

ASX Announcement

17 June 2016

Brookfield Prime Property Fund (ASX: BPA) New Finance Facility Update

Brookfield Capital Management Limited (BCML), as Responsible Entity for Brookfield Prime Property Fund (the Fund), announces that it has agreed terms to refinance its existing bank debt facility with a new four year \$340 million debt facility, subject to documentation and satisfying a number of conditions precedent usual for a facility of this nature.

The new facility will provide the Fund with certainty in relation to its debt position for the next four years. During this period, the Fund will continue to meet its properties' capital expenditure requirements through existing cash reserves (approximately \$47.8 million), cash drawn from its debt facilities and ongoing operating cashflow.

Key terms of the new debt facility are as follows:

- Facility limit of \$340 million with two tranches. Tranche A of \$300 million will be fully drawn on financial close and Tranche B of \$40.0 million will be drawn to \$15 million with the balance to be drawn as and when required to fund capital expenditure.
- A margin of 190 basis points per annum over BBSY on drawn amounts with a line fee of 95 basis points per annum for any undrawn amounts.
- The facility will be subject to the following financial covenants:
 - Loan to Value Ratio limit at 60%;
 - Interest Cover covenant of 1.6x; and
 - Review Event if the Weighted Average Lease Expiry test of the portfolio at year 3 is not greater than or equal to 3.5 years based on net lettable area.

In agreeing terms for the bank debt facility, new independent valuations of the Fund's properties have been obtained as follows:

| Property | Location | Fund Share (%) | Value as at June 2016 (\$m) | Value as at 31 December 2015 (\$m) |
|---|-----------------|-----------------------|------------------------------------|---|
| Ernst & Young Centre and 50 Goulburn Street | Sydney | 50 | 305.0 | 292.5 |
| American Express House | Sydney | 100 | 174.5 | 165.0 |
| 108 St Georges Terrace | Perth | 50 | 165.0 | 165.0 |
| Total | | | 644.5 | 622.5 |

Brookfield

Based on these independent valuations and the facility being drawn to \$315 million, the loan to valuation ratio would be 49%.

The existing interest rate swaps due to expire in July 2016 will be closed out prior to execution of the facility. There is no requirement to hedge interest rates under the new facility and BCML intends to monitor the position in future periods.

Brookfield Subordinated Loan Facility

The existing subordinated loan facility provided by Brookfield Group is undrawn and will expire upon maturity of the existing bank facility.

Subject to documentation and conditions precedent usual for a facility of this nature, BCML has agreed a new four year \$50 million facility with Brookfield Group on substantially the same terms as the existing facility with the margin and fee payable only on drawn amounts at a rate of 215 basis points above the senior facility rate.

BCML has no present intention to draw on the Brookfield loan facility but believes that retaining the flexibility of access to the facility is prudent in light of the likely capital expenditure requirements of the Fund's properties.

For more information please contact:

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