

ASX Announcement

21 August 2015

Brookfield Prime Property Fund (ASX: BPA) Annual Results 2015

Brookfield Capital Management Limited (BCML) as Responsible Entity for Brookfield Prime Property Fund (the Fund) announces the Fund's annual results for the financial year ended 30 June 2015.

Key messages are:

- net profit of \$34.3 million (30 June 2014: \$19.9 million);
- net assets of \$352.9 million (30 June 2014: \$312.5 million) or \$7.20 per unit (30 June 2014: \$6.37);
- portfolio value of \$950.2 million (30 June 2014: \$894.8 million);
- total revenue and other income of \$96.1 million (30 June 2014: \$81.6 million);
- earnings per unit of 70.0 cents (30 June 2014: 40.7 cents);
- distributions paid to investors for the period of 8.0 cents per unit; and
- the Fund is in compliance with all debt covenants.

Increase in net assets

The increase in the Fund's net assets during the year from \$6.37 to \$7.20 per unit was principally due to an increase in the property portfolio value from \$894.8 million to \$950.2 million.

Portfolio update

The property portfolio was externally valued as at 30 June 2015 resulting in an increase in value of 6.2% to \$950.2 million. The increase in value is attributed to yield compression in the Sydney and Melbourne CBD office markets, due to a demand for prime and premium office assets exceeding supply.

The portfolio weighted average lease expiry (by ownership and income) decreased from 4.7 years to 4.5 years.

The operating performance of the portfolio continues to be in line with expectations. The decrease in property portfolio occupancy from 99% to 96% can be largely attributed to 108 St Georges Terrace, Perth and the expiry of the major tenant lease in November 2014. Vacancy risk at that property was mitigated during the period with a new lease for over approximately 8,300 square meters of space. Continued asset management initiatives coupled with ongoing high quality building upgrades will maintain the competitiveness of the property in a challenging leasing market.

The reduction in the portfolio weighted average lease expiry (by ownership and income) from 4.7 years to 4.5 years reflects looming vacancies in the Ernst & Young Centre and American Express House and BCML is focused on capitalising on leasing opportunities where available, in a relatively strong leasing market.

A summary of the property valuations as at 30 June 2015 is as follows:

Property	Location	Fund % Interest	30 June 2015 Valuation \$'m	30 June 2014 Valuation \$'m
Ernst & Young Centre and 50 Goulburn Street	Sydney	50	287.0	265.0
American Express House	Sydney	100	158.0	145.0
Southern Cross East Tower	Melbourne	25	180.9	171.3
Southern Cross West Tower	Melbourne	50	154.3	147.5
108 St Georges Terrace	Perth	50	170.0	166.0
Total			950.2	894.8

Capital management

Cashflow from the properties continues to be largely deployed for capital expenditure and lease incentives at Ernst & Young Centre, Sydney and 108 St Georges Terrace, Perth and this is likely to continue over the next 12 to 18 months. Short term requirements are expected to be funded from cash reserves and debt facilities. BCML will continue to monitor cashflows and distribution policies, which remain constrained by operating requirements and the interest rate swap which expires in July 2016.

Further information

Further information regarding the Fund's annual results is available in the 2015 Annual Report. It is recommended that investors review this document. Additionally, the financial report for the year ended 30 June 2015 is available at www.au.brookfield.com.

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