the QMP method only. Refer to section 8.3 where this has been discussed in further detail.

5.7.3. Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

6. NAV VALUATION OF BPA BEFORE PROPOSED TRANSACTION

6.1. Net asset value of BPA prior to the Proposed Transaction

The fair market value of BPA's net assets is primarily based on a "sum-of-parts" of BPA's assets and liabilities set out in BPA's reviewed statement of financial position as 31 December 2016. The following assets and liabilities have been assessed independently, and then aggregated to arrive at the equity value (control basis) of BPA:

- We have assessed the valuation based on BPA's net tangible assets (NTA) as at 31 December 2016, which reflects the fair market value of BPA's property portfolio, its carry value of other assets, interesting bearing liabilities and other liabilities. Management has provided unaudited management accounts for the financial period ending 31 March 2017 and the independent property valuation reports dated 31 March 2017 for each property. We have made adjustments where there has been a material movement subsequent to 31 December 2016. These adjustments are provided in section 6.3 below.
- Capitalised the ongoing operating and overhead costs in relation to the management of the Fund.

Our assessment of the fair market value of BPA on a control basis, prior to the Proposed Transaction, is set out below:

Table 13: NAV valuation summary of the fair market value of BPA Units prior to the Proposed Transaction

$000	Notes	Low	High
Pro forma statement of financial position	**6.3**	443,071	443,071
Capitalised overhead expenses	**6.4**	(16,000)	(14,400)
Equity value of BPA (control)		427,071	428,671
Number of ordinary Units on issue - undiluted ('000s)	**6.5**	49,029	49,029
Equity value of BPA per Unit (control) ($)	**6.2**	8.71	8.74

Source: BDOCF analysis

Based on the above, we have estimated the fair market value of a BPA Unit on a control basis to be between $8.71 and $8.74 per Unit.

6.2. Ex distribution valuation

The equity value of BPA per Unit calculated under the NAV method includes a liability for the distribution of 7.5 cents paid on 28 April 2017 and should therefore be compared to the Adjusted Offer Price.

6.3. Pro forma statement of financial position

We have made a number of adjustments to the reported balance sheet of BPA as at 31 December 2016 in order to reflect material movements which occurred up to 31 of March 2017. These adjustments have been based primarily on a review of the unaudited management accounts for the period ended 31 March 2017 and the independent property valuation reports. The independent valuations were prepared for the purposes of the Scheme and reflect current market value.

We have reviewed each of the independent valuations performed by the independent property valuers as at 31 March 2017.

Based on this review, we are of the opinion that:

- each valuer was independent;
- the engagement instructions were appropriate, with no limitations of scope; and
- the valuation methods adopted were appropriate and consistent with those generally applied in the industry.

On this basis, we consider the valuations for the investment properties are not unreasonable and therefore appropriate for our analysis.

A summary of key capitalisation and discount rates are included below:

Table 14: Capitalisation and discount rates

Property	Valuers Name	Fund Share %	Capitalisation Rate	Discount Rate	Valuation of BPA's Interest $000
108 St George Terrace, Perth	Savills Valuations Pty Ltd	50	7.38%	7.50%	162,000
American Express House, 12 Shelley Street, Sydney	CBRE Valuations Pty Ltd	100	5.50%	7.13%	187,000
680 George Street, Sydney	Savills Valuations Pty Ltd	50	5.75%	6.88%	340,000
50 Goulburn Street, Sydney	Savills Valuations Pty Ltd	50	6.00%	6.88%	25,500
Total Portfolio					**714,500**

Source: Independent Property Valuations

Table 15: Pro forma statement of financial position

$000	Note	31-Dec-16	Earnings for the quarter ended 31-Mar-17	Payment of the Dec-16 distribution and an accrual of the Mar-17 distribution	Latitude Landowning Trust residual equity movement	Property revaluation	Pro forma 31-Mar-17
Cash and cash equivalents	1,2	42,447	1,314	(2,942)			40,819
Trade and other receivables		6,043					6,043
Total current assets		48,490	1,314	(2,942)	-	-	46,862
108 St. Georges Terrace	3	166,000				(4,000)	162,000
American Express House, 12 Shelley Street	4	178,000				9,000	187,000
Total investment properties		344,000	-	-	-	5,000	349,000
680 George Street and 50 Goulburn Street	5	363,000				2,500	365,500
Latitude Landowning Trust residual equity value	6	5,405			4,581		9,986
Total investments accounted for using the equity method		368,405	-	-	4,581	2,500	375,486
Total non-current assets		712,405	-	-	4,581	7,500	724,486
Total assets		760,895	1,314	(2,942)-	4,581	7,500	771,348
Trade and other payables	2	(14,488)		2,942			(11,546)
March distribution accrual	7			(3,677)			(3,677)
Total current liabilities		(14,488)	-	(735)	-	-	(15,223)
Interest bearing liabilities		(313,054)					(313,054)
Total non-current liabilities		(313,054)	-	-	-	-	(313,054)
Total liabilities		(327,542)	-	(735)	-	-	(328,277)
Net assets		433,353	1,314	(735)	4,581	7,500	443,071

Source: Unaudited management accounts for the period ended 31 March 2017, reviewed half year report HY17, independent property valuation reports and discussions with management.

We have made the following adjustments to the reported balance sheet of BPA as at 31 December 2016:

1. We have adjusted the cash balance for the trading profit earned for the quarter ended 31 March 2017.
2. We have adjusted the cash balance for the December 2016 quarter end distribution which was paid on 31 January 2017. We have also adjusted the trade and other payables balance to reflect the reduction in the declared distribution liability.
3. Per the independent property valuation report prepared by Savills Valuations Pty Ltd dated 31 March 2017 which values 108 St George Terrace at $162 million.
4. Per the independent property valuation report prepared by CBRE Valuations Pty Ltd dated 31 March 2017 which values American Express House at $187 million.
5. BPA has a 50% shareholding in Latitude Landowning Trust which owns 100% of the investment properties at 680 George Street and 50 Goulburn Street. Per the independent property valuation report prepared by Savills Valuations Pty Ltd dated 31 March 2017 which values these properties at $731 million in total. As such, BPA's interest in the property is valued at $365.5 million.
6. Per note 4 above, BPA has a 50% interest in Latitude Landowning Trust. This trust holds assets and liabilities other than the properties detailed above. This adjustment reflects the movement in these other assets and liabilities between 31 December 2016 and 31 March 2017 per the unaudited management accounts.
7. We have adjusted the trade and other payables balance to reflect the liability relating to the distribution payable of 7.5 cents per Unit declared on 22 March 2017.

6.4. Capitalised corporate overheads

NAV does not reflect the full costs associated with being a listed investment vehicle. Corporate overheads represent a cost of BPA's operating structure. The ongoing corporate overheads of BPA are not included in the fair market value of the entity's net assets as recorded in the balance sheet.

In assessing the value of BPA on a continuing operations basis, an appropriate "capitalised allowance" for corporate overheads has been determined. These costs include:

- Listed entity costs (compliance and reporting obligations)
- Custodian fees
- Professional and consulting costs (tax, legal, audit and valuation fees)

A summary of corporate overheads incurred historically is provided below:

Table 16: Breakdown of corporate costs FY14, FY15, FY16 and HY17

$000	FY14	FY15	FY16	HY17
Management fees	(6,068)	(6,258)	(5,125)	(2,466)
Other expenses	(358)	(388)	(411)	(143)
Total corporate overheads	(6,426)	(6,646)	(5,536)	(2,609)
Number of managed properties	6	6	4	4

Source: BDOCF analysis

We consider it most likely that an acquirer of BPA would be a larger listed property fund with an existing corporate overhead structure and property management operations in place. As such, the corporate overheads currently being incurred by BPA on a standalone basis are not relevant for this exercise. An acquirer would benefit from economies of scale through its existing operations and thus incur incremental overheads relating to BPA only.

Based on our analysis we have estimated the incremental corporate overheads a likely acquirer of BPA would incur post acquisition at $1.80 million to $2.0 million per annum.

We have capitalised the incremental corporate overheads at a multiple of 8 times. This is in line with:

- BPA's current EBITDA multiple (circa 8.5x); and
- multiples typically applied to costs of this nature for A-REITs.

Based on the above we consider the capitalisation rate of 8 times to be appropriate.

A summary of our analysis is tabled below:

Table 17: Capitalised corporate overheads

$000	Low	High
Total normalised corporate overheads	1,800	2,000
Capitalisation multiple (times)	8.0	8.0
Capitalised overhead expenses	14,400	16,000

Source: BDOCF analysis

On this basis, we have included in the valuation of BPA, capitalised corporate overheads of between $14.4 million and $16.0 million.

6.5. Units outstanding

There are currently 49,029,150 ordinary Units on issue in BPA (refer to Section 3.7).

7. NRV VALUATION OF BPA BEFORE PROPOSED TRANSACTION

7.1. Fair market value of BPA prior to the Proposed Transaction

The NRV method involves the determination of the fair market value of a business based on the net realisable value of the assets used in the business. A valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as properties; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold, less any costs associated with the sale.

The net realisable value of the assets can be determined on the basis of an orderly realisation or liquidation basis.

As BPA is not in financial distress we have used the orderly realisation method which estimates fair market value by determining the market value of the net assets of the underlying business, less any costs associated with the sale of assets, including an allowance for any winding-up costs. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value.

Any tax payable on sale of the properties has been ignored for the purposes of this valuation. The tax liability due is dependent on each Unitholder's individual circumstances.

We note that BPA can only be wound up once all properties are sold. The realisation of the NRV value has some inherent risks associated with the timing of the sale of the properties, and realisation of the values ascribed to each property by the independent valuers.

Our assessment of the fair market value of BPA on a control basis, prior to the Proposed Transaction, is set out below:

Table 18: Valuation summary of the fair market value of BPA Units prior to the Proposed Transaction

$000	Notes	Gross value	Equity value of BPA per Unit (control)
Pro forma statement of financial position	**6.3**	**443,071**	**9.04**
Sales fees (including super profit fee)	7.3	(14,365)	(0.29)
Agent fees	7.3	(3,573)	(0.07)
Wind up costs general advisors	7.3	(500)	(0.01)
Equity value of BPA (control)		**424,634**	**8.66**
Number of ordinary shares on issue - undiluted ('000s)	**7.4**	49,029	

Source: BDOCF analysis

Based on the above, we have estimated the fair market value of a BPA Unit on a control basis to be $8.66per Unit.

7.2. Ex distribution valuation

We have completed the NRV valuation on the basis that the distribution of 7.5 cents per Unit declared on 22 March 2017 is paid to Unit holders prior to the Proposed Transaction. The equity value of BPA per Unit calculated under the NRV method includes a liability for the distribution paid on 28 April 2017 and should therefore be compared to the Adjusted Offer Price.

7.3. Cost of winding up

Management has estimated the costs of wind up as follows:

- Sales fees amounting to 2% of the gross sales value of each property;
- An additional sale fee of 2% of the amount by which the net sale proceeds exceed a figure which represents greater than 50% on the purchase price plus acquisition costs ($25k);
- Agent fees amounting to 0.5% of the gross sales value of each property; and
- General wind of costs of $500k relating to legal, taxation and accounting expenses.

Any tax payable on sale of the properties has been ignored for the purposes of this valuation. The tax liability due is dependent on each Unitholder's individual circumstances.

7.4. Units outstanding

There are currently 49,029,150 ordinary Units on issue in BPA (refer to Section 3.6).

8. QMP VALUATION OF BPA BEFORE PROPOSED TRANSACTION

BPA is listed on the ASX and has sufficient market history for an ASX market price valuation. In order to assess the fair value we have considered the movement in BPA's Unit price, VWAP and volumes traded during the past year.

After the analysis of the ASX quoted market price we have derived a fair market value range, which reflects a minority inherent price for a BPA Unit. This is then adjusted for a control premium in order to determine BPA's equity value on a control basis.

In assessing BPA's Unit price performance on the ASX we have had particular regard to the following:

- The level of trading activity of the BPA Units;
- The value of the trading activity and number of days of trading activity; and
- Recent key developments and market announcements.

8.1. VWAP per BPA Unit

We have also considered the ASX quoted market price for BPA which reflects a minority interest price per Unit. The table below summarises trades over the last year up to the day prior to the announcement on 7 April 2017.

Unit price data post announcement date is excluded to remove any impact that the announcement of the Proposed Transaction may have had on the VWAP.

Table 19: VWAP history

Period	High ($)	Low ($)	VWAP ($)	Total Volume Traded (Number of Units)	Annualised Turnover[1] (%)	Value traded[2] ($)
5 days to 6 Apr 2017	7.58	7.50	7.53	3,410	0.4%	25,560
15 days to 6 Apr 2017	7.58	7.50	7.54	5,730	0.3%	43,090
1 month to 6 Apr 2017	8.34	7.28	7.68	10,950	0.2%	83,800
2 months to 6 Apr 2017	8.50	6.40	6.91	140,530	1.7%	972,410
3 months to 6 Apr 2017	8.50	6.39	6.77	200,460	1.7%	1,356,560
6 months to 6 Apr 2017	8.50	6.00	6.61	310,460	1.3%	2,053,910
12 months to 6 Apr 2017	8.50	5.25	6.49	461,140	0.9%	3,007,110

Sources: Capital IQ; BDOCF analysis
Note 1: Annualised turnover is calculated as period turnover divided by trading days in the period, multiplied by trading days in the year.

Note 2: Value traded is calculated based on the last close price multiplied by the volume traded for each day totalled for the relevant period.
Legend: VWAP denotes volume weighted average Unit price.

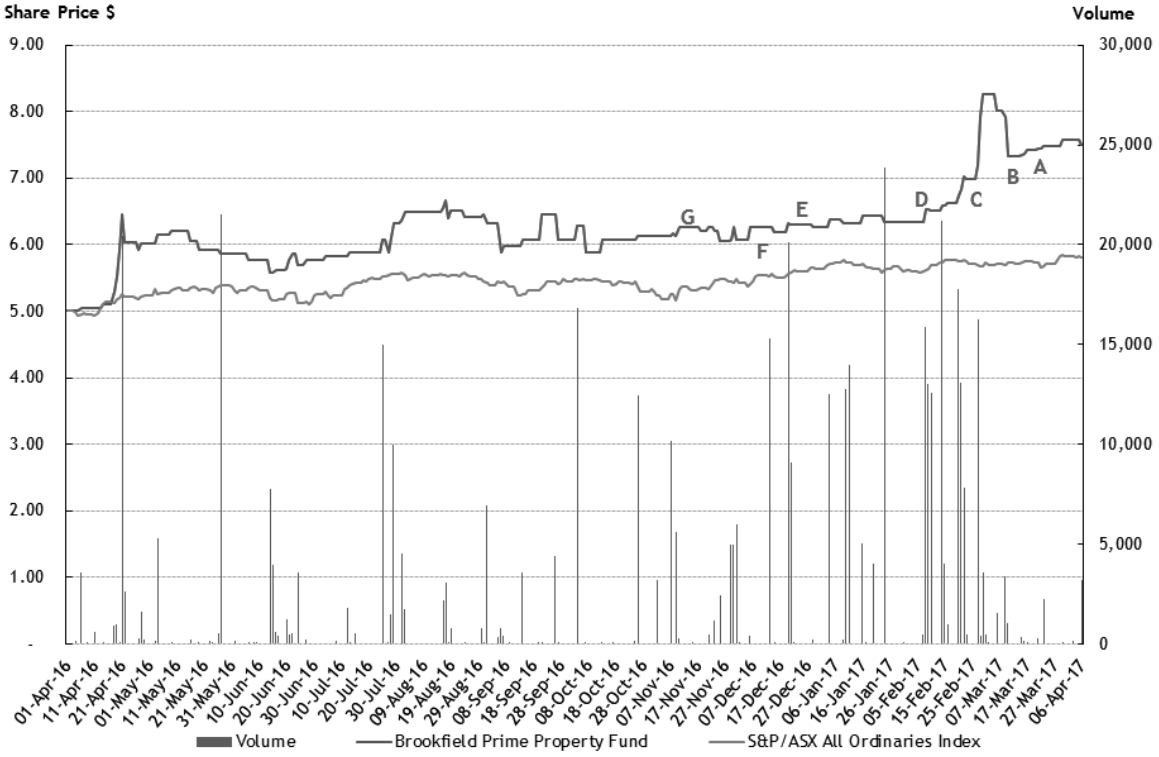
We note the following with respect to BPA Units during the 12 months up to 6 April 2017:

- BPA Units traded between a low of $5.25 per Unit on 8 April 2016 and a high of $8.50 per Unit on 1 March 2017.
- There is a low trading volume over the period. The traded volume of Units over the 12 months to 6 April 2017 was approximately 0.9% of the total weighted average number of Units on issue. The volume of Units traded is minimal and peaks at 1.7% on an annualised basis for the three and two months ended 6 April 2017. This is largely due to the 80.47% unitholding by Brookfield which leaves minimal free float.
- Over the year analysed, there were a total of 255 trading days. BPA only actively traded for 121 days. This indicates the low free float and low trading activity of the BPA Units.

8.2. Trading price

Since April 2016, BPA's Unit price has ranged between a high of $8.50 and a low of $5.25 with a VWAP of $6.49. The recent increase in Unit price and trading activity since February 2017 was largely driven by positive earnings announcements, the recent announcement of the re-leasing of American Express House to 31 December 2028 and an increased distribution per Unit announcement.

Figure 2: Daily closing Unit price and volumes



Source: CapitalIQ (data post announcement date data excluded)

We note that the Unit price traded ex-distribution from 30 March 2017 after an announced distribution of $0.075 per Unit on 22 March 2017. The distribution was paid on 28 April 2017.

Table 20: BPA last key developments/announcements

Date	Date	Event Type	Headline
A	Mar-30-2017	Ex-Distribution Date (Regular)	Brookfield Prime Property Fund, 0.075 (AUD), Cash Distribution, Mar-30-2017
B	Mar-22-2017	Distribution Increase	Brookfield Prime Property Fund Announces Distribution for the Quarter Ending March 31, 2017 Payable on April 28, 2017
C	Feb-24-2017	Announcement of Earnings	Brookfield Prime Property Fund Announces Consolidated Earnings Results for the Half Year Ended December 31, 2016
D	Feb-08-2017	Client Announcement	American Express International Inc. Agrees to renew its lease at American Express House with Brookfield Prime Property Fund
E	Dec-29-2016	Ex-Distribution Date (Regular)	Brookfield Prime Property Fund, 0.06 (AUD), Cash Distribution, Dec-29-2016
F	Dec-20-2016	Distribution Affirmation	Brookfield Prime Property Fund Announces an Ordinary Distribution for the Quarter Ended December 31, 2016, Payable on January 31, 2017
G	Nov-15-2016	Executive/Board Change - Other	Brookfield Prime Property Fund Appoints Men (Mandy) Chiang as Company Secretary

Source: CapitalIQ

8.3. Premium for control

Investment fundamentals dictate that the value of 100% of an entity is normally greater than the sum of values attributable to the individual securities of that entity based on transactions in minority holdings.

The difference between the value of 100% of an entity and the total value of minority interests is referred to as a premium for control taking into account control and synergistic benefits for the acquirer.

Control of an entity by a security holder gives that security holder rights to which security holders are not entitled, including control of the entity's policies and strategies, and use of cash flows.

The level of premium for control paid in a takeover bid will vary across industries and is dependent upon the specifics of the entity being acquired. We have reviewed offer prices for mergers and acquisitions relating to A-REITs between 1 July 2014 and 6 April 2017 as follows:

Table 21: Premium for control paid by acquirers of A-REITs listed on the ASX

Announce date	Target	Share price one day before ($)	Offer price	Premium or discount to share price
03/03/2017	Centuria Urban REIT	2.26	2.28	0.9%
01/07/2016	GPT Metro Office Fund	2.35	2.50	6.4%
16/06/2016	GPT Metro Office Fund	2.36	2.48	5.1%
10/11/2015	Devine Limited	0.61	0.81	33.9%
03/02/2015	Novion Property Group	2.32	2.57	10.8%
19/09/2014	Mirvac Industrial Trust	0.18	0.21	22.3%
01/07/2014	Australand Holdings Limited	4.44	4.48	0.9%
14/10/2015	ALE Property Group	3.64	3.95	8.5%
14/10/2015	Arena REIT	1.46	1.48	1.4%
03/02/2015	Australian Industrial REIT	2.75	2.32	(15.6%)
	Average premium			**11.5%**
	Median			**6.4%**
	Average premium (excluding outliers)			**7.0%**
	Median (excluding outliers)			**5.7%**

Note: Transactions considered to be outliers are highlighted in grey above.
Source: MergerMarket, CapitalIQ and BDOCF analysis

In arriving at an appropriate premium for control to apply, we note that observable data from the above research may include the following considerations:

- Level of liquidity in the trade of the target's securities.
- Varying levels of control sought.
- Synergistic value.
- Nature and magnitude of non-operating assets.
- Nature and magnitude of discretionary expenses.
- Perceived quality of existing management.
- Nature and magnitude of business opportunities not currently being exploited.
- Ability to integrate the target into the acquirer's business.

We note that a premium for control, based on the above, can vary between 0.9% and 22.3% excluding outliers. The above review indicates a median premium for control of approximately 5.7% and an average of 7.0%.

Based on the above, we have considered a control premium of 6% in the QMP valuation methodology.

8.4. QMP value of BPA Units on a control basis

Although the above observation of the trading activity (in section 8.2) indicates a low trading liquidity of BPA Units, we consider the historical Unit prices to provide some support as a cross check to the fair market value of a BPA Unit on a minority basis.

When assessing the fair market value of a BPA Unit, based on the above analysis, we consider a trading price range of between $6.90 (2 month VWAP) and $7.70 (1 month VWAP) per BPA Unit to best reflect the ASX pricing for a minority interest.

As discussed earlier, the trading price for a Unit traded on the ASX represents a minority interest. We have applied a control premium of 6% based on our assessment of the offer prices for mergers and acquisitions relating to REITs between 1 July 2014 and 6 April 2017 (refer to section 8.3 above).

Our assessed values of BPA Units on a control basis using the recent ASX trading prices range from $7.31 to $8.16 per Unit on a control basis. We have calculated this as follows:

Table 22: BPA Unit – ASX Pricing

	Ref	Low	High
BPA Unit – ASX Pricing (minority interest) per Unit ($)	8.2	6.90	7.70
Control premium (%)	8.3	6%	6%
BPA Unit – ASX Pricing (control basis) per Unit ($)		**7.31**	**8.16**

Source: BDOCF analysis
Note: The above may have rounding differences

9. VALUATION SUMMARY AND CONCLUSION

9.1. Fair market value of BPA prior to the Proposed Transaction

We have assessed the equity value of BPA using the NAV method, NRV method and QMP method. The results of our analysis are summarised below:

Table 23: Adopted equity value of BPA and comparison to offer price (ex distribution)

A$	Low	High
NAV valuation method	8.71	8.74
NRV valuation method	8.66	8.66
QMP valuation method	7.31	8.16
Adopted equity value range of BPA per Unit (control)	**8.66**	**8.74**
Adjusted Offer Price	**8.815**	**8.815**
Adjusted Offer Price % value variance to adopted equity value	**1.8%**	**0.8%**

Source: BDOCF analysis

9.2. Adopted equity value of BPA per Unit (control basis)

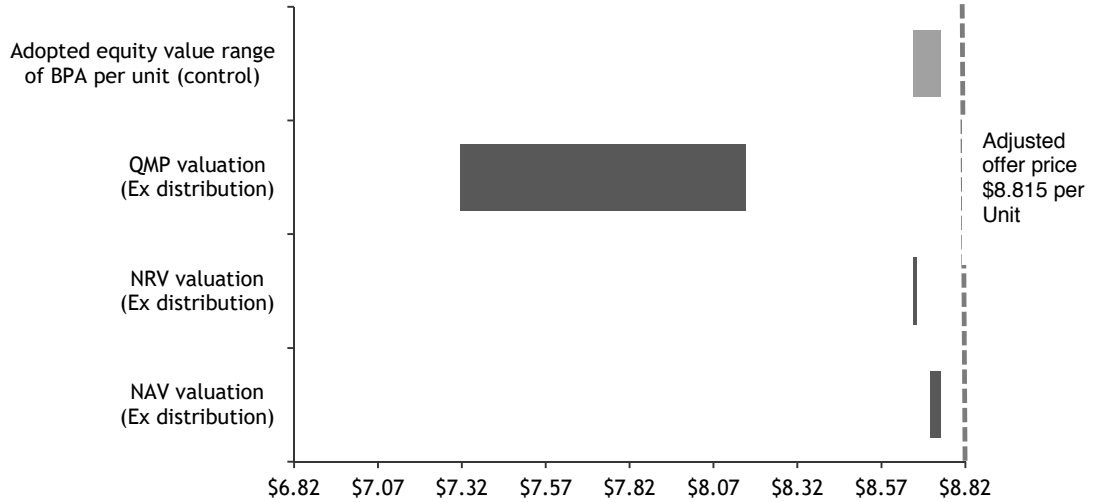
We have adopted the equity value of a BPA Unit using a combination of the NRV method (low range) and NAV (high range) for the following reasons:

- The principal assets of BPA are investment properties and future rental income streams relating to these properties. BPA has no intangible assets to realise such as management rights, intellectual property or goodwill.
- As described in section 8.1 of this report, BPA's Units are subject to relatively low trading activity, largely reflecting the small free float. The low level of liquidity likely impacts the Unit price observed in the market, and thereby limits the reliability of the market price comparison.

9.3. Valuation conclusion

The Adjusted Offer Price offered by Brookfield is above the adopted equity value range of BPA per Unit on a control basis. As such, we consider the offer to be fair.

Table 24: Adopted equity value range of BPA and comparison to Adjusted Offer Price



Source: BDOCF analysis

10. REASONABLENESS ASSESSMENT

In accordance with RG 111 an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes there are sufficient reasons for the Unitholders to accept the offer in the absence of a superior offer.

Whilst the Proposed Transaction is fair, we have assessed the reasonableness of the Proposed Transaction by considering the factors arising thereto. Set out below is a summary of factors we have considered in our reasonableness assessment.

10.1. Advantages

10.1.1. The Proposed Transaction is Fair

As discussed at Section 9.3 of our report, the Proposed Transaction is fair to BPA Unitholders. The proposed consideration of $8.815 per Unit (ex distribution) exceeds our valuation of BPA Units on a control basis under the following valuation methodologies:

- NAV (Valuation range of $8.71 to $8.74)
- NRV (Valuation of $8.66)
- QMP (Valuation range of $7.31 to $8.16)

We consider the fact that the proposed consideration is higher than our assessed value of a BPA Unit on a control basis to be an advantage of the Proposed Transaction.

10.1.2. Adjusted Offer Price above historic price levels

The Adjusted Offer Price is above the historic price levels. However if BPA Unitholders reject the Proposed Transaction it is possible that the trading price per Unit may revert back to the pre announcement price levels (refer to section 8.4 for further detail on the price analysis).

10.1.3. Liquidity

Although BPA is listed on the ASX, we note that there is relatively little trade of BPA Units on the exchange. It may be difficult for BPA Unitholders to sell their Units as and when they wish. (Refer Section 8 for discussion regarding trading of BPA).

The Proposed Transaction provides Unitholders with the opportunity to sell their BPA Units for cash.

10.1.4. Certainty of cash

If the Proposed Transaction is approved, BPA Unitholders will receive cash.

Since April 2016 BPA's Unit price has ranged between a high of $8.50 and a low of $5.25 with a VWAP of $6.49. BPA Unitholders will no longer be exposed to fluctuations in BPA's Unit price.

If Unitholders prefer the exposure to the risks and rewards associated with a BPA Unit, they have the opportunity to reinvest the proceeds (after any tax liabilities) in similar investments.

10.1.5. No brokerage

Unitholders would most likely be liable for brokerage if they disposed of their Units on the ASX. If the Proposed Transaction is approved, BPA Unitholders would not pay any brokerage.

10.1.6. Alternative bidder unlikely

BPA Unitholders may reject the Proposed Transaction and wait for a higher offer from an alternative party. We consider an alternative offer from a third party to be unlikely as the Brookfield Group holds approximately 80.4% of BPA Units.

10.2. Disadvantages

10.2.1. Exposure to the Australian commercial property market

A BPA Unit provides investors with exposure to the risks and rewards associated with the Australian commercial property market, the Sydney and Perth markets in particular.

If the Proposed Transaction is approved, Unitholders will no longer hold BPA Units and may no longer be exposed to the Australian commercial property market, including any potential capital gains or increased in distributions.

If Unitholders prefer the exposure to the risks and rewards associated with a BPA Unit, they have the opportunity to reinvest the proceeds (after any tax liabilities) in similar investments.

10.2.2. Crystalize Tax Liability

If the Proposed Transaction is approved, BPA Unitholders will dispose of their BPA Units. This may crystalize an income tax liability. The income tax outcome will vary between individuals based on their own particular circumstances. Unitholders should seek the advice of their own professional advisor.

10.3. Other factors

10.3.1. Unitholders individual circumstances

BDOCF has not considered the effect of a BPA Unit sale on the particular circumstances of individual BPA Unitholders. Some individual Unitholders may place a different emphasis on various aspects of the BPA Unit sale from that adopted in this IER. Accordingly, individuals may reach different conclusions as to whether or not the BPA Unit sale is in their individual best interest. Unitholders are advised to seek their own independent advice.

10.4. Conclusion on "Reasonable"

Based on the above, we are of the opinion that the BPA Unit Sale is reasonable to the Unitholders.

11. OVERALL OPINION

We have considered the terms of the Proposed Transaction, as outlined in this Report, and have concluded that the Proposed Transaction is fair and reasonable and in the best interests of BPA Unitholders.

12. QUALIFICATIONS, DECLARATIONS AND CONSENTS

12.1. Qualifications

BDOCF is the licensed corporate advisory arm of BDO East Coast Practice, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDOCF. Mr Stevens is also a partner of BDO East Coast Practice.

Mr Stevens is the Director responsible for the preparation of this IER. Mr Stevens has over 25 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr David McCourt, B.Bus, CA, is a Director of BDOCF. Mr McCourt is also a Partner of BDO East Coast Practice. Mr McCourt has been responsible for the review of this IER.

Mr McCourt has over 15 years of experience in the chartered accountancy profession and has undertaken numerous corporate finance assignments involving acquisitions, divestments and valuations.

12.2. Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC. Neither BDOCF, nor its owner practice, BDO East Coast Partnership, has acted in any capacity for BCML with regard to any matter in the past two years.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for BCML in relation to the BPA Unit Sale. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with BCML, BAO, BPA or Brookfield that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the BPA Unit Sale.

BDOCF will receive a fee of up to $80,000, plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the BPA Unit Sale, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the BPA Unit Sale.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to the Unitholders as a result of issuing the draft IER.

12.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and Unitholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Unitholders without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and Unitholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives and Management of all the entities.

APPENDIX 1: GLOSSARY

Term	Definition
Adjusted Offer Price	The adjusted offer price is $8.815 per Unit
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
BCML	Brookfield Capital Management Limited the responsible entity for BPA
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
BPA Unitholders	Existing Unitholders of BPA
BPA, the Fund	Brookfield Prime Property Fund
Brookfield	Brookfield BPPF Investments Pty Limited trustee for Brookfield BPPF Investments Trust
Brookfield Group	The Brookfield entities as identified in section 3.3 of this Report.
CBD	Central business district
COE	Capitalisation of maintainable earnings
Corporations Act	Corporations Act 2001
DCF	Discounted cash flow method
Directors	Independent Directors of BCML
FOS	Financial Ombudsman Service Limited
FYxx	Financial year ended/ending 30 June 20xx
GN15	Takeovers Panel's Guidance Note 15
HY17	The half year ended 31 December 2016
Implementation Deed	Implementation deed dated 7 April 2017 entered into between Brookfield and BCML
Licence	Australian Financial Services Licence No: 247420
NAV	Net asset value
Non-associated Unitholders	Non-associated Unitholders of BPA
NPV	Net present value
NRV	Net tangible assets value on a realisation basis
Proposed Transaction	Proposed acquisition by Brookfield of the Units not currently held by Brookfield Group for $8.89 per Unit less any distributions paid or payable on or after 28 March 2017 and prior to the Implementation Date
QMP	Quoted market price basis
Report or IER	Independent expert's report
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
SID	Scheme implementation date
Transaction Document	Notice of Meeting and Explanatory Memorandum
Unit	An undivided share in the beneficial interest in the Fund as provided in the constitution of the Fund.
VWAP	Volume weighted average price
WALE	Weighted average lease expiry

Source: BDOCF

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- Draft ASX announcement, notice of meeting and explanatory memorandum
- BPA audited financial statements for FY14, FY15 and FY16
- BPA reviewed half year financial statements for HY17
- Unaudited management accounts for YTD FY17
- Various discussions with the Board and management of BPA as well as information supplied by management
- BPA corporate structure and details of Unitholders' register as at 4 April 2016
- Information sourced from Capital IQ and Connect 4
- ASIC guidance notes and regulatory guides as applicable
- Other generally available public information
- External valuations of BPA properties
- Constitution of Brookfield Prime Property Fund
- Amending Deed - Management Services Agreement

APPENDIX 3: VALUATION METHODS - BUSINESSES AND ASSETS

In conducting our assessment of the fair market value of BPA Units the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (**DCF**) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Earnings Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the vendor's business and exclude any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business Units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Quoted Market Prices

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- the security trades in an efficient market place where 'willing' buyers and sellers readily trade the entity's security; and
- the market for the entity's security is active and liquid.

9. GLOSSARY

In this Explanatory Memorandum, and in the Notice, the following expressions have the meanings set out below unless stated otherwise or the context otherwise requires:

$	Australian dollars.
Adjusted NAV	The net asset value as reported in the Fund's financial statements as at 31 December 2016 adjusted for: Independent property valuations as at 31 March 2017; the March 2017 quarter end distribution declared on 22 March 2017; and Undistributed earnings (including for equity accounted investments).
Adjusted Offer Price	$8.89 per Unit less the amount of any distributions paid or payable on or after 28 March 2017.
ABN	Australian Business Number.
AEST	Australian Eastern Standard Time.
AFSL	Australian Financial Services Licence.
ARSN	Australian Registered Scheme Number.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the market operated by it as the context requires.
ASX Announcment	Has the meaning given in Section 1.
ASX Listing Rules	The listing rules of ASX as amended or replaced from time to time, except as waived or modified by ASX.
ATO	Australian Taxation Office.
BAIL	Brookfield Australia Investments Limited (ABN 96 008 687 063).
BCML	Brookfield Capital Management Limited (ABN 32 094 936 866).
Board	The board of directors of the Manager, being the Independent Directors and Shane Ross.
BPA	Brookfield Prime Property Fund (ARSN 110 096 663).
Brookfield	Brookfield BPPF Investments Pty Limited (ACN 110 184 006) as trustee for Brookfield BPPF Investments Trust.
Brookfield Group	Brookfield Australia Pty Limited (ABN 95 126 164 145) and its related entities.
Brookfield Group Unitholder	A Unitholder that is a member of the Brookfield Group.
Business Day	A day that is not a Saturday, Sunday or public holiday in Sydney, Australia.
Chair of the Meeting	Mr Allan McDonald or, failing him, Barbara Ward , who will act as the chair of the Meeting or any replacement appointed by the Manager to chair the Meeting.
Conditions	Each of the conditions set out in the Implementation Deed and described in Section 6.
Constitution	The constitution of the Fund.
Corporations Act	The Corporations Act 2001 (Cth).
End Date	31 August 2017.
Explanatory Memorandum	This document, which forms part of the Notice of Meeting issued by the Manager and dated 18 May 2017.
Financier	National Australia Bank Limited (**NAB**) in its capacity as Term Facility Agent under the Syndicated Debt Facility.
Fund	Brookfield Prime Property Fund (ARSN 110 096 663).
Fund Register	The register of Unitholders maintained by Link Market Services Limited.
Fund Registry	Link Market Services Limited (ACN 083 214 537) as the Fund registry.
Government Agency	Any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Implementation Deed	The deed dated 7 April 2017 between the Manager and Brookfield BPPF Investments Pty Limited (ACN 110 184 006) as trustee for Brookfield BPPF Investments Trust and Brookfield Australia Investments Limited.

Implementation Record Date	5.00pm (AEST) on 21 June 2017, or such other date as may be agreed in writing between Brookfield and BCML.
Independent Board Committee	The committee of the Board comprising Mr Allan McDonald and Ms Barbara Ward.
Independent Directors	Mr Allan McDonald and Ms Barbara Ward.
Independent Expert	BDO Corporate Finance (East Coast) Pty Ltd.
Independent Expert Report	The report prepared by the Independent Expert set out in Section 8 of this Explanatory Memorandum.
Insolvency Event	in relation to an entity: 1. a liquidator, provisional liquidator, receiver or receiver and manager is appointed in relation to the whole or a substantial part of the undertaking or property of the entity; 2. a court order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation) of the entity; or 3. an administrator is appointed under section 436A, 436B or 436C of the Corporations Act.
Manager	BCML in its capacity as responsible entity of the Fund.
Material Acquisition	BCML or any subsidiary of the Fund acquires or enters into an agreement to acquire any entities or assets (or an interest in any entities, businesses or assets) for a consideration in excess of $5 million for any individual item.
Material Adverse Change	An event, change or condition which has, or could reasonably be expected to have, either individually or in aggregate with other events, changes and conditions: 1. an adverse financial effect of $5 million or more on the net profit or loss of the Fund in any financial year (calculated on a basis consistent with that applied in the audited financial report of the consolidated Fund for the financial year ended 30 June 2016); or 2. an adverse financial effect of $10 million or more on the value of the net assets of the Fund, other than: 1. mark to market movements relating to investment properties, financial derivatives (including those reflected in the Fund's share of net profit or loss on investments accounted for using the equity method); or 2. events, changes and conditions publicly announced by the Fund to ASX prior to 7 April 2017 or otherwise disclosed in public filings by BCML in relation to the Fund or any of its subsidiaries prior to 7 April 2017, in each case where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.
Material Commitment	BCML on behalf of the Fund, or any subsidiary of the Fund, commits to a new development project requiring funding in excess of $5 million.
Material Disposal	BCML or any subsidiary of the Fund disposes or offers or agrees to dispose of any entities or assets (or interests in any entity, business or asset): 1. for consideration in excess of $5 million for any individual item; or 2. in respect of which the book value (as recorded in the Fund's interim statement of financial position as at 31 December 2016) is in excess of $5 million for any individual item.
Meeting	The meeting of Unitholders to be held on 14 June 2017, or such other date as may be agreed in writing between Brookfield and BCML.
Meeting Date	3.00pm (AEST) on 14 June 2017, or such other date as may be agreed in writing between Brookfield and BCML.
Meeting Record Date	7.00pm (AEST) on 12 June 2017, or such other date as may be agreed in writing between Brookfield and BCML.

NAV	net asset value being $8.84 per Unit as at 31 December 2016.
Notice or Notice of Meeting	The Notice of Meeting dated 18 May 2017 included as Section 3 and includes the Explanatory Memorandum.
Offer Price	$8.89 per Unit.
Portfolio	The Fund's interest in the following properties: • 50% interest in 680 George Street and 50 Goulburn Street, Sydney; • 50% interest in 108 St Georges Terrace, Perth; and • 100% of American Express House, Sydney.
Prescribed Occurrence	1. conversion of any Units into a larger or smaller number of Units; 2. the Fund resolves to reduce its capital in any way; 3. the Fund enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement; 4. the Fund or a subsidiary of the Fund issues or agrees to issue Units or shares, or grants or agrees to grant an option over its Units or shares, other than an issue of Units as a result of the exercise of options which are on issue at 7 April 2017; 5. the Fund or a subsidiary of the Fund issues or agrees to issue convertible notes (or any other securities convertible into Units or shares); 6. the Fund or a subsidiary of the Fund disposes or agrees to dispose of the whole or a substantial part of its business or undertaking; 7. the Fund or a subsidiary of the Fund grants or agrees to grant an encumbrance over the whole or a substantial part of its business or property; or 8. an Insolvency Event occurs in respect of the Fund or a subsidiary of the Fund.
Proposal	The proposed trust scheme as described in this Explanatory Memorandum pursuant to which Brookfield would acquire all of the Units not currently owned by the Brookfield Group.
Proxy Form	The proxy form included with this Notice of Meeting.
Resolutions	The resolutions proposed to be put to Unitholders as set out in Section 3.
Scheme	The trust scheme under which Brookfield will acquire all the Units that it and its related bodies corporate do not presently hold.
Scheme Implementation Date	30 June 2017, or such other date as may be agreed in writing between Brookfield and BCML.
Syndicated Debt Facility	The $A syndicated term debt facility as amended and restarted on 8 July 2016 between, among others, the Financier, BCML and AET Structured Finance Services Pty Ltd.
Unit	An undivided share in the beneficial interest in the Fund as provided in the Constitution.
Unitholder	The registered holder of a Unit.
VWAP	Volume weighted average price.

10. CORPORATE DIRECTORY

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

DIRECTORS
F. Allan McDonald
Barbara Ward
Shane Ross

COMPANY SECRETARY
Neil Olofsson
Men (Mandy) Chiang

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

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

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