Brookfield Cricklewood (UK) Limited

Directors' report and financial statements
Registered number 05116317
31 December 2013

Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2013. 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

Brookfield Cricklewood (UK) Limited ("the company") carries on business principally as a holding company.

Business review

The results for the year ended 31 December 2013 are set out on page 6. During the year the company had a result after tax of £nil *(2012: £nil)*. The directors paid no dividends in the year *(2012: £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 deferred 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 of £8.9m is recognised in these financial statements as an estimate of the fair value of the deferred 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 deferred 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, were as follows:

J Tuckey
M Jepson (appointed 11 June 2013)
A Muldoon (resigned 11 June 2013)

Auditor

A resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the Annual General Meeting.

Directors' report (continued)

Disclosure of information to 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.

By order of the board

M Jepson
Director

99 Bishopsgate
London
EC2M 3XD

30 October 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2013 which comprise the income statement, the statement of financial position, the statement of changes in equity, and related notes 1 to 10. 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 2013 and of its result for the year then ended;
- have been properly prepared in accordance with 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.

Mark Goodey (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 October 2014

Income Statement
for the year ended 31 December 2013

	Note	For the year ended 31 Dec 2013 £	For the year ended 31 Dec 2012 £
Revenue		-	-
Cost of sales		-	-
Operating profit	5	-	-
Financial income		-	-
Other gains and losses		-	-
Profit before tax		-	-
Taxation		-	-
Profit for the year		-	-

All amounts in the current or previous year relate to continuing operations.

There were no items of other comprehensive income other than the result for either year above and consequently no separate statement of other comprehensive income is presented.

Statement of financial position
at 31 December 2013

	Note	2013 £	2012 £
Non-current assets			
Other receivables	*7*	**8,856,000**	8,856,000
		8,856,000	8,856,000
Current assets			
Trade and other receivables	*7*	**2**	2
		2	2
Total assets		**8,856,002**	8,856,002
Net assets		**8,856,002**	8,856,002
Equity			
Share capital	*9*	**2**	2
Retained earnings		**8,856,000**	8,856,000
Total equity		**8,856,002**	8,856,002

The financial statements of Brookfield Cricklewood (UK) Limited, registered number 05116317, were approved by the board of directors and authorised for issue on 30 October 2014. They were signed on its behalf by:

M Jepson
Director

Statements of Changes in Equity
for the year ended 31 December 2013

	Share Capital £	Retained earnings £	Total £
As at 1 January 2012	2	8,856,000	8,856,002
Profit for the year	-	-	-
As at 31 December 2012	2	8,856,000	8,856,002

	Share Capital £	Retained earnings £	Total £
As at 1 January 2013	2	8,856,000	8,856,002
Profit for the year	-	-	-
As at 31 December 2013	2	8,856,000	8,856,002

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 and domiciled in the United Kingdom. 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 10	Consolidated Financial Statements
IFRS 10, IFRS 12 and IAS 27 (amended)	Investment entities
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures
IAS 19 (revised)	Employee Benefits
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities
IFRS 15	Revenue from contracts with customers
IAS 36 (amended)	Impairment of Assets
IAS 39 (revised)	Financial Instruments: Recognition and Measurement
IFRIC 21	Levies

The directors do not expect that the adoption 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

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 income statement.

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 deferred 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. Whilst the probability and value of scenarios have changed over time, the directors have formed a conclusion that the fair value of deferred consideration is not materially different to the balance recorded at 31 December 2012 and accordingly have retained this as the value of the deferred consideration.

5. Operating profit

Fees payable to the company's auditor in respect of their audit of these financial statements were £5,200 (2012: £5,200). These amounts were borne by a fellow group company.

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.

Notes to the financial statements *(continued)*

7. Trade and other receivables

	2013	2012
	£	£
Amounts owed by group undertakings	**2**	2
	2	2

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 2013. The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Amounts falling due after one year

	2013	2012
	£	£
Deferred consideration receivable	**8,856,000**	8,856,000
	8,856,000	8,856,000

As referred to in the Directors' report, the company is due deferred consideration based on the disposal of its interest in the Cricklewood Regeneration and upon the project achieving certain future milestones. A receivable of £8.9m is recognised at 31 December 2013 as an estimate of the amount receivable when these milestones are reached. A review of the key assumptions was undertaken as at 31 December 2013 and the directors believe that, compared with the prior year, no material change in this estimate is required.

8. Related party transactions

Related Party	Relationship	Nature of transaction	Amounts due from related parties 2013	2012
			£	£
Brookfield Developments Europe Limited	Parent	Intercompany loan	**2**	2

9. Share capital

	2013	2012
	£	£
Authorised		
Ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	**2**	2

Notes to the financial statements *(continued)*

10. 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 largest and smallest group in which the results of the company are consolidated is that headed by Brookfield Asset Management Inc. The consolidated financial statements of Brookfield Asset Management Inc are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, ON M5J 2T3.