

ASX Announcement

22 June 2011

Brookfield Prime Property Fund (ASX: BPA) Agrees to Acquire Two Prominent Office Assets and a New Debt Facility

Brookfield Capital Management Limited (BCML) as Responsible Entity for the Brookfield Prime Property Fund (the Fund) is pleased to announce that it has agreed to acquire a 50% interest in two A-grade office towers: Southern Cross West, a 20-storey, 46,000 square metre office tower in Melbourne's central business district and BankWest Tower, a 52-storey, 39,000 square metre office tower in Perth's central business district.

The acquisitions, at a total price of \$250 million (excluding transaction costs) will be funded through a combination of available liquidity, bank debt and an acquisition bridge facility.

In this regard, BCML is also pleased to announce that its financiers have agreed to provide a new debt facility of \$525 million for a three year term.

Southern Cross West, Melbourne

Southern Cross West Tower forms part of the landmark Southern Cross development. The property was completed in 2009 and comprises 20 floors of office accommodation which are 100% leased to Australia Post until 2019, and ground-floor retail. The Fund currently holds 25% of the adjacent Southern Cross East Tower.

The building is located at the eastern end of the Melbourne CBD, bordering Bourke and Little Collins Streets. Public transport facilities include tram and bus services; Parliament Railway Station is situated 100 metres to the west.

The Fund is acquiring the property from the Motor Trades Association Australia (MTAA) at an initial yield of 7.17%. Brookfield Office Properties indirectly holds the remaining 50% interest in the Southern Cross West property. Settlement of the transaction is expected to occur on 29 July 2011.

BankWest Tower, Perth

BankWest Tower is a landmark commercial office tower and includes the four level Palace Hotel, a heritage listed ground floor banking chamber and associated offices on the upper levels.

The building is prominently located on the corner of St Georges Terrace and William Street in the core of the Perth CBD and has expansive city views from the upper floors.

The Fund is acquiring the property from Stockland Property Group at an initial yield of 8.87%. The remaining 50% of BankWest Tower is owned by Brookfield Asset Management. The acquisition of BankWest is subject to Foreign Investment Review Board (FIRB) approval. Settlement of the transaction is expected to occur on 1 July 2011.

The Fund's property portfolio and Fund metrics

As a result of the acquisitions, the Fund will increase its holding to 7 properties. Based on 31 December 2010 valuations, the Fund's current portfolio is as follows:

Property	Location	Interest (%)	Valuation (\$m)
Ernst & Young Centre and 50 Goulburn Street	Sydney	50	266
American Express House	Sydney	100	127
Southern Cross East Tower	Melbourne	25	143
Defence Plaza	Melbourne	100	67
Southern Cross West Tower	Melbourne	50	120*
BankWest Tower	Perth	50	130*

*purchase price excluding acquisition costs

As at 30 June 2011 the Fund's property portfolio will have occupancy of 98.13%, a diversified tenant profile and a weighted average lease expiry (by income) of 6.32 years.

Financial statements for the year ended 30 June 2011, including information in relation to the value of the Fund's property portfolio are being prepared and will be provided to the market in due course.

Acquisition Funding

The acquisitions will be funded through a combination of available liquidity, bank debt and an acquisition bridge facility.

The Fund's existing financiers have approvals (subject to conditions standard for facilities of this nature) to provide a new three year \$525 million debt facility to replace the existing \$372 million facility.

In addition, Brookfield Asset Management has agreed to provide up to \$130 million under a one-year subordinated loan facility on arm's length terms to fund the balance of the purchase price and associated transaction costs.

"The acquisitions of Southern Cross West and BankWest Tower add two very high quality assets to the Fund's portfolio in dynamic and resilient markets," said Allan McDonald, Chairman of Brookfield Capital Management Limited. "We are pleased to add both of these properties to the Fund's portfolio on attractive investment terms."

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