

**Brookfield Cricklewood (UK) Limited**

**Directors' report and financial  
statements**

Registered number 05116317

Year ended 31 December 2015

TUESDAY



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## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2015. This report has been prepared in accordance with the special provisions relating to small companies under s415A of the Companies Act 2006 and therefore taking the exemption from preparing a strategic report.

### Principal activities

The principal activity of Brookfield Cricklewood (UK) Limited ("the Company") was property investment. It has since sold its interest in the Cricklewood Regeneration joint venture with contingent consideration still receivable.

### Business review

The results for the year ended 31 December 2015 are set out on page 5. The directors paid no dividends in the year (2014: £nil).

On 25 June 2010, the Company entered into an agreement with an unrelated third party for the sale of all of its interest in the Cricklewood Regeneration joint venture. The agreement provided for consideration for shares sold of £1 and contingent consideration payable to the Company upon the project achieving certain future milestones. Since the disposition date, the directors have neither controlled project progress nor the likelihood and timing of attaining project milestones. A receivable is recognised in these financial statements as an estimate of the fair value of the contingent consideration.

### Principal risk and uncertainties

The principal risks and uncertainties relate to the timing and achievement of project milestones and therefore the fair value of the receivable. The directors continue to monitor the Cricklewood development through dialogue with the counterparty and general market intelligence.

### Financial risk management objectives and policies

The main financial risks arising from the Company's activities are credit risk associated with the contingent consideration. The counterparty is a property company of significant financial standing relative to the size of the receivable amount.

### Going concern

After making enquiries, the directors have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### Directors

The directors, who served throughout the year and up to the date of this report, were as follows:

J Tuckey  
M Jepson

### Disclosure of information to the auditor

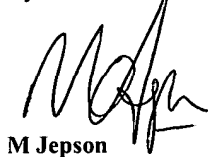
The directors who held office at the date of approval of this directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Company has elected to dispense with the obligation to appoint auditors annually pursuant to s485 of the Companies Act 2006.

By order of the board



**M Jepson**  
Director

99 Bishopsgate  
London  
EC2M 3XD

15 September 2016

## **Independent auditor's report to the members of Brookfield Cricklewood (UK) Limited**

We have audited the financial statements of Brookfield Cricklewood (UK) Limited for the year ended 31 December 2015, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report or in preparing the Directors' Report.



Chris Hunter CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
16 September 2016

**Statement of financial position**  
*at 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Non-current assets</b>			
Other receivables	8	5,970,678	8,837,978
		<hr/>	<hr/>
		5,970,678	8,837,978
<b>Current assets</b>			
Trade and other receivables	8	3,326,058	2
		<hr/>	<hr/>
		3,326,058	2
<b>Total assets</b>		<hr/>	<hr/>
		9,296,736	8,837,980
<b>Net assets</b>		<hr/>	<hr/>
		9,296,736	8,837,980
<b>Equity</b>			
Share capital	10	2	2
Retained earnings		9,296,734	8,837,978
		<hr/>	<hr/>
<b>Total equity</b>		<hr/>	<hr/>
		9,296,736	8,837,980

The statement of financial position should be read in conjunction with the notes to the financial statements.

The financial statements of Brookfield Cricklewood (UK) Limited, registered number 05116317, were approved by the board of directors and authorised for issue on 15 September 2016. They were signed on its behalf by:



**M Jepson**  
 Director

**Statements of Changes in Equity**  
*for the year ended 31 December 2015*

	Share Capital £	Retained earnings £	Total £
As at 1 January 2014	2	8,856,000	8,856,002
Loss for the year	-	(18,022)	(18,022)
Total comprehensive income for the year	-	(18,022)	(18,022)
<b>As at 31 December 2014</b>	<b>2</b>	<b>8,837,978</b>	<b>8,837,980</b>
Profit for the year	-	458,756	458,756
Total comprehensive income for the year	-	458,756	458,756
<b>As at 31 December 2015</b>	<b>2</b>	<b>9,296,734</b>	<b>9,296,736</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

## Notes to the financial statements (forming part of the financial statements)

### 1. General information

The Company is a limited liability company incorporated in England and Wales and domiciled in the UK. The address of its registered office is 99 Bishopsgate, London.

### 2. Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
Annual Improvements to IFRSs	2010 - 2012 Cycle
Annual Improvements to IFRSs	2011 - 2014 Cycle
IAS 19 (amended)	Defined Benefit Plans: Employee Contributions
IFRS 11 (amended)	Accounting for Acquisitions of Interests in Joint Operations
IAS 16 and IAS 38 (amended)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (amended)	Agriculture: Bearer Plants

The directors do not expect that the adoptions of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as follows:

- IFRS 9 may impact both the measurement and disclosures of Financial Instruments

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. The directors have chosen not to early adopt any of the above standards and interpretations.

### 3. Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### *Basis of accounting*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

#### *Going concern*

After making enquiries, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### *Taxation*

The tax currently payable is based on taxable profit for the year. As there is no income or revenue in the current or prior year, no tax note has been presented.

## Notes to the financial statements (continued)

### 3. Significant accounting policies (continued)

#### *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Contingent consideration is accounted for at fair value at the acquisition date with subsequent changes to the fair value being recognised in the statement of comprehensive income.

#### *Cash flow statement*

The Company has no cash balances or bank accounts in either the current or preceding year therefore no cash flow statement has been prepared.

### 4. Critical accounting estimates and judgements

The preparation of the financial report in conformity with the International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Estimated contingent consideration*

As detailed in the Director's report, the sale agreement for the Cricklewood Regeneration project provided for future amounts payable to the Company dependent upon the project achieving certain future milestones during the continued ownership of the Buyer. A value for the receivable has been estimated by assessing the likelihood of potential future scenarios which may eventuate, and calculating the value of the consideration that would be received when different milestones may be achieved.

Financial asset	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31/12/15	31/12/14				
Contingent consideration receivable	£9,296,734	£8,837,978	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow to the Company arising from the contingent consideration.	Discount rate of 7% determined based on the weighted cost of capital for the group.	The higher the discount rate, the lower the fair value.

### 5. Operating profit

Fees payable to the Company's auditor in respect of their audit of these financial statements were £5,450 (2014: £5,450). These amounts were borne by a fellow group company.

## Notes to the financial statements *(continued)*

### 6. Remuneration of directors and staff numbers

None of the directors received remuneration for their services as directors to this Company in either the current or preceding year. The Company did not have any employees in either period.

### 7. Taxation

#### a) Recognised in the statement of comprehensive income

	For the year ended 31 Dec 2015 £	For the year ended 31 Dec 2014 £
<i>Current tax recovery/(expense)</i>		
Current year	-	-
	<hr/>	<hr/>
<i>Deferred tax expense</i>		
Current year	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
Total tax income/(expense) in statement of comprehensive income	-	-
	<hr/>	<hr/>

#### b) Reconciliation of effective tax rate

	For the year ended 31 Dec 2015 £	For the year ended 31 Dec 2014 £
Net profit/(loss) before tax	458,756	(18,022)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	92,898	(3,875)
	<hr/>	<hr/>
Tax effect of amounts which are (not deductible)/assessable in calculating taxable income:		
Current year losses not recognised	-	3,875
Non-taxable income	(92,898)	-
	<hr/>	<hr/>
Total tax expense in statement of comprehensive income	-	-
	<hr/>	<hr/>

The Company's standard rate of corporation tax has decreased from 21.5% in 2014 to 20.25% in 2015 because of a decrease in UK tax rates. Further rate reductions have been enacted to reduce the main rate of corporation tax to 18% from 1 April 2020.



## Notes to the financial statements (continued)

### 8. Trade and other receivables

#### Amounts falling due within one year

	2015 £	2014 £
Contingent consideration receivable	3,326,056	-
Amounts owed by group undertakings	2	2
	<u>3,326,058</u>	<u>2</u>

All trade and other receivables are repayable upon request. No amounts are past due, and therefore no allowance for doubtful debts has been made at 31 December 2015. The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

At the balance sheet date all intercompany and related party loans are non-interest bearing, unsecured and repayable on demand.

#### Amounts falling due after one year

	2015 £	2013 £
Contingent consideration receivable	5,970,678	8,837,978
	<u>5,970,678</u>	<u>8,837,978</u>

As referred to in the Directors' report, the Company is due contingent consideration based on the disposal of its interest in the Cricklewood Regeneration and upon the project achieving certain future milestones. A receivable of £9,296,734 is recognised at 31 December 2014 (2014: £8,837,978) as an estimate of the amount receivable when these milestones are reached.

### 9. Related party transactions

Related Party	Relationship	Nature of transaction	Amounts due from related parties	
			2015 £	2014 £
Brookfield Developments Europe Limited	Parent	Intercompany loan	2	2

### 10. Share capital

	2015 £	2014 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2

**Notes to the financial statements *(continued)***

**11. Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member**

The immediate parent company is Brookfield Cricklewood Investment (UK) Limited. The ultimate parent company and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

The smallest group in which the results of the Company are consolidated is that headed by Brookfield Office Properties Inc, incorporated in Canada. The largest group in which the results of the Company are consolidated is that headed by Brookfield Asset Management Inc, incorporated in Canada. The consolidated financial statements of Brookfield Asset Management Inc are available to the public and may be obtained from Brookfield Place, Suite 330, 181 Bay Street, Toronto, ON M5J 2T3.